Interim Report
Q2 2014

STOCKMANN

STOCKMANN plc, Interim Report 13.8.2014 at 8.00 EET

Weak quarter in challenging market environment

April-June 2014:
Consolidated revenue was EUR 495.3 million (EUR 543.6 million), down 8.9 per cent, or down 5.1 per cent at comparable exchange rates.
Operating profit was EUR 3.5 million (EUR 30.1 million).

January-June 2014:
Consolidated revenue was EUR 890.9 million (EUR 974.9 million), down 8.3 per cent excluding terminated franchising operations, or down 4.9 per cent at comparable exchange rates.
Operating result was EUR -40.3 million (EUR -4.6 million).
Result for the period was EUR -48.2 million (EUR -17.1 million).
Earnings per share came to EUR -0.67 (EUR -0.24).

Guidance for 2014 (revised 12 June 2014):
Stockmann estimates that the Group's euro-denominated revenue in 2014 will decline on 2013. The Group's operating profit in 2014 is expected to be significantly weaker than in 2013.

CEO Hannu Penttilä:
"The retail market is undergoing significant changes in Finland. Consumer confidence remains low and demand for non-food products has clearly declined. We at Stockmann have not succeeded in beating this negative market development. Online business is changing consumer behaviour, but online stores are not yet compensating for the dramatic decline in traditional retail. At the same time, the market environment in Russia continues to be challenging, as the Russian rouble remains weak and the country's future economic direction is unclear. The market environment in the Baltic countries, Sweden and Norway has been stable.

Stockmann's revenue in the second quarter of 2014 was down. Lindex continued to perform well and its revenue grew in local currencies. However, Lindex's euro-denominated revenue declined, due to currency effects. For the Department Store Division and Seppälä, revenue in the second quarter was a major disappointment.

As a result of the decrease in sales and lower gross margin, the Stockmann Group's earnings fell significantly below the figure for 2013, particularly in Finland and in Russia. A number of measures have been taken to strengthen sales, improve customer service and bring the cost structure in line with the weak market conditions. These measures include the new sales organisation structure in the department stores in Finland. Savings from these changes will mainly be visible from 2015 onwards, though the Group's costs in the first half of the year were lower than in 2013. The outlook for the rest of 2014 is challenging, since there are no signs of any significant improvement in the market environment."

KEY FIGURES

	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Revenue, EUR mill.	**495.3**	543.6	890.9	974.9	2 037.1
Revenue growth, per cent	**-8.9**	1.2	-8.6	-1.3	-3.7
Relative gross margin, per cent	**48.1**	49.1	47.0	47.7	48.6
Operating profit, EUR mill.	**3.5**	30.1	-40.3	-4.6	54.4
Net financial costs, EUR mill.	**7.3**	8.5	12.7	14.5	27.6
Profit before tax, EUR mill.	**-3.8**	21.6	-53.1	-19.1	26.8
Profit for the period, EUR mill.	**-8.1**	19.5	-48.2	-17.1	48.4
Earnings per share, undiluted, EUR	**-0.11**	0.27	-0.67	-0.24	0.67
Equity per share, EUR			11.28	11.50	12.42
Cash flow from operating activities, EUR mill.	**77.5**	101.4	-35.5	-9.8	125.4
Capital expenditure, EUR mill.	**17.8**	16.9	27.3	28.4	56.8
Net gearing, per cent			104.3	107.0	87.3
Equity ratio, per cent			41.1	40.5	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			1.3	4.0	3.4
Personnel, average	**14 866**	14 977	14 584	14 903	14 963

NEW GROUP STRATEGY

Stockmann has started a process to review and revise its strategy. The process covers all of the Group's operations in all markets, and the target is to improve Stockmann's long-term competitiveness and profitability.

As a part of the strategy process, Stockmann will introduce a new reporting structure in order to better reflect the different business logics in retail and real estate. This will be done to increase focus and transparency and to optimise the use of floor space in order to improve the customer experience. From 1 January 2015 the new reporting segments will be: Stockmann Retail, Real Estate and Fashion Chains.

Stockmann Retail will consist of the Stockmann department stores, the Academic Bookstore, Hobby Hall, their respective online stores (Stockmann.com, Akateeminen.com and Hobbyhall.fi) and the Stockmann Beauty cosmetic stores. Real Estate will consist of the Group's real estate holdings in Helsinki, St Petersburg, Tallinn and Riga which are used by the Stockmann department stores and external tenants. Fashion Chains will consist of Lindex and Seppälä.

Stockmann's interim report for January-September 2014 and the financial statements for 2014 will be based on the current reporting structure. The 2014 figures will be restated in line with the new reporting structure for comparison purposes, and these restated figures will be published during the first quarter of 2015.

REVENUE AND EARNINGS

The retail market continued to be weak in the second quarter of 2014, in particular in Finland where consumer confidence and consumers' purchasing power remained low. The fashion market in January-June was down 6 per cent in Finland (TMA index) and on a par with previous year in Sweden (Stilindex). The general market environment in Russia continued to be insecure in Russia and the Russian rouble remained weak against the euro. The market environment in the Baltic countries remained stable.

