Interim Report
Q2/2012

STOCKMANN

STOCKMANN plc, Interim Report 10.8.2012 at 8.00 EET

Operating profit continued to improve in the second quarter

April - June 2012:
Consolidated revenue was up 5.3 per cent to EUR 537.2 million (EUR 510.2 million).
Operating profit was up 16.0 per cent to EUR 29.7 million (EUR 25.6 million).

January - June 2012:
Consolidated revenue was up 7.6 per cent to EUR 987.5 million (EUR 917.9 million).
Operating profit was EUR 13.4 million (EUR -4.4 million).
Result for the period was EUR -2.3 million (EUR -20.1 million).
Earnings per share came to EUR -0.03 (EUR -0.28).
Full-year outlook unchanged: Revenue and operating profit expected to be above the previous year's figures, provided that the market sentiment does not significantly worsen.

CEO Hannu Penttilä:
"The Stockmann Group's revenue continued to grow in the second quarter of 2012. In the Department Store Division the growth was boosted by the successful Crazy Days campaign and the continued good performance in the newest department stores in Russia. Lindex improved its revenue and gained market share in all markets.

We improved operating profit by EUR 4.1 million in the quarter and thus continued the strong performance started earlier this year. Operating profit improved significantly in Russia, despite the loss-making Bestseller operations which will be closed during 2012. Lindex benefitted from successful summer collections and made a clear improvement in its earnings in the quarter. Seppälä's performance has been weaker than expected. We established a common Fashion Chain Division which aims at accelerating growth and benefiting from synergies in both the Lindex and Seppälä fashion chains.

Market outlook for the second half of the year remains uncertain due to the unresolved European debt crisis. We are, however, well positioned to achieve the targeted revenue and operating profit growth for the full year, provided that the market sentiment does not significantly worsen."

KEY FIGURES

	4-6/2012	4-6/2011	**1-6/2012**	1-6/2011	1-12/2011
Revenue, EUR mill.	**537.2**	510.2	**987.5**	917.9	2 005.3
Revenue growth, %	**5.3**	13.0	**7.6**	11.4	10.1
Relative gross margin, %	**49.7**	49.5	**48.9**	48.6	48.7
Operating profit, EUR mill.	**29.7**	25.6	**13.4**	-4.4	70.1
Net financial costs, EUR mill.	**7.5**	9.2	**16.2**	17.5	34.4
Profit before tax, EUR mill.	**22.2**	16.4	**-2.8**	-21.9	35.7
Profit for the period, EUR mill.	**18.6**	14.7	**-2.3**	-20.1	30.8
Earnings per share, undiluted, EUR	**0.26**	0.21	**-0.03**	-0.28	0.43
Equity per share, EUR			**11.60**	11.31	12.11
Cash flow from operating activities, EUR mill.	**88.2**	70.9	**14.9**	-74.6	66.2
Capital expenditure, EUR mill.	**13.0**	15.2	**23.3**	39.0	66.0
Net gearing, %			**104.1**	114.9	95.3
Equity ratio, %			**41.0**	39.1	42.2
Number of shares, undiluted, weighted average, 1 000 pc			**71 842**	71 150	71 496
Return on capital employed, rolling 12 months			**5.1**	3.9	4.1
Personnel, average	**15 749**	16 072	**15 403**	15 812	15 964

REVENUE AND EARNINGS

Uncertainties in the market continued in the second quarter of 2012, mainly due to the unresolved European debt crisis. This started to affect consumer behaviour in the beginning of summer. The market for affordable fashion continued weak performance in the second quarter, particularly in Sweden. General market environment in Russia and the Baltic countries remained relatively good.

The Stockmann Group's January-June revenue was up 7.6 per cent to EUR 987.5 million (1-6/2011: EUR 917.9 million), despite the insecure general market. Both business divisions and all market areas increased their revenue. Revenue in Finland grew by 4.1 per cent, to EUR 490.1 million (EUR 471.0 million). Revenue abroad was up 11.3 per cent and amounted to EUR 497.3 million (EUR 446.9 million). The Russian rouble, the Swedish krona and the Norwegian krone strengthened somewhat against the euro during the first six months of the year. If like-for-like exchange rates are used, the Group's revenue abroad grew by 10.1 per cent. Growth continued strongest in Russia. Revenue abroad accounted for 50.4 per cent (48.7 per cent) of the Group's total revenue.

The Group's gross profit in the reporting period grew by EUR 36.9 million, to a total of EUR 483.0 million (EUR 446.1 million). The gross margin was 48.9 per cent (48.6 per cent) and improved both in the Department Store Division and the Fashion Chain Division. Operating costs were up by 5.0 per cent, or EUR 20.6 million, and amounted to EUR 433.1 million. Depreciation was EUR 36.5 million (EUR 38.0 million).

The consolidated operating profit for January-June was up by EUR 17.8 million, to EUR 13.4 million (EUR -4.4 million). The Department Store Division and Lindex improved significantly their operating profit while Seppälä's operating result was weaker than in the previous year. A decision to close down the Group's unprofitable operations in Ukraine was made in March 2012. Seppälä's operating result includes a provision of EUR 0.5 million for non-recurring expenses due to the closure.

