STOCKMANN GROUP'S INTERIM REPORT Q3/2011

Stockmann Group, Interim report 1 January - 30 September 2011

Good revenue growth continued; Q3 operating profit somewhat down on Q3 2010

July - September 2011:
Consolidated revenue grew by 9.6 per cent to EUR 461.3 million (EUR 420.7 million).
Operating profit was EUR 15.2 million (EUR 18.4 million).

January - September 2011:
Consolidated revenue grew by 10.8 per cent to EUR 1 379.2 million (EUR 1 245.0 million).
Operating profit was EUR 10.8 million (EUR 40.2 million).
Profit for the period was EUR -14.4 million (EUR 41.2 million).
Earnings per share came to EUR -0.20 (EUR 0.58).

Outlook for the full year updated on 30 September 2011: Revenue for 2011 is expected to continue growing. Operating profit for the full year is expected to decline on 2010.

CEO Hannu Penttilä:
“The Stockmann Group’s revenue continued to grow well in the third quarter of 2011. The strongest sales growth was seen in Russia where the new department store in St Petersburg had a positive impact on Stockmann’s revenue. The Department Store Division’s operating result improved in all market areas in the quarter.”

“Lindex has increased its revenue in new markets. In Sweden, the overall fashion market sales have been down this year and, despite the increase in market share, Lindex’s sales in Sweden was lower than last year. Sales volumes which fell short of the target level and increased purchasing prices in a competitive environment affected negatively the earnings of our fashion chains.”

“The Group achieved a reasonable operating profit in the third quarter but the decisive period for full-year earnings performance is yet to come. We have positive expectations for the final quarter of the year thanks to the excellent outcome of our Crazy Days campaign. The uncertain market environment has, however, made forecasting very challenging. In the current circumstances we expect Stockmann’s full-year operating profit to decline on the previous year.”

Key figures

	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Revenue, EUR mill.	461.3	420.7	1 379.2	1 245.0	1 821.9
Revenue growth, %	9.6	8.1	10.8	6.2	7.3
Relative gross margin, %	49.1	50.0	48.8	50.1	49.9
Operating profit, EUR mill.	15.2	18.4	10.8	40.2	88.8
Net financial costs, EUR mill.	8.8	6.6	26.3	10.4	14.6
Profit before tax, EUR mill.	6.4	11.9	-15.5	29.8	74.2
Profit for the period, EUR mill.	5.7	13.4	-14.4	41.2	78.3
Earnings per share, undiluted, EUR	0.08	0.19	-0.20	0.58	1.10
Equity per share, EUR			11.42	11.87	12,45
Cash flow from operating activities, EUR mill.	-39.1	-0.3	-113.7	-16.4	91.8
Capital expenditure, EUR mill.	11.4	34.5	50.4	107.1	165.4
Net gearing, %			119.2	98.0	87.7
Equity ratio, %			38.6	41.6	43.1
Number of shares, undiluted, weighted average, 1 000 pc			71 380	71 112	71 120
Return on capital employed, rolling 12 months			3.6	6.7	5.8
Personnel, average	16 014	15 261	15 879	14 825	15 164

REVENUE AND EARNINGS

Uncertainty in the market increased during the third quarter of the year, mainly due to the European debt crisis. Consumer confidence weakened in Finland but this did not yet significantly affect consumer behaviour. The demand for affordable fashion remained weak in Sweden. In the Stockmann Group's main markets, the positive market development continued in Russia and the Baltic countries.

The Stockmann Group's January-September revenue grew by 10.8 per cent to EUR 1 379.2 million (1-9/2010: EUR 1 245.0 million). Revenue in Finland was up by 4.0 per cent to EUR 696.4 million. Revenue in other countries amounted to EUR 682.8 million, an increase of 18.6 per cent. Growth was strong in Russia, in particular due to the Nevsky Centre shopping centre and the St Petersburg department store which were opened in November 2010. Revenue abroad grew to 49.5 per cent (46.2 per cent) of the Group's total revenue. Other operating income amounted to EUR 0.2 million (EUR 0.0 million) as a result of the sale of shares of a real estate property located in Tapiola, Espoo in Finland.

The Group's January-September gross margin grew by EUR 49.0 million, to a total of EUR 672.7 million (EUR 623.7 million). The relative gross margin was 48.8 per cent (50.1 per cent). Expansion and accelerating inflation have raised the costs. Operating costs increased by EUR 66.4 million and depreciation by EUR 12.2 million. The consolidated operating profit for January-September was down by EUR 29.4 million to EUR 10.8 million (EUR 40.2 million).

The Stockmann Group's third-quarter revenue grew by 9.6 per cent to EUR 461.3 million (7-9/2010: EUR 420.7 million). The relative gross margin was 49.1 per cent (50.0 per cent). Operating costs increased by EUR 16.0 million and depreciation by EUR 3.6 million. The operating profit for the quarter was EUR 15.2 million (EUR 18.4 million).

