Interim Report
Q1 2013

STOCKMANN

STOCKMANN plc, Interim Report 26.4.2013 at 8.00 EET

Operating result down in weak market environment

January-March 2013:
Consolidated revenue was EUR 431.3 million (EUR 450.3 million), down 3.2 per cent excluding terminated franchising operations.
Operating result was EUR -34.6 million (EUR -16.2 million).
Result for the period was EUR -36.5 million (EUR -20.9 million).
Earnings per share came to EUR -0.51 (EUR -0.29).
Outlook for 2013 (revised on 16 April): Stockmann Group's revenue is expected to increase in 2013, excluding the terminated franchising operations. Operating profit is expected to not exceed the figure for 2012.

CEO Hannu Penttilä:
The exceptionally weak retail market and fewer sales days compared with 2012 affected the Stockmann Group's revenue in the first quarter of 2013. Revenue was down in both divisions and in particular in operations in Finland. Lindex's revenue outside the Nordic countries continued to grow. The Stockmann department store in St Petersburg was again outperforming all other units in its revenue growth.

Stockmann's first-quarter operating result was significantly short of the target. We have now launched a cost savings programme that will reduce costs from summer 2013 onwards. Our aim is to improve profitability through a more efficient cost structure in all operations and units.

The Crazy Days campaign in April, which is not part of the first-quarter reporting period, reached a new revenue record with a growth of 10 per cent. Despite the targeted savings and the successful Crazy Days campaign, Stockmann has revised its profit guidance for the full year 2013. We expect the retail market in the Nordic countries to remain weak during the rest of the year, and as a consequence we estimate that the Stockmann Group's operating profit will not exceed the figure for 2012.

KEY FIGURES

	1–3/2013	1–3/2012	1–12/2012
Revenue, EUR mill.	**431.3**	450.3	2 116.4
Revenue growth, per cent	**-4.2**	10.4	5.5
Gross margin, per cent	**45.8**	48.0	49.5
Operating profit, EUR mill.	**-34.6**	-16.2	87.3
Net financial costs, EUR mill.	**6.0**	8.7	32.4
Profit before tax, EUR mill.	**-40.7**	-24.9	54.9
Profit for the period, EUR mill.	**-36.5**	-20.9	53.6
Earnings per share, undiluted, EUR	**-0.51**	-0.29	0.74
Equity per share, EUR	**11.31**	11.30	12.40
Cash flow from operating activities, EUR mill.	**-111.3**	-73.3	123.7
Capital expenditure, EUR mill.	**11.5**	10.3	60.3
Net gearing, per cent	**116.2**	112.5	90.9
Equity ratio, per cent	**37.7**	38.5	42.8
Number of shares, undiluted, weighted average, 1 000 pc	**72 049**	71 841	71 945
Return on capital employed, rolling 12 months, per cent	**4.0**	4.8	5.1
Personnel, average	**14 829**	15 057	15 603

REVENUE AND EARNINGS

The retail market was weak in the first quarter of 2013, in particular in Finland where consumer confidence remained low and consumers' purchasing power weakened. February had one sales day less than in 2012 due to previous year's leap day. In March, Easter reduced the number of sales days in the Nordic countries. The fashion market in the Nordic countries continued to perform poorly: market was down 10.2 per cent in Finland (TMA index) and by 4.5 per cent in Sweden (Stilindex) in the quarter. The general market environment in Russia and the Baltic countries remained relatively good, but the cold weather postponed sales of spring merchandise in these markets, too.

The Stockmann Group's first-quarter revenue was EUR 431.3 million (EUR 450.3 million). Revenue is reported without value added tax, which was raised by 1 percentage point in Finland as of 1 January 2013. Revenue excluding the terminated franchising operations was down by 3.2 per cent. If the terminated franchising is included, revenue was down by 4.2 per cent. Revenue was down in all market areas, as the number of store visitors declined during the quarter.

Revenue in Finland was EUR 211.4 million (EUR 224.0 million). Revenue excluding the terminated Zara franchising was down by 5.1 per cent. Revenue abroad amounted to EUR 219.9 million (EUR 226.2 million). Revenue excluding the terminated Bestseller franchising was down by 1.3 per cent. The Swedish krona and Norwegian krone strengthened against the euro whereas the Russian rouble weakened. If like-for-like exchange rates are used, the Group's revenue abroad was down by 2.5 per cent. Revenue abroad accounted for 51.0 per cent (50.2 per cent) of the total revenue.

The Group's January-March gross profit was down by EUR 18.5 million, to a total of EUR 197.6 million (EUR 216.1 million). The gross margin was 45.8 per cent (48.0 per cent) and it declined in both divisions mostly due to price-driven campaigns and changes in the sales mix due to slow sales of fashion. Operating costs were on a par with the previous year, and amounted to EUR 213.6 million (EUR 213.9 million). Depreciation was EUR 18.6 million (EUR 18.4 million).

The consolidated operating result for January-March was EUR -34.6 million (EUR -16.2 million). The operating result weakened in both divisions and all market areas.

Net financial expenses during the first three months were down by EUR 2.7 million, to EUR 6.0 million (EUR 8.7 million), due to lower market interest rates than in 2012 and non-recurring foreign exchange gains of EUR 1.4 million (EUR -0.1 million).

