Interim Report Q1 2014

STOCKMANN

STOCKMANN plc, Interim Report 29.4.2014 at 8.00 EET

Operating result down due to weak Russian rouble and challenging market

January-March 2014:
Consolidated revenue was EUR 395.6 million (EUR 431.3 million), down 7.6 per cent excluding terminated franchising operations, or down 4.6 per cent at comparable exchange rates.
Operating result was EUR -43.9 million (EUR -34.6 million).
Result for the period was EUR -40.1 million (EUR -36.5 million).
Earnings per share came to EUR -0.56 (EUR -0.51).

Revised profit guidance for 2014:
Due to the weak currency exchange rates and weaker than expected consumer demand in Russia and Finland, Stockmann estimates that the Group's euro-denominated revenue in 2014 will decline on 2013. Operating profit is not expected to exceed the figure for 2013.

Stockmann previously estimated that the Group's revenue, at comparable exchange rates, would increase slightly in 2014. Revenue growth was expected to take place in the second half of the year. Operating profit was expected to be somewhat higher than in 2013.

CEO Hannu Penttilä:
"The Russian rouble was at its weakest-ever level against the euro during the first quarter of 2014. The Russian economy has stagnated and consumers' purchasing power has declined. In Finland, the retail market also remained weak. These factors had a clearly negative impact on the Stockmann Group's performance in the quarter.

The Department Store Division's rouble-denominated revenue was slightly up, but operations in Russia were significantly affected by the weak currency. Revenue and operating result in the Baltic countries were up. In Finland, performance improved slightly towards the end of the quarter.

Similar development was seen in the Crazy Days campaign in April, which took place after the reporting period. The campaign's revenue was close to the previous year's level at comparable exchange rates, but euro-denominated revenue was down 6 per cent in total. Revenue was up in the Baltic countries and in Russia in roubles, but euro-denominated revenue was down in Russia and in Finland, despite the strong sales growth in the online store.

Our fashion chains continued their mixed performance in the first quarter. Lindex's revenue was up in local currencies and its operating result improved slightly. Seppälä's result weakened further, despite store closures and other turnaround efforts.

There are no signs of a quick recovery for the Russian rouble and the visibility in the Russian market is very weak. The retail market in Finland also remains challenging. We have started structural changes at Stockmann to improve the competitiveness in the weak market environment. The new operating model for our department stores in Finland is vital for ensuring competitive operations in the future."

KEY FIGURES

	1.1.–31.3.2014	1.1.–31.3.2013	1.1.–31.12.2013
Revenue, EUR mill.	**395.6**	431.3	2 037.1
Revenue growth, per cent	**-8.3**	-4.2	-3.7
Relative gross margin, per cent	**45.5**	45.8	48.6
Operating profit, EUR mill.	**-43.9**	-34.6	54.4
Net financial costs, EUR mill.	**5.5**	6.0	27.6
Profit before tax, EUR mill.	**-49.3**	-40.7	26.8
Profit for the period, EUR mill.	**-40.1**	-36.5	48.4
Earnings per share, undiluted, EUR	**-0.56**	-0.51	0.67
Equity per share, EUR	**11.44**	11.31	12.42
Cash flow from operating activities, EUR mill.	**-112.9**	-111.3	125.4
Capital expenditure, EUR mill.	**9.4**	11.5	56.8
Net gearing, per cent	**107.8**	116.2	87.3
Equity ratio, per cent	**39.9**	37.7	43.8
Number of shares, undiluted, weighted average, 1 000 pc	**72 049**	72 049	72 049
Return on capital employed, rolling 12 months, per cent	**2.8**	4.0	3.4
Personnel, average	**14 302**	14 829	14 963

REVENUE AND EARNINGS

The retail market was weak in the first quarter of 2014 in Finland, where consumer confidence remained low and consumers' purchasing power was poor. The fashion market in the Nordic countries was weak in January and February, but improved towards the end of the quarter: the market was on a par with the previous year in Finland (TMA index) and in Sweden (Stilindex) during the quarter. The general market environment in Russia weakened further. The Russian rouble reached its weakest-ever level against the euro, and consumers' purchasing power has declined. The market environment in the Baltic countries remained relatively good.

The Stockmann Group's first-quarter revenue was EUR 395.6 million (EUR 431.3 million). Revenue excluding the terminated franchising operations was down by 7.6 per cent. When the terminated franchising is included, revenue was down by 8.3 per cent. Euro-denominated revenue was down in Finland, Russia and Sweden/Norway, but up in the Baltic countries. Revenue at comparable exchange rates was down 4.6 per cent.

Revenue in Finland was EUR 190.6 million (EUR 211.4 million). Revenue excluding the terminated Zara franchising was down by 8.5 per cent. Revenue abroad was down 6.8 per cent and amounted to EUR 205.0 million (EUR 219.9 million). The Russian rouble weakened considerably and the Swedish krona and Norwegian krone were also weaker than in the first quarter of 2013. At comparable exchange rates the Group's revenue abroad was up by 0.1 per cent. Revenue abroad accounted for 51.8 per cent (51.0 per cent) of the total revenue.

The Group's January-March gross profit was down by EUR 17.5 million, to a total of EUR 180.1 million (EUR 197.6 million). The gross margin was 45.5 per cent (45.8 per cent). The gross margin declined in Department Store Division, mostly due to the weakening of the Russian rouble, and improved slightly in the Fashion Chain Division. Operating costs were down EUR 7.9 million, and amounted to EUR 205.7 million (EUR 213.6 million). Depreciation was EUR 18.2 million (EUR 18.6 million).

The consolidated operating result for January-March was EUR -43.9 million (EUR -34.6 million), mainly as a result of the declined revenue. The operating result weakened in particular in Russia and in Finland but was on a par with the previous year in the Baltic countries and Sweden/Norway.

