Interim Report Q2 2013

STOCKMANN

STOCKMANN plc, Interim Report 9.8.2013 at 8.00 EET

Revenue and operating profit up in the second quarter

April-June 2013:
Consolidated revenue was EUR 543.6 million (EUR 537.2 million), up 3.0 per cent excluding terminated franchising operations.
Operating profit was up 1.4 per cent to EUR 30.1 million (EUR 29.7 million).

January-June 2013:
Consolidated revenue was EUR 974.9 million (EUR 987.5 million), up 0.2 per cent excluding terminated franchising operations.
Operating result was EUR -4.6 million (EUR 13.4 million).
Result for the period was EUR -17.1 million (EUR -2.3 million)
Earnings per share came to EUR -0.24 (EUR -0.03).

Full-year outlook unchanged: 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.

Events after the reporting period: AB Lindex is expected to receive a significant tax refund which will improve the Stockmann Group's profit for 2013.

CEO Hannu Penttilä:
The Stockmann Group's revenue and operating profit began to rise again in the second quarter of 2013. The retail market was exceptionally weak in Finland, where the Group's operating profit declined, but in the market areas of Sweden/Norway and Russia operating profit was up. Performance improved in both divisions. The Department Store Division had a good start in the second quarter with the successful Crazy Days campaign. The department stores' earnings in Russia improved, and the performance in St Petersburg was particularly good. Lindex performed well and its earnings grew in the quarter. Seppälä's performance was weaker, but initiatives to enable the fashion chain's turnaround are well under way.

We are aiming to achieve more profitable operations for the entire Stockmann Group. The first effects of the cost savings programme, launched in April, were already visible in the department stores' earnings in the second quarter. The Group's full-year operating profit, however, is not expected to exceed the figure for 2012.

Due to the insecure long-term market outlook, the Board of Directors has decided to set new medium-term financial targets for the Stockmann Group. By the end of 2016 Stockmann aims to reach a 10 per cent return on capital employed (ROCE), a 7 per cent operating profit margin, and sales growth above the industry average. There are several areas that we will need to focus on in order to reach the new targets.

Stockmann will retain ownership of the Nevsky Centre shopping centre in St Petersburg for the time being. Key performance indicators for the shopping centre have improved particularly well, which is expected to increase the future value of the property and support Stockmann in achieving its new financial targets.

KEY FIGURES

	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Revenue, EUR mill.	**543.6**	537.2	974.9	987.5	2 116.4
Revenue growth, per cent	**1.2**	5.3	-1.3	7.6	5.5
Relative gross margin, per cent	**49.1**	49.7	47.7	48.9	49.5
Operating profit, EUR mill.	**30.1**	29.7	-4.6	13.4	87.3
Net financial costs, EUR mill.	**8.5**	7.5	14.5	16.2	32.4
Profit before tax, EUR mill.	**21.6**	22.2	-19.1	-2.8	54.9
Profit for the period, EUR mill.	**19.5**	18.6	-17.1	-2.3	53.6
Earnings per share, undiluted, EUR	**0.27**	0.26	-0.24	-0.03	0.74
Equity per share, EUR			11.50	11.60	12.40
Cash flow from operating activities, EUR mill.	**101.4**	88.2	-9.8	14.9	123.7
Capital expenditure, EUR mill.	**16.9**	13.0	28.4	23.3	60.3
Net gearing, per cent			107.0	104.1	90.9
Equity ratio, per cent			40.5	41.0	42.8
Number of shares, undiluted, weighted average, 1 000 pc			72 049	71 842	71 945
Return on capital employed, rolling 12 months, per cent			4.0	5.1	5.1
Personnel, average	**14 977**	15 749	14 903	15 403	15 603

REVENUE AND EARNINGS

The retail market continued to be weak in the second quarter of 2013, in particular in Finland where consumer confidence and consumers' purchasing power remained low. April had two sales days more than in 2012 in many of Stockmann's countries of operation due to the earlier occurrence of Easter. Cold weather at the beginning of the second quarter shortened the sales time for spring merchandise. The fashion market was down 4.1 per cent in Finland (TMA index) and down 0.5 per cent in Sweden (Stilindex) in January-June. The general market environment in Russia and the Baltic countries remained relatively good, despite the lowered GDP forecasts for Russia for 2013 and the weakening of the rouble.

The Stockmann Group's revenue in January-June was EUR 974.9 million (1-6/2012: EUR 987.5 million). If the terminated franchising operations are excluded, revenue was up by 0.2 per cent. If the terminated franchising operations are included, revenue was down by 1.3 per cent. Revenue was down in Finland but up in other market areas.

Revenue in Finland was EUR 469.7 million (EUR 490.1 million). Excluding the terminated Zara franchising, revenue was down by 2.8 per cent. Revenue abroad amounted to EUR 505.1 million (EUR 497.3 million). Excluding the terminated Bestseller franchising, revenue was up by 3.0 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, excluding franchising, was up by 3.1 per cent. Revenue abroad accounted for 51.8 per cent (50.4 per cent) of the total revenue.

The Group's gross profit in the reporting period was down by EUR 18.4 million, to a total of EUR 464.7 million (EUR 483.0 million). The gross margin was 47.7 per cent (48.9 per cent). The gross margin declined in the Department Store Division and was on a par with the previous year in the Fashion Chain Division. Operating costs were down by 0.2 per cent and amounted to EUR 432.4 million (EUR 433.1 million). Depreciation was EUR 36.9 million (EUR 36.5 million).