The result before taxes for the period was EUR -40.7 million (EUR -24.9 million). A tax credit of EUR 4.1 million (EUR 4.0 million) was booked on the loss posted for the period. The result for the period was EUR -36.5 million (EUR -20.9 million).

Earnings per share for January-March amounted to EUR -0.51 (EUR -0.29) and, diluted for options, EUR -0.51 (EUR -0.29). Equity per share was EUR 11.31 (EUR 11.30).

REVENUE AND EARNINGS BY DIVISION

Department Store Division

The Department Store Division's revenue was EUR 270.2 million (EUR 280.5 million). Revenue excluding the terminated franchising operations was down by 2.1 per cent.

Revenue in Finland was EUR 181.5 million (EUR 188.3 million). Revenue excluding the Zara franchising operations was down 3.0 per cent. Revenue declined in particular in the Tampere, Itäkeskus, and Tapiola department stores, due to construction and renovation works. Revenue from the Stockmann online store was up clearly, but Hobby Hall's revenue was down.

Euro-denominated revenue from international operations was EUR 88.7 million (EUR 92.2 million) and accounted for 32.8 per cent (32.9 per cent) of the division's total revenue. Revenue excluding the terminated Bestseller franchising was on a par with the previous year. Revenue grew mainly in the St Petersburg department store.

The gross margin during the period was 38.4 per cent (40.4 per cent). Fashion's share of the total revenue declined, which had a negative effect on the gross margin. Price-driven campaigns also decreased the gross margin.

The Department Store Division's operating result decreased by EUR 9.4 million to EUR -15.9 million (EUR -6.5 million), although operating costs were down by EUR 0.6 million. The division closed its small concept store in St Petersburg in February. This resulted in non-recurring costs of EUR 1.5 million (Q1 2012: operating result from Bestseller franchising operations EUR -1.5 million).

The Crazy Days campaign, which took place after the first quarter in April, reached a new sales record with a growth of 10 per cent. Revenue improved in all market areas: in Finland it was up by 7 per cent due to significantly increased sales in the online store, in the Baltic countries it was up by 8 per cent and in Russia up 16 per cent.

Fashion Chain Division

The Fashion Chain Division's revenue was down by 4.9 per cent to EUR 161.3 million (EUR 169.6 million) in the quarter. Revenue was down by 15.3 per cent in Finland, to EUR 30.1 million (EUR 35.5 million) and by 2.1 per cent in international operations, to EUR 131.2 million (EUR 134.1 million). Revenue outside Finland accounted for 81.3 per cent (79.1 per cent) of the division's total revenue.

Lindex's January-March revenue totalled EUR 136.9 million, which was 1.0 per cent less than a year earlier (EUR 138.2 million). In local currencies, revenue was down by 3.5 per cent. Revenue declined in the Nordic countries but increased in Russia, the Baltic countries and eastern Central Europe. In 2012, Lindex's main spring campaign took place in March, whereas in 2013 the campaign started in April. This had a negative effect on revenue in March. Seppälä's first-quarter revenue was down by 22.0 per cent, to EUR 24.5 million (EUR 31.3 million). Revenue declined 21.0 per cent in Finland and 23.7 per cent abroad.

The Fashion Chain Division's gross margin for the quarter was down, at 58.3 per cent (60.5 per cent). Lindex's gross margin was down to 59.3 per cent (61.9 per cent) and Seppälä's gross margin declined to 53.0 per cent (54.2 per cent). The decline in both fashion chains was partly due to price-driven campaigns to boost sales.

The division's operating result in January-March was down by EUR 10.2 million, to EUR -17.4 million (EUR -7.2 million). Lindex's operating result was EUR -10.4 million (EUR -2.5 million) and Seppälä's was EUR -6.9 million (EUR -4.7 million). Profitability in both units was negatively affected by weak sales. Lindex's operating costs were up by EUR 3.3 million, mostly due to strengthening of the Swedish krona. Seppälä's operating costs declined by EUR 1.5 million.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 24.8 million at the end of March 2013, as against EUR 28.2 million a year earlier. Cash flow from operating activities came to EUR -111.3 million (EUR -73.3 million).

The Annual General Meeting decided on 21 March 2013 to pay dividends totalling EUR 43.2 million on the 2012 earnings. The dividend was 80.6 per cent of the earnings per share. As in 2012, the dividends were paid in April.

Net working capital excluding cash and cash equivalents amounted to EUR 165.3 million at the end of March, as against EUR 164.5 million a year earlier and EUR 119.5 million at the end of 2012. Inventories were EUR 347.1 million (EUR 311.4 million). Stock levels were above the forecasted levels in the Department Store Division mainly due to postponed sales of spring merchandise. The timing of the Crazy Days campaign increased inventories from the year-end.

Current receivables decreased to EUR 127.4 million (138.9 million). Non-interest-bearing liabilities amounted to EUR 309.2 million (EUR 285.8 million) mostly due to an increase in trade payables.

Interest-bearing liabilities at the end of March were EUR 972.0 million (EUR 941.7 million) due to strengthening of the Swedish krona and increased stock levels. Long-term debt amounted to EUR 505.8 million (EUR 542.3 million). In addition, the Group has EUR 361.3 million in undrawn, long-term committed credit facilities and EUR 233.6 million in uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market. At the close of 2012, interest-bearing liabilities amounted to EUR 848.5 million, of which EUR 502.9 million was long-term debt.