The Stockmann Group's revenue in January-June was EUR 890.9 million (EUR 974.9 million). If the terminated franchising operations are excluded, revenue was down by 8.3 per cent. If the terminated franchising operations are included, revenue was down by 8.6 per cent. Revenue was up in the Baltic countries and Central Europe but down in other market areas. Revenue at comparable exchange rates was down by 4.9 per cent.

Revenue in Finland was EUR 422.0 million (EUR 469.7 million). Excluding the terminated Zara franchising, revenue was down by 9.6 per cent. Revenue abroad was down by 7.2 per cent and amounted to EUR 468.9 million (EUR 505.1 million). The Russian rouble, the Swedish krona and the Norwegian krone were all weaker than in 2013. Revenue abroad at comparable exchange rates was up by 0.2 per cent. Revenue abroad accounted for 52.6 per cent (51.8 per cent) of the total revenue.

The Group's gross profit in the reporting period was down by EUR 46.1 million, to a total of EUR 418.6 million (EUR 464.7 million). The gross margin was 47.0 per cent (47.7 per cent). The gross margin declined in both divisions. Operating costs were down by 2.3 per cent and amounted to EUR 422.5 million (EUR 432.4 million). Depreciation was EUR 36.4 million (EUR 36.9 million).

The consolidated operating result for January-June was down by EUR 35.8 million, to EUR -40.3 million (EUR -4.6 million). The operating result weakened in both divisions and in particular in Finland and in Russia.

The Group's second quarter (April-June) revenue was down by 8.9 per cent to EUR 495.3 million (EUR 543.6 million). Euro-denominated revenue was down in all market areas. At comparable exchange rates revenue was down by 5.1 per cent.

Revenue in Finland in the second quarter was EUR 231.4 million (EUR 258.3 million). Revenue abroad amounted to EUR 263.9 million (EUR 285.3 million).

The gross margin for the quarter was 48.1 per cent (49.1 per cent). Operating costs declined to EUR 216.7 million (EUR 218.7 million). Depreciation was EUR 18.2 million (EUR 18.3 million). The operating profit for the quarter was EUR 3.5 million (EUR 30.1 million). Operating profit was down in all market areas.

Net financial expenses in January-June were down by EUR 1.8 million, to EUR 12.7 million (EUR 14.5 million), due to lower interest expenses than in 2013. Non-recurring foreign exchange losses amounted to EUR 1.5 million (2013: gains EUR 0.1 million).

The result before taxes for January-June was EUR -53.1 million (EUR -19.1 million). A tax credit of EUR 4.9 million (EUR 2.0 million) was booked on the loss posted for the period. The result for the period was EUR -48.2 million (EUR -17.1 million).

Earnings per share for January-June amounted to EUR -0.67 (EUR -0.24) and, diluted for options, EUR -0.67 (EUR -0.24). Equity per share was EUR 11.28 (EUR 11.50).

REVENUE AND EARNINGS BY DIVISION

Department Store Division

The Department Store Division's revenue in January-June was EUR 535.4 million (EUR 595.3 million). If the terminated franchising operations are excluded, revenue was down by 9.6 per cent.

Revenue in Finland was EUR 358.0 million (EUR 399.2 million). Excluding the Zara franchising, revenue was down by 9.6 per cent. The Stockmann online store increased its revenue but was not able to compensate for the decline in all other units.

Euro-denominated revenue from international operations was down by 9.6 per cent, to EUR 177.3 million (EUR 196.1 million) and accounted for 33.1 per cent (32.9 per cent) of the division's total revenue. Revenue grew in the Baltic countries. In Russia, revenue was on a par with the previous year in local currency but due to the weakened Russian rouble, euro-denominated revenue was down.

The gross margin during the period was 37.8 per cent (39.0 per cent). The decline took place mainly in Russia where the weakened rouble had a negative effect on the margin.

The Department Store Division's January-June operating result was down by EUR 24.6 million, to EUR -29.0 million (EUR -4.4 million), although operating costs decreased by EUR 5.9 million.

In April-June revenue was down by 9.7 per cent, to EUR 293.7 million (EUR 325.1 million). The Crazy Days campaign performed relatively well in April, but the sales of spring and summer merchandise in the quarter fell below the target.

Revenue in Finland was down by 10.1 per cent and totalled EUR 195.7 million (EUR 217.6 million). Euro-denominated revenue from international operations was down by 8.9 per cent, to EUR 97.9 million (EUR 107.5 million).

The second quarter gross margin was 38.1 per cent (39.4 per cent), with the margin declining both in Russia and in Finland. The operating result for the quarter was EUR -6.9 million, compared to EUR 11.6 million a year earlier. Operating costs were up by EUR 1.5 million. In the second quarter of 2013, operating costs were down due to non-recurring cost savings.

Fashion Chain Division

The Fashion Chain Division's revenue in January-June was down by 6.5 per cent, to EUR 355.4 million (EUR 380.0 million). Revenue was down by 10.3 per cent in Finland, to EUR 63.7 million (EUR 71.0 million), and by 5.6 per cent in international operations, to EUR 291.7 million (EUR 309.0 million). Revenue outside Finland accounted for 82.1 per cent (81.3 per cent) of the division's total revenue.

Lindex's January-June revenue totalled EUR 310.6 million (EUR 323.1 million). This was 3.8 per cent less than a year earlier in euros, but in local currencies revenue was up by 1.4 per cent. Revenue improved particularly in Norway and in Central Europe. Seppälä's January-June revenue was down by 21.5 per cent, to EUR 44.7 million (EUR 57.0 million). The decline was partly due to closure of 23 unprofitable stores during the past 12 months. Revenue declined by 18.4 per cent in Finland and by 27.3 per cent abroad.