Net financial expenses during the reporting period grew by EUR 15.9 million, reaching EUR 26.3 million (1-9/2010: EUR 10.4 million). The growth was due to increased interest-bearing liabilities and the rise in the market interest rates. In addition, net financial expenses were burdened by non-recurring foreign exchange losses of EUR 1.9 million. A year earlier, net financial expenses were reduced by non-recurring foreign exchange gains of EUR 5.8 million.

The result before taxes for the period was EUR -15.5 million (EUR 29.8 million). A tax credit of EUR 1.1 million was booked on the loss posted for the period. In the previous year, the positive effect of taxes on earnings was EUR 11.4 million which includes a tax credit due to an unrealised exchange rate loss. The result for the period was EUR -14.4 million (EUR 41.2 million).

Earnings per share for January-September amounted to EUR -0.20 (EUR 0.58) and, diluted for options, EUR -0.20 (EUR 0.57). Equity per share was EUR 11.42 (EUR 11.87).

REVENUE AND EARNINGS PERFORMANCE BY OPERATING SEGMENT

Department Store Division

The Department Store Division's revenue in January-September was up by 14.0 per cent to EUR 828.4 million (EUR 726.6 million). Revenue in Finland was up by 4.9 per cent to EUR 579.0 million (EUR 551.8 million). Growth was strongest in the enlarged Helsinki city centre department store.

The euro-denominated revenue of international operations grew by 42.5 per cent. Revenue in international operations accounted for 30.1 per cent (24.1 per cent) of the Division's total revenue. Revenue in Russia was up significantly due to the new department stores in St Petersburg and Ekaterinburg, the new shopping centre Nevsky Centre, and the strong performance of the department stores in Moscow. In the Baltic countries, the revenue of department stores also developed favourably.

The relative gross margin for January-September came to 40.8 per cent (41.2 per cent). The Department Store Division's operating result amounted to EUR -4.4 million (EUR 1.9 million). Expansion and increase in the general level of costs raised fixed costs. Depreciation was also clearly higher than in the same period a year earlier due to the new store openings.

Revenue in the third quarter grew by 13.2 per cent to EUR 266.0 million (EUR 235.0 million). The relative gross margin was 41.2 per cent (41.5 per cent). The operating profit for the quarter increased to EUR 2.9, compared to EUR 1.4 million a year earlier. Operating result improved in all market areas, mainly due to good sales volume growth in new and enlarged units.

Lindex

Lindex's January-September revenue totalled EUR 446.7 million, which was 8.1 per cent higher than a year earlier (EUR 413.1 million). Revenue in Finland was up by 3.4 per cent and in other countries by 8.8 per cent. Measured in like-for-like local currencies, revenue was up by 2.8 per cent. Revenue growth remained strong in the new markets in Central Europe and Russia. In Sweden, the overall fashion market sales have been down this year and despite the increase in market share, Lindex's sales in Sweden were lower than last year.

The relative gross margin for the review period decreased due to increased purchasing prices and actions to boost sales. The relative gross margin stood at 61.3 per cent (63.5 per cent). At the end of September, Lindex had 440 stores which is 23 more than a year earlier (428 stores as of 31 December 2010). Costs grew faster than the increase in the gross margin due to increases in store rental costs expansion of the store network, and marketing investments. Lindex's January-September operating profit was EUR 20.8 million (EUR 37.8 million).

Revenue in the third quarter grew by 5.6 per cent to EUR 157.8 million (EUR 149.4 million). Measured in like-for-like local currencies, revenue was up by 3.0 per cent. The relative gross margin was 60.4 per cent (62.1 per cent). The operating profit for the quarter was EUR 11.4 million, compared to EUR 16.2 million a year earlier.

Seppälä

Seppälä's revenue in the reporting period decreased by 1.4 per cent compared with the previous year and was EUR 103.8 million (EUR 105.3 million). Revenue was down by 3.2 per cent in Finland and up 2.1 per cent in other countries. The growth was strongest in the Baltic countries. Revenue abroad accounted for 35.9 per cent (34.7 per cent) of Seppälä's total revenue. At the end of September, Seppälä had 225 stores which is 4 more than a year earlier (225 as of 31 December 2010).

The relative gross margin for January-September was 58.3 per cent (59.3 per cent). The decrease was due to increased purchasing prices and actions to boost sales. Store refurbishment and rental costs also increased. Seppälä's operating result for January-September was EUR -0.8 million (EUR 6.2 million).

Revenue in the third quarter grew in all market areas, in total by 2.3 per cent to EUR 37.6 million (EUR 36.8 million). The relative gross margin was 57.7 per cent (58.3 per cent). The operating profit for the quarter was EUR 1.5 million, compared to EUR 2.2 million a year earlier.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 23.1 million at the end of September 2011, as against EUR 22.9 million a year earlier. Cash flow from operating activities came to EUR -113.7 million (EUR -16.4 million) in January-September and EUR -39.1 million (EUR -0.3 million) in the third quarter.