The equity ratio was 37.7 per cent (38.5 per cent) at the end of March. At the close of 2012 the equity ratio was 42.8 per cent. Net gearing at the end of March was 116.2 per cent (112.5 per cent). At the end of 2012, net gearing was 90.9 per cent.

The return on capital employed over the past 12 months was 4.0 per cent (5.1 per cent in the 2012 financial year). The Group's capital employed was EUR 1 786.9 million at the end of March, compared with EUR 1 753.4 million a year earlier.

CAPITAL EXPENDITURE

Capital expenditure during the first three months of the year totalled EUR 11.5 million (EUR 10.3 million). Depreciation was EUR 18.6 million (EUR 18.4 million).

The Department Store Division's capital expenditure for the quarter totalled EUR 3.8 million (EUR 4.1 million). The first implementation of the new enterprise resource planning (ERP) system took place in March in the Baltic countries. A total of EUR 1.8 million was spent on the project during the quarter. The project will continue until 2014. The enlargement of the Tampere department store and construction of new premises for the Itäkeskus department store continued.

Stockmann terminated the Zara franchising operations in Finland as of 1 March 2013. The four Zara stores were transferred to Inditex S.A. through the sale of Stockmann's subsidiary Z-Fashion Finland. Stockmann also closed its small concept store in St Petersburg in February.

The Fashion Chain Division's first-quarter capital expenditure was EUR 6.3 million (EUR 5.2 million). Lindex opened three stores during the quarter: one in the Czech Republic, one in Poland and one franchising store in Serbia. Seppälä closed five stores during the quarter: two in Finland and three in Russia.

The Group's other capital expenditure came to a total of EUR 1.4 million (EUR 1.0 million). The Group's financial management systems are currently being replaced in phases. The project will continue until 2014.

STORE NETWORK

Stockmann Group	Total 31.12.2012	New stores in Q1 2013	Closed stores in Q1 2013	**Total 31.3.2013**
Department stores*	16			**16**
Stockmann Beauty stores	12			**12**
Other stores in Department Store Division**	9		5	**4**
Lindex stores	469	3		**472**
of which franchising	30	1		**31**
of which own stores	439	2		**441**
Seppälä stores	220		5	**215**

* Academic Bookstores are part of the department stores in Finland.
** 1 Hobby Hall store, 3 outlet stores, 4 Zara franchising stores (closed in Q1) and 1 concept store (closed in Q1).

NEW PROJECTS

Total 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 used for department store renovations, IT system renewals and expansion of the store network.

Lindex will expand its store network by approximately 15 - 20 new stores in 2013, excluding franchising stores. The number of Seppälä stores will fall slightly on 2012, due to the closure of certain unprofitable stores.

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 more retail space in the construction projects for these stores, which are due for completion in 2014 and 2016, respectively. The process for evaluating the commercial value of Stockmann's Nevsky Centre shopping centre in St Petersburg is on-going. Outcome of the evaluation is expected to take place during 2013.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc, held in Helsinki on 21 March 2013, adopted the financial statements for the financial year 1 January - 31 December 2012, granted release from liability to the responsible officers and resolved to pay a dividend of EUR 0.60 per share for 2012, totalling EUR 43.2 million.

The Annual General Meeting resolved to elect eight members to the Board of Directors. In accordance with the Board's Appointments and Compensation Committee's proposal, Rector and Professor Eva Liljeblom, Managing Director Kari Niemistö, Managing Director Per Sjödell, Charlotta Tallqvist-Cederberg, M.Sc. (Econ.), Christoffer Taxell, LL.M., Carola Teir-Lehtinen, M.Sc., and Managing Director Dag Wallgren were re-elected, and CEO Kjell Sundström was elected as a new member of the Board of Directors. The Board members' term of office will continue until the end of the next Annual General Meeting. It was resolved to keep the Board members' remuneration unchanged, and the remuneration will continue to be paid mainly in shares.

Jari Härmälä, Authorised Public Accountant, and Anders Lundin, Authorised Public Accountant, were elected as the regular auditors. KPMG Oy Ab, a firm of authorised public accountants, will continue as the deputy auditor.

At its organisational meeting, which convened after the Annual General Meeting on 21 March 2013, the Board of Directors elected Christoffer Taxell as its Chairman and Kari Niemistö as its Vice Chairman. The Board assessed the independence of its members in accordance with Recommendation 15 in the Finnish Corporate Governance Code. According to the assessment all eight members of the Board are independent of the company. Five of the Board members are independent of major shareholders (Eva Liljeblom, Kari Niemistö, Per Sjödell, Kjell Sundström and Carola Teir-Lehtinen).

The Board of Directors elected Christoffer Taxell as Chairman of the Appointments and Compensation Committee and Kari Niemistö, Charlotta Tallqvist-Cederberg and Dag Wallgren as the other members of the Committee.

SHARES AND SHARE CAPITAL

Stockmann has two share series. 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.

In February 2013, the Board of Directors approved a shareholder request to convert 31 798 Stockmann Series A shares to Series B shares in accordance with Article 3 of the Articles of Association. The converted shares were listed on Nasdaq OMX Helsinki together with the old shares on 4 March 2013. As of the end of March 2013, following the conversion, Stockmann had 30 595 765 Series A shares and 41 452 918 Series B shares, or a total of 72 048 683 shares. The number of votes of the shares was 347 410 568.