The Fashion Chain Division's gross margin for the period was 60.8 per cent (61.4 per cent). Lindex's gross margin remained at 62.1 per cent, but Seppälä's gross margin was down to 52.0 per cent (57.8 per cent).

The division's operating result in January-June was down by EUR 12.1 million, to EUR -7.1 million (EUR 5.0 million). Lindex's operating profit was EUR 8.5 million (EUR 12.5 million) and Seppälä's operating result was EUR -15.6 million (EUR -7.6 million). Lindex's operating costs were down by EUR 2.6 million, mainly due to currency effects. Seppälä's operating costs declined by EUR 1.3 million.

Revenue in April-June was down by 7.8 per cent to EUR 201.6 million (EUR 218.7 million). Lindex's revenue was down by 4.4 per cent to EUR 178.0 million (EUR 186.2 million), but in local currencies revenue was up by 1.1 per cent. Seppälä's revenue was down by 27.4 per cent to EUR 23.6 million (EUR 32.5 million). Comparable revenue, excluding the stores closed during the past 12 months, declined by 19.8 per cent.

The division's gross margin in the quarter was 62.6 per cent (63.7 per cent). Lindex's gross margin was 63.0 per cent (64.1 per cent) and Seppälä's gross margin was 59.6 per cent (61.4 per cent). Operating profit for the quarter was EUR 13.2 million, compared to EUR 22.3 million a year earlier. Lindex made an operating profit of EUR 18.7 million (EUR 22.9 million), and Seppälä's operating result totalled EUR -5.5 million (EUR -0.6 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 20.8 million at the end of June 2014, as against EUR 28.1 million a year earlier. Cash flow from operating activities came to EUR -35.5 million (EUR -9.8 million) in January-June and EUR 77.5 million (EUR 101.4 million) in April-June.

Dividends on the 2013 earnings, totalling EUR 28.8 million, were paid in April.

Net working capital excluding cash and cash equivalents amounted to EUR 161.8 million at the end of June, as against EUR 168.4 million a year earlier and EUR 133.9 million at the close of 2013.

Inventories amounted to EUR 266.6 million (EUR 273.7 million). Stock levels were below the previous year's figures in both divisions.

Current receivables amounted to EUR 134.0 million (EUR 127.8 million). Non-interest-bearing liabilities amounted to EUR 238.8 million (EUR 233.1 million).

Interest-bearing liabilities at the end of June were EUR 869.1 million (EUR 919.0 million), of which long-term debt amounted to EUR 609.0 million (EUR 543.0 million). In addition, the Group has EUR 296.2 million in undrawn, long-term committed credit facilities and EUR 373.2 million in uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market. At the close of 2013, interest-bearing liabilities amounted to EUR 814.8 million, of which EUR 469.4 million was long-term debt.

The equity ratio was 41.1 per cent (40.5 per cent) at the end of June. Net gearing at the end of June was 104.3 per cent (107.0 per cent). At the close of 2013, the equity ratio was 43.8 per cent and net gearing was 87.3 per cent.

The return on capital employed over the past 12 months was 1.3 per cent (3.4 per cent in 2013). The Group's capital employed was EUR 1 682.1 million at the end of June, compared with EUR 1 747.9 million a year earlier.

COST SAVINGS PROGRAMME

Stockmann has continued its cost savings programme across the organisation, mainly with structural changes that are being carried out to improve long-term efficiency and the cost structure.

The structural changes have already been carried out in the Department Store Division's marketing operations, where annual cost savings of approximately EUR 4 million will be achieved partially in 2014 and fully in 2015.

A new distribution centre for Stockmann's department stores and online store in Finland and the Baltic countries will be taken into use in 2016. In addition to operational improvements, Stockmann is targeting an annual cost saving of approximately EUR 6.5 million, excluding depreciation of the automation technology investment. Savings are expected to be achieved in full from 2018 onwards.

A new sales organisation model for the department stores in Finland will be taken into use as of 1 September 2014. The new model was decided on the basis of the codetermination negotiations that were carried out with staff between April and June. In the new model, sales staff will focus on selling, while administration and support services will be centralised. The number of supervisors will be reduced and work hours will be focused around the busiest hours of trading. A centralised customer service centre will be set up to take care of customer services provided over the telephone and through online channels. The comparable annual savings target of these changes is around EUR 10 million and will be fully achieved from 2015 onwards.

The next step in the savings programme will be an assessment of efficiency of support functions in the Department Store Division and Corporate Administration. The target is an additional annual saving of EUR 7 million, which will be fully achieved from 2015 onwards. Codetermination negotiations affecting approximately 1 200 people were started in June. The negotiations are expected to be concluded in September at the earliest.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 27.3 million (EUR 28.4 million) during the first six months of the year and EUR 17.8 million (16.9 million) in April-June. Depreciation was EUR 36.4 million (EUR 36.9 million) in the first six months and EUR 18.2 million (18.3 million) in the second quarter.