The Group's April-June revenue grew by 5.3 per cent, to EUR 537.2 million (4-6/2011: EUR 510.2 million) with growth in both divisions. Revenue in Finland grew by 2.9 per cent, to EUR 266.1 million (EUR 258.8 million). Revenue abroad was up 7.8 per cent and amounted to EUR 271.1 million (EUR 251.4million). The gross margin was 49.7 per cent (49.5 per cent). Operating costs increased by 5.3 per cent, or EUR 11.0 million, to EUR 219.2 million. Depreciation was EUR 18.1 million (EUR 18.9 million). The operating profit for the quarter was EUR 29.7 million (EUR 25.6 million).

Net financial expenses during the reporting period were down by EUR 1.3 million to EUR 16.2 million (EUR 17.5 million). Non-recurring foreign exchange gains in the period were EUR 0.7 million (EUR -1.7 million).

The result before taxes for January-June was EUR -2.8 million, which is EUR 19.1 million better than a year earlier. A tax credit of EUR 0.5 million (EUR 1.8 million) was booked on the loss posted for the period. The result for the period was EUR -2.3 million (EUR -20.1 million).

Earnings per share for January-June amounted to EUR -0.03 (EUR -0.28) and, diluted for options, EUR -0.03 (EUR -0.28). Equity per share was EUR11.60 (EUR 11.31).

REVENUE AND EARNINGS BY BUSINESS DIVISION

Department Store Division

The Department Store Division's revenue was up by 7.8 per cent to EUR 606.5 million (EUR 562.4 million).

Revenue in Finland was up 3.4 per cent to EUR 409.5 million (EUR 396.1 million). Euro-denominated revenue from international operations grew by 18.4 per cent, to EUR 197.0 million (EUR 166.3 million) and accounted for 32.5 per cent (29.6 per cent) of the division's total revenue. The good performance was led by the St Petersburg department store. The successful Crazy Days campaign, which achieved a revenue growth of 13 per cent in April, boosted growth in all department stores. Revenue of the Bestseller franchising stores, which will be closed by the end of 2012, was down by 35 per cent to EUR 7.0 million (EUR 10.9 million).

The gross margin during the period was 41.0 per cent (40.6 per cent). The Department Store Division's operating profit increased by EUR 10.9 million to EUR 3.7 million (EUR -7.2 million). Operating costs increased slower than the revenue growth. Operations in Russia have clearly improved, though the Bestseller franchising operations made an operating result of EUR -2.6 million (EUR -2.5 million) in the period.

Revenue in April-June grew by 6.5 per cent, to EUR 326.0 million (EUR 306.0 million). Revenue in Finland was up 2.8 per cent to EUR 221.2 million (EUR 215.1 million). Euro-denominated revenue from international operations grew by 15.3 per cent, to EUR 104.8 million (EUR 90.9 million). Solid performance continued in the department stores, but Hobby Hall's revenue growth was somewhat weaker. Revenue in Bestseller franchising stores continued to decline as expected.

The gross margin was 41.6 per cent (41.3 per cent). The operating profit for the quarter was EUR 10.2 million, compared to EUR 7.6 million a year earlier.

Fashion Chain Division

The Lindex and Seppälä fashion chains were combined into a common Fashion Chain Division in June. The new organisational structure aims at accelerating growth of the Group's affordable fashion business. The division's revenue was up by 7.2 per cent to EUR 380.6 million (EUR 355.1 million) in the reporting period. Revenue grew by 7.7 per cent to EUR 80.3 million (EUR 74.6 million) in Finland and by 7.1 per cent in international operations to EUR 300.3 million (EUR 280.5 million). Revenue outside of Finland accounted for 78.9 per cent (79.0 per cent) of the division's total revenue.

Lindex's revenue in the first half of the year totalled EUR 311.0 million (EUR 288.9 million), a growth of 7.6 per cent in euro, or 5.4 per cent in local currencies. Revenue was on a par with the previous year in Sweden and exceeded the general market development. In other countries the revenue improved strongly. Seppälä's revenue increased by 5.3 per cent compared with the same period in 2011, to EUR 69.7 million (EUR 66.2 million). Growth was strongest in the Baltic countries and good in Finland, but in Russia revenue remained on a par with the previous year.

The division's gross margin for the period was 61.4 per cent (61.2 per cent). Lindex improved its gross margin to 62.5 per cent (61.8 per cent), thanks to a lower level of price reductions and lower purchasing prices. Seppälä's gross margin was 56.5 per cent (58.6 per cent). The decline was mainly due to price-driven campaigns.

The Fashion Chain Division's operating profit was up by EUR 7.5 million to EUR 14.6 million (EUR 7.1 million). Profitability was boosted by Lindex's very good performance especially in the Nordic countries. Lindex's operating result in the period was EUR 17.8 million (EUR 9.4 million) and Seppälä's EUR -3.3 million (EUR -2.3 million), including non-recurring expenses of EUR 0.5 million due to the closure of the Ukrainian business.

Revenue in April-June grew by 3.5 per cent to EUR 211.1 million (EUR 203.9 million). Lindex's revenue grew by 4.3 per cent to EUR 172.7 million (EUR 165.6 million). In Sweden and Norway revenue remained on a par with the previous year, while other countries continued their strong performance. Seppälä's revenue was EUR 38.3 million (EUR 38.3 million). Despite price driven campaigns, revenue growth in Finland and particularly in Russia slowed down towards the end of the quarter due to weak sales of summer collections. Growth in the Baltic countries remained on a good level.