The share capital of Stockmann plc totalled EUR 144.1 million at the end of March (EUR 143.7 million). The market capitalization was EUR 931.8 million (EUR 1 186.7 million). At the end of 2012 the market capitalization stood at EUR 994.6 million.

At the end of March, the price of Stockmann's Series A shares was EUR 13.90, compared with EUR 14.08 at the end of 2012, and the Series B shares were selling at EUR 12.22, as against EUR 13.60 at the end of 2012. A total of 0.1 million (0.1 million) Series A shares and 6.2 million (4.5 million) Series B shares were traded on Nasdaq OMX Helsinki during the quarter. This corresponds to 0.2 per cent of the average number of Series A shares and 15.0 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.

Stockmann's Key Employee 2010A share options became subject to trading on Nasdaq OMX Helsinki as of 1 March 2013. The listing comprised of 334 000 share options. An additional 84 000 share options were listed on 5 April 2013. Each option entitles its holder to subscribe one Series B share in Stockmann plc. The subscription period for shares with the 2010A share options is 1 March 2013 - 31 March 2015.

At the end of March 2013, Stockmann had 60 493 shareholders, compared with 56 117 a year earlier. In January-March Stockmann did not receive any flagging announcements arising from changes in major shareholdings.

PERSONNEL

The Group's average number of personnel in the first quarter was 14 829, which is 228 less than in the same period in 2012 (15 057). The average number of employees, in terms of full-time equivalents, decreased by 371 to a total of 11 293 (11 664).

At the end of March, the Group had 14 666 employees (15 009). The decline was partly due to the sale of Stockmann plc's subsidiary, Z-Fashion Finland where approx. 180 employees were transferred to the new owner, Inditex Group. The number of personnel working abroad was 8 345 (8 596) which was 57 per cent (57 per cent) of the total.

The Group's wages and salaries amounted to EUR 78.5 million, compared with EUR 77.0 million a year earlier. The employee benefits expenses totalled EUR 100.3 million (EUR 98.6 million) which is equivalent to 23 per cent (22 per cent) of revenue.

EVENTS AFTER THE REPORTING PERIOD

Stockmann launched on 16 April 2013 a cost savings programme aimed at achieving savings from summer 2013 onwards and improving the cost structure in the long run. As an immediate step, co-determination negotiations with the personnel were started regarding temporary lay-offs. The proposal is to lay off all personnel in the Department Store Division in Finland and in Group Administration for 12 working days. The negotiations affect approximately 5 000 people and the target is to achieve savings of approximately EUR 7 million by summer 2014. The Department Store Division and the Fashion Chain Division have also begun other measures which aim to reduce fixed operating expenses by over EUR 10 million in 2013.

Planning for structural changes across the organisation will be started in the Department Store Division and in Group Administration, aiming at improving long-term efficiency in all support functions as well as in the sales organisations. These changes will result in cost savings from 2014 onwards. The impact of the structural changes on personnel and savings targets will be specified in stages, starting from autumn 2013. The Fashion Chain Division will continue to search for synergies and increase cost-effectiveness according to its previously announced plan.

RISK FACTORS

The Stockmann Group has own business operations in the Nordic countries, Russia, the Baltic countries and eastern Central Europe as well as franchising operations in several other countries. 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 as well as any increases in income taxes and value added taxes may influence the behaviour of both financial markets and consumers. Uncertainties related to the general economic situation, and particularly related to consumers' purchasing power, are considered to be the principal risks that may affect Stockmann during 2013.

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.

Business risks related to the operating environment as well as operational risks related to e.g. logistics and flows of goods and information are reviewed in the 2012 financial statements. There were no significant changes to these risks and uncertainties during the quarter.

Financial risks, including risks arising from changes in exchange rates and interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors, and the risk factors have not been changed since the publishing of the 2012 financial statements.

OUTLOOK FOR 2013

The European economy is expected to remain unstable in 2013. No solution has been found for Europe's debt crisis, and this will cause uncertainty in 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 performed poorly both in 2011 and 2012, particularly in Sweden. The outlook in Sweden is expected to improve slightly towards the end of 2013.

Although GDP forecasts for Russia have been lowered, 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 stable retail market development 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 discontinued the Bestseller franchising in Russia and Zara franchising in Finland, which will somewhat slow down revenue growth. In Russia, however, the discontinuation will improve operating profit. Attention will be given to improving cost efficiency particularly in Finland, where a cost savings programme has been initiated. The Group's capital expenditure is estimated to be lower than depreciation, and to amount to approximately EUR 60 million in 2013.

Stockmann expects the Group's revenue to increase in 2013, excluding the terminated franchising operations. Operating profit is expected to not exceed the figure for 2012.