The Department Store Division's capital expenditure for the reporting period totalled EUR 13.7 million (EUR 11.4 million). The implementation of the new enterprise resource planning (ERP) system was completed. A total of EUR 5.6 million was spent on the project during January-June. In total, investment in the system renewal was EUR 35.3 million between 2011 and 2014. The project to enlarge the Tampere department store continued and is due for completion in the last quarter of 2014. EUR 2.5 million was invested in the project during January-June.

The Fashion Chain Division's capital expenditure for January-June was EUR 11.3 million (EUR 14.5 million). Lindex opened nine stores during the second quarter: two in Sweden, two in Estonia, two in the Czech Republic, one in Finland, one in Norway, and one franchising store in Saudi Arabia. Two stores were closed in Lithuania. Seppälä closed 10 stores during the second quarter: seven in Russia, two in Finland and one in Estonia.

The Group's other capital expenditure came to a total of EUR 2.2 million (EUR 2.5 million). The Group's financial management systems are being replaced in phases, and this project continued in the second quarter.

STORE NETWORK

Stockmann Group	Total 31.12.2013	Total 31.3.2014	New stores in Q2 2014	Closed stores in Q2 2014	**Total 30.6.2014**
Department stores*	16	16			**16**
Stockmann Beauty stores	11	11			**11**
Hobby Hall and outlet stores in the Department Store Division	2	2			**2**
Lindex stores	479	479	9	2	**486**
of which franchising	35	33	1		**34**
of which own stores	444	446	8	2	**452**
Seppälä stores	209	200		10	**190**

* 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.

Planning for the new Tapiola department store has continued. The store, located in a completely new building, is scheduled to open in spring 2017. The commercial space is somewhat smaller than in the current store, but the new concept will enable an improved customer experience.

Lindex will continue to expand, with a net addition of over 20 stores in 2014, including franchising stores. Lindex targets also to expand its store network into UK in spring 2015. Seppälä aims to close more than 20 unprofitable stores in Russia in 2014.

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 2014, 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 conferred by 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 794.4 million (EUR 817.8 million). At the end of 2013 the market capitalization stood at EUR 796.0 million.

At the end of June, the price of Stockmann's Series A shares was EUR 10.79, compared with EUR 11.06 at the end of 2013, and the Series B shares were selling at EUR 11.20, as against EUR 11.04 at the end of 2013. A total of 0.4 million (0.2 million) Series A shares and 8.9 million (10.1 million) Series B shares were traded on Nasdaq OMX Helsinki during the reporting period. This corresponds to 1.4 per cent of the average number of Series A shares and 21.5 per cent of the average number of Series B shares.

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

At the end of June 2014, Stockmann had 56 755 shareholders, compared with 60 047 a year earlier. Stockmann did not receive any flagging announcements arising from changes in major shareholdings during January-June 2014.

PERSONNEL

The Group's average number of personnel in the reporting period was 14 584, which is 319 less than in the same period in 2013 (14 903). In terms of full-time equivalents, the average number of employees decreased by 147 to a total of 11 159 (11 306).

At the end of June, the Group had 14 484 employees (14 678). The number of personnel working outside Finland was 8 419 (8 370), which was 58.1 per cent (56.2 per cent) of the total.

The Group's wages and salaries amounted to EUR 154.9 million, compared with EUR 158.4 million a year earlier. The total employee benefits expenses were EUR 196.4 million (EUR 202.0 million) which is equivalent to 22.0 per cent (20.7 per cent) of revenue.

CHANGES IN MANAGEMENT

Chief Executive Officer Hannu Penttilä informed the Board of Directors in May 2014 that he will retire on 31 December 2014. Penttilä's term was extended until further notice in spring 2013, as he had reached the retirement age specified in his service agreement. The process of appointing a new CEO will proceed with the strategy work that is being carried out in the company.

Ingvar Larsson was appointed CEO of Lindex and Director of the Fashion Chain Division for the Stockmann Group on 6 June 2014, when his predecessor, Göran Bille, resigned from his post. Ingvar Larsson, M.Sc.(Econ.), born 1972, had been Design and Purchasing Director at Lindex since June 2013, and was Lindex Country Manager for Sweden in 2010-2013. Larsson reports to Stockmann's CEO, Hannu Penttilä.

Executive Vice President and Director of the Department Store Division, Maisa Romanainen, resigned from her post in June. She will leave Stockmann during the autumn. Directors for the new divisions (Stockmann Retail, Real Estate) will be appointed in line with the strategy work.

Board member Kjell Sundström was employed by Stockmann plc in May as Chief Strategy Officer. He is heading the strategy process during a 6 to 12 months term. Sundström reports to the Chairman of the Board.

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 will continue to affect Stockmann during 2014.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries. The operating environment is unstable and the crisis in Ukraine has considerably increased political tensions globally. Trade sanctions against Russia by the EU and the USA and counter-measures by Russia may further affect Stockmann's operations. A significant share of the products, that Stockmann sells in Russia, are imported, so trade sanctions would weaken Stockmann's business in the country. The weakening Russian rouble will continue to have a negative impact on consumers' purchasing power.

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, which is 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 expected to remain at a low level in 2014. The crisis in Ukraine, sanctions against Russia and their counter-measures will continue to affect the Russian economy during the year. As a consequence, visibility is very weak in the Russian retail market.

In Finland, uncertainty will continue in the retail market. Demand for non-food products is expected to remain weak in the second half of the year. Purchasing power is expected to remain low, which will have a negative effect on consumer purchasing behaviour.