The division's gross margin was 62.1 per cent (61.7 per cent). Lindex improved its gross margin to 62.9 per cent (61.6 per cent). Seppälä's gross margin was 58.5 per cent (62.1 per cent). Operating profit for the quarter was EUR 21.8 million, compared to EUR 19.9 million a year earlier. Lindex made an operating profit of EUR 20.4 million (EUR 17.3 million) and Seppälä's operating profit totalled EUR 1.4 million (EUR 2.6 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 33.2 million at the end of June 2012, as against EUR 34.1 million a year earlier. Cash flow from operating activities came to EUR 14.9 million (EUR -74.6 million) in January-June and EUR 88.2 million (EUR 70.9 million) in April-June.

Net working capital excluding cash and cash equivalents amounted to EUR 145.5 million at the end of June, as against EUR 191.2 million a year earlier and EUR 137.9 million at the close of 2011. Stock levels were well-balanced at the previous year's level in the Department Store Division and in the both fashion chains at the end of June. Dividends on the 2011 earnings, totalling EUR 35.9 million, were paid in April.

Interest-bearing liabilities at the end of June declined due to positive operating cash flow and were EUR 902.9 million (EUR 967.4 million), of which EUR 552.0 million (EUR 553.4 million) was long-term debt. In addition, the Group has EUR 268.5 million in undrawn, long-term committed credit facilities and EUR 326.7 million in uncommitted credit facilities. At the close of 2011, interest-bearing liabilities amounted to EUR 862.5 million, of which EUR 533.9 million was long-term debt.

The equity ratio was 41.0 per cent (39.1 per cent) at the end of June. At the close of 2011 the equity ratio was 42.2 per cent. Net gearing at the end of June was 104.1 per cent (114.9 per cent). At the end of 2011, net gearing was 95.3 per cent.

The return on capital employed over the past 12 months was 5.1 per cent (4,1 per cent in 2011). The Group's capital employed decreased by EUR 41.2 million from June 2011, standing at EUR 1 738.4 million at the close of June 2012 (EUR 1 779.6 million).

CAPITAL EXPENDITURE

Capital expenditure during the first six months of the year totalled EUR 23.3 million (EUR 39.0 million) and EUR 13.0 million (15.2 million) in April-June. Depreciation was EUR 36.5 million (EUR 38.0 million) in the period and EUR 18.1 million (18.9 million) in the quarter.

In the Department Store Division the project to introduce a new enterprise resource planning (ERP) system continued. A total of EUR 5.0 million was spent on the project during the first six months of the year. The Academic Bookstore's renewed online store was opened in June. One Bestseller franchising store in Russia was closed during the second quarter. The Department Store Division's total capital expenditure during January-June was EUR 11.3 million (EUR 23.8 million).

Stockmann's construction project to enlarge its Tampere department store has started, as the city plan was approved in May 2012. The enlargement of around 4 000 square metres will increase the department store's retail space to approximately 15 000 square metres. The target for completing the enlargement is 2014. Stockmann's investment will be approximately EUR 6 million.

Lindex opened eight stores during the second quarter: one in Norway, one in Finland, three in Russia, one in the Czech Republic, one in Poland and one franchising store in Saudi Arabia. Two stores were closed: one in Sweden and one in Norway. Seppälä opened two stores during the second quarter: one in Finland and one in Estonia. Four stores were closed: two in Finland, one in Russia and one in Lithuania. The Fashion Chain Division's total capital expenditure during January-June was EUR 9.9 million (EUR 13.9 million).

The Group's other capital expenditure came to a total of EUR 2.2 million (EUR 1.4 million) in the reporting period. The Group's financial management systems are being replaced gradually in connection with the renewal of the Department Store Division's ERP system.

STORE NETWORK ON 30 JUNE 2012

Stockmann Group	Total 31.12.2011	Total 31.3.2012	New stores in Q2 2012	Closed stores in Q2 2012	**Total 30.6.2012**
Department stores*	16	16			**16**
Bestseller stores	18	14		1	**13**
Stockmann Beauty stores	13	12			**12**
Other stores in Department Store Division**	9	9			**9**
Lindex stores	446	451	8	2	**457**
of which franchising	23	27	1		**28**
of which own stores	423	424	7	2	**429**
Seppälä stores	229	227	2	4	**225**

* Academic Bookstores are part of the department stores in Finland
** 4 Zara franchising stores, 1 Hobby Hall store, 3 outlets, 1 concept store

NEW PROJECTS

Total capital expenditure in 2012 is estimated to be approximately EUR 50 million, which is clearly less than the amount of depreciation, estimated at about EUR 75 million.

Lindex will expand its store network by approximately 20 new stores in 2012, excluding franchising stores. Stores will be opened in new franchising markets, Croatia and Serbia, during the second half of the year. Seppälä will open and close some stores in 2012. The approximate total number of Seppälä stores will remain the same as in 2011.

Stockmann will close its Bestseller franchising stores in Russia by the end of 2012. Some of the Bestseller stores will be converted into Lindex stores.

The Stockmann Department Store in Itäkeskus, Helsinki will move to a new location in the Itis shopping mall by the end of 2013. The store's retail space, around 11 000 square metres, will remain as before but the premises and store concept will be completely renewed. Stockmann's investment in the project will be minor.

Stockmann will open an enlarged and completely renewed department store in Tapiola, Espoo, in 2016. The store will be located in a new building owned by the Tapiola Group, close by the existing department store property. The project is part of a larger renewal of the Tapiola area, and the plans will be finalised during the city planning and building permit process.