Net working capital grew and amounted to EUR 265.8 million at the end of September, as against EUR 147.8 million a year earlier. Increase in inventories was due to the opening of new units, autumn deliveries that arrived earlier than in 2010, and lower than planned sales start for outwear in affordable fashion. Due to seasonal variation the Group's net working capital is lowest at the end of the year. Net working capital stood at EUR 79.5 million at the end of 2010.

Interest-bearing liabilities at the end of September were EUR 1 000.6 million (EUR 850.7 million), of which EUR 544.7 million (EUR 544.1 million) was long-term debt. Most of the short-term debt has been acquired in the commercial paper market. In addition, the Group has EUR 335.1 million in undrawn, long-term committed credit facilities. At the close of 2010, interest-bearing liabilities amounted to EUR 813.3 million, of which EUR 521.3 million was long-term debt.

At the end of September, the equity ratio was 38.6 per cent (41.6 per cent) and net gearing was 119.2 per cent (98.0 per cent).

The return on capital employed over the past 12 months was 3.6 per cent (5.8 per cent in 2010). The Group's capital employed increased by EUR 125.2 million from the previous year's September, standing at EUR 1 820.8 million on 30 September 2011 (EUR 1 695.5 million).

CAPITAL EXPENDITURE

Capital expenditure in the first nine months of the year totalled EUR 50.4 million (EUR 107.1 million) and in the third quarter EUR 11.4 million (EUR 34.5 million). In addition, the divestment of shares of a real estate property located in Tapiola, Espoo in Finland decreased the net investments by EUR 4.9 million. Depreciation was EUR 56.9 million (EUR 44.7 million) in the reporting period and EUR 18.9 million (EUR 15.3 million) in the third quarter.

Stockmann opened a new department store in Ekaterinburg in Russia on 30 March 2011. Stockmann invested EUR 14.7 million in the project, of which EUR 8.4 million was recognised in the reporting period. The Department Store Division's new Russian logistics centre in Moscow was opened in early 2011. The capital expenditure on the new centre totalled EUR 4.7 million.

In March, an enterprise resource planning (ERP) system project was launched in the Department Store Division. This extensive project will last several years. A total of EUR 4.3 million was spent on the project during January-September.

In August, a new Stockmann concept store focusing on fashion and home products was opened in St Petersburg in leased premises where the company previously had a store before opening the St Petersburg department store.

The Department Store Division's capital expenditure during the first nine months of the year totalled EUR 29.0 million (EUR 84.8 million).

Lindex opened 18 stores during January-September, nine of which in the third quarter: two in Sweden, one in Russia, one in Lithuania, one in Poland, and three franchising stores in Saudi-Arabia. One store was closed down in Norway and another in Finland during the third quarter. In January, Lindex opened its online store which serves the entire area of the EU and Norway in April. Lindex's capital expenditure totalled EUR 16.4 million (17.9 million) in January-September.

Seppälä opened four new stores during January-September, but none in the third quarter. Two stores in Finland were closed in the third quarter. Seppälä's capital expenditure totalled EUR 3.4 million (3.1 million) in January-September.

The Group's other capital expenditure came to a total of EUR 1.6 million (EUR 1.3 million). The Group's financial management systems will be replaced gradually in connection with the renewal of the Department Store Division's ERP system.

NEW PROJECTS

The capital expenditure for the 2011 financial year is estimated to amount to approximately EUR 65 million (EUR 165.4 million in 2010) and to remain below the estimated depreciation for the full year.

In 2012 - 2014, capital expenditure is expected to amount to less than in 2011, at approximately EUR 50 - 60 million annually. Depreciation in the same years is estimated to total approx. EUR 70 - 75 million annually.

Stockmann signed in 2010 a contract for the enlargement of its Tampere department store, which operates in leased premises. The enlargement of 4 000 square metres will increase the department store's retail space to 15 000 square metres. Stockmann's investment will be approximately EUR 6 million. The target for completing the enlargement is the year 2013.

In June 2011 Stockmann signed a preliminary agreement on the renewal of the Stockmann department store in Tapiola. The objective of the agreement is to open an enlarged and completely renewed department store in 2016 in a new building owned by the Tapiola Group, close by the existing department store property. The project is a part of a larger renewal plan for the Tapiola area and is taken further together with the owner of the property. The plans will be finalized during the city planning and building permit process.

Lindex estimates that it will open 12 new stores during the rest of the year, bringing the number of new stores in 2011 to approximately 30, including franchising stores. Most of the new stores will be opened in Central Europe and in Russia. The first franchising store in Iceland will be opened in November.

Seppälä's target is to open two more stores in Russia and one in Finland in 2011. In total seven new stores will be opened during 2011. Seppälä will also open an online store in Finland later this year.

Stockmann announced in its Capital Markets Day on 7 September 2011 that it will end its franchising agreement with Bestseller in Russia by the end of 2012. Stockmann currently has 20 Bestseller franchising stores in Russia.

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 the period, Stockmann had 30 627 563 Series A shares and 41 211 518 Series B shares, or a total of 71 839 081 shares.