The consolidated operating result for January-June was down by EUR 18.0 million, to EUR -4.6 million (EUR 13.4 million). The operating result weakened in both divisions and in particular in Finland.

The Group's second quarter (April-June) revenue was EUR 543.6 million (4-6/2012: EUR 537.2 million). If the terminated franchising operations are excluded, revenue was up by 3.0 per cent with growth in both divisions. If the terminated franchising operations are included, revenue was up by 1.2 per cent.

Revenue in Finland in the quarter was EUR 258.3 million (EUR 266.1 million). Excluding the terminated Zara franchising, revenue was down by 0.9 per cent. Revenue abroad amounted to EUR 285.3 million (EUR 271.1 million). Excluding the terminated Bestseller franchising, revenue was up by 6.7 per cent. The growth was the same if using like-for-like exchange rates.

The gross margin for the quarter was 49.1 per cent (49.7 per cent). Operating costs were down by 0.2 per cent, to EUR 218.7 million (EUR 219.2 million). Depreciation was EUR 18.3 million (EUR 18.1 million). The operating profit for the quarter was EUR 30.1 million (EUR 29.7 million). Performance improved in both divisions. Operating profit was up in the market areas of Sweden/Norway and Russia, but was down in Finland.

Net financial expenses during the reporting period were down by EUR 1.7 million, to EUR 14.5 million (EUR 16.2 million), due to lower market interest rates than in 2012. Non-recurring foreign exchange gains amounted to EUR 0.1 million (EUR 0.7 million).

The result before taxes for January-June was EUR -19.1 million (EUR -2.8 million). A tax credit of EUR 2.0 million (EUR 0.5 million) was booked on the loss posted for the period. The result for the period was EUR -17.1 million (EUR -2.3 million).

Earnings per share for January-June amounted to EUR -0.24 (EUR -0.03) and, diluted for options, EUR -0.24 (EUR -0.03). Equity per share was EUR 11.50 (EUR 11.60).

REVENUE AND EARNINGS BY DIVISION

Department Store Division

The Department Store Division's revenue in January-June was EUR 595.3 million (EUR 606.5 million). If the terminated franchising operations are excluded, revenue was up by 0.5 per cent.

Revenue in Finland was EUR 399.2 million (EUR 409.5 million). Excluding the Zara franchising, revenue was down 0.8 per cent. Revenue declined in particular in the Tampere, Itäkeskus, and Tapiola department stores due to the construction and renovation work being carried out. Revenue from distance retail was up thanks to the successful performance of the Stockmann online store.

Euro-denominated revenue from international operations was EUR 196.1 million (EUR 197.0 million) and accounted for 32.9 per cent (32.5 per cent) of the division's total revenue. Excluding the terminated Bestseller franchising, revenue was up by 3.2 per cent, despite the weakened Russian rouble. Revenue grew particularly well in St Petersburg.

The gross margin during the period was 39.0 per cent (41.0 per cent). The decline was mainly due to price-driven campaigns to lower inventories.

The Department Store Division's January-June operating result was down by EUR 8.1 million, to EUR -4.4 million (EUR 3.7 million), although operating costs decreased by EUR 9.7 million.

Revenue in April-June was EUR 325.1 million (EUR 326.0 million). If the terminated franchising operations are excluded, revenue was up by 2.6 per cent. The successful Crazy Days campaign, which achieved a revenue growth of 10 per cent in April, boosted growth in all department stores and in the Stockmann online store.

Revenue in Finland totalled EUR 217.6 million (EUR 221.2 million). Excluding the Zara franchising operations, revenue was up 1.0 per cent. Euro-denominated revenue from international operations was EUR 107.5 million (EUR 104.8 million). Excluding the terminated Bestseller franchising, revenue was up 6.2 per cent.

The quarter's gross margin was 39.4 per cent (41.6 per cent). The operating profit for the quarter was EUR 11.6 million, compared to EUR 10.2 million a year earlier. Operating costs were down by EUR 9.1 million, due to the terminated franchising operations and the cost savings programme.

Fashion Chain Division

The Fashion Chain Division's revenue in January-June was down by 0.2 per cent to EUR 380.0 million (EUR 380.6 million). Revenue was down by 11.6 per cent in Finland, to EUR 71.0 million (EUR 80.3 million), and up by 2.9 per cent in international operations, to EUR 309.0 million (EUR 300.3 million). Revenue outside Finland accounted for 81.3 per cent (78.9 per cent) of the division's total revenue.

Lindex's January-June revenue totalled EUR 323.1 million, which was 3.9 per cent more than a year earlier (EUR 311.0 million). In local currencies, revenue was up by 2.1 per cent. Seppälä's January-June revenue was down by 18.2 per cent, to EUR 57.0 million (EUR 69.7 million). The decline was partly due to closure of 15 unprofitable stores during the past 12 months. Revenue declined by 17.2 per cent in Finland and by 20.2 per cent abroad.

The Fashion Chain Division's gross margin for the period was 61.4 per cent (61.4 per cent). Lindex's gross margin was down slightly to 62.1 per cent (62.5 per cent), but Seppälä's gross margin improved to 57.8 per cent (56.5 per cent).

The division's operating profit in January-June was down by EUR 9.6 million, to EUR 5.0 million (EUR 14.6 million). Lindex's operating profit was EUR 12.5 million (EUR 17.8 million) and Seppälä's was EUR -7.6 million (EUR -3.3 million). Lindex's operating costs were up by EUR 11.2 million, mostly due to strengthening of the Swedish krona. Seppälä's operating costs declined by EUR 1.6 million.