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.

The Board of Directors approved in June 2012 share subscriptions as a result of exercise of Stockmann's Loyal Customer share options 2008. A total of 204 688 Stockmann Series B shares were subscribed for, and the subscription right was used by 5 321 Stockmann's Loyal Customers. In consequence, the Company's share capital was increased by EUR 409 376. The new shares became subject to trade on Nasdaq OMX Helsinki together with old shares on 29 June 2012.

As of the end of June 2012, Stockmann had 30 627 563 Series A shares and 41 417 954 Series B shares, or a total of 72 045 517 shares. The share capital totalled EUR 144.1 million at the end of the period (EUR 143.8 million).

The company's market capitalization at the end of the period was EUR 1 141.1 million (EUR 1 435.7 million). At the end of 2011 the market capitalization stood at EUR 911.8 million.

At the end of June 2012, the price of Stockmann's Series A shares was EUR 15.70, compared with EUR 13.65 at the end of 2011, and the Series B shares were selling at EUR 15.94, as against EUR 11.98 at the end of 2011. A total of 0.2 million (0.2 million) Series A shares and 6.4 million Series B shares (8.9 million) were traded during the period. This corresponds to 0.8 per cent of the average number of Series A shares and 15.5 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 2012, Stockmann had 59 495 shareholders, compared with 55 916 a year earlier. The increased was due to exercise of the Loyal Customer share options. Stockmann did not receive any flagging announcements due to changes in major shareholdings in the reporting period.

PERSONNEL

The Group's average number of personnel in the period was 15 403, which is 409 less than in the same period in 2011. The average number in terms of full-time equivalent employees decreased by 125 to 11 755 (11 880). The decline took place mainly in department stores and Bestseller franchising stores in Russia.

The Group's wages and salaries amounted to EUR 156.8 million, compared with EUR 153.7 million a year earlier. The employee benefits expenses totalled EUR 199.6 million (EUR 196.9 million) which is equivalent to 20.2 per cent (21.5 per cent) of revenue.

At the end of June 2012, the Group had 15 457 employees (15 699). The number of personnel working outside of Finland was 8 634 (8 901) which was 56 per cent (57 per cent) of the total.

CHANGES IN ORGANIZATIONAL STRUCTURE AND MANAGEMENT

The Lindex and Seppälä fashion chains were combined in June 2012 into a common Fashion Chain Division that includes all current operations of Lindex and Seppälä. The Group's operating segments in financial reporting are from June onwards the Department Store Division and the Fashion Chain Division. Mr Göran Bille was appointed Director, Fashion Chain Division. He also continues as the CEO of Lindex. Ms Nina Laine-Haaja continues as the CEO of Seppälä and will report to Göran Bille. Nina Laine-Haaja will continue as a member of the Stockmann Group's management committee during the transition period until the end of 2012.

LONG-TERM FINANCIAL TARGETS

The Stockmann Group's long-term financial targets are: a minimum of 20 per cent return on capital employed, a minimum of 12 per cent operating profit margin, sales growth above the industry average, and an equity ratio of a minimum of 40 per cent. The Board of Directors decided in June 2010 to set the timetable for achieving the long-term targets at 2015.

Due to the continuing economic uncertainty and the unresolved European debt crisis, the Board has now stated that the long-term financial targets will remain as they are, but achieving the targets in the set timetable will not be realistic in the current market environment.

RISK FACTORS

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

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

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

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

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

OUTLOOK FOR THE REST OF 2012

The unstable state of the world economy and the unresolved European debt crisis create a challenging basis for assessing the future outlook, especially the long-term retail market development. There are indications of weakening consumer behaviour in particular in Finland where consumers' confidence in their own economy has declined.

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

The market for affordable fashion developed poorly in 2011, particularly in Sweden. The slow performance continued in the first half of 2012. The market is expected to improve in the autumn, compared with the weak second half of 2011.

Stockmann's decision to discontinue the loss-making Bestseller franchising operation during 2012 will have a minor impact on revenue in Russia, but will improve operating profit from 2013 onwards. Stockmann's target is to achieve a positive operating profit, excluding Bestseller operations, in Russia in 2012.

During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed capital expenditure projects as well as on the efficient use of capital. Additionally, attention will be given to improving cost efficiency in all units. The Group's capital expenditure is estimated to be clearly lower than depreciation, and to amount to approximately EUR 50 million in 2012.

Stockmann expects the Group's revenue and operating profit to be above the figures for 2011, provided that the market sentiment does not significantly worsen.

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. Finance income from Loyal Customer cards is reported as revenue since the start of 2012. Earlier it was recognized as a reduction in other operating expenses. In the first six months of 2012 the income was EUR 5.1 million, as against EUR 5.1 million in the first six months of 2011. The change in reporting has not been applied for the 2011 figures. The change has no material effect on comparability. Fashion Chain Division's January-June figures include Lindex and Seppälä, and the previous year's figures used for comparison have been adjusted accordingly. The accounting policies and calculation methods applied are the same as those in the 2011 financial statements. The figures are unaudited.