The Board of Directors of Stockmann approved in the reporting period 10 424 Series B share subscriptions with the 2008 Loyal Customer share options. The subscription right was used by 256 Stockmann loyal customers. The new shares became subject to trade on the Nasdaq OMX Helsinki together with the old shares on 26 August 2011. As a consequence, Stockmann's share capital was increased by EUR 20 848. The share capital totalled EUR 143 678 162.

The company's market capitalization at the end of September 2011 was EUR 948.1 million. At the end of 2010 the market capitalization stood at EUR 2 047.1 million.

At the end of September, the price of Stockmann's Series A shares was EUR 14.00, compared with EUR 29.40 at the end of 2010, and the Series B shares were selling at EUR 12.60, as against EUR 28.30 at the end of 2010. A total of 0.3 million (0.9 million) A shares and 11.9 million (11.3 million) B shares were traded in Nasdaq OMX Helsinki during January-September. This corresponds to 1.0 per cent of the average number of A shares and 28.8 per cent of the average number of 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 September 2011, Stockmann had 55 104 shareholders, compared with 44 229 a year earlier. Stockmann did not receive any flagging announcements due to changes in major shareholdings in the reporting period.

PERSONNEL

The Stockmann Group's average number of personnel in January-September was 15 879, an increase of 1 054 employees on the same period in 2010. The average number of employees, in terms of full-time equivalents, increased by 863, to 12 059. The growth was mainly due to the opening of new department stores in Russia.

The Group's wages and salaries amounted to EUR 223.4 million, compared with EUR 204.8 million a year earlier. The employee benefits expenses totalled EUR 285.6 million (EUR 259.0 million) which accounted for 20.7 per cent (20.8 per cent) of revenue.

At the end of September 2011, the Group had 16 544 employees (15 625). The figure includes approximately 700 fixed term seasonal workers due to the timing of Crazy Days both in 2011 and in 2010. The number of personnel working outside of Finland was 9 053 (8 419) which was 55 per cent (54 per cent) of the total.

EVENTS AFTER THE REPORTING PERIOD

Seppälä's Managing Director, Terhi Okkonen, eMBA (born 1961), has been appointed Marketing Director of the Stockmann Department Store Division as of 1 March 2012, when the current Marketing Director Maaret Kuisma retires. Terhi Okkonen will start in the Department Store Division and concurrently leave the Group's Management Committee on 1 January 2012. Director of Seppälä Store Operations, Nina Laine-Haaja, eMBA (born 1961), has been appointed the new Managing Director of Seppälä and a member of the Stockmann Group's Management Committee as of 1 January 2012. Nina Laine-Haaja has worked for the company in various positions since 1986 and has been a member of Seppälä's management team since 2001.

Stockmann’s share capital was increased by EUR 3 496 after the Board of Directors of Stockmann approved an additional 1 748 Series B share subscriptions with the 2008 Loyal Customer share options. The new shares became subject to trade on the Nasdaq OMX Helsinki together with the old shares on 14 October 2011. As a consequence, the share capital now totals EUR 143 678 162 and the number of series B shares is 41 213 266. The remaining 2008 Loyal Customer share options will provide the possibility to subscribe to 553 910 Series B shares in May 2012.

RISK FACTORS

Besides Finland, Sweden, Norway, Russia and the Baltic countries, the Stockmann Group also has business operations in the Czech Republic, Slovakia, Poland and Ukraine, in each of which operations are at their start-up phase. The general economic development is influencing consumers’ purchasing behaviour and purchasing power in all of the Group’s market areas. Rapid and unexpected movements in markets and the recent world events may influence the behaviour of both financial markets and consumers. In addition, increasing prices of necessity goods such as food and energy will increase inflation and can decrease the consumers’ purchasing power. Consumer demand has still not recovered to its pre-downturn level in 2008.

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, particularly in the importation of consumer goods, is still considerable and plays a part in distorting competition. Russia’s possible membership in the World Trade Organisation (WTO) would probably bring greater clarity to the competition environment, for instance via reductions in excise duties. The energy prices, mainly oil prices, have a significant impact on the development of the Russian economy and consumer purchasing.

Fashion accounts for over half 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 2011

Economic growth forecasts for the final months of 2011 have rapidly deteriorated because of the European debt crisis, and this has also weakened consumer confidence. Forecasting the consumer purchasing in the last quarter of the year has become more challenging than before.

The Russian markets are expected to continue to grow faster than those in the Nordic countries, although weakening of the rouble may negatively affect consumer purchasing power and behaviour. The positive growth of the consumer markets in the Baltic countries is expected to continue. However, higher inflation will affect consumers’ purchasing power in all markets.

The market for affordable fashion started off more slowly in 2011 compared with the strong first quarter of 2010. The production capacity problems in the Far East procurement markets have eased, which means that the autumn deliveries have taken place on time. Demand in the Swedish market, unlike the other markets, has remained weak and the performance of the overall fashion market has clearly declined. It is difficult to estimate demand in Sweden for the rest of the year but in other markets demand is expected to improve compared with the weak performance in the final months of 2010.