Revenue in April-June grew by 3.6 per cent to EUR 218.7 million (EUR 211.1 million). Lindex's revenue grew by 7.8 per cent to EUR 186.2 million (EUR 172.7 million). In local currencies, revenue was up by 6.4 per cent. Revenue grew in all countries except Finland. In particular, revenue in the main markets of Sweden and Norway improved strongly in the quarter. Seppälä's revenue was down by 15.2 per cent to EUR 32.5 million (EUR 38.3 million). Revenue continued to decline in all countries of operation. Initiatives to enable Seppälä's turnaround are well under way.

The division's gross margin in the quarter was 63.7 per cent (62.1 per cent). Lindex improved its gross margin to 64.1 per cent (62.9 per cent). The improvement was due to a non-recurring customs refund. Seppälä's gross margin improved to 61.4 per cent (58.5 per cent). Operating profit for the quarter was EUR 22.3 million, compared to EUR 21.8 million a year earlier. Lindex made an operating profit of EUR 22.9 million (EUR 20.4 million) and Seppälä's operating result totalled EUR -0.6 million (EUR 1.4 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 28.1 million at the end of June 2013, as against EUR 33.2 million a year earlier. Cash flow from operating activities came to EUR -9.8 million (EUR 14.9 million) in January-June and EUR 101.4 million (EUR 88.2 million) in April-June.

Net working capital excluding cash and cash equivalents amounted to EUR 168.4 million at the end of June, as against EUR 145.5 million a year earlier and EUR 119.5 million at the close of 2012. Dividends on the 2012 earnings, totalling EUR 43.2 million, were paid in April.

Inventories amounted to EUR 273.7 million (EUR 257.9 million). Stock levels were above the previous year's figure in both divisions but at a healthier level than at the end of the first quarter.

Current receivables amounted to EUR 127.8 million (EUR 117.8 million). Non-interest-bearing liabilities amounted to EUR 233.1 million (EUR 230.6 million) and were mainly due to an increase in trade payables.

Interest-bearing liabilities at the end of June were EUR 919.0 million (EUR 902.9 million) of which long-term debt amounted to EUR 543.0 million (EUR 552.0 million). In addition, the Group has EUR 327.6 million in undrawn, long-term committed credit facilities and EUR 281.5 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 40.5 per cent (41.0 per cent) at the end of June. Net gearing at the end of June was 107.0 per cent (104.1 per cent). At the close of 2012, the equity ratio was 42.8 per cent and 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 2012). The Group's capital employed was EUR 1 747.9 million at the end of June, compared with EUR 1 738.4 million a year earlier.

COST SAVINGS PROGRAMME

In April, Stockmann launched a cost savings programme aimed at achieving savings from summer 2013 onwards and improving the cost structure in the long run. The Department Store Division and the Fashion Chain Division embarked on measures which aimed at reducing fixed operating costs by over EUR 10 million in 2013.

As a result of the codetermination negotiations conducted, Stockmann is also introducing lay-offs of 12 working days for its personnel in the Department Store Division in Finland and in the Group Administration, with the exception of employees working at the warehouses. The layoffs will take place between summer 2013 and summer 2014 and the target is to achieve additional savings of approximately EUR 7 million. Instead of this temporary lay-off, employees can choose to exchange their holiday bonus for 12 days off.

Planning for structural changes across the organisation has begun in the Department Store Division and in the Group Administration, with the aim of improving long-term efficiency in all support functions and 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.

CAPITAL EXPENDITURE

Capital expenditure during the first six months of the year totalled EUR 28.4 million (EUR 23.3 million) and EUR 16.9 million (13.0 million) in April-June. Depreciation was EUR 36.9 million (EUR 36.5 million) in the period and EUR 18.3 million (18.1 million) in the quarter.

The Department Store Division's capital expenditure for the reporting period totalled EUR 11.4 million (EUR 11.3 million). The implementation of the new enterprise resource planning (ERP) system took place in Russia in June. A total of EUR 5.9 million was spent on the project during January-June. The project will continue as planned until 2014. The enlargement of the Tampere department store and construction of new premises for the Itäkeskus department store continued.

The Fashion Chain Division's capital expenditure for January-June was EUR 14.5 million (EUR 9.9 million). Lindex opened three stores during the second quarter: one in Sweden and two franchising stores in Saudi Arabia. One store was closed in Norway and one franchising store in Saudi Arabia. Seppälä closed two stores in Russia during the second quarter.

The Group's other capital expenditure came to a total of EUR 2.5 million (EUR 2.2 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	Total 31.3.2013	New stores in Q2 2013	Closed stores in Q2 2013	**Total 30.6.2013**
Department stores*	16	16			**16**
Stockmann Beauty stores	12	12			**12**
Hobby Hall and outlet stores in Department Store Division	9	4			**4**
Lindex stores	469	472	3	2	**473**
of which franchising	30	31	2	1	**32**
of which own stores	439	441	1	1	**441**
Seppälä stores	220	215		2	**213**

* Academic Bookstores are part of the department stores in Finland.

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 in 2013 will fall by approximately 10 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.

SHARES AND SHARE CAPITAL

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

As of the end of June 2013, 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 totalled EUR 144.1 million at the end of the period (EUR 144.1 million). The market capitalization was EUR 817.8 million (EUR 1 141.1 million). At the end of 2012 the market capitalization stood at EUR 994.6 million.