Helsinki, Finland, 9 August 2012

STOCKMANN plc
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1.–31.12.2011
REVENUE	**987.5**	917.9	2 005.3
Other operating income	**0.0**	0.0	0.2
Materials and consumables	**-504.4**	-471.8	-1 028.4
Wages, salaries and employee benefits expenses	**-199.6**	-196.9	-390.0
Deprecation, amortisation and impairment losses	**-36.5**	-38.0	-77.7
Other operating expenses	**-233.5**	-215.6	-439.4
Total expenses	**-974.0**	-922.3	-1 935.5
OPERATING PROFIT	**13.4**	-4.4	70.1
Finance income	**1.3**	0.2	0.5
Finance expenses	**-17.5**	-17.7	-34.9
Total finance income and expenses	**-16.2**	-17.5	-34.4
PROFIT BEFORE TAX	**-2.8**	-21.9	35.7
Income taxes	**0.5**	1.8	-4.9
PROFIT FOR THE PERIOD	**-2.3**	-20.1	30.8
Profit for the period attributable to:			
Equity holders of the parent company	**-2.3**	-20.1	30.8
Non-controlling interest	**0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**0.03**	-0.28	0.43
EPS, diluted, adjusted for share issue, EUR	**0.03**	-0.28	0.43

EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1.–31.12.2011
PROFIT FOR THE PERIOD	**-2.3**	-20.1	30.8
Other comprehensive income			
Exchange differences on translating foreign operations	**2.1**	-2.1	2.1
Cash flow hedges	**-1.0**	0.2	2.4
Other comprehensive income for the period, net of tax	**1.2**	-1.8	4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-1.2**	-21.9	35.2
Total comprehensive income attributable to:			
Equity holders of the parent company	**-1.2**	-21.9	35.2
Non-controlling interest	**0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.6.2012	30.6.2011	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**103.9**	99.3	102.3
Intangible rights	**19.1**	19.8	19.9
Other intangible assets	**0.2**	0.7	0.4
Advance payments and construction in progress	**19.9**	2.8	10.5
Goodwill	**801.0**	766.0	788.5
Intangible assets, total	**944.0**	888.6	921.5
Property, plant and equipment			
Land and water	**42.2**	43.8	42.2
Buildings and constructions	**464.4**	478.9	470.3
Machinery and equipment	**114.0**	128.8	125.0
Modification and renovation expenses for leased premises	**42.0**	51.3	45.7
Advance payments and construction in progress	**6.7**	13.4	8.1
Property, plant and equipment, total	**669.2**	716.1	691.2
Non-current receivables	**0.5**	0.7	0.5
Available-for-sale investments	**5.0**	5.0	5.0
Deferred tax asset	**11.6**	10.7	11.6
NON-CURRENT ASSETS, TOTAL	**1 630.3**	1 621.1	1 629.9
CURRENT ASSETS			
Inventories	**257.9**	258.5	264.7
Current receivables			
Interest-bearing receivables	**46.8**	63.5	45.6
Income tax receivables	**12.2**	28.6	13.6
Non-interest-bearing receivables	**58.8**	74.2	75.6
Current receivables, total	**117.8**	166.3	134.8
Cash and cash equivalents	**33.2**	34.1	33.2
CURRENT ASSETS, TOTAL	**408.9**	458.8	432.8
ASSETS, TOTAL	**2 039.2**	2 080.0	2 062.7

EUR mill.	30.6.2012	30.6.2011	31.12.2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	143.8	143.7
Share premium fund	**186.1**	186.1	186.1
Other funds	**295.1**	292.8	294.9
Translation reserve	**7.7**	1.4	5.6
Retained earnings	**202.5**	188.2	239.7
Equity attributable to equity holders of the parent company	**835.5**	812.2	869.9
Non-controlling interest	**0.0**	0.0	0.0
EQUITY, TOTAL	**835.5**	812.2	869.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**69.6**	66.3	68.1
Non-current interest-bearing liabilities	**552.0**	553.4	533.9
Provisions for pensions	**0.4**	0.4	0.4
Non-current non-interest-bearing liabilities and provisions	**0.2**	0.0	0.1
NON-CURRENT LIABILITIES, TOTAL	**622.3**	620.2	602.5
CURRENT LIABILITIES			
Current interest-bearing liabilities	**350.9**	414.0	328.6
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**223.6**	223.8	259.5
Income tax liabilities	**6.5**	9.7	2.2
Current provisions	**0.4**	0.0	0.0
Current non-interest-bearing liabilities, total	**230.6**	233.6	261.7
CURRENT LIABILITIES, TOTAL	**581.5**	647.6	590.3
LIABILITIES, TOTAL	**1 203.7**	1 267.8	1 192.8
EQUITY AND LIABILITIES, TOTAL	**2 039.2**	2 080.0	2 062.7