Net financial expenses during the first three months were down by EUR 0.5 million, to EUR 5.5 million (EUR 6.0 million). Non-recurring foreign exchange gains amounted to EUR 0.1 million (EUR 1.4 million).

The result before taxes for the period was EUR -49.3 million (EUR -40.7 million). A tax credit of EUR 9.2 million (EUR 4.1 million) was booked on the loss posted for the period. The result for the period was EUR -40.1 million (EUR -36.5 million).

Earnings per share for January-March amounted to EUR -0.56 (EUR -0.51) and, diluted for options, EUR -0.56 (EUR -0.51). Equity per share was EUR 11.44 (EUR 11.31).

REVENUE AND EARNINGS BY DIVISION

Department Store Division

The Department Store Division's revenue was EUR 241.7 million (EUR 270.2 million) in the quarter. Revenue excluding the terminated franchising operations was down by 9.5 per cent.

Revenue in Finland was EUR 162.3 million (EUR 181.5 million). Revenue excluding the Zara franchising operations, which were terminated as of 1 March 2013 in Finland, was down 9.0 per cent. Revenue was down particularly in February, but sales improved towards the end of the quarter especially in fashion.

Euro-denominated revenue from international operations was down 10.4 per cent, to EUR 79.4 million (EUR 88.7 million) and accounted for 32.9 per cent (32.8 per cent) of the division's total revenue. Revenue from the Baltic department stores was up, but euro-denominated revenue from Russia declined. In roubles the revenue was slightly up on the previous year in Russia.

The gross margin during the period was 37.4 per cent (38.4 per cent). The gross margin in Finland was up on the previous year. The weakened rouble had a significantly negative effect on the gross margin in Russia.

The Department Store Division's operating result decreased by EUR 6.2 million to EUR -22.1 million (EUR -15.9 million), although operating costs were down by EUR 7.4 million. The operating result declined particularly in Russia. In Finland performance improved slightly towards the end of the quarter. The operating result in the Baltic countries was up.

Revenue in the Crazy Days campaign, which took place after the first quarter, in April, was close to the previous year's level at comparable exchange rates, but down 6 per cent in euros. Revenue was up by 2 per cent in the Baltic countries. In Russia, euro-denominated revenue was down 12 per cent but rouble-denominated revenue was up 8 per cent. In Finland, revenue was down 5 per cent, despite the strong sales growth in the online store.

Fashion Chain Division

The Fashion Chain Division's revenue was down by 4.7 per cent to EUR 153.8 million (EUR 161.3 million) in the quarter. Revenue was down by 6.1 per cent in Finland, to EUR 28.3 million (EUR 30.1 million) and by 4.3 per cent in international operations, to EUR 125.5 million (EUR 131.2 million). Revenue outside Finland accounted for 81.6 per cent (81.3 per cent) of the division's total revenue.

Lindex's January-March revenue totalled EUR 132.7 million (EUR 136.9 million), which was 3.1 per cent lower than a year earlier. In local currencies, revenue was up by 1.9 per cent thanks to strong growth in Norway and in the newest markets. Seppälä's first-quarter revenue was down by 13.5 per cent, to EUR 21.1 million (EUR 24.5 million). The decline was partly due to store closures in all markets.

The Fashion Chain Division's gross margin for the quarter was 58.4 per cent (58.3 per cent). Lindex's gross margin was up, to 60.8 per cent (59.3 per cent). Seppälä's gross margin declined to 43.5 per cent (53.0 per cent) due to price-driven campaigns at the beginning of the year.

The division's operating result in January-March was down by EUR 2.9 million, to EUR -20.3 million (EUR -17.4 million). Lindex's operating result was EUR -10.2 million (EUR -10.4 million). Due to the low gross margin and declined revenue, Seppälä's operating result declined to EUR -10.1 million (EUR -6.9 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 17.9 million at the end of March 2014, compared with EUR 24.8 million a year earlier. Cash flow from operating activities came to EUR -112.9 million (EUR -111.3 million).

The Annual General Meeting decided on 18 March 2014 to pay dividends totalling EUR 28.8 million on the 2013 earnings. The dividend was 59.5 per cent of the earnings per share. As in 2013, the dividends were paid in April.

Net working capital excluding cash and cash equivalents amounted to EUR 190.6 million at the end of March, compared with EUR 165.3 million a year earlier. Inventories were EUR 336.8 million (EUR 347.1 million). Stock levels were below the previous year, in particular in the Department Store Division.

Current receivables were EUR 131.9 million (127.4 million). Non-interest-bearing liabilities amounted to EUR 278.2 million (EUR 309.2 million) mostly due to a decrease in trade payables in the Department Store Division.

Interest-bearing liabilities at the end of March were EUR 907.1 million (EUR 972.0 million). Long-term debt amounted to EUR 600.4 million (EUR 505.8 million). In addition, the Group has EUR 304.7 million in undrawn, long-term committed credit facilities and EUR 327.7 million in uncommitted credit facilities.

The equity ratio was 39.9 per cent (37.7 per cent) at the end of March. At the close of 2013 the equity ratio was 43.8 per cent. Net gearing at the end of March was 107.8 per cent (116.2 per cent). At the end of 2013, net gearing was 87.3 per cent.

The return on capital employed over the past 12 months was 2.8 per cent (3.4 per cent in the 2013 financial year). The Group's capital employed was EUR 1 731.6 million at the end of March, compared with EUR 1 786.9 million a year earlier.

COST SAVINGS PROGRAMME

Stockmann launched a cost savings programme across the organisation in spring 2013. The programme continues in 2014, mainly with structural changes that will be carried out to improve long-term efficiency and the cost structure. The structural changes started in the Department Store Division's marketing operations in autumn 2013. The target of the new operating model for marketing is to achieve annual cost savings of approximately EUR 4 million, to be achieved partially in 2014 and fully in 2015.