Helsinki, Finland, 25 April 2013

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. The amendment to IAS 19 Employee Benefits, which eliminates the application of a corridor method, has no material effect on the consolidated financial statement. The accounting policies and calculation methods applied are the same as those in the 2012 financial statements. The figures are unaudited. The Fashion Chain Division's figures include Lindex and Seppälä, and the previous year's figures used for comparison have been adjusted accordingly.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.3.2013**	1.1.–31.3.2012	1.1.–31.12.2012
REVENUE	**431.3**	450.3	2 116.4
Other operating income	**0.0**	0.0	0.6
Materials and consumables	**−233.7**	−234.2	−1 069.2
Wages, salaries and employee benefits expenses	**−100.3**	−98.6	−405.1
Deprecation, amortisation and impairment losses	**−18.6**	−18.4	−74.5
Other operating expenses	**−113.4**	−115.3	−480.9
Total expenses	**−466.0**	−466.5	−2 029.7
OPERATING PROFIT	**−34.6**	−16.2	87.3
Finance income	**1.4**	0.4	1.8
Finance expenses	**−7.4**	−9.1	−34.2
Total finance income and expenses	**−6.0**	−8.7	−32.4
PROFIT BEFORE TAX	**−40.7**	−24.9	54.9
Income taxes	**4.1**	4.0	−1.4
PROFIT FOR THE PERIOD	**−36.5**	−20.9	53.6
Profit for the period attributable to:			
Equity holders of the parent company	**−36.5**	−20.9	53.6
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**−0.51**	−0.29	0.74
EPS, diluted, adjusted for share issue, EUR	**−0.51**	−0.29	0.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.3.2013**	1.1.–31.3.2012	1.1.–31.12.2012
PROFIT FOR THE PERIOD	**−36.5**	−20.9	53.6
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations	**−1.2**	0.7	4.4
Cash flow hedges	**2.0**	−2.3	−2.7
Other comprehensive income for the period, net of tax	**0.8**	−1.7	1.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−35.7**	−22.6	55.3
Total comprehensive income attributable to:			
Equity holders of the parent company	**−35.7**	−22.6	55.3
Non-controlling interest	**0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.3.2013	31.3.2012	31.12.2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**108.8**	103.0	106.2
Intangible rights	**27.5**	19.7	25.3
Other intangible assets	**0.6**	0.3	0.4
Advance payments and construction in progress	**26.3**	14.0	25.4
Goodwill	**841.0**	794.4	818.8
Intangible assets, total	**1 004.2**	931.4	976.1
Property, plant and equipment			
Land and water	**42.1**	42.2	42.2
Buildings and constructions	**452.9**	467.8	456.9
Machinery and equipment	**107.7**	120.3	112.1
Modification and renovation expenses for leased premises	**36.2**	43.8	37.8
Advance payments and construction in progress	**6.3**	6.6	6.2
Property, plant and equipment, total	**645.2**	680.8	655.1
Non-current receivables	**0.5**	0.5	1.1
Available-for-sale investments	**5.0**	5.0	5.0
Deferred tax asset	**10.8**	11.8	16.1
NON-CURRENT ASSETS, TOTAL	**1 665.8**	1 629.6	1 653.3
CURRENT ASSETS			
Inventories	**347.1**	311.4	281.4
Current receivables			
Interest-bearing receivables	**42.5**	43.2	43.8
Income tax receivables	**7.3**	25.8	0.6
Non-interest-bearing receivables	**77.6**	69.9	71.8
Current receivables, total	**127.4**	138.9	116.2
Cash and cash equivalents	**24.8**	28.2	36.1
CURRENT ASSETS, TOTAL	**499.3**	478.5	433.7
ASSETS, TOTAL	**2 165.2**	2 108.1	2 087.1

EUR mill.	31.3.2013	31.3.2012	31.12.2012
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	143.7	144.1
Share premium fund	**186.1**	186.1	186.1
Invested unrestricted equity fund	**250.5**	251.6	250.5
Other funds	**44.9**	43.3	42.9
Translation reserve	**8.8**	6.2	10.0
Retained earnings	**180.6**	180.8	259.8
Equity attributable to equity holders of the parent company	**814.9**	811.7	893.3
Non-controlling interest	**0.0**	0.0	0.0
EQUITY, TOTAL	**814.9**	811.7	893.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**68.4**	68.2	66.4
Non-current interest-bearing liabilities	**505.8**	542.3	502.9
Provisions for pensions	**0.3**	0.4	0.3
Non-current non-interest-bearing liabilities and provisions	**0.4**	0.2	0.4
NON-CURRENT LIABILITIES, TOTAL	**574.8**	611.1	570.0
CURRENT LIABILITIES			
Current interest-bearing liabilities	**466.2**	399.5	345.6
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**308.0**	280.9	275.7
Income tax liabilities	**0.9**	4.4	2.0
Current provisions	**0.4**	0.5	0.4
Current non-interest-bearing liabilities, total	**309.2**	285.8	278.1
CURRENT LIABILITIES, TOTAL	**775.5**	685.3	623.8
LIABILITIES, TOTAL	**1 350.2**	1 296.4	1 193.7
EQUITY AND LIABILITIES, TOTAL	**2 165.2**	2 108.1	2 087.1