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1–31.12.2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	**-2.3**	-20.1	30.8
Adjustments for:			
Depreciation, amortisation & impairment losses	**36.5**	38.0	77.7
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.0**	0.0	0.3
Interest and other financial expenses	**17.5**	17.7	34.9
Interest income	**-1.3**	-0.2	-0.5
Income taxes	**-0.5**	-1.8	4.9
Other adjustments	**1.4**	0.9	1.5
Working capital changes:			
Increase (-) /decrease (+) in inventories	**8.8**	-20.0	-23.8
Increase (-) / decrease (+) in trade and other current receivables	**11.7**	-19.3	1.6
Increase (+) / decrease (-) in current liabilities	**-47.5**	-52.2	-27.1
Interest and other financial expenses paid	**-17.6**	-15.3	-32.5
Interest received from operating activities	**0.2**	0.1	0.3
Other financing items from operating activities	**0.0**	0.0	0.0
Income taxes paid from operating activities	**7.9**	-2.4	-2.0
Net cash from operating activities	**14.9**	-74.6	66.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**-14.2**	-34.9	-63.9
Proceeds from sale of tangible and intangible assets	**0.1**	0.2	5.2
Proceeds from sale of investments	**0.0**	0.0	0.0
Loans granted	**0.0**	-0.2	0.0
Dividends received from investing activities	**0.2**	0.1	0.1
Net cash used in investing activities	**-13.9**	-34.8	-58.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**1.7**	6.1	6.0
Proceeds from current liabilities	**286.0**	166.4	263.7
Repayment of current liabilities	**-263.8**	-76.7	-284.7
Proceeds from non-current liabilities	**87.9**	90.4	90.4
Repayment of non-current liabilities	**-76.5**	-20.1	-25.5
Payment of finance lease liabilities	**-1.2**	-1.0	-2.5
Dividends paid	**-35.9**	-58.3	-58.3
Net cash used in financing activities	**-1.7**	106.8	-10.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-0.7**	-2.6	-3.4
Cash and cash equivalents at the beginning of the period	**33.2**	36.7	36.7
Cheque account with overdraft facility	**-0.1**	-0.3	-0.3
Cash and cash equivalents at the beginning of the period	**33.2**	36.4	36.4
Net increase/decrease in cash and cash equivalents	**-0.7**	-2.6	-3.4
Effects of exchange rate fluctuations on cash held	**0.2**	-0.3	0.1
Cash and cash equivalents at the end of the period	**33.2**	34.1	33.2
Cheque account with overdraft facility	**-0.5**	-0.5	-0.1
Cash and cash equivalents at the end of the period	**32.7**	33.5	33.2

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 1.1.2011	142.3	186.1	-0.6	244.6	43.8	3.5	266.0	**885.7**	-0.0	**885.7**
Dividend distribution							-58.3	**-58.3**		**-58.3**
Share issue	1.5							**1.5**		**1.5**
Options exercised							0.6	**0.6**		**0.6**
Share premium				4.6				**4.6**		**4.6**
Total comprehensive income for the period**			0.2			-2.1	-20.1	**-21.9**		**-21.9**
Other changes					0.1		-0.0	**0.1**		**0.1**
SHAREHOLDERS' EQUITY 30.6.2011	143.8	186.1	-0.4	249.2	43.9	1.4	188.2	**812.2**	-0.0	**812.2**

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 1.1.2011	142.3	186.1	-0.6	244.6	43.8	3.5	266.0	**885.7**	-0.0	**885.7**
Dividend distribution							-58.3	**-58.3**		**-58.3**
Share issue	1.4							**1.4**		**1.4**
Options exercised							1.2	**1.2**		**1.2**
Share premium				4.6				**4.6**		**4.6**
Total comprehensive income for the period**			2.4			2.1	30.8	**35.2**		**35.2**
Other changes					0.1		0.1	**0.1**		**0.1**
SHAREHOLDERS' EQUITY 31.12.2011	143.7	186.1	1.7	249.2	43.9	5.6	239.7	**869.9**	-0.0	**869.9**

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**
Total comprehensive income for the period**			-1.0	0.0		2.1	-2.3	**-1.2**		**-1.2**
Other changes								**-0.0**		**-0.0**
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**

* Including share issue
** Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
Department Store Division	**606.5**	562.4	1,236.9
Fashion Chain Division	**380.6**	355.1	767.9
Segments, total	**987.1**	917.5	2 004.8
Unallocated	**0.3**	0.4	0.5
Group total	**987.5**	917.9	2 005.3

Operating profit, EUR mill.	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
Department Store Division	**3.7**	-7.2	35.2
Fashion Chain Division	**14.6**	7.1	42.6
Segments, total	**18.3**	-0.1	77.9
Unallocated	**-4.8**	-4.3	-7.8
Group total	**13.4**	-4.4	70.1
Reconciliation to the item profit before tax:			
Financial income	**1.3**	0.2	0.5
Financial expenses	**-17.5**	-17.7	-34.9
Consolidated profit before taxes	**-2.8**	-21.9	35.7

Depreciation, amortisation and impairment losses , EUR mill.	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
Department Store Division	**20.4**	21.8	44.5
Fashion Chain Division	**15.5**	15.8	32.1
Segments, total	**35.9**	37.5	76.6
Unallocated	**0.6**	0.5	1.1
Eliminations	**0.0**	0.0	0.0
Group total	**36.5**	38.0	77.7

Investments, gross, EUR mill.	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
Department Store Division	**11.3**	23.8	35.4
Fashion Chain Division	**9.9**	13.9	28.0
Segments, total	**21.1**	37.6	63.4
Unallocated	**2.2**	1.4	2.6
Group total	**23.3**	39.0	66.0

Assets, EUR mill.	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
Department Store Division	**860.0**	914.7	892.6
Fashion Chain Division	**1 139.1**	1 113.1	1 139.6
Segments, total	**1 999.0**	2 027.8	2 032.2
Unallocated	**40.2**	52.2	30.5
Group total	**2 039.2**	2 080.0	2 062.7

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1.–31.12.2011
Finland 1)	490.1	471.0	1,026.2
Sweden and Norway 2)	249.2	237.8	509.3
Baltic countries and Central Europe 1) *	72.6	62.9	141.3
Russia and Ukraine 1)	175.6	146.2	328.5
Group total	987.5	917.9	2 005.3
Finland %	49.6 %	51.3 %	51.2 %
International operations %	50.4 %	48.7 %	48.8 %