A plan to introduce a new distribution centre for Stockmann's department stores and online store in Finland and the Baltic countries was announced in January 2014. In addition to operational improvements, Stockmann is targeting an annual cost saving of approximately EUR 6.5 million, primarily in the form of reduced personnel, transportation and real estate expenses, but excluding depreciation of the automation technology investment. Savings are expected to be achieved in full from 2018 onwards.

The structural changes will continue in stages in 2014. Stockmann announced in April that it plans to revise its department stores' operating model in Finland. The comparable annual savings target for the structural changes in the sales organisation is around EUR 10 million. The savings would be fully achieved from 2015 onwards.

CAPITAL EXPENDITURE

Capital expenditure during the first three months of the year totalled EUR 9.4 million (EUR 11.5 million). Depreciation was EUR 18.2 million (EUR 18.6 million).

The Department Store Division's capital expenditure for the quarter totalled EUR 4.2 million (EUR 3.8 million). The implementation of the new enterprise resource planning (ERP) continued. The new system was partially taken into use in Finland as of 1 March 2014, and the last major implementation will take place in the second quarter of 2014. A total of EUR 1.6 million was spent on the project during the first quarter. The project to enlarge the Tampere department store continued.

The Fashion Chain Division's first-quarter capital expenditure was EUR 4.8 million (EUR 6.3 million). Lindex opened four stores during the quarter, one in Finland, Sweden, the Czech Republic and Bosnia Herzegovina, and closed down four stores, one in Sweden and three franchising stores in the Middle East. Seppälä closed five stores in Russia and one in Finland, Estonia, Latvia and Lithuania during the quarter.

The Group's other capital expenditure came to a total of EUR 0.4 million (EUR 1.4 million). The Group's financial management systems are currently being replaced in phases and this project continued during the first quarter of 2014.

STORE NETWORK

Stockmann Group	Total 31.12.2013	New stores in Q1 2014	Closed stores in Q1 2014	**Total 31.3.2014**
Department stores*	16			**16**
Stockmann Beauty stores	11			**11**
Hobby Hall and outlet stores in the Department Store Division	2			**2**
Lindex stores	479	4	4	**479**
of which franchising	35	1	3	**33**
of which own stores	444	3	1	**446**
Seppälä stores	209		9	**200**

* Academic Bookstores are included in the department stores in Finland.

NEW PROJECTS

Total capital expenditure for 2014 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 expansion and refurbishment of the Lindex stores, department store renovations and IT system renewals.

The Tampere department store will gain more retail space in the construction project, due for completion in the last quarter of 2014. Planning for the new Tapiola department store continues, but the timetable is dependent on Espoo City's planning for the area.

Stockmann's new distribution centre for its department stores and online store in Finland and the Baltic countries will be taken into use in 2016. The centre will be located in leased premises. Stockmann will make an investment of approximately EUR 28 million in the centre's automation technology.

Lindex will continue to expand with a net addition of over 20 stores in 2014, including franchising stores. Lindex entered into a franchising partnership with the Chinese company Suning in September 2013. Suning unilaterally withdrew from the franchising agreement at the end of March 2014. Lindex will investigate other opportunities to expand into the Chinese market, but Suning's withdrawal will delay the fashion chain's entry to the market.

Seppälä aims to close down over 20 unprofitable stores in Russia in 2014.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc, held in Helsinki on 18 March 2014, adopted the financial statements for the financial year 1 January - 31 December 2013, released the responsible officers from liability and resolved to pay a dividend of EUR 0.40 per share for 2013, totalling EUR 28.8 million.

The Annual General Meeting resolved that eight members be elected 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, Managing Director Kjell Sundstöm, Charlotta Tallqvist-Cederberg, M.Sc. (Econ.), Carola Teir-Lehtinen, M.Sc., and Managing Director Dag Wallgren were re-elected as members of the Board of Directors. Following the announcement by the Chairman of the Board, Christoffer Taxell, LL.M., that he will no longer be available as a member of the Board, CEO of the Föreningen Konstsamfundet, Kaj-Gustaf Bergh, was elected as a new member. He has been a member of the Stockmann Board between 2007 and 2013. The Board members' term of office will continue until the end of the next Annual General Meeting. It was resolved that the Board members' remuneration will remain unchanged, and the remuneration will continue to be paid mainly in shares.

Jari Härmälä, Authorised Public Accountant, and Anders Lundin, Authorised Public Accountant, were re-elected as the auditors, and 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 18 March 2014, the Board of Directors elected Managing Director Kaj-Gustaf Bergh as its Chairman and Managing Director Kari Niemistö as its Vice Chairman. The Board has 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 elected at the Annual General Meeting on 18 March 2014 are independent of the company. Five of the company's Board members are independent of major shareholders (Eva Liljeblom, Kari Niemistö, Per Sjödell, Kjell Sundström and Carola Teir-Lehtinen).

The Board of Directors elected Kaj-Gustaf Bergh 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.

The share capital of Stockmann plc totalled EUR 144.1 million at the end of March (EUR 144.1 million). The market capitalisation was EUR 768.3 million (EUR 931.8 million). At the end of 2013 the market capitalisation stood at EUR 796.0 million.

At the end of March, the price of Stockmann's Series A shares was EUR 10.60, compared with EUR 11.06 at the end of 2013, and the Series B shares were selling at EUR 10.71, compared with EUR 11.04 at the end of 2013. A total of 0.2 million (0.1 million) Series A shares and 5.5 million (6.2 million) Series B shares were traded on Nasdaq OMX Helsinki during the quarter. This corresponds to 0.7 per cent of the average number of Series A shares and 13.2 per cent of the average number of Series B shares.