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 is continuing in 2014, focusing on long-term structural changes in order to adjust the cost structure to the weak market and to improve performance. In Stockmann's on-going strategy process the target is to improve the Group's long-term competitiveness and profitability.

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

Stockmann estimates that the Group's euro-denominated revenue in 2014 will decline on 2013. The Group's operating profit in 2014 is expected to be significantly weaker than in 2013.

Helsinki, Finland, 12 August 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.–30.6.2014**	1.1.–30.6.2013	1.1.–31.12.2013
REVENUE	**890.9**	974.9	2 037.1
Other operating income	**0.0**	0.0	0.0
Materials and consumables	**−472.3**	−510.2	−1 046.9
Wages, salaries and employee benefits expenses	**−196.4**	−202.0	−397.8
Deprecation, amortisation and impairment losses	**−36.4**	−36.9	−74.4
Other operating expenses	**−226.1**	−230.4	−463.6
Total expenses	**−931.3**	−979.5	−1 982.7
OPERATING PROFIT	**−40.3**	−4.6	54.4
Finance income	**0.3**	0.3	4.5
Finance expenses	**−13.0**	−14.8	−32.1
Total finance income and expenses	**−12.7**	−14.5	−27.6
PROFIT BEFORE TAX	**−53.1**	−19.1	26.8
Income taxes	**4.9**	2.0	21.6
PROFIT FOR THE PERIOD	**−48.2**	−17.1	48.4
Profit for the period attributable to:			
Equity holders of the parent company	**−48.2**	−17.1	48.4
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**−0.67**	−0.24	0.67
EPS, diluted, adjusted for share issue, EUR	**−0.67**	−0.24	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.6.2014**	1.1.–30.6.2013	1.1.–31.12.2013
PROFIT FOR THE PERIOD	−48.2	−17.1	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	0.00	0.00	0.10
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations	−6.5	−8.3	−5.8
Cash flow hedges	1.5	3.1	0.5
Other comprehensive income for the period, net of tax	−5.0	−5.2	−5.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	−53.2	−22.2	43.1
Total comprehensive income attributable to:			
Equity holders of the parent company	−53.2	−22.2	43.1
Non-controlling interest	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.6.2014	30.6.2013	31.12.2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**99.1**	103.6	102.6
Intangible rights	**62.0**	33.5	38.8
Other intangible assets	**4.2**	2.5	3.1
Advance payments and construction in progress	**4.9**	24.8	24.0
Goodwill	**765.8**	800.6	793.2
Intangible assets, total	**936.0**	965.0	961.8
Property, plant and equipment			
Land and water	**42.1**	42.1	42.1
Buildings and constructions	**432.9**	446.6	440.4
Machinery and equipment	**85.4**	101.8	95.8
Modification and renovation expenses for leased premises	**29.4**	34.4	32.4
Advance payments and construction in progress	**10.4**	7.2	5.8
Property, plant and equipment, total	**600.3**	632.3	616.5
Non-current receivables	**0.6**	4.2	0.5
Available-for-sale investments	**7.8**	7.9	7.9
Deferred tax asset	**16.8**	10.5	17.3
NON-CURRENT ASSETS, TOTAL	**1 561.4**	1 619.9	1 604.0
CURRENT ASSETS			
Inventories	**266.6**	273.7	285.8
Current receivables			
Interest-bearing receivables	**38.0**	40.2	43.1
Income tax receivables	**10.1**	8.2	0.8
Non-interest-bearing receivables	**85.9**	79.4	76.9
Current receivables, total	**134.0**	127.8	120.9
Cash and cash equivalents	**20.8**	28.1	33.9
CURRENT ASSETS, TOTAL	**421.4**	429.6	440.6
ASSETS, TOTAL	**1 982.8**	2 049.5	2 044.6

EUR mill.	30.6.2014	30.6.2013	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	**250.4**	250.5	250.5
Other funds	**44.9**	46.0	43.4
Translation reserve	**-2.4**	1.7	4.1
Retained earnings	**189.9**	200.5	266.8
Equity attributable to equity holders of the parent company	**813.0**	828.9	894.9
Non-controlling interest	**0.0**	0.0	0.0
EQUITY, TOTAL	**813.0**	828.9	894.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**61.4**	67.7	61.5
Non-current interest-bearing liabilities	**609.0**	543.0	469.4
Provisions for pensions	**0.1**	0.3	0.1
Non-current non-interest-bearing liabilities and provisions	**0.4**	0.5	0.4
NON-CURRENT LIABILITIES, TOTAL	**671.0**	611.6	531.4
CURRENT LIABILITIES			
Current interest-bearing liabilities	**260.1**	376.0	345.4
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**236.1**	229.5	269.4
Income tax liabilities	**2.5**	3.2	3.3
Current provisions	**0.2**	0.4	0.2
Current non-interest-bearing liabilities, total	**238.8**	233.1	272.8
CURRENT LIABILITIES, TOTAL	**498.8**	609.1	618.3
LIABILITIES, TOTAL	**1 169.8**	1 220.6	1 149.7
EQUITY AND LIABILITIES, TOTAL	**1 982.8**	2 049.5	2 044.6