Operating profit, EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1.–31.12.2011
Finland 1)	-2.3	-0.9	37.8
Sweden and Norway 2)	22.2	14.9	47.9
Baltic countries and Central Europe 1) *	-0.6	-1.4	3.3
Russia and Ukraine 1)	-5.9	-17.0	-19.0
Group total	13.4	-4.4	70.1
Finland %	-16.9 %	20.2 %	53.9 %
International operations %	116.9 %	79.8 %	46.1 %

Non-current assets, EUR mill.	1.1.–30.6.2012	1.1.–30.6.2011	1.1.–31.12.2011
Finland 1)	464.8	469.2	463.8
Sweden and Norway 2)	862.0	826.9	851.8
Baltic countries and Central Europe 1) *	45.0	47.3	46.8
Russia and Ukraine 1)	247.0	267.0	256.1
Group total	1 618.8	1 610.5	1 618.3
Finland %	28.7 %	29.1 %	28.7 %
International operations %	71.3 %	70.9 %	71.3 %

1) Department Store Division, Lindex, Seppälä 2) Lindex * Estonia, Latvia, Lithuania, Zech Republic, Slovakia, Poland

KEY FIGURES OF THE GROUP

	30.6.2012	30.6.2011	31.12.2011
Equity ratio, per cent	41.0	39.1	42.2
Net gearing, per cent	104.1	114.9	95.3
Cash flow from operating activities per share, EUR	0.21	-1.05	0.93
Interest-bearing net debt, EUR mill.	822.9	869.8	783.7
Number of shares at the end of the period, thousands	72 046	71 829	71 841
Weighted average number of shares, thousands	71 842	71 150	71 496
Weighted average number of shares, diluted, thousands	71 842	71 496	71 789
Market capitalization, EUR mill.	1 141.1	1 435.7	911.8
Operating profit, per cent of turnover	1.4	-0.5	3.5
Equity per share, EUR	11.60	11.31	12.11
Return on equity, rolling 12 months, per cent	5.9	3.7	3.5
Return on capital employed, rolling 12 months, per cent	5.1	3.9	4.1
Average number of employees, converted to full-time equivalents	11 755	11 880	12 172
Investments, EUR mill.	23.3	39.0	66.0

DEFINITIONS OF KEY FIGURES:

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

Net gearing, per cent = 100 x $\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity total}}$

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 teh balance sheet day

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

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

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

CONSOLIDATED INCOME STATEMENT PER QUARTER

EUR mill.	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Revenue	**537.2**	450.3	626.1	461.3	510.2	407.7	576.9	420.7
Other operating income	**0.0**	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Materials and consumables	**-270.2**	-234.2	-321.9	-234.6	-257.5	-214.3	-291.7	-210.2
Wages, salaries and employee benefits expenses	**-101.0**	-98.6	-104.4	-88.7	-98.9	-98.0	-102.9	-82.7
Depreciation, amortisation and impairment losses	**-18.1**	-18.4	-20.8	-18.9	-18.9	-19.1	-17.1	-15.3
Other operating expenses	**-118.3**	-115.3	-119.7	-104.1	-109.4	-106.2	-116.6	-94.0
Operating profit	**29.7**	-16.2	59.3	15.2	25.6	-29.9	48.5	18.4
Finance income	**0.9**	0.4	0.3	0.0	0.9	-0.7	2.9	0.3
Finance expenses	**-8.4**	-9.1	-8.5	-8.8	-10.0	-7.7	-7.1	-6.9
Total financial income and expenses	**-7.5**	-8.7	-8.1	-8.8	-9.2	-8.3	-4.2	-6.6
Profit before tax	**22.2**	-24.9	51.1	6.4	16.4	-38.3	44.3	11.9
Income taxes	**-3.6**	4.0	-5.9	-0.7	-1.7	3.5	-7.3	1.5
Profit for the period	**18.6**	-20.9	45.2	5.7	14.7	-34.8	37.1	13.4

Earnings per share per quarter

EUR	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Undiluted	**0.26**	-0.29	0.63	0.08	0.21	-0.49	0.52	0.19
Diluted	**0.26**	-0.29	0.63	0.08	0.20	-0.48	0.51	0.19

Segment information per quarter

EUR mill.	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Revenue								
Department Store Division	**326.0**	280.5	408.5	266.0	306.0	256.4	373.4	235.0
Fashion Chain Division	**211.1**	169.6	217.4	195.5	203.9	151.2	203.5	186.2
Unallocated	**0.2**	0.1	0.3	-0.2	0.3	0.1	0.0	-0.5
Group total	**537.2**	450.3	626.1	461.3	510.2	407.7	576.9	420.7
Operating profit								
Department Store Division	**10.2**	-6.5	39.6	2.9	7.6	-14.8	30.9	1.4
Fashion Chain Division	**21.8**	-7.2	22.6	12.9	19.9	-12.8	19.9	18.4
Unallocated	**-2.3**	-2.5	-2.9	-0.6	-1.9	-2.3	-2.3	-1.4
Group total	**29.7**	-16.2	59.3	15.2	25.6	-29.9	48.5	18.4