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.3.2013**	1.1.–31.3.2012	1.1.–31.12.2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**-36.5**	-20.9	53.6
Adjustments for:			
Depreciation, amortisation and impairment losses	**18.6**	18.4	74.5
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.0**	0.0	-0.4
Interest and other financial expenses	**7.4**	9.1	34.2
Interest income	**-1.4**	-0.4	-1.8
Income taxes	**-4.1**	-4.0	1.4
Other adjustments	**0.2**	0.8	2.1
Working capital changes:			
Increase (-) /decrease (+) in inventories	**-60.2**	-45.2	-12.8
Increase (-) / decrease (+) in trade and other current receivables	**-17.5**	3.2	6.5
Increase (+) / decrease (-) in current liabilities	**-8.0**	-20.6	-6.2
Interest expenses paid	**-7.0**	-8.5	-33.3
Interest received from operating activities	**0.1**	0.1	0.4
Other financing items from operating activities	**0.0**	0.0	-0.5
Income taxes paid from operating activities	**-2.8**	-5.3	6.0
Net cash from operating activities	**-111.3**	-73.3	123.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**-14.2**	-9.4	-54.1
Proceeds from sale of tangible and intangible assets	**0.2**	0.1	1.5
Dividends received from investing activities	**0.0**	0.0	0.2
Net cash used in investing activities	**-14.0**	-9.3	-52.4
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**0.0**	0.0	1.6
Proceeds from current liabilities	**105.3**	334.6	268.1
Repayment of current liabilities	**0.0**	-263.8	-263.7
Proceeds from non-current liabilities	**0.0**	10.0	248.0
Repayment of non-current liabilities	**-0.7**	-4.5	-287.3
Payment of finance lease liabilities	**-1.8**	-2.6	-2.5
Dividends paid	**0.0**	0.0	-35.9
Net cash used in financing activities	**102.8**	73.7	-71.7
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-22.4**	-8.8	-0.4
Cash and cash equivalents at the beginning of the period	**36.1**	33.2	33.2
Cheque account with overdraft facility	**-3.9**	-0.1	-0.1
Cash and cash equivalents at the beginning of the period	**32.2**	33.2	33.2
Net increase/decrease in cash and cash equivalents	**-22.4**	-8.8	-0.4
Effects of exchange rate fluctuations on cash held	**0.2**	0.1	-0.6
Cash and cash equivalents at the end of the period	**24.8**	28.2	36.1
Cheque account with overdraft facility	**-14.9**	-3.8	-3.9
Cash and cash equivalents at the end of the period	**10.0**	24.4	32.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premium fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2012	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	0.0	**869.9**
Dividend distribution							−35.9	**−35.9**		**−35.9**
Options exercised							0.3	**0.3**		**0.3**
Other changes							−0.0	**−0.0**		**−0.0**
Comprehensive income for the period										
Profit for the period							−20.9	**−20.9**		**−20.9**
Exchange differences on translating foreign operations						0.7		**0.7**		**0.7**
Cash flow hedges			−2.3					**−2.3**		**−2.3**
Total comprehensive income for the period*			−2.3			0.7	−20.9	**−22.6**		**−22.6**
SHAREHOLDERS' EQUITY 31.3.2012	143.7	186.1	−0.6	249.2	43.9	6.2	183.2	**811.7**	0.0	**811.7**

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

EUR mill.	Share capital	Share premium fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2013	144.1	186.1	−1.0	250.5	43.9	10.0	259.8	**893.3**	0.0	**893.3**
Dividend distribution							−43.2	**−43.2**		**−43.2**
Options exercised							0.5	**0.5**		**0.5**
Comprehensive income for the period										
Profit for the period							−36.5	**−36.5**		**−36.5**
Exchange differences on translating foreign operations						−1.2		**−1.2**		**−1.2**
Cash flow hedges			2.0					**2.0**		**2.0**
Total comprehensive income for the period*			2.0			−1.2	−36.5	**−35.7**		**−35.7**
SHAREHOLDERS' EQUITY 31.3.2013	144.1	186.1	1.0	250.5	43.9	8.8	180.6	**814.9**	0.0	**814.9**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Department Store Division	**270.2**	280.5	1.302.7
Fashion Chain Division	**161.3**	169.6	814.0
Segments, total	**431.5**	450.1	2 116.7
Unallocated	**−0.2**	0.1	−0.3
Group total	**431.3**	450.3	2 116.4

Operating profit, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Department Store Division	**−15.9**	−6.5	48.0
Fashion Chain Division	**−17.4**	−7.2	50.0
Segments, total	**−33.3**	−13.7	98.0
Unallocated	**−1.3**	−2.5	−10.6
Group total	**−34.6**	−16.2	87.3
Reconciliation to the item profit before tax:			
Financial income	**1.4**	0.4	1.8
Financial expenses	**−7.4**	−9.1	−34.2
Consolidated profit before tax	**−40.7**	−24.9	54.9

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Department Store Division	**10.5**	10.2	42.0
Fashion Chain Division	**7.6**	7.9	31.2
Segments, total	**18.1**	18.1	73.2
Unallocated	**0.5**	0.3	1.4
Eliminations	**0.0**	0.0	0.0
Group total	**18.6**	18.4	74.5

Capital expenditure, gross, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Department Store Division	**3.8**	4.1	30.4
Fashion Chain Division	**6.3**	5.2	22.0
Segments, total	**10.1**	9.3	52.3
Unallocated	**1.4**	1.0	7.9
Group total	**11.5**	10.3	60.3

Assets, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Department Store Division	**936.6**	913.9	898.8
Fashion Chain Division	**1 187.7**	1 151.1	1 149.2
Segments, total	**2 124.4**	2 065.0	2 048.0
Unallocated	**40.8**	43.1	39.1
Group total	**2 165.2**	2 108.1	2 087.1