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.6.2014**	1.1.–30.6.2013	1.1.–31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**-48.2**	-17.1	48.4
Adjustments for:			
Depreciation, amortisation and impairment losses	**36.4**	36.9	74.4
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.8**	0.1	0.6
Interest and other financial expenses	**13.0**	14.8	32.1
Interest income	**-0.3**	-0.3	-4.5
Income taxes	**-4.9**	-2.0	-21.6
Other adjustments	**0.1**	0.4	0.5
Working capital changes:			
Increase (-) /decrease (+) in inventories	**19.2**	-0.4	6.8
Increase (-) / decrease (+) in trade and other current receivables	**-4.4**	10.9	0.5
Increase (+) / decrease (-) in current liabilities	**-28.4**	-34.9	-4.8
Interest expenses paid	**-12.6**	-14.7	-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	**-4.8**	-3.5	17.0
Net cash from operating activities	**-35.5**	-9.8	125.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**-21.9**	-32.7	-61.1
Dividends received from investing activities	**0.1**	0.1	0.2
Net cash used in investing activities	**-21.8**	-32.6	-60.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**0.0**	0.0	0.0
Proceeds from current liabilities	**244.5**	335.4	324.0
Repayment of current liabilities	**-324.0**	-268.1	-316.2
Proceeds from non-current liabilities	**419.1**	68.3	86.4
Repayment of non-current liabilities	**-260.7**	-56.5	-114.9
Payment of finance lease liabilities	**-2.2**	-2.3	-4.7
Dividends paid	**-28.8**	-43.2	-43.1
Net cash used in financing activities	**47.9**	33.6	-68.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-9.4**	-8.8	-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	**-9.4**	-8.8	-4.0
Effects of exchange rate fluctuations on cash held	**-0.3**	-0.2	-0.4
Cash and cash equivalents at the end of the period	**20.8**	28.1	33.9
Cheque account with overdraft facility	**-2.6**	-4.9	-6.1
Cash and cash equivalents at the end of the period	**18.1**	23.2	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							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**

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	0.0	0.0					−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							0.1	**0.1**		**0.1**
Share premium				−0.0				**0.0**		**0.0**
Other changes							0.0	**0.0**		**0.0**
Comprehensive income for the period										
Profit for the period							−48.2	**−48.2**		**−48.2**
Exchange differences on translating foreign operations						−6.5		**−6.5**		**−6.5**
Cash flow hedges			1.5					**1.5**		**1.5**
Total comprehensive income for the period*			1.5			−6.5	−48.2	**−53.2**		**−53.2**
SHAREHOLDERS' EQUITY 30.6.2014	144.1	186.1	0.9	250.4	43.9	−2.4	189.9	**813.0**	0.0	**813.0**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Department Store Division	**535.4**	595.3	1 232.6
Fashion Chain Division	**355.4**	380.0	805.2
Segments, total	**890.8**	975.3	2 037.8
Unallocated	**0.1**	−0.4	−0.8
Group total	**890.9**	974.9	2 037.1

Operating profit, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Department Store Division	**−29.0**	−4.4	26.0
Fashion Chain Division	**−7.1**	5.0	38.6
Segments, total	**−36.1**	0.6	64.6
Unallocated	**−4.3**	−5.2	−10.2
Group total	**−40.3**	−4.6	54.4
Reconciliation to the item profit before tax:			
Financial income	**0.3**	0.3	4.5
Financial expenses	**−13.0**	−14.8	−32.1
Consolidated profit before taxes	**−53.1**	−19.1	26.8

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Department Store Division	**21.3**	20.7	42.2
Fashion Chain Division	**13.8**	15.2	29.7
Segments, total	**35.1**	35.8	71.8
Unallocated	**1.4**	1.0	2.6
Eliminations			
Group total	**36.4**	36.9	74.4

Capital expenditure, gross, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Department Store Division	**13.7**	11.4	26.9
Fashion Chain Division	**11.3**	14.5	24.7
Segments, total	**25.0**	25.9	51.5
Unallocated	**2.2**	2.5	5.4
Group total	**27.3**	28.4	56.9

Assets, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Department Store Division	**843.4**	858.4	868.0
Fashion Chain Division	**1 077.2**	1 131.4	1 124.2
Segments, total	**1 920.6**	1 989.9	1 992.2
Unallocated	**62.2**	59.6	52.1
Group total	**1 982.8**	2 049.5	2 044.3

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Finland 1)	**422.0**	469.7	983.2
Sweden and Norway 2)	**246.9**	258.4	548.2
Baltic countries and Central Europe 1) *	**76.5**	74.8	159.9
Russia 1)	**145.5**	172.0	345.7
Group total	**890.9**	974.9	2.037.1
Finland %	**47.4%**	48.2%	48.3%
International operations %	**52.6%**	51.8%	51.77%

Operating profit, EUR mill. **	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Finland 1)	**−36.6**	−16.4	−0.9
Sweden and Norway 2)	**15.4**	19.4	59.0
Baltic countries and Central Europe 1) *	**−2.2**	−2.6	2.7
Russia 1)	**−17.0**	−5.0	−6.4
Group total	**−40.3**	−4.6	54.4
Finland %	**90.6%**	357.9%	−1.7%
International operations %	**9.4%**	−257.9%	101.7%