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

Stockmann's Key Employee 2010B share options became subject to trading on Nasdaq OMX Helsinki as of 1 March 2014. The listing comprised of 273 000 share options. Each option entitles its holder to subscribe one Series B share in Stockmann plc. The subscription period for shares with the 2010B share options is 1 March 2014 - 31 March 2016.

At the end of March 2014, Stockmann had 58 033 shareholders, compared with 60 493 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 14 302 (14 829), which is 527 less than in the same period in 2013. The average number of employees, in terms of full-time equivalents, decreased by 41 to a total of 11 266 (11 307).

At the end of March, the Group had 14 307 employees (14 666). The decline was ¬mostly due to fewer part-time workers in the Finnish department stores. The number of personnel working abroad was 8 331 (8 345) which was 58 per cent (57 per cent) of the total.

The Group's wages and salaries amounted to EUR 76.3 million, compared with EUR 78.5 million a year earlier. The employee benefits expenses totalled EUR 97.5 million (EUR 100.3 million) which is equivalent to 24.6 per cent (23.2 per cent) of revenue.

EVENTS AFTER THE REPORTING PERIOD

Stockmann announced in April that it plans to revise its department stores' operating model in Finland. The goal is to create an efficient sales-focused organisation that serves customers both at stores and online. The comparable annual savings target for the structural changes is around EUR 10 million. The savings would be fully achieved from 2015 onwards. Due to the planning of the new organisational model, Stockmann has initiated codetermination negotiations with personnel, stating that the restructuring could lead to a personnel reduction of up to 330 man-years (FTE). The negotiations will also concern changes to job descriptions, among other things.

RISK FACTORS

The Stockmann Group has own business operations in the Nordic countries, Russia, the Baltic countries and eastern Central Europe, and 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 may influence the behaviour of both the financial markets and consumers. Uncertainties related to the general economic situation, and particularly those related to consumers' purchasing power, are considered to be the principal risks that may affect Stockmann during 2014.

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 business culture and the country's infrastructure. The grey economy still plays a considerable role and continues to distort competition. Although Russia became a member of the World Trade Organisation (WTO) in 2012, this has not brought greater clarity to the competitive environment nor reduced import duties. Energy prices, and especially oil prices, have a significant impact on the growth of the Russian economy and on consumer purchasing behaviour.

The crisis in Ukraine has considerably increased political tensions globally. Possible trade restrictions against Russia by the EU and the USA and possible counter-measures by Russia may affect Stockmann's operations in Russia. A significant share of the products that Stockmann sells in Russia are imported, so any trade restrictions would weaken Stockmann's business in Russia.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature 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. Currency fluctuations may have a significant effect on the Group's business operations. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

OUTLOOK FOR 2014

The Russian rouble has weakened considerably and economic growth in Russia is estimated to stay on a low level in 2014. The crisis in Ukraine continues to affect the Russian economy. As a consequence, the visibility in the Russian retail market is very weak.

The European economy is expected to improve slightly in 2014, but uncertainty will continue in the retail market, particularly in Finland. Purchasing power is expected to remain low, which will have a negative effect on consumer purchasing behaviour.

The outlook for the affordable fashion market in Sweden is expected to improve slightly in 2014. The retail market in the Baltic countries is expected to remain relatively stable. Low consumer confidence may, however, affect consumers' willingness to make purchases in all market areas.

As a consequence of the uncertain outlook, Stockmann launched a cost savings programme in spring 2013. The programme will continue in 2014, focusing on long-term structural changes in order to adapt the cost structure to the slow growth and to improve performance.

The Group's capital expenditure is estimated to be lower than depreciation, and to amount to approximately EUR 60 million in 2014.

Revised profit guidance for 2014: Due to the weak currency exchange rates and weaker than expected consumer demand in Russia and Finland, Stockmann estimates that the Group's euro-denominated revenue in 2014 will decline on 2013. Operating profit is not expected to exceed the figure for 2013.

Earlier profit guidance, published on 13 February 2014: At comparable exchange rates, Stockmann expects the Group's revenue to increase slightly in 2014. Revenue growth is expected to take place in the second half of the year. Operating profit is expected to be somewhat higher than in 2013.