At the end of June, the price of Stockmann's Series A shares was EUR 11.35, compared with EUR 14.08 at the end of 2012, and the Series B shares were selling at EUR 11.35, as against EUR 13.60 at the end of 2012. A total of 0.2 million (0.2 million) Series A shares and 10.1 million (6.4 million) Series B shares were traded on Nasdaq OMX Helsinki during the reporting period. This corresponds to 0.5 per cent of the average number of Series A shares and 24.3 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 on 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 June 2013, Stockmann had 60 047 shareholders, compared with 59 495 a year earlier. Stockmann did not receive any flagging announcements arising from changes in major shareholdings during January-June 2013.

PERSONNEL

The Group's average number of personnel in the reporting period was 14 903, which is 500 less than in the same period in 2012 (15 403). The average number of employees, in terms of full-time equivalents, decreased by 449 to a total of 11 306 (11 755). The decline was partly due to terminated franchising operations.

At the end of June, the Group had 14 678 employees (15 457). The number of personnel working outside of Finland was 8 370 (8 634) which was 56.2 per cent (56.1 per cent) of the total.

The Group's wages and salaries amounted to EUR 158.4 million, compared with EUR 156.8 million a year earlier. The employee benefits expenses totalled EUR 202.0 million (EUR 199.6 million) which is equivalent to 20.7 per cent (20.2 per cent) of revenue.

FINANCIAL TARGETS

The Stockmann Group's long-term financial targets were originally set in 2008 in a different business climate. Due to the insecure long-term market outlook, the Board of Directors has decided to replace the targets with new medium-term financial targets. By the end of 2016 Stockmann aims to reach a 10 per cent return on capital employed (ROCE), a 7 per cent operating profit margin, and sales growth above the industry average. The current 40 per cent equity ratio target, which has already been reached, will continue to be applied.

The Group's Russian business will play a key role in achieving the financial targets. In particular, the capital expenditure made in the department store business in Russia is expected to generate rapidly increasing earnings. Other initiatives in order to reach the new targets will include structural changes within the Department Store Division to improve its profitability, various measures to achieve Seppälä's turnaround, and the continuing international expansion of Lindex. Both business divisions have good growth opportunities through their strongly expanding online sales. The more efficient use of capital will continue to be an area of focus across the entire Stockmann Group.

EVALUATION OF NEVSKY CENTRE

Stockmann announced in October 2012 that it would evaluate the commercial value of its Nevsky Centre shopping centre in St Petersburg. Based on that evaluation and the promising outlook for the shopping centre business, Stockmann will continue under the current operating model for the time being. The number of visitors to the Nevsky Centre, the rental income from existing tenants, and the utilisation rate of parking facilities have grown particularly well during recent months. This, combined with a constantly improving tenant mix, is expected to increase the future value of the property and enable strong operating income, and also support Stockmann in achieving its new financial targets.

EVENTS AFTER THE REPORTING PERIOD

The Swedish and German tax authorities have made a resolution to eliminate the Lindex Group's double taxation in the tax years 1997–2004. The German local tax authorities confirmed the resolution in July 2013. After the resolution is processed by the Swedish tax authorities, AB Lindex is expected to receive a significant tax refund. The refund will be recognized in the income statement, and it will improve the Stockmann Group's profit for 2013.

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 the company. AB Lindex was obliged to pay approximately EUR 26 million in taxes and interest on this income in 2008 to the Swedish tax authorities. The tax authorities are expected to reimburse Lindex a major part of this.

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 may influence the behaviour of both the financial markets and consumers. Any increases in income tax and value added tax also affect consumers' behaviour. 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 2013.

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.

Business risks related to the operating environment and operational risks concerning, for example, 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 reporting period.

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 perform poorly in 2013, and this will cause uncertainty in retail market performance. Declining purchasing power may further weaken consumer confidence and it seems probable that the market in Finland will experience a long period of low or no 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 the Russian rouble has weakened and GDP forecasts for the country have been lowered, the Russian market is likely to continue to perform better than the Nordic markets. 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 slow revenue growth somewhat. 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 in 2013 and to amount to approximately EUR 60 million for the year.

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. AB Lindex is expected to receive a significant tax refund which will improve the Stockmann Group's profit for 2013.