The capital expenditure projects of Stockmann’s Department Store Division, completed in autumn 2010 and early 2011, will positively affect revenue in 2011. Several of the department stores in Russia are still in their start-up phase, however. The positive effect of these investments on the division’s operating profit will only become visible from the last quarter of 2011 onwards.

The Stockmann Group estimates that its revenue and operating profit will develop positively in the final quarter of the year, which is a decisive period for the full-year earnings performance. Revenue for the full year is expected to continue growing. The Group's 2011 operating profit is expected to decline on 2010.

The Group’s total capital expenditure in 2011 is estimated to be approximately EUR 65 million (EUR 165.4 million in 2010) and to remain below the estimated depreciation for the full year.

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 2010 financial statements. The figures are unaudited.

Helsinki, Finland, 26 October 2011

STOCKMANN plc
Board of Directors

Income statement, Group, EUR millions	1-9/2011	1-9/2010	1-12/2010
REVENUE	**1 379,2**	**1 245,0**	**1 821,9**
Other operating income	0,2	0,0	0,0
Materials and consumables	-706,5	-621,3	-913,0
Wages, salaries and employee benefits expenses	-285,6	-259,0	-361,9
Depreciation and amortisation	-56,9	-44,7	-61,8
Other operating expenses	-319,7	-279,9	-396,4
OPERATING PROFIT	**10,8**	**40,2**	**88,8**
Finance income and expenses	-26,3	-10,4	-14,6
PROFIT/LOSS BEFORE TAX	**-15,5**	**29,8**	**74,2**
Tax on income from operations	1,1	11,4	4,2
PROFIT/LOSS FOR THE PERIOD	**-14,4**	**41,2**	**78,3**

Other comprehensive income, EUR mill.	1-09/2011	1-09/2010 *	1-12/2010
PROFIT/LOSS FOR THE PERIOD	**-14,4**	**41,2**	**78,3**
Other comprehensive income			
Exchange differences on translating foreign operations	-2,5	6,6	8,5
Cash flow hedges	2,9	-2,8	-0,9
Other comprehensive income for the year net of tax	**0,3**	**3,8**	**7,6**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-14,1**	**45,0**	**85,9**
Total comprehensive income attributable to:			
Equity holders of the parent	-14,1	45,0	85,9
Non-controlling interest	0,0	0,0	0,0

Key figures	30.9.2011	30.9.2010 *	31.12.2010
EPS undiluted (EUR), adjusted for share issue *	-0,20	0,58	1,10
EPS diluted (EUR), adjusted for share issue *	-0,20	0,57	1,09
Operating profit, per cent of turnover	0,8	3,2	4,9
Equity per share, EUR	11,42	11,87	12,45
Return on equity, per cent, moving 12 months	2,7	9,7	9,0
Return on capital employed, per cent, moving 12 months	3,6	6,7	5,8
Average number of employees, converted to full-time staff	12 059	11 196	11 503
Investments, EUR millions	50,4	107,1	165,4

**) Period's reference data has been adjusted by correction of mistake in financial periods 2008-2009. For more information: Stockmann financial statement 2010, note 30.*

Statement of financial position, EUR mill.	30.9.2011	30.9.2010 *	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	118,2	116,5	122,3
Goodwill	759,0	768,6	783,8
Property, plant, equipment	706,3	688,5	726,0
Non-current receivables	0,7	0,5	0,8
Available for sale investments	5,0	5,0	5,0
Deferred tax asset	10,8	5,7	8,7
NON-CURRENT ASSETS	**1 600,1**	**1 585,0**	**1 646,7**
CURRENT ASSETS			
Inventories	333,2	282,8	240,3
Interest bearing receivables	57,0	48,5	41,4
Non-interest bearing receivables	111,0	91,2	88,7
Cash and cash equivalents	23,1	22,9	36,7
CURRENT ASSETS	**524,4**	**445,4**	**407,1**
ASSETS	**2 124,5**	**2 030,5**	**2 053,8**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent	820,2	844,8	885,7
Non-controlling interest	-0,0	-0,0	-0,0
SHAREHOLDERS' EQUITY	**820,2**	**844,8**	**885,7**
LONG-TERM LIABILITIES			
Deferred tax liability	67,6	58,7	63,8
Long-term liabilities, interest-bearing	544,7	544,1	521,3
Provisions	0,7	1,4	0,2
NON-CURRENT LIABILITIES	**613,0**	**604,2**	**585,2**
CURRENT LIABILITIES			
Short-term interest-bearing liabilities	455,9	306,7	292,0
Short term interest-free liabilities	235,4	274,8	290,9
CURRENT LIABILITIES	**691,3**	**581,5**	**582,9**
TOTAL EQUITY AND LIABILITIES	**2 124,5**	**2 030,5**	**2 053,8**