Helsinki, Finland, 28 April 2014

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING POLICIES

This interim Report has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2013 financial statements. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
REVENUE	**395.6**	431.3	2 037.1
Other operating income	**0.0**	0.0	0.0
Materials and consumables	**−215.5**	−233.7	−1 046.9
Wages, salaries and employee benefits expenses	**−97.5**	−100.3	−397.8
Deprecation, amortisation and impairment losses	**−18.2**	−18.6	−74.4
Other operating expenses	**−108.3**	−113.4	−463.6
Total expenses	**−439.5**	−466.0	−1 982.7
OPERATING PROFIT	**−43.9**	−34.6	54.4
Finance income	**0.1**	1.4	4.5
Finance expenses	**−5.6**	−7.4	−32.1
Total finance income and expenses	**−5.5**	−6.0	−27.6
PROFIT BEFORE TAX	**−49.3**	−40.7	26.8
Income taxes	**9.2**	4.1	21.6
PROFIT FOR THE PERIOD	**−40.1**	−36.5	48.4
Profit for the period attributable to:			
Equity holders of the parent company	**−40.1**	−36.5	48.4
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**−0.56**	−0.51	0.67
EPS, diluted, adjusted for share issue, EUR	**−0.56**	−0.51	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
PROFIT FOR THE PERIOD	**−40.1**	−36.5	48.4
Net other comprehensive income which will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/losses on defined benefit pension liability	**0.0**	0.0	0.1
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations	**−2.0**	−1.2	−5.8
Cash flow hedges	**0.5**	2.0	0.5
Other comprehensive income for the period, net of tax	**−1.5**	0.8	−5.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−41.6**	−35.7	43.1
Total comprehensive income attributable to:			
Equity holders of the parent company	**−41.6**	−35.7	43.1
Non-controlling interest	**0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**101.6**	108.8	102.6
Intangible rights	**37.0**	27.5	38.8
Other intangible assets	**3.0**	0.6	3.1
Advance payments and construction in progress	**26.1**	26.3	24.0
Goodwill	**785.3**	841.0	793.2
Intangible assets, total	**953.1**	1 004.2	961.8
Property, plant and equipment			
Land and water	**42.1**	42.1	42.1
Buildings and constructions	**436.6**	452.9	440.4
Machinery and equipment	**90.1**	107.7	95.8
Modification and renovation expenses for leased premises	**31.2**	36.2	32.4
Advance payments and construction in progress	**6.8**	6.3	5.8
Property, plant and equipment, total	**606.7**	645.2	616.5
Non-current receivables	**0.5**	0.5	0.5
Available-for-sale investments	**7.9**	5.0	7.9
Deferred tax asset	**16.8**	10.8	17.3
NON-CURRENT ASSETS, TOTAL	**1 585.0**	1 665.8	1 604.0
CURRENT ASSETS			
Inventories	**336.8**	347.1	285.8
Current receivables			
Interest-bearing receivables	**39.9**	42.5	43.1
Income tax receivables	**11.3**	7.3	0.8
Non-interest-bearing receivables	**80.7**	77.6	76.9
Current receivables, total	**131.9**	127.4	120.9
Cash and cash equivalents	**17.9**	24.8	33.9
CURRENT ASSETS, TOTAL	**486.6**	499.3	440.6
ASSETS, TOTAL	**2 071.7**	2 165.2	2 044.6

EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	144.1	144.1
Share premium fund	**186.1**	186.1	186.1
Invested unrestricted equity fund	**250.5**	250.5	250.5
Other funds	**43.9**	44.9	43.4
Translation reserve	**2.1**	8.8	4.1
Retained earnings	**197.9**	180.6	266.8
Equity attributable to equity holders of the parent company	**824.5**	814.9	894.9
Non-controlling interest	**0.0**	0.0	0.0
EQUITY, TOTAL	**824.5**	814.9	894.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**61.4**	68.4	61.5
Non-current interest-bearing liabilities	**600.4**	505.8	469.4
Provisions for pensions	**0.1**	0.3	0.1
Non-current non-interest-bearing liabilities and provisions	**0.4**	0.4	0.4
NON-CURRENT LIABILITIES, TOTAL	**662.3**	574.8	531.4
CURRENT LIABILITIES			
Current interest-bearing liabilities	**306.7**	466.2	345.4
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**274.9**	308.0	269.4
Income tax liabilities	**3.1**	0.9	3.3
Current provisions	**0.2**	0.4	0.2
Current non-interest-bearing liabilities, total	**278.2**	309.2	272.8
CURRENT LIABILITIES, TOTAL	**584.9**	775.5	618.3
LIABILITIES, TOTAL	**1 247.2**	1 350.2	1 149.7
EQUITY AND LIABILITIES, TOTAL	**2 071.7**	2 165.2	2 044.6

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**−40.1**	−36.5	48.4
Adjustments for:			
Depreciation, amortisation and impairment losses	**18.2**	18.6	74.4
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.5**	0.0	0.6
Interest and other financial expenses	**5.6**	7.4	32.1
Interest income	**−0.1**	−1.4	−4.5
Income taxes	**−9.2**	−4.1	−21.6
Other adjustments	**0.0**	0.2	0.5
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−50.0**	−60.2	6.8
Increase (-) / decrease (+) in trade and other current receivables	**−2.6**	−17.5	0.5
Increase (+) / decrease (-) in current liabilities	**−24.2**	−8.0	−4.8
Interest expenses paid	**−8.1**	−7.0	−26.4
Interest received from operating activities	**0.1**	0.1	4.3
Other financing items from operating activities	**−1.6**	0.0	−1.8
Income taxes paid from operating activities	**−1.5**	−2.8	17.0
Net cash from operating activities	**−112.9**	−111.3	125.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**−9.5**	−14.2	−61.1
Proceeds from sale of tangible and intangible assets	**0.0**	0.2	0.0
Proceeds from sale of investments	**0.0**	0.0	0.0
Dividends received from investing activities	**0.0**	0.0	0.2
Net cash used in investing activities	**−9.5**	−14.0	−60.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	**280.6**	105.3	324.0
Repayment of current liabilities	**−328.5**	0.0	−316.2
Proceeds from non-current liabilities	**405.2**	0.0	86.4
Repayment of non-current liabilities	**−256.1**	−0.7	−114.9
Payment of finance lease liabilities	**−0.8**	−1.8	−4.7
Dividends paid	**0.0**	0.0	−43.1
Net cash used in financing activities	**100.5**	102.8	−68.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−22.0**	−22.4	−4.0
Cash and cash equivalents at the beginning of the period	**33.9**	36.1	36.1
Cheque account with overdraft facility	**−6.1**	−3.9	−3.9
Cash and cash equivalents at the beginning of the period	**27.8**	32.2	32.2
Net increase/decrease in cash and cash equivalents	**−22.0**	−22.4	−4.0
Effects of exchange rate fluctuations on cash held	**−0.1**	0.2	−0.4
Cash and cash equivalents at the end of the period	**17.9**	24.8	33.9
Cheque account with overdraft facility	**−12.1**	−14.9	−6.1
Cash and cash equivalents at the end of the period	**5.8**	10.0	27.8