Helsinki, Finland, 8 August 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.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
REVENUE	**974.9**	987.5	2 116.4
Other operating income	**0.0**	0.0	0.6
Materials and consumables	**−510.2**	−504.4	−1 069.2
Wages, salaries and employee benefits expenses	**−202.0**	−199.6	−405.1
Deprecation, amortisation and impairment losses	**−36.9**	−36.5	−74.5
Other operating expenses	**−230.4**	−233.5	−480.9
Total expenses	**−979.5**	−974.0	−2 029.7
OPERATING PROFIT	**−4.6**	13.4	87.3
Finance income	**0.3**	1.3	1.8
Finance expenses	**−14.8**	−17.5	−34.2
Total finance income and expenses	**−14.5**	−16.2	−32.4
PROFIT BEFORE TAX	**−19.1**	−2.8	54.9
Income taxes	**2.0**	0.5	−1.4
PROFIT FOR THE PERIOD	**−17.1**	−2.3	53.6
Profit for the period attributable to:			
Equity holders of the parent company	**−17.1**	−2.3	53.6
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**−0.24**	−0.03	0.74
EPS, diluted, adjusted for share issue, EUR	**−0.24**	−0.03	0.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.122012
PROFIT FOR THE PERIOD	**−17.1**	−2.3	53.6
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations	**−8.3**	2.1	4.4
Cash flow hedges	**3.1**	−1.0	−2.7
Other comprehensive income for the period, net of tax	**−5.2**	1.2	1.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−22.2**	−1.2	55.3
Total comprehensive income attributable to:			
Equity holders of the parent company	**−22.2**	−1.2	55.3
Non-controlling interest	**0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**30.6.2013**	30.6.2012	31.12.2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**103.6**	103.9	106.2
Intangible rights	**33.5**	19.1	25.3
Other intangible assets	**2.5**	0.2	0.4
Advance payments and construction in progress	**24.8**	19.9	25.4
Goodwill	**800.6**	801.0	818.8
Intangible assets, total	**965.0**	944.0	976.1
Property, plant and equipment			
Land and water	**42.1**	42.2	42.2
Buildings and constructions	**446.6**	464.4	456.9
Machinery and equipment	**101.8**	114.0	112.1
Modification and renovation expenses for leased premises	**34.4**	42.0	37.8
Advance payments and construction in progress	**7.2**	6.7	6.2
Property, plant and equipment, total	**632.3**	669.2	655.1
Non-current receivables	**4.2**	0.5	1.1
Available-for-sale investments	**7.9**	5.0	5.0
Deferred tax asset	**10.5**	11.6	16.1
NON-CURRENT ASSETS, TOTAL	**1 619.9**	1 630.3	1 653.3
CURRENT ASSETS			
Inventories	**273.7**	257.9	281.4
Current receivables			
Interest-bearing receivables	**40.2**	46.8	43.8
Income tax receivables	**8.2**	12.2	0.6
Non-interest-bearing receivables	**79.4**	58.8	71.8
Current receivables, total	**127.8**	117.8	116.2
Cash and cash equivalents	**28.1**	33.2	36.1
CURRENT ASSETS, TOTAL	**429.6**	408.9	433.7
ASSETS, TOTAL	**2 049.5**	2 039.2	2 087.1

EUR mill.	**30.6.2013**	30.6.2012	31.12.2012
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	**46.0**	44.7	42.9
Translation reserve	**1.7**	7.7	10.0
Retained earnings	**200.5**	202.5	259.8
Equity attributable to equity holders of the parent company	**828.9**	835.5	893.3
Non-controlling interest	**0.0**	0.0	0.0
EQUITY, TOTAL	**828.9**	835.5	893.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**67.7**	69.6	66.4
Non-current interest-bearing liabilities	**543.0**	552.0	502.9
Provisions for pensions	**0.3**	0.4	0.3
Non-current non-interest-bearing liabilities and provisions	**0.5**	0.2	0.4
NON-CURRENT LIABILITIES, TOTAL	**611.6**	622.3	570.0
CURRENT LIABILITIES			
Current interest-bearing liabilities	**376.0**	350.9	345.6
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**229.5**	223.6	275.7
Income tax liabilities	**3.2**	6.5	2.0
Current provisions	**0.4**	0.4	0.4
Current non-interest-bearing liabilities, total	**233.1**	230.6	278.1
CURRENT LIABILITIES, TOTAL	**609.1**	581.5	623.8
LIABILITIES, TOTAL	**1 220.6**	1 203.7	1 193.7
EQUITY AND LIABILITIES, TOTAL	**2 049.5**	2 039.2	2 087.1

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**–17.1**	–2.3	53.6
Adjustments for:			
Depreciation, amortisation and impairment losses	**36.9**	36.5	74.5
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.1**	0.0	–0.4
Interest and other financial expenses	**14.8**	17.5	34.2
Interest income	**–0.3**	–1.3	–1.8
Income taxes	**–2.0**	–0.5	1.4
Other adjustments	**0.4**	1.4	2.1
Working capital changes:			
Increase (-) /decrease (+) in inventories	**–0.4**	8.8	–12.8
Increase (-) / decrease (+) in trade and other current receivables	**10.9**	11.7	6.5
Increase (+) / decrease (-) in current liabilities	**–34.9**	–47.5	–6.2
Interest expenses paid	**–14.7**	–17.6	–33.3
Interest received from operating activities	**0.1**	0.2	0.4
Other financing items from operating activities	**0.0**	0.0	–0.5
Income taxes paid from operating activities	**–3.5**	7.9	6.0
Net cash from operating activities	**–9.8**	14.9	123.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**–32.7**	–14.2	–54.1
Proceeds from sale of tangible and intangible assets	**0.0**	0.1	1.5
Acquisition of subsidiaries, net of cash acquired	**0.0**	0.0	0.0
Dividends received from investing activities	**0.1**	0.2	0.2
Net cash used in investing activities	**–32.6**	–13.9	–52.4
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**0.0**	1.7	1.6
Proceeds from current liabilities	**335.4**	286.0	268.1
Repayment of current liabilities	**–268.1**	–263.8	–263.7
Proceeds from non-current liabilities	**68.3**	87.9	248.0
Repayment of non-current liabilities	**–56.5**	–76.5	–287.3
Payment of finance lease liabilities	**–2.3**	–1.2	–2.5
Dividends paid	**–43.2**	–35.9	–35.9
Net cash used in financing activities	**33.6**	–1.7	–71.7
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**–8.8**	–0.7	–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	**–8.8**	–0.7	–0.4
Effects of exchange rate fluctuations on cash held	**–0.2**	0.2	–0.6
Cash and cash equivalents at the end of the period	**28.1**	33.2	36.1
Cheque account with overdraft facility	**–4.9**	–0.5	–3.9
Cash and cash equivalents at the end of the period	**23.2**	32.7	32.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2012	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	0.0	**869.9**
Dividend distribution							−35.9	**−35.9**		**−35.9**
Share issue	0.4							**0.4**		**0.4**
Options exercised							1.0	**1.0**		**1.0**
Share premium				1.3				**1.3**		**1.3**
Other changes							−0.0	**−0.0**		**−0.0**
Comprehensive income for the period										
Profit for the period							−2.3	**−2.3**		**−2.3**
Exchange differences on translating foreign operations						2.1		**2.1**		**2.1**
Cash flow hedges			−1.0					**−1.0**		**−1.0**
Total comprehensive income for the period*			−1.0			2.1	−2.3	**−1.2**		**−1.2**
SHAREHOLDERS' EQUITY 30.6.2012	144.1	186.1	0.7	250.5	43.9	7.7	202.5	**835.5**	0.0	**835.5**