Non-current assets, EUR mill.	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–31.12.2013
Finland 1)	**482.1**	482.2	480.2
Sweden and Norway 2)	**817.3**	860.7	850.4
Baltic countries and Central Europe 1) *	**40.3**	41.9	40.7
Russia 1)	**204.9**	224.5	215.1
Group total	**1 544.7**	1 609.3	1 586.4
Finland %	**31.2%**	30.0%	30.3%
International operations %	**68.8%**	70.0%	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	30.6.2014	30.6.2013	31.12.2013
RUB	**46.3779**	42.8450	45.3264
LTL	**3.4528**	3.4528	3.4528
NOK	**8.4035**	7.8845	8.363
SEK	**9.1762**	8.7773	8.8591
Average rate for the period	**1.1.–30.6.2014**	1.1.–30.6.2013	1.1.–31.12.2013
RUB	**48.0165**	40.7607	42.3362
LTL	**3.4528**	3.4528	3.4528
NOK	**8.2752**	7.5227	7.8075
SEK	**8.9546**	8.5296	8.6514

KEY FIGURES OF THE GROUP

	30.6.2014	30.6.2013	31.12.2013
Equity ratio, per cent	**41.1**	40.5	43.8
Net gearing, per cent	**104.3**	107.0	87.3
Cash flow from operating activities per share, EUR	**−0.49**	−0.14	1.74
Interest-bearing net debt, EUR mill.	**810.4**	847.1	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.	**794.4**	817.8	796.0
Operating profit, per cent of turnover	**−4.5**	−0.5	2.7
Equity per share, EUR	**11.28**	11.50	12.42
Return on equity, rolling 12 months, per cent	**2.1**	4.7	5.4
Return on capital employed, rolling 12 months, per cent	**1.3**	4.0	3.4
Average number of employees, converted to full-time equivalents	**11 159**	11 306	11 422
Capital expenditure, EUR mill.	**27.3**	28.4	56.8

DEFINITIONS OF KEY FIGURES:

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

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

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

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

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

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	**Q2 2014**	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue	**495.3**	395.6	607.8	454.4	543.6	431.3	643.8	485.1
Other operating income	**0.0**	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Materials and consumables	**-256.8**	-215.5	-307.1	-229.6	-276.5	-233.7	-325.3	-239.5
Wages, salaries and employee benefits expenses	**-98.9**	-97.5	-106.2	-89.6	-101.7	-100.3	-111.0	-94.5
Depreciation, amortisation and impairment losses	**-18.2**	-18.2	-19.2	-18.4	-18.3	-18.6	-19.0	-19.0
Other operating expenses	**-117.8**	-108.3	-127.0	-106.2	-117.0	-113.4	-132.4	-115.0
Operating profit	**3.5**	-43.9	48.3	10.7	30.1	-34.6	56.8	17.1
Finance income	**0.1**	0.1	0.3	3.8	-1.0	1.4	-0.5	1.0
Finance expenses	**-7.4**	-5.6	-9.3	-7.9	-7.5	-7.4	-8.2	-8.5
Total financial income and expenses	**-7.3**	-5.5	-9.0	-4.1	-8.5	-6.0	-8.7	-7.5
Profit before tax	**-3.8**	-49.3	39.3	6.5	21.6	-40.7	48.2	9.6
Income taxes	**-4.3**	9.2	-2.8	22.4	-2.1	4.1	-0.4	-1.4
Profit for the period	**-8.1**	-40.1	36.5	28.9	19.5	-36.5	47.7	8.1

Earnings per share per quarter

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

Segment information per quarter

EUR mill.	**Q2 2014**	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue								
Department Store Division	**293.7**	241.7	392.1	245.2	325.1	270.2	423.5	272.7
Fashion Chain Division	**201.6**	153.8	215.9	209.4	218.7	161.3	221.0	212.3
Unallocated	**0.1**	0.1	-0.1	-0.2	-0.2	-0.2	-0.7	0.1
Group total	**495.3**	395.6	607.8	454.4	543.6	431.3	643.8	485.1
Operating profit								
Department Store Division	**-6.9**	-22.1	34.0	-3.6	11.6	-15.9	41.6	2.8
Fashion Chain Division	**13.2**	-20.3	17.6	16.1	22.3	-17.4	19.2	16.1
Unallocated	**-2.8**	-1.5	-3.3	-1.8	-3.8	-1.3	-4.0	-1.8
Group total	**3.5**	-43.9	48.3	10.7	30.1	-34.6	56.8	17.1

Information on market areas

EUR mill.	**Q2 2014**	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue								
Finland 1)	**231.4**	190.6	307.5	206.0	258.3	211.4	329.9	228.2
Sweden and Norway 2)	**142.4**	104.5	149.7	140.1	148.9	109.5	149.0	139.8
Baltic countries and Central Europe 1) *	**41.5**	35.0	48.1	37.1	42.5	32.3	48.4	37.5
Russia 1)	**80.0**	65.4	102.5	71.3	93.9	78.1	116.6	79.7
Group total	**495.3**	395.6	607.8	454.4	543.6	431.3	643.8	485.1
Finland %	**46.7%**	48.2%	50.6%	45.3%	47.5%	49.0%	51.2%	47.0%
International operations %	**53.3%**	51.8%	49.4%	54.7%	52.5%	51.0%	48.8%	53.0%
Operating profit **								
Finland 1)	**-13.4**	-23.1	16.5	-1.0	2.2	-18.5	23.1	2.5
Sweden and Norway 2)	**19.9**	-4.5	22.4	17.3	23.4	-4.1	19.2	15.8
Baltic countries and Central Europe 1) *	**0.7**	-2.9	4.5	0.7	1.0	-3.5	4.7	2.0
Russia 1)	**-3.7**	-13.3	4.9	-6.2	3.5	-8.5	9.8	-3.2
Group total	**3.5**	-43.9	48.3	10.7	30.1	-34.6	56.8	17.1
Finland %	**-382.1%**	52.7%	34.2%	-9.6%	7.2%	53.5%	40.6%	14.6%
International operations %	**482.1%**	47.3%	65.8%	109.6%	92.8%	46.5%	59.4%	85.4%