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 1.1.2013	144.1	186.1	−1.0	250.5	43.9	10.0	259.7	**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**

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	259.7	**893.3**	0.0	**893.3**
Dividend distribution							−43.2	**−43.2**		**−43.2**
Options exercised							1.9	**1.9**		**1.9**
Other changes							−0.1	**−0.1**		**−0.1**
Comprehensive income for the period										
Profit for the period							48.4	**48.4**		**48.4**
Remeasurement gains/losses on defined benefit pension liability							0.1	**0.1**		**0.1**
Exchange differences on translating foreign operations						−5.8		**−5.8**		**−5.8**
Cash flow hedges			0.5					**0.5**		**0.5**
Total comprehensive income for the period*			0.5			−5.8	48.5	**43.1**		**43.1**
SHAREHOLDERS' EQUITY 31.12.2013	144.1	186.1	−0.5	250.5	43.9	4.1	266.8	**894.9**	0.0	**894.9**

EUR mill.	Share capital	Share premium fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1.1.2014	144.1	186.1	−0.5	250.5	43.9	4.1	266.8	**894.9**	0.0	**894.9**
Dividend distribution							−28.8	**−28.8**		**−28.8**
Options exercised										
Other changes							0.0	**0.0**		**0.0**
Comprehensive income for the period										
Profit for the period							−40.1	**−40.1**		**−40.1**
Exchange differences on translating foreign operations						−2.0		**−2.0**		**−2.0**
Cash flow hedges			0.5					**0.5**		**0.5**
Total comprehensive income for the period*			0.5			−2.0	−40.1	**−41.6**		**−41.6**
SHAREHOLDERS' EQUITY 31.3.2014	144.1	186.1	0.0	250.5	43.9	2.1	197.9	**824.5**	0.0	**824.5**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
Department Store Division	**241.7**	270.2	1 232.6
Fashion Chain Division	**153.8**	161.3	805.2
Segments, total	**395.5**	431.5	2 037.8
Unallocated	**0.1**	−0.2	−0.8
Group total	**395.6**	431.3	2 037.1

Operating profit, EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
Department Store Division	**−22.1**	−15.9	26.0
Fashion Chain Division	**−20.3**	−17.4	38.6
Segments, total	**−42.4**	−33.3	64.6
Unallocated	**−1.5**	−1.3	−10.2
Group total	**−43.9**	−34.6	54.4
Reconciliation to the item profit before tax:			
Financial income	**0.1**	1.4	4.5
Financial expenses	**−5.6**	−7.4	−32.1
Consolidated profit before taxes	**−49.3**	−40.7	26.8

Depreciation, amortisation and impairment losses, EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
Department Store Division	**10.5**	10.5	42.2
Fashion Chain Division	**7.0**	7.6	29.7
Segments, total	**17.5**	18.1	71.8
Unallocated	**0.7**	0.5	2.6
Eliminations			
Group total	**18.2**	18.6	74.4

Capital expenditure, gross, EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
Department Store Division	**4.2**	3.8	26.9
Fashion Chain Division	**4.8**	6.3	24.7
Segments, total	**9.0**	10.1	51.5
Unallocated	**0.4**	1.4	5.4
Group total	**9.4**	11.5	56.9

Assets, EUR mill.	**1.1.–31.3.2014**	1.1.–31.3.2013	1.1.–31.12.2013
Department Store Division	**898.9**	936.6	868.0
Fashion Chain Division	**1 111.3**	1 187.7	1 124.2
Segments, total	**2 010.3**	2 124.4	1 992.2
Unallocated	**61.4**	40.8	52.1
Group total	**2 071.7**	2 165.2	2 044.3

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.3.2014	1.1.–31.3.2013	1.1.–31.12.2013
Finland 1)	190.6	211.4	983.2
Sweden and Norway 2)	104.5	109.5	548.2
Baltic countries and Central Europe 1) *	35.0	32.3	159.9
Russia 1)	65.4	78.1	345.7
Group total	395.6	431.3	2 037.1
Finland %	48.2%	49.0%	48.3%
International operations %	51.8%	51.0%	51.7%

Operating profit, EUR mill. **	1.1.–31.3.2014	1.1.–31.3.2013	1.1.–31.12.2013
Finland 1)	−23.1	−18.5	−0.9
Sweden and Norway 2)	−4.5	−4.1	59.0
Baltic countries and Central Europe 1) *	−2.9	−3.5	2.7
Russia 1)	−13.3	−8.5	−6.4
Group total	−43.9	−34.6	54.4
Finland %	52.7%	53.5%	−1.7%
International operations %	47.3%	46.5%	101.7%

Non-current assets, EUR mill.	1.1.–31.3.2014	1.1.–31.3.2013	1.1.–31.12.2013
Finland 1)	478.3	475.9	480.2
Sweden and Norway 2)	840.3	906.8	850.4
Baltic countries and Central Europe 1) *	39.8	42.8	40.7
Russia 1)	209.9	229.4	215.1
Group total	1 568.2	1 654.9	1 586.4
Finland %	30.5%	28.8%	30.3%
International operations %	69.5%	71.2%	69.7%

1) Department Store Division, Fashion Chain Division
2) Fashion Chain Division
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland
** Includes re-allocation of purchasing office costs

EXCHANGE RATES OF EURO

Closing rate for the period	31.3.2014	31.3.2013	31.12.2013
RUB	48.7800	39.7617	45.3246
LVL	0.7028	0.7017	0.7028
LTL	3.4528	3.4528	3.4528
NOK	8.2550	7.5120	8.3630
SEK	8.9483	8.3553	8.8591
Average rate for the period	1.1.–31.3.2014	1.1.–31.3.2013	1.1.–31.12.2013
RUB	48.0719	40.1446	42.3362
LVL	0.7015	0.6997	0.7015
LTL	3.4528	3.4528	3.4528
NOK	8.3462	7.4308	7.8075
SEK	8.8570	8.4918	8.6514