EUR mill.	Share capital	Share premum fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2012	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 premum 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							1.0	**1.0**		**1.0**
Comprehensive income for the period										
Profit for the period							−17.1	**−17.1**		**−17.1**
Exchange differences on translating foreign operations						−8.3		**−8.3**		**−8.3**
Cash flow hedges			3.1					**3.1**		**3.1**
Total comprehensive income for the period*			3.1			−8.3	−17.1	**−22.2**		**−22.2**
SHAREHOLDERS' EQUITY 30.6.2013	144.1	186.1	2.1	250.5	43.9	1.7	200.5	**828.9**	0.0	**828.9**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–30.6.2013	1.1.–30.6.2012	1.1.–31.12.2012
Department Store Division	**595.3**	606.5	1 302.7
Fashion Chain Division	**380.0**	380.6	814.0
Segments, total	**975.3**	987.1	2 116.7
Unallocated	**–0.4**	0.3	–0.3
Group total	**974.9**	987.5	2 116.4

Operating profit, EUR mill.	1.1.–30.6.2013	1.1.–30.6.2012	1.1.–31.12.2012
Department Store Division	**–4.4**	3.7	48.0
Fashion Chain Division	**5.0**	14.6	50.0
Segments, total	**0.6**	18.3	98.0
Unallocated	**–5.2**	–4.8	–10.6
Group total	**–4.6**	13.4	87.3
Reconciliation to the item profit before tax:			
Financial income	**0.3**	1.3	1.8
Financial expenses	**–14.8**	–17.5	–34.2
Consolidated profit before taxes	**–19.1**	–2.8	54.9

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.6.2013	1.1.–30.6.2012	1.1.–31.12.2012
Department Store Division	**20.7**	20.4	42.0
Fashion Chain Division	**15.2**	15.5	31.2
Segments, total	**35.8**	35.9	73.2
Unallocated	**1.0**	0.6	1.4
Group total	**36.9**	36.5	74.5

Capital expenditure, gross, EUR mill.	1.1.–30.6.2013	1.1.–30.6.2012	1.1.–31.12.2012
Department Store Division	**11.4**	11.3	30.4
Fashion Chain Division	**14.5**	9.9	22.0
Segments, total	**25.9**	21.1	52.3
Unallocated	**2.5**	2.2	7.9
Group total	**28.4**	23.3	60.3

Assets, EUR mill.	1.1.–30.6.2013	1.1.–30.6.2012	1.1.–31.12.2012
Department Store Division	**858.4**	860.0	898.8
Fashion Chain Division	**1 131.4**	1 139.1	1 149.2
Segments, total	**1 989.9**	1 999.0	2 048.0
Unallocated	**59.6**	40.2	39.1
Group total	**2 049.5**	2 039.2	2 087.1

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
Finland 1)	**469.7**	490.1	1 048.2
Sweden and Norway 2)	**258.4**	249.2	537.9
Baltic countries and Central Europe 1) *	**74.8**	72.6	158.5
Russia and Ukraine 1)	**172.0**	175.6	371.8
Group total	**974.9**	987.5	2,116.4
Finland %	**48.2 %**	49.6 %	49.5 %
International operations %	**51.8 %**	50.4 %	50.5 %
Operating profit, EUR mill.	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
Finland 1)	**−16.9**	−2.3	22.7
Sweden and Norway 2)	**20.3**	22.2	58.4
Baltic countries and Central Europe 1) *	**−2.9**	−0.6	5.8
Russia and Ukraine 1)	**−5.2**	−5.9	0.5
Group total	**−4.6**	13.4	87.3
Finland %			
International operations %			
Non-current assets, EUR mill.	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
Finland 1)	**482.2**	464.8	475.9
Sweden and Norway 2)	**860.7**	862.0	883.3
Baltic countries and Central Europe 1) *	**41.9**	45.0	43.1
Russia and Ukraine 1)	**224.5**	247.0	235.1
Group total	**1 609.3**	1 618.8	1 637.3
Finland %	**30.0 %**	28.7 %	29.1 %
International operations %	**70.0 %**	71.3 %	70.9 %

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	**30.6.2013**	30.6.2012	31.12.2012
RUB	**42.8450**	41.3700	40.3295
LVL	**0.7024**	0.6967	0.6977
LTL	**3.4528**	3.4528	3.4528
NOK	**7.8845**	7.5330	7.3483
SEK	**8.7773**	8.7728	8.5820
Average rate for the period	**1.1.–30.6.2013**	1.1.–30.6.2012	1.1.–31.12.2012
RUB	**40.7607**	39.6976	39.9239
LVL	**0.7003**	0.6983	0.6973
LTL	**3.4528**	3.4528	3.4528
NOK	**7.5227**	7.5728	7.4752
SEK	**8.5296**	8.8823	8.7061