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.	**30.6.2014**	30.6.2013	31.12.2013
Mortages on land and buildings	**1.7**	201.7	1.7
Pledges and guarantees	**7.9**	7.5	8.1
Liabilities of adjustments of VAT deductions made on investments to immovable property	**19.9**	23.1	23.3
Total	**29.5**	232.2	33.0

Lease agreements on the Group's business premises, EUR mill.	**30.6.2014**	30.6.2013	31.12.2013
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**173.1**	175.1	187.5
After one year	**668.5**	673.4	694.3
Total	**841.6**	848.5	881.8

Group's lease payments, EUR mill.	**30.6.2014**	30.6.2013	31.12.2013
Within one year	**0.5**	0.9	0.6
After one year	**1.4**	1.2	1.1
Total	**2.0**	2.1	1.7

Group´s derivate contracts, EUR mill.	**30.6.2014**	30.6.2013	31.12.2013
Nominal value			
Currency derivatives	**401.6**	595.1	582.8
Electricity derivates	**0.2**	2.1	0.9
Total	**401.8**	597.2	583.7

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**30.6.2014**	30.6.2013	31.12.2013
Acquisition cost at the beginning of the period	**2 060.6**	2 054.7	2 054.7
Translation difference +/-	**−34.8**	−26.4	−38.7
Increases during the period	**27.3**	28.4	56.8
Decreases during the period	**−5.8**	−6.6	−9.3
Transfers between items during the period	**0.0**	−2.8	−2.8
Acquisition cost at the end of the period	**2 047.3**	2 047.3	2 060.6
Accumulated depreciation at the beginning of the period	**−482.3**	−423.5	−423.5
Translation difference +/-	**2.7**	4.3	7.3
Depreciation on reductions during the period	**5.0**	6.1	8.3
Depreciation ans amortisation during the period	**−36.4**	−36.9	−74.4
Accumulated depreciation at the end of the period	**−511.0**	−450.0	−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	**1 536.3**	1 597.2	1 578.3

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

Goodwill, EUR mill.	**30.6.2014**	30.6.2013	31.12.2013
Acquisition cost at the beginning of the period	**793.2**	818.8	818.8
Translation difference +/-	**−27.4**	−18.2	−25.6
Acquisition cost at the end of the period	**765.8**	800.6	793.2
Carrying amount at the beginning of the period	**793.2**	818.8	818.8
Carrying amount at the end of the period	**765.8**	800.6	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 30.6.2014**	**Fair value 30.6.2014**	Carrying amount 30.6.2013	Fair value 30.6.2013	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**1.2**	**1.2**	2.8	2.8	0.2	0.2
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**8.7**	**8.7**	13.3	13.3	6.9	6.9
Electricity derivatives	1						
Financial assets at amortized cost							
Non-current receivables		**0.6**	**0.6**	4.2	4.2	0.5	0.5
Current receivables, interest-bearing		**38.0**	**38.0**	40.2	40.2	43.1	43.1
Current receivables, non-interest-bearing		**76.0**	**76.0**	63.3	63.3	69.8	69.8
Cash and cash equivalents		**20.8**	**20.8**	28.1	28.1	33.9	33.9
Available-for-sale financial assets	3	**7.8**	**7.8**	7.9	7.9	7.9	7.9
Financial assets, total		**153.1**	**153.1**	159.8	159.8	162.4	162.4

Financial liabilities, EUR mill.	Level	**Carrying amount 30.6.2014**	**Fair value 30.6.2014**	Carrying amount 30.6.2013	Fair value 30.6.2013	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**0.1**	**0.1**			0.9	0.9
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.7**	**0.7**	1.6	1.6	2.9	2.9
Electricity derivatives	1	**0.2**	**0.2**	0.3	0.3	0.2	0.2
Financial liabilities at amortized cost							
Non-current interest-bearing liabilities	2	**609.0**	**607.6**	543.0	540.1	469.4	466.5
Current liabilities, interest-bearing	2	**260.1**	**260.8**	376.0	377.0	345.4	346.3
Current liabilities, non-interest-bearing		**235.2**	**235.2**	227.8	227.8	265.5	265.5
Financial liabilities, total		**1 105.3**	**1 104.5**	1 148.7	1 146.8	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.	**30.6.2014**	30.6.2013	31.12.2013
Carrying amount Jan. 1	**7.9**	5.0	5.0
Sale of shares	**0.0**	0.0	0.0
Transfers between items	**0.0**	2.8	2.8
Total	**7.8**	7.9	7.9

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