KEY FIGURES OF THE GROUP

	31.3.2014	31.3.2013	31.12.2013
Equity ratio, per cent	**39.9**	37.7	43.8
Net gearing, per cent	**107.8**	116.2	87.3
Cash flow from operating activities per share, EUR	**−1.57**	−1.54	1.74
Interest-bearing net debt, EUR mill.	**849.3**	904.7	737.8
Number of shares at the end of the period, thousands	**72 049**	72 049	72 049
Weighted average number of shares, thousands	**72 049**	72 049	72 049
Weighted average number of shares, diluted, thousands	**72 049**	72 049	72 049
Market capitalization, EUR mill.	**768.3**	931.8	796.0
Operating profit, per cent of turnover	**−11.1**	−8.0	2.7
Equity per share, EUR	**11.44**	11.31	12.42
Return on equity, rolling 12 months, per cent	**5.5**	4.7	5.4
Return on capital employed, rolling 12 months, per cent	**2.8**	4.0	3.4
Average number of employees, converted to full-time equivalents	**11 056**	11 293	11 422
Capital expenditure, EUR mill.	**9.4**	11.5	56.8

DEFINITIONS OF KEY FIGURES:

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

Net gearing, per cent = 100 x
$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents – non-current interenst-bearing receivables}}{\text{Equity total}}$$

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 x
$$\frac{\text{Profit for the period (12 months)}}{\text{Equity + minority interest (average over 12 months)}}$$

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

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	**Q1 2014**	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenue	**395.6**	607.8	454.4	543.6	431.3	643.8	485.1	537.2
Other operating income	**0.0**	0.0	0.0	0.0	0.0	0.6	0.0	0.0
Materials and consumables	**-215.5**	-307.1	-229.6	-276.5	-233.7	-325.3	-239.5	-270.2
Wages, salaries and employee benefits expenses	**-97.5**	-106.2	-89.6	-101.7	-100.3	-111.0	-94.5	-101.0
Depreciation, amortisation and impairment losses	**-18.2**	-19.2	-18.4	-18.3	-18.6	-19.0	-19.0	-18.1
Other operating expenses	**-108.3**	-127.0	-106.2	-117.0	-113.4	-132.4	-115.0	-118.3
Operating profit	**-43.9**	48.3	10.7	30.1	-34.6	56.8	17.1	29.7
Finance income	**0.1**	0.3	3.8	-1.0	1.4	-0.5	1.0	0.9
Finance expenses	**-5.6**	-9.3	-7.9	-7.5	-7.4	-8.2	-8.5	-8.4
Total financial income and expenses	**-5.5**	-9.0	-4.1	-8.5	-6.0	-8.7	-7.5	-7.5
Profit before tax	**-49.3**	39.3	6.5	21.6	-40.7	48.2	9.6	22.2
Income taxes	**9.2**	-2.8	22.4	-2.1	4.1	-0.4	-1.4	-3.6
Profit for the period	**-40.1**	36.5	28.9	19.5	-36.5	47.7	8.1	18.6

Earnings per share per quarter

EUR	**Q1 2014**	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Undiluted	**-0.56**	0.51	0.40	0.27	-0.51	0.66	0.11	0.26
Diluted	**-0.56**	0.51	0.40	0.27	-0.51	0.66	0.11	0.26

Segment information per quarter

EUR mill.	**Q1 2014**	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenue								
Department Store Division	**241.7**	392.1	245.2	325.1	270.2	423.5	272.7	326.0
Fashion Chain Division	**153.8**	215.9	209.4	218.7	161.3	221.0	212.3	211.1
Unallocated	**0.1**	-0.1	-0.2	-0.2	-0.2	-0.7	0.1	0.2
Group total	**395.6**	607.8	454.4	543.6	431.3	643.8	485.1	537.2
Operating profit								
Department Store Division	**-22.1**	34.0	-3.6	11.6	-15.9	41.6	2.8	10.2
Fashion Chain Division	**-20.3**	17.6	16.1	22.3	-17.4	19.2	16.1	21.8
Unallocated	**-1.5**	-3.3	-1.8	-3.8	-1.3	-4.0	-1.8	-2.3
Group total	**-43.9**	48.3	10.7	30.1	-34.6	56.8	17.1	29.7

Information on market areas per quarter

EUR mill.	**Q1 2014**	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenue								
Finland 1)	**190.6**	307.5	206.0	258.3	211.4	329.9	228.2	266.1
Sweden and Norway 2)	**104.5**	149.7	140.1	148.9	109.5	149.0	139.8	137.6
Baltic countries and Central Europe 1) *	**35.0**	48.1	37.1	42.5	32.3	48.4	37.5	39.6
Russia 1)	**65.4**	102.5	71.3	93.9	78.1	116.6	79.7	93.9
Group total	**395.6**	607.8	454.4	543.6	431.3	643.8	485.1	537.2
Finland %	**48.2%**	50.6%	45.3%	47.5%	49.0%	51.2%	47.0%	49.5%
International operations %	**51.8%**	49.4%	54.7%	52.5%	51.0%	48.8%	53.0%	50.5%
Operating profit **								
Finland 1)	**-23.1**	16.5	-1.0	2.2	-18.5	23.1	2.5	6.6
Sweden and Norway 2)	**-4.5**	22.4	17.3	23.4	-4.1	19.2	15.8	20.0
Baltic countries and Central Europe 1) *	**-2.9**	4.5	0.7	1.0	-3.5	4.7	2.0	1.5
Russia 1)	**-13.3**	4.9	-6.2	3.5	-8.5	9.8	-3.2	1.5
Group total	**-43.9**	48.3	10.7	30.1	-34.6	56.8	17.1	29.7
Finland %	**52.7%**	34.2%	-9.6%	7.2%	53.5%	40.6%	14.6%	22.4%
International operations %	**47.3%**	65.8%	109.6%	92.8%	46.5%	59.4%	85.4%	77.6%