KEY FIGURES OF THE GROUP

	30.6.2013	30.6.2012	31.12.2012
Equity ratio, per cent	**40.5**	41.0	42.8
Net gearing, per cent	**107.0**	104.1	90.9
Cash flow from operating activities per share, EUR	**−0.14**	0.21	1.72
Interest-bearing net debt, EUR mill.	**847.1**	822.9	768.6
Number of shares at the end of the period, thousands	**72 049**	72 046	72 049
Weighted average number of shares, thousands	**72 049**	71 842	71 945
Weighted average number of shares, diluted, thousands	**72 049**	71 842	71 945
Market capitalization, EUR mill.	**817.8**	1 141.1	994.6
Operating profit, per cent of turnover	**−0.5**	1.4	4.1
Equity per share, EUR	**11.50**	11.60	12.40
Return on equity, rolling 12 months, per cent	**4.7**	5.9	6.1
Return on capital employed, rolling 12 months, per cent	**4.0**	5.1	5.1
Average number of employees, converted to full-time equivalents	**11 306**	11 755	11 898
Investments, EUR mill.	**28.4**	23.3	60.3

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.	**Q2 2013**	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Revenue	**543.6**	431.3	643.8	485.1	537.2	450.3	626.1	461.3
Other operating income	**0.0**	0.0	0.6	0.0	0.0	0.0	0.1	0.2
Materials and consumables	**−276.5**	−233.7	−325.3	−239.5	−270.2	−234.2	−321.9	−234.6
Wages, salaries and employee benefits expenses	**−101.7**	−100.3	−111.0	−94.5	−101.0	−98.6	−104.4	−88.7
Depreciation, amortisation and impairment losses	**−18.3**	−18.6	−19.0	−19.0	−18.1	−18.4	−20.8	−18.9
Other operating expenses	**−117.0**	−113.4	−132.4	−115.0	−118.3	−115.3	−119.7	−104.1
Operating profit	**30.1**	−34.6	56.8	17.1	29.7	−16.2	59.3	15.2
Finance income	**−1.0**	1.4	−0.5	1.0	0.9	0.4	0.3	0.0
Finance expenses	**−7.5**	−7.4	−8.2	−8.5	−8.4	−9.1	−8.5	−8.8
Total financial income and expenses	**−8.5**	−6.0	−8.7	−7.5	−7.5	−8.7	−8.1	−8.8
Profit before tax	**21.6**	−40.7	48.2	9.6	22.2	−24.9	51.1	6.4
Income taxes	**−2.1**	4.1	−0.4	−1.4	−3.6	4.0	−5.9	−0.7
Profit for the period	**19.5**	−36.5	47.7	8.1	18.6	−20.9	45.2	5.7

Earnings per share per quarter

EUR	**Q2 2013**	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Undiluted	**0.27**	−0.51	0.66	0.11	0.26	−0.29	0.63	0.08
Diluted	**0.27**	−0.51	0.66	0.11	0.26	−0.29	0.63	0.08

Segment information per quarter

EUR mill.	**Q2 2013**	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Revenue								
Department Store Division	**325.1**	270.2	423.5	272.7	326.0	280.5	408.5	266.0
Fashion Chain Division	**218.7**	161.3	221.0	212.3	211.1	169.6	217.4	195.5
Unallocated	**−0.2**	−0.2	−0.7	0.1	0.2	0.1	0.3	−0.2
Group total	**543.6**	431.3	643.8	485.1	537.2	450.3	626.1	461.3
Operating profit								
Department Store Division	**11.6**	−15.9	41.6	2.8	10.2	−6.5	39.6	2.9
Fashion Chain Division	**22.3**	−17.4	19.2	16.1	21.8	−7.2	22.6	12.9
Unallocated	**−3.8**	−1.3	−4.0	−1.8	−2.3	−2.5	−2.9	−0.6
Group total	**30.1**	−34.6	56.8	17.1	29.7	−16.2	59.3	15.2

Information on market areas per quarter

EUR mill.	**Q2 2013**	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Revenue								
Finland 1)	**258.3**	211.4	329.9	228.2	266.1	224.0	329.8	225.4
Sweden and Norway 2)	**148.9**	109.5	149.0	139.8	137.6	111.6	144.3	127.2
Baltic countries and Central Europe 1) *	**42.5**	32.3	48.4	37.5	39.6	33.0	44.4	34.0
Russia and Ukraine 1)	**93.9**	78.1	116.6	79.7	93.9	81.6	107.6	74.7
Group total	**543.6**	431.3	643.8	485.1	537.2	450.3	626.1	461.3
Finland %	**47.5 %**	49.0 %	51.2 %	47.0 %	49.5 %	49.8 %	52.7 %	48.9 %
International operations %	**52.5 %**	51.0 %	48.8 %	53.0 %	50.5 %	50.2 %	47.3 %	51.1 %
Operating profit								
Finland 1)	**1.9**	−18.8	22.8	2.1	6.5	−8.8	30.7	8.0
Sweden and Norway 2)	**23.9**	−3.5	19.7	16.4	20.3	1.9	19.9	13.0
Baltic countries and Central Europe 1) *	**0.8**	−3.7	4.6	1.8	1.4	−2.0	4.3	0.5
Russia and Ukraine 1)	**3.4**	−8.6	9.7	−3.3	1.4	−7.3	4.3	−6.3
Group total	**30.1**	−34.6	56.8	17.1	29.7	−16.2	59.3	15.2
Finland %	**6.4 %**	54.3 %	40.1 %	12.5 %	21.9 %	54.0 %	51.8 %	52.4 %
International operations %	**93.6 %**	45.7 %	59.9 %	87.5 %	78.1 %	46.0 %	48.2 %	47.6 %