Key figures	30.9.2011	30.9.2010 *	31.12.2010
Equity ratio, per cent	38,6	41,6	43,1
Net gearing, per cent	119,2	98,0	87,7
Cash flow from operations per share, EUR	-1,59	-0,23	1,29
Interest-bearing net debt, EUR mill.	920,4	779,4	735,1
Number of shares in the end of the period, thousands	71 839	71 146	71 146
Weighted average number of shares, thousands *	71 380	71 112	71 120
Weighted average number of shares, diluted, thousands *	71 699	71 802	71 897
Market capitalization, EUR mill.	948,1	2 091,4	2 047,1

**) Period's reference data has been adjusted by correction of mistake in financial periods 2008-2009. For more information: Stockmann financial statement 2010, note 30.*

STATEMENT OF CASH FLOWS, IFRS EUR millions	09/2011	09/2010	12/2010
Cash flows from operating activities			
Profit/loss for the period	**-14,4**	41,2	78,3
Adjustments for:			
Depreciation, amortisation & impairment loss	**56,9**	44,7	61,8
Gains (-) and Losses (+) of disposals of fixed assets and other non-current a	**-0,2**	0,0	0,1
Interest and other financial expenses	**26,5**	15,7	22,8
Interest income	**-0,2**	-5,3	-8,2
Tax on income from operations	**-1,1**	-11,4	-4,2
Transactions without cash flow			
Other adjustments	**1,4**	0,5	-1,1
Working capital changes:			
Increase (-) / decrease (+) in inventories	**-94,9**	-78,0	-34,3
Increase (-) /decrease(+) in trade and other receivables	**-8,6**	-14,2	-1,1
Increase (+) / decrease (-) in short-term interest-free liabilities	**-46,2**	17,0	15,7
Interest and other financial expenses paid	**-22,8**	-15,4	-22,5
Interest received	**0,1**	0,6	0,8
Income taxes paid	**-10,1**	-11,7	-16,4
Net cash from operating activities	**-113,7**	**-16,4**	**91,8**
Cash flows from investing activities			
Purchase of tangible and intagible assets	**-48,4**	-110,2	-166,7
Proceeds from sale of tangible and intangible assets	**5,2**	0,3	0,7
Purchase of investments			0,1
Dividends received	**0,1**	0,2	0,3
Net cash used in investing activities	**-43,1**	**-109,7**	**-165,7**
Cash flows from financing activities			
Proceeds from issue of share capital	**6,0**	1,5	1,5
Proceeds from short-term borrowings	**202,6**	277,1	236,8
Repayment of short-term borrowings	**-76,7**	-50,0	-50,3
Proceeds from long-term borrowings	**90,4**	396,0	518,8
Repayment of long-term borrowings	**-20,2**	-601,7	-721,8
Payment of finance lease liabilities	**-1,7**	-1,1	-1,5
Dividends paid	**-58,3**	-51,2	-51,2
Net cash used in financing activities	**142,1**	**-29,4**	**-67,7**
Net increase/decrease in cash and cash equivalents	**-14,7**	**-155,5**	**-141,6**
Cash and cash equivalents at beginning of the period	**36,7**	176,3	176,3
Cheque account with overdraft facility	**-0,3**	-0,5	-0,5
Cash and cash equivalents at beginning of the perioc	**36,4**	**175,8**	**175,8**
Net increase/decrease in cash and cash equivalents	**-14,7**	-155,5	-141,6
Effects of exchange rate fluctuations on cash held	**-0,4**	1,6	2,2
Cash and cash equivalents at the end of the period	**23,1**	22,9	36,7
Cheque account with overdraft facility	**-1,8**	-1,1	-0,3
Cash and cash equivalents at the end of the perioc	**21,3**	**21,8**	**36,4**

Statement of changes in equity, Group EUR millions 1 - 09 / 2010	Share capital*	Share premium fund	Hedging reserve**	Reserve for invested un restricted equity	Other reserves	Trans lationdiffe rences***	Retained earnings***	Total	Non-controlling interest	Total
BALANCE AT BEGINNING OF THE PERIOD	142,2	186,1	0,0	243,3	44,1	-5,0	238,1	848,8	0,0	848,8
Changes in equity for										
Dividend distribution							-51,1	-51,1		-51,1
New share issue	0,1							0,1		0,1
Options exercised							0,7	0,7		0,7
Share premium				1,3				1,3		1,3
Total comprehensive income for the year	**0,0**		**-2,8**			**6,6**	**41,0**	**44,9**	**0,0**	**44,9**
Other changes										
Deferred taxes' share of period movements										
Other changes										
SHAREHOLDERS' EQUITY TOTAL 09 / 2010	**142,3**	**186,1**	**-2,7**	**244,6**	**44,1**	**1,6**	**228,8**	**844,8**		**844,8**