Information on market areas

EUR mill.	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Revenue								
Finland 1)	**266.1**	224.0	329.8	225.4	258.8	212.2	318.5	217.8
Sweden and Norway 2)	**137.6**	111.6	144.3	127.2	135.3	102.5	138.8	122.7
Baltic countries and Central Europe 1) *	**39.6**	33.0	44.4	34.0	34.4	28.5	37.9	29.6
Russia and Ukraine 1)	**93.9**	81.6	107.6	74.7	81.7	64.5	81.7	50.6
Group total	**537.2**	450.3	626.1	461.3	510.2	407.7	576.9	420.7
Finland %	**49.5 %**	49.8 %	52.7 %	48.9 %	50.7 %	52.0 %	55.2 %	51.8 %
International operations %	**50.5 %**	50.2 %	47.3 %	51.1 %	49.3 %	48.0 %	44.8 %	48.2 %
Operating profit								
Finland 1)	**6.5**	-8.8	30.7	8.0	9.8	-10.7	27.5	6.6
Sweden and Norway 2)	**20.3**	1.9	19.9	13.0	18.1	-3.1	18.7	15.3
Baltic countries and Central Europe 1) *	**1.4**	-2.0	4.3	0.5	1.1	-2.5	2.3	0.6
Russia and Ukraine 1)	**1.4**	-7.3	4.3	-6.3	-3.4	-13.6	0.1	-4.1
Group total	**29.7**	-16.2	59.3	15.2	25.6	-29.9	48.5	18.4
Finland %	**21.9 %**	54.0 %	51.8 %	52.4 %	38.4 %	35.7 %	56.7 %	36.0 %
International operations %	**78.1 %**	46.0 %	48.2 %	47.6 %	61.6 %	64.3 %	43.3 %	64.0 %

EXCHANGE RATES OF EURO

Closing rate for the period	**30.6.2012**	30.6.2011	31.12.2011
RUB	**41.3700**	40.400	41.765
LVL	**0.6967**	0.7093	0.6995
LTL	**3.4528**	3.4528	3.4528
NOK	**7.5330**	7.7875	7.7540
SEK	**8.7728**	9.1739	8.9120
Average rate for the period	**1.1.–30.6.2012**	1.1.–30.6.2011	1.1.–31.12.2011
RUB	**39.6976**	40.1453	40.8835
LVL	**0.6983**	0.7070	0.7062
LTL	**3.4528**	3.4528	3.4528
NOK	**7.5728**	7.8237	7.7929
SEK	**8.8823**	8.9391	9.0289

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2012	30.6.2011	31.12.2011
Acquisition cost at the beginning of the period	**1 953.2**	1 909.3	1 909.3
Translation difference +/-	**15.8**	-20.6	6.3
Increases during the period	**23.3**	39.0	66.0
Decreases during the period	**-2.6**	-8.1	-17.9
Transfers between items during the period	**0.0**	0.0	0.0
Acquisition cost at the end of the period	**1 989.7**	1 919.5	1 953.2
Accumulated depreciation at the beginning of the period	**-350.9**	-277.2	-277.2
Translation difference +/-	**-0.6**	0.0	-0.6
Depreciation on reductions during the period	**1.0**	0.4	4.6
Depreciation ans amortisation during the period	**-36.5**	-38.0	-77.7
Accumulated depreciation at the end of the period	**-386.9**	-314.8	-350.9
Carrying amount at the beginning of the period	**1 602.3**	1 632.1	1 632.1
Carrying amount at the end of the period	**1 602.7**	1 604.7	1 602.3
The calculation of consolidated assets includes following changes in consolidated goodwill:			
Goodwill, EUR mill.	**30.6.2012**	30.6.2011	31.12.2011
Acquisition cost at the beginning of the period	**788.5**	783.8	783.8
Translation difference +/-	**12.5**	-17.8	4.7
Acquisition cost at the end of the period	**801.0**	766.0	788.5
Carrying amount at the beginning of the period	**788.5**	783.8	783.8
Carrying amount at the end of the period	**801.0**	766.0	788.5

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

Contingent liabilites, EUR mill.	30.6.2012	30.6.2011	31.12.2011
Mortages on land and buildings	**201.7**	201.7	201.7
Pledges	**0.5**	0.1	0.4
Liabilities of adjustments of VAT deductions made on investments to immovable property	**28.1**	34.6	35.0
Total	**230.3**	236.4	237.0
Lease agreements on the Groups' business premises, EUR mill.	**30.6.2012**	30.6.2011	31.12.2011
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**143.8**	135.2	180.1
After one year	**686.3**	653.3	669.2
Total	**830.1**	788.5	849.3
The Groups' lease payments, EUR mill.	**30.6.2012**	30.6.2011	31.12.2011
Within one year	**7.2**	7.3	7.3
After one year	**3.3**	9.7	6.4
Total	**10.5**	17.0	13.7
The Groups' derivate contracts, EUR mill.	**30.6.2012**	30.6.2011	31.12.2011
Nominal value			
Currency derivatives	**473.4**	515.9	495.9
Electricity derivates	**2.3**	2.7	2.2
Total	**475.7**	518.6	498.0

LEGAL PROCEEDINGS

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

AB Lindex and its German subsidiary, Lindex GmbH, have requested the German and Swedish competent authorities to eliminate the double taxation arising from intra-Group transactions in the tax years 1997–2004 on the basis of the EC Arbitration Convention and the tax treaty between Germany and Sweden. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. The process continued in 2011 and it may be possible to reach a resolution on the issue during 2012. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recognized in the income statement.

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