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Finland 1)	**211.4**	224.0	1 048.2
Sweden and Norway 2)	**109.5**	111.6	537.9
Baltic countries and Central Europe 1) *	**32.3**	33.0	158.5
Russia and Ukraine 1)	**78.1**	81.6	371.8
Group total	**431.3**	450.3	2 116.4
Finland %	**49.0 %**	49.8 %	49.5 %
International operations %	**51.0 %**	50.2 %	50.5 %

Operating profit, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Finland 1)	**−18.8**	−8.8	22.7
Sweden and Norway 2)	**−3.5**	1.9	58.4
Baltic countries and Central Europe 1) *	**−3.7**	−2.0	5.8
Russia and Ukraine 1)	**−8.6**	−7.3	0.5
Group total	**−34.6**	−16.2	87.3
Finland %	**54.3 %**	54.0 %	25.9 %
International operations %	**45.7 %**	46.0 %	74.1 %

Non-current assets, EUR mill.	1.1.–31.3.2013	1.1.–31.3.2012	1.1.–31.12.2012
Finland 1)	**475.9**	463.0	475.9
Sweden and Norway 2)	**906.8**	857.3	883.3
Baltic countries and Central Europe 1) *	**42.8**	46.0	43.1
Russia and Ukraine 1)	**229.4**	251.4	235.1
Group total	**1 654.9**	1 617.7	1 637.3
Finland %	**28.8 %**	28.6 %	29.1 %
International operations %	**71.2 %**	71.4 %	70.9 %

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

KEY FIGURES OF THE GROUP

	31.3.2013	31.3.2012	31.12.2012
Equity ratio, per cent	**37.7**	38.5	42.8
Net gearing, per cent	**116.2**	112.5	90.9
Cash flow from operating activities per share, EUR	**−1.54**	−1.02	1.72
Interest-bearing net debt, EUR mill.	**904.7**	870.3	768.6
Number of shares at the end of the period, thousands	**72 049**	71 841	72 049
Weighted average number of shares, thousands	**72 049**	71 841	71 945
Weighted average number of shares, diluted, thousands	**72 049**	72 108	71 945
Market capitalization, EUR mill.	**931.8**	1 186.7	994.6
Operating profit, per cent of turnover	**−8.0**	−3.6	4.1
Equity per share, EUR	**11.31**	11.30	12.40
Return on equity, rolling 12 months, per cent	**4.7**	5.6	6.1
Return on capital employed, rolling 12 months, per cent	**4.0**	4.8	5.1
Average number of employees, converted to full-time equivalents	**11 293**	11 664	11 898
Capital expenditure, EUR mill.	**11.5**	10.3	60.3

DEFINITIONS OF KEY FIGURES:

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

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

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

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

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

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

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

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenue	**431.3**	643.8	485.1	537.2	450.3	626.1	461.3	510.2
Other operating income	**0.0**	0.6	0.0	0.0	0.0	0.1	0.2	0.0
Materials and consumables	**−233.7**	−325.3	−239.5	−270.2	−234.2	−321.9	−234.6	−257.5
Wages, salaries and employee benefits expenses	**−100.3**	−111.0	−94.5	−101.0	−98.6	−104.4	−88.7	−98.9
Depreciation, amortisation and impairment losses	**−18.6**	−19.0	−19.0	−18.1	−18.4	−20.8	−18.9	−18.9
Other operating expenses	**−113.4**	−132.4	−115.0	−118.3	−115.3	−119.7	−104.1	−109.4
Operating profit	**−34.6**	56.8	17.1	29.7	−16.2	59.3	15.2	25.6
Finance income	**1.4**	−0.5	1.0	0.9	0.4	0.3	0.0	0.9
Finance expenses	**−7.4**	−8.2	−8.5	−8.4	−9.1	−8.5	−8.8	−10.0
Total financial income and expenses	**−6.0**	−8.7	−7.5	−7.5	−8.7	−8.1	−8.8	−9.2
Profit before tax	**−40.7**	48.2	9.6	22.2	−24.9	51.1	6.4	16.4
Income taxes	**4.1**	−0.4	−1.4	−3.6	4.0	−5.9	−0.7	−1.7
Profit for the period	**−36.5**	47.7	8.1	18.6	−20.9	45.2	5.7	14.7

Earnings per share per quarter

EUR	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Undiluted	**−0.51**	0.66	0.11	0.26	−0.29	0.63	0.08	0.21
Diluted	**−0.51**	0.66	0.11	0.26	−0.29	0.63	0.08	0.20

Operating segments per quarter

EUR mill.	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenue								
Department Store Division	**270.2**	423.5	272.7	326.0	280.5	408.5	266.0	306.0
Fashion Chain Division	**161.3**	221.0	212.3	211.1	169.6	217.4	195.5	203.9
Unallocated	**−0.2**	−0.7	0.1	0.2	0.1	0.3	−0.2	0.3
Group total	**431.3**	643.8	485.1	537.2	450.3	626.1	461.3	510.2
Operating profit								
Department Store Division	**−15.9**	41.6	2.8	10.2	−6.5	39.6	2.9	7.6
Fashion Chain Division	**−17.4**	19.2	16.1	21.8	−7.2	22.6	12.9	19.9
Unallocated	**−1.3**	−4.0	−1.8	−2.3	−2.5	−2.9	−0.6	−1.9
Group total	**−34.6**	56.8	17.1	29.7	−16.2	59.3	15.2	25.6