Statement of changes in equity, Group EUR millions 1 - 09 / 2011	Share capital*	Share premium fund	Hedging reserve**	Reserve for invested un restricted equity	Other reserves	Trans lationdiffe rences***	Retained earnings***	Total	Non-controlling interest	Total
BALANCE AT BEGINNING OF THE PERIOD	142,3	186,1	-0,6	244,6	43,8	3,5	266,0	885,7	0,0	885,7
Changes in equity for										
Dividend distribution							-58,3	-58,3		-58,3
New share issue	1,4							1,4		1,4
Options exercised							0,9	0,9		0,9
Share premium				4,6				4,6		4,6
Total comprehensive income for the year	**0,0**		**2,9**			**-2,5**	**-14,4**	**-14,1**	**0,0**	**-14,1**
Other changes										
Deferred taxes' share of period movements										
Other changes					0,1		0,0	0,1		0,1
SHAREHOLDERS' EQUITY TOTAL 09 / 2011	**143,7**	**186,1**	**2,2**	**249,2**	**43,9**	**1,0**	**194,1**	**820,2**		**820,2**

**Including share issue.*
*** Adjusted with deferred tax liability.*
****) Period's reference data has been adjusted by correction of mistake in financial periods 2008-2009. For more information: Stockmann financial statement 2010, note 30.*

Contingent liabilites, Group EUR millions	**30.9.2011**	30.9.2010	31.12.2010
Mortages on land and buildings	**201,7**	201,7	201,7
Pledges	**0,1**	0,3	0,5
Liabilities of adjustments of VAT deductions made on investments to immovable property	**34,7**	38,8	41,4
Total	**236,5**	**240,8**	**243,5**

Lease agreements on business premises, EUR millions			
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**167,9**	164,7	174,2
After one year	**597,0**	613,0	651,9
Total	**764,9**	777,7	826,0

Lease payments, EUR millions			
Within one year	**7,3**	6,6	7,3
After one year	**8,0**	14,3	12,8
Total	**15,2**	20,9	20,2

Derivate contracts, EUR millions			
Nominal value			
Currency derivatives	**534,6**	519,8	517,8
Electricity derivates	**2,4**	2,5	3,2
Total	**537,0**	522,2	521,0

Exchange rates				
Country				
Russia	RUB	**43,3500**	41,6923	40,8200
Latvia	LVL	**0,7093**	0,7094	0,7094
Lithuania	LTL	**3,4528**	3,4528	3,4528
Norway	NOK	**7,8880**	7,9680	7,8000
Sweden	SEK	**9,2580**	9,1421	8,9655

Segment information, Group EUR millions

Operating segments

Revenue	1.1.-30.9.2011	1.1.-30.9.2010	Change %	1.1.-31.12.2010
Department Store Division	828,4	726,6	14	1 099,9
Lindex	446,7	413,1	8	578,7
Seppälä	103,8	105,3	-1	143,2
Unallocated	0,2	0,0		0,0
Group	**1 379,2**	**1 245,0**	**11**	**1 821,9**

Operating profit	1.1.-30.9.2011	1.1.-30.9.2010	Change %	1.1.-31.12.2010
Department Store Division	-4,4	1,9		32,9
Lindex	20,8	37,8		54,8
Seppälä	-0,8	6,2		9,0
Unallocated	-4,9	-5,7		-7,9
Group	**10,8**	**40,2**		**88,8**

Investments, gross	1.1.-30.9.2011	1.1.-30.9.2010	Change %	1.1.-31.12.2010
Department Store Division	29,0	84,8	-66	131,1
Lindex	16,4	17,9	-8	28,2
Seppälä	3,4	3,1	9	4,7
Unallocated	1,6	1,3	26	1,4
Group	**50,4**	**107,1**	**-53**	**165,4**

Assets	1.1.-30.9.2011	1.1.-30.9.2010 *	Change %	1.1.-31.12.2010
Department Store Division	952,1	892,6	7	904,4
Lindex	1 007,2	998,1	1	1 005,9
Seppälä	108,7	104,8	4	108,3
Unallocated	56,5	36,8	53	35,2
Group	**2 124,5**	**2 032,4**	**5**	**2 053,8**

Information from market areas

Revenue	1.1.-30.9.2011	1.1.-30.9.2010	Change %	1.1.-31.12.2010
Finland 1)	696,4	669,4	4	987,8
Sweden and Norway 2)	365,0	341,8	7	480,6
Baltic states and Central Europe 1) *	96,9	85,8	13	123,7
Russia and Ukraine 1)	220,9	148,1	49	229,8
Group	**1 379,2**	**1 245,0**	**11**	**1 821,9**
Finland, %	*50,5*	*53,8*		*54,2*
International operations, %	*49,5*	*46,2*		*45,8*

Operating profit	1.1.-30.9.2011	1.1.-30.9.2010	Change %	1.1.-31.12.2010
Finland 1)	7,1	17,4		44,9
Sweden and Norway 2)	28,0	38,5		57,1
Baltic states and Central Europe 1) *	-0,9	-1,3		1,0
Russia and Ukraine 1)	-23,3	-14,3		-14,2
Group	**10,8**	**40,2**		**88,8**
Finland, %	*65,5*	*43,2*		*50,6*
International operations, %	*34,5*	*56,8*		*49,4*

1) Department store division, Lindex, Seppälä

2) Lindex

**) Period's reference data has been adjusted by correction of mistake in financial periods 2008-2009. For more information: Stockmann financial statement 2010, note 30.*