1) Department Store Division, Fashion Chain Division
2) Fashion Chain Division
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland
** Includes re-allocation of purchasing office costs

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

Contingent liabilities of the Group, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Mortages on land and buildings	**1.7**	201.7	1.7
Pledges and guarantees	**8.3**	9.9	8.1
Liabilities of adjustments of VAT deductions made on investments to immovable property	**19.5**	23.0	23.3
Total	**29.4**	234.5	33.0

Lease agreements on the Group's business premises, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**178.0**	180.4	187.5
After one year	**681.6**	690.1	694.3
Total	**859.6**	870.5	881.8

Group's lease payments, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Within one year	**0.5**	1.0	0.6
After one year	**1.2**	1.1	1.1
Total	**1.7**	2.2	1.7

Group's derivate contracts, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Nominal value			
Currency derivatives	**466.6**	688.1	582.8
Electricity derivates	**0.5**	2.4	0.9
Total	**467.1**	690.4	583.7

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Acquisition cost at the beginning of the period	**2 060.6**	2 054.7	2 054.7
Translation difference +/-	**-9.8**	25.3	-38.7
Increases during the period	**9.4**	11.5	56.8
Decreases during the period	**-2.9**	-5.4	-9.3
Transfers between items during the period	**0.0**	0.0	-2.8
Acquisition cost at the end of the period	**2 057.4**	2 086.2	2 060.6
Accumulated depreciation at the beginning of the period	**-482.3**	-423.5	-423.5
Translation difference +/-	**0.6**	0.3	7.3
Depreciation on reductions during the period	**2.4**	5.2	8.3
Depreciation ans amortisation during the period	**-18.2**	-18.6	-74.4
Accumulated depreciation at the end of the period	**-497.6**	-436.7	-482.3
Carrying amount at the beginning of the period	**1 578.3**	1 631.2	1 631.2
Carrying amount at the end of the period	**1 559.8**	1 649.5	1 578.3

The calculation of consolidated assets includes following changes in consolidated goodwill:

Goodwill, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Acquisition cost at the beginning of the period	**793.2**	818.8	818.8
Translation difference +/-	**-7.9**	22.2	-25.6
Acquisition cost at the end of the period	**785.3**	841.0	793.2
Carrying amount at the beginning of the period	**793.2**	818.8	818.8
Carrying amount at the end of the period	**785.3**	841.0	793.2

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED ACCORDING TO IAS 39, AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets, EUR mill.	Level	**Carrying amount 31.3.2014**	**Fair value 31.3.2014**	Carrying amount 31.3.2013	Fair value 31.3.2013	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**0.4**	**0.4**	1.6	1.6	0.2	0.2
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**4.2**	**4.2**	0.7	0.7	6.9	6.9
Electricity derivatives	1	**0.0**	**0.0**	0.0	0.0	0.0	0.0
Financial assets at amortized cost							
Non-current receivables		**0.5**	**0.5**	0.5	0.5	0.5	0.5
Current receivables, interest-bearing		**39.9**	**39.9**	42.5	42.5	43.1	43.1
Current receivables, non-interest-bearing		**76.2**	**76.2**	75.3	75.3	69.8	69.8
Cash and cash equivalents		**17.9**	**17.9**	24.8	24.8	33.9	33.9
Available-for-sale financial assets	3	**7.9**	**7.9**	5.0	5.0	7.9	7.9
Financial assets, total		**147.0**	**147.0**	150.5	150.5	162.4	162.4

Financial liabilities, EUR mill.	Level	**Carrying amount 31.3.2014**	**Fair value 31.3.2014**	Carrying amount 31.3.2013	Fair value 31.3.2013	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**0.4**	**0.4**	0.3	0.3	0.9	0.9
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.8**	**0.8**	13.8	13.8	2.9	2.9
Electricity derivatives	1	**0.2**	**0.2**	0.1	0.1	0.2	0.2
Financial liabilities at amortized cost							
Non-current interest-bearing liabilities	2	**600.4**	**599.7**	505.8	512.9	469.4	466.5
Current liabilities, interest-bearing	2	**306.7**	**307.3**	466.2	463.3	345.4	346.3
Current liabilities, non-interest-bearing		**273.6**	**273.6**	293.9	293.9	265.5	265.5
Financial liabilities, total		**1 182.1**	**1 182.1**	1 280.0	1 284.2	1 084.3	1 082.3

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.
Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are over-the-counter (OTC) derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments.
Level 3: Techniques, which require most management's judgment.

There haven't been any transfers between the levels during the financial year.

Financial assets on level 3 are investments in shares of unlisted companies. The fair value of the shares is determined by techniques based on the management's judgment. Profits or losses from the investments are recorded to other operating income or expenses in the income statement, because acquisition and divestment decisions on the investments are made for business reasons. The following calculation illustrates changes in financial assets valuated at fair value during the reporting period

Change in fair value of available-for-sale financial assets, EUR mill.	**31.3.2014**	31.3.2013	31.12.2013
Carrying amount Jan. 1	**7.9**	5.0	5.0
Translation difference +/-	**0.0**	0.0	0.0
Profits (+) / losses (-) through profit or loss	**0.0**	0.0	0.0
Increases	**0.0**	0.0	0.0
Sale of shares	**0.0**	0.0	0.0
Transfers between items	**0.0**	0.0	2.8
Total	**7.9**	5.0	7.9

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