Information on market areas per quarter

EUR mill.	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenue								
Finland 1)	**211.4**	329.9	228.2	266.1	224.0	329.8	225.4	258.8
Sweden and Norway 2)	**109.5**	149.0	139.8	137.6	111.6	144.3	127.2	135.3
Baltic countries and Central Europe 1) *	**32.3**	48.4	37.5	39.6	33.0	44.4	34.0	34.4
Russia and Ukraine 1)	**78.1**	116.6	79.7	93.9	81.6	107.6	74.7	81.7
Group total	**431.3**	643.8	485.1	537.2	450.3	626.1	461.3	510.2
Finland %	**49.0%**	51.2%	47.0%	49.5%	49.8%	52.7%	48.9%	50.7%
International operations %	**51.0%**	48.8%	53.0%	50.5%	50.2%	47.3 %	51.1%	49.3%
Operating profit								
Finland 1)	**−18.8**	22.8	2.1	6.5	−8.8	30.7	8.0	9.8
Sweden and Norway 2)	**−3.5**	19.7	16.4	20.3	1.9	19.9	13.0	18.1
Baltic countries and Central Europe 1) *	**−3.7**	4.6	1.8	1.4	−2.0	4.3	0.5	1.1
Russia and Ukraine 1)	**−8.6**	9.7	−3.3	1.4	−7.3	4.3	−6.3	−3.4
Group total	**−34.6**	56.8	17.1	29.7	−16.2	59.3	15.2	25.6
Finland %	**54.3%**	40.1%	12.5%	21.9%	54.0%	51.8%	52.4%	38.4%
International operations %	**45.7%**	59.9%	87.5%	78.1%	46.0%	48.2%	47.6%	61.6%

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

EXCHANGE RATES OF EURO

Closing rate for the period	**31.3.2013**	31.3.2012	31.12.2012
RUB	**39.7617**	39.2950	40.3295
LVL	**0.7017**	0.7003	0.6977
LTL	**3.4528**	3.4528	3.4528
NOK	**7.5120**	7.6040	7.3483
SEK	**8.3553**	8.8455	8.582
Average rate for the period	**1.1.–31.3.2013**	1.1.–31.3.2012	1.1.–31.12.2012
RUB	**40.1446**	39.5504	39.9239
LVL	**0.6997**	0.6985	0.6973
LTL	**3.4528**	3.4528	3.4528
NOK	**7.4308**	7.5870	7.4752
SEK	**8.4918**	8.8531	8.7061

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Acquisition cost at the beginning of the period	**2 054.7**	1 963.6	1 963.6
Translation difference +/-	**25.3**	7.5	38.6
Increases during the period	**11.5**	10.3	60.3
Decreases during the period	**−5.4**	−0.1	−7.8
Transfers between items during the period	**0.0**	0.0	0.0
Acquisition cost at the end of the period	**2 086.2**	1 981.4	2 054.7
Accumulated depreciation at the beginning of the period	**−423.5**	−350.9	−350.9
Translation difference +/-	**0.3**	0.0	−2.1
Depreciation on reductions during the period	**5.2**	0.0	4.0
Depreciation and amortisation during the period	**−18.6**	−18.4	−74.5
Accumulated depreciation at the end of the period	**−436.7**	−369.2	−423.5
Carrying amount at the beginning of the period	**1 631.2**	1 612.8	1 612.8
Carrying amount at the end of the period	**1 649.5**	1 612.2	1 631.2

The calculation of consolidated assets includes following changes in consolidated goodwill:			
Goodwill, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Acquisition cost at the beginning of the period	**818.8**	788.5	788.5
Translation difference +/-	**22.2**	5.9	30.3
Acquisition cost at the end of the period	**841.0**	794.4	818.8
Carrying amount at the beginning of the period	**818.8**	788.5	788.5
Carrying amount at the end of the period	**841.0**	794.4	818.8

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

Contingent liabilities, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Mortages on land and buildings	**201.7**	201.7	201.7
Pledges and guarantees	**9.9**	0.5	7.8
Liabilities of adjustments of VAT deductions made on investments to immovable property	**23.0**	28.0	28.2
Total	**234.5**	230.2	237.7

Lease agreements on the Group's business premises, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**180.4**	161.5	186.3
After one year	**690.1**	682.4	716.2
Total	**870.5**	843.9	902.5

Group's lease payments, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Within one year	**1.0**	7.3	1.2
After one year	**1.1**	4.8	1.1
Total	**2.2**	12.1	2.4

Group's derivate contracts, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Nominal value			
Currency derivatives	**688.1**	517.5	608.5
Electricity derivates	**2.4**	1.9	2.6
Total	**690.4**	519.4	611.2

Fair Value of the Group's derivate contracts, EUR mill.	**31.3.2013**	31.3.2012	31.12.2012
Hierarchy: Level 1			
Electricity derivates	**−0.1**	−0.2	−0.2
Hierarchy: Level 2			
Currency derivatives	**−11.7**	−6.0	−6.2

LEGAL PROCEEDINGS

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

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

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