*** Estonia, Latvia, Lithuania, Czech Republic. Slovakia, Poland*

Income statement, Group, quarterly, EUR millions	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009 *
Revenue	**461,3**	510,2	407,7	576,9	420,7	451,7	372,6	526,3
Other operating income	**0,2**	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Materials and consumables	**-234,6**	-257,5	-214,3	-291,7	-210,2	-220,2	-190,9	-262,7
Wages, salaries and employee benefits expenses	**-88,7**	-98,9	-98,0	-102,9	-82,7	-90,4	-85,8	-90,8
Depreciation and amortisation	**-18,9**	-18,9	-19,1	-17,1	-15,3	-15,2	-14,2	-15,1
Other operating expenses	**-104,1**	-109,3	-106,2	-116,6	-94,0	-95,0	-90,8	-96,8
Operating profit (loss)	**15,2**	25,6	-29,9	48,5	18,4	30,9	-9,2	60,8
Finance income and expenses	**-8,8**	-9,2	-8,3	-4,2	-6,6	-3,2	-0,6	-5,2
Profit (loss) before tax	**6,4**	16,4	-38,3	44,3	11,9	27,8	-9,8	55,6
Income taxes	**-0,7**	-1,7	3,5	-7,3	1,5	-2,1	12,0	-17,0
Profit for the period	**5,7**	14,7	-34,8	37,1	13,4	25,7	2,2	38,6

Earnings per share, EUR								
Basic	**0,08**	0,21	-0,49	0,52	0,19	0,36	0,03	0,58
Diluted	**0,08**	0,20	-0,48	0,52	0,18	0,36	0,03	0,58

Revenue, EUR millions								
Department Store Division	**266,0**	306,0	256,4	373,4	235,0	265,5	226,0	332,0
Lindex	**157,8**	165,6	123,3	165,6	149,4	148,1	115,7	155,3
Seppälä	**37,6**	38,3	27,9	37,9	36,8	37,7	30,8	38,4
Unallocated	**-0,2**	0,3	0,1	0,0	-0,5	0,5	0,1	0,5
Group	**461,3**	510,2	407,7	576,9	420,7	451,7	372,6	526,3

Operating profit (loss), EUR millions								
Department Store Division	**2,9**	7,6	-14,8	30,9	1,4	8,8	-8,2	33,5
Lindex	**11,4**	17,3	-7,9	17,1	16,2	19,5	2,1	24,2
Seppälä	**1,5**	2,6	-4,9	2,8	2,2	4,8	-0,9	4,9
Unallocated	**-0,6**	-1,9	-2,3	-2,3	-1,4	-2,2	-2,1	-1,7
Group	**15,2**	25,6	-29,9	48,5	18,4	30,9	-9,2	60,8

**) Period's reference data has been adjusted by correction of mistake in financial periods 2008-2009. For more information: Stockmann financial statement 2010, note 30.*

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Assets

EUR mill.	30.9.2011	30.9.2010	31.12.2010
Acquisition cost at the beginning of the period	**1 125,5**	964,8	964,8
Translation difference +/-	**-4,8**	16,1	19,3
Increases during the period	**50,4**	107,1	165,4
Decreases during the period	**-14,3**	-18,3	-23,9
Acquisition cost at the end of the period	**1 156,8**	1 069,7	1 125,5
Accumulated depreciation at the beginning of the period	**-277,2**	-237,0	-237,0
Translation difference +/-	**0,6**	-0,9	-1,5
Depreciation on reductions	**1,3**	18,0	23,1
Depreciation during the period	**-56,9**	-44,7	-61,8
Accumulated depreciation at the end of the period	**-332,2**	-264,6	-277,2
Carrying amount at the beginning of the period	**848,3**	727,8	727,8
Carrying amount at the end of the period	**824,6**	805,1	848,3

Goodwill

EUR mill.	30.9.2011	30.9.2010	31.12.2010
Acquisition cost at the beginning of the period	**783,8**	685,4	685,4
Translation difference +/-	**-24,8**	83,2	98,4
Acquisition cost at the end of the period	**759,0**	768,6	783,8
Carrying amount at the beginning of the period	**783,8**	685,4	685,4
Carrying amount at the end of the period	**759,0**	768,6	783,8
Total	**1 583,6**	1 573,7	1 632,1

Definitions to key figures:

Equity ratio, per cent	= 100 x	Equity + minority interest / Total assets less advance payments received
Net gearing, per cent	= 100 x	Interest-bearing net financial liabilities / Equity total
Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-
Market capitalization	=	Number of shares multiplied by the quotation for the
Earnings per share, adjusted for share issues	=	= Profit before taxes - minority interest - income taxes / Average number of shares, adjusted for share issues
Return on equity, per cent, moving 12 months	=	= 100 x Profit for the period (12 months) / Equity + minority interest (average over 12 months)
Return on capital employed, per cent, moving 12 months	=	= 100 x Profit before taxes + interest and other financial expenses (12 months) / Capital employed (average over 12 months)