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

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

Contingent liabilities, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Mortages on land and buildings	**201.7**	201.7	201.7
Pledges and guarantees	**7.5**	0.5	7.8
Liabilities of adjustments of VAT deductions made on investments to immovable property	**23.1**	28.1	28.2
Total	**232.2**	230.3	237.7

Lease agreements on the Group's business premises, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**175.1**	143.8	186.3
After one year	**673.4**	686.3	716.2
Total	**848.5**	830.1	902.5

Group's lease payments, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Within one year	**0.9**	7.2	1.2
After one year	**1.2**	3.3	1.1
Total	**2.1**	10.5	2.4

Group's derivate contracts, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Nominal value			
Currency derivatives	**595.1**	473.4	608.5
Electricity derivates	**2.1**	2.3	2.6
Total	**597.2**	475.7	611.2

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Acquisition cost at the beginning of the period	**2 054.7**	1 963.6	1 963.6
Translation difference +/-	**−26.4**	15.8	38.6
Increases during the period	**28.4**	23.3	60.3
Decreases during the period	**−6.6**	−2.6	−7.8
Transfers between items during the period	**−2.8**		
Acquisition cost at the end of the period	**2 047.3**	2 000.1	2 054.7
Accumulated depreciation at the beginning of the period	**−423.5**	−350.9	−350.9
Translation difference +/-	**4.3**	−0.6	−2.1
Depreciation on reductions during the period	**6.1**	1.0	4.0
Depreciation ans amortisation during the period	**−36.9**	−36.5	−74.5
Accumulated depreciation at the end of the period	**−450.0**	−386.9	−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	**1 597.2**	1 613.2	1 631.2

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

Goodwill, EUR mill.	30.6.2013	30.6.2012	31.12.2012
Acquisition cost at the beginning of the period	**818.8**	788.5	788.5
Translation difference +/-	**−18.2**	12.5	30.3
Acquisition cost at the end of the period	**800.6**	801.0	818.8
Carrying amount at the beginning of the period	**818.8**	788.5	788.5
Carrying amount at the end of the period	**800.6**	801.0	818.8

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

Financial assets, EUR mill.	**Carrying amount 30.6.2013**	Fair value 30.6.2013	Carrying amount 31.12.2012	Fair value 31.12.2012
Derivative contracts defined as cash flow hedges or hedges of a net investment in foreign subsidiary	**2.8**	2.8	0.0	0.0
Financial assets at fair value through profit or loss				
Cash and cash equivalents	**28.1**	28.1	36.1	36.1
Derivative contracts	**13.3**	13.3	0.9	0.9
Non-current receivables	**4.2**	4.2	1.1	1.1
Current receivables, interest-bearing	**40.2**	40.2	43.8	43.8
Current receivables, non-interest-bearing	**63.3**	63.3	70.9	70.9
Available-for-sale financial assets	**7.9**	7.9	5.0	5.0
Financial assets, total	**159.8**	159.8	157.8	157.8

Financial liabilities, EUR mill.	**Carrying amount 30.6.2013**	Fair value 30.6.2013	Carrying amount 31.12.2012	Fair value 31.12.2012
Derivative contracts defined as cash flow hedges or hedges of a net investment in foreign subsidiary	**0.0**	0.0	1.3	1.3
Financial assets at fair value through profit or loss				
Derivative contracts	**1.9**	1.9	6.0	6.0
Financial liabilities at amortized cost				
Non-current interest-bearing liabilities	**543.0**	540.1	502.9	505.7
Current liabilities, interest-bearing	**376.0**	377.0	345.6	346.9
Current liabilities, non-interest-bearing	**228.2**	228.2	268.8	268.8
Financial liabilities, total	**1 149.1**	1 147.2	1 124.6	1 128.7

HIERARCHICAL CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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: Other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which require most management's judgment.

Financial assets, EUR mill.	**30.6.2013**	30.6.2012	31.12.2012
Level 1			
Derivative contracts, hedge accounting not applied			
Electricity forwards	**0.0**	0.0	0.0
Derivative contracts, hedge accounting applied			
Level 2			
Derivative contracts, hedge accounting not applied			
Currency forwards	**1.4**	0.0	0.0
Currency swaps	**11.9**	0.4	0.9
Derivative contracts, hedge accounting applied			
Currency forwards	**2.8**	1.4	0.0
Level 3			
Available-for-sale investments	**7.9**	5.0	5.0
Financial assets, total	**23.9**	6.8	5.9

Financial liabilities, EUR mill.	**30.6.2013**	30.6.2012	31.12.2012
Level 1			
Derivative contracts, hedge accounting not applied			
Electricity forwards	**0.3**	0.2	0.2
Derivative contracts, hedge accounting applied			
Level 2			
Derivative contracts, hedge accounting not applied			
Currency forwards	**0.2**	0.4	0.0
Currency swaps	**1.4**	6.3	5.8
Derivative contracts, hedge accounting applied			
Currency forwards	**0.0**	0.5	1.3
Financial liabilities, total	**1.9**	7.4	7.3

Financial assets on level 3 are investments to shares of unlisted companies. The fair value of the shares is determined by techniques based on the managements' 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.

Chainge in fair value of available-for-sale investments, EUR mill.	**30.6.2013**	30.62012	31.12.2012
Carrying amount Jan. 1	**5.0**	5.0	5.0
Translation difference +/-	**0.0**	0.0	0.0
Transfers between items	**2.8**	0.0	0.0
Total	**7.9**	5.0	5.0

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