STOCKMANN plc

Financial statements

31.12.2011

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Report by the Board of Directors

Consolidated revenue grew by 10.1 per cent to EUR 2 005.3 million (EUR 1 821.9 million). Operating profit was EUR 70.1 million (EUR 88.8 million). Profit for the year was EUR 30.8 million (EUR 78.3 million). Earnings per share came to EUR 0.43 (EUR 1.10). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

Revenue and earnings

General market development was positive at the start of 2011. Uncertainty in the market increased after the second quarter of the year, mainly due to the unresolved European debt crisis. This weakened consumer confidence in Finland towards the end of the year. Demand for affordable fashion remained weak throughout the whole year in Sweden. Positive market development continued in Russia and the Baltic countries.

The Stockmann Group's revenue for the financial year was up by 10.1 per cent to EUR 2 005.3 million (2010: EUR 1 821.9 million). Revenue in Finland was up by 3.9 per cent to EUR 1 026.2 million. Revenue in other countries amounted to EUR 979.1 million, an increase of 17.4 per cent. The Swedish krona and the Norwegian krone strengthened against the euro where as the Russian rouble weakened slightly during the year. If like-for-like exchange rates are used, the Group's revenue abroad has grown 15.1 per cent. Revenue abroad accounted for 48.8 per cent (45.8 per cent) of the Group's total revenue. Growth was strongest in Russia, in particular due to the St Petersburg department store which was opened in November 2010 in the Nevsky Centre shopping centre.

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 Espoo, Finland in September.

The Group's gross margin for the financial year increased by EUR 68.1 million, to EUR 976.9 million. The relative gross margin was 48.7 per cent (49.9 per cent) due to the decline in the gross margin of the affordable fashion businesses. Operating costs increased by EUR 71.1 million, mainly due to expansion and high inflation. Depreciation increased by EUR 15.9 million. The Group's operating profit for the financial year was EUR 70.1 million (EUR 88.8 million).

Net financial expenses were up by EUR 19.8 million, to EUR 34.4 million (EUR 14.6 million) for the financial year. The growth was due to increased interest-bearing liabilities and higher market interest rates than in 2010. In addition, net financial expenses were increased by non-recurring foreign exchange losses of EUR 1.1 million. A year earlier, net financial expenses were reduced by non-recurring foreign exchange gains of EUR 7.2 million.

Profit before taxes for the financial year amounted to EUR 35.7 million (EUR 74.2 million). The taxes burdening the result totalled EUR 4.9 million. In 2010, the positive effect of taxes on earnings was EUR 4.2 million which includes a tax credit due to an unrealised exchange rate loss. Profit for the year was EUR 30.8 million (EUR 78.3 million).

Earnings per share for the financial year came to EUR 0.43 (EUR 1.10), and, diluted for share options, EUR 0.43 (EUR 1.09). Equity per share was EUR 12.11 (EUR 12.45).

Revenue and earnings performance by operating segment

Department Store Division

The Department Store Division's revenue was up by 12.5 per cent. Revenue was EUR 1 236.9 million (EUR 1 099.9 million). Revenue in Finland was up by 4.2 per cent to EUR 861.4 million (EUR 826.4 million). The revenue growth was boosted by the good performance in the enlarged Helsinki city centre department store and success of the Crazy Days campaigns in April and October.

The euro-denominated revenue of international operations increased by 37.3 per cent. Revenue abroad accounted for 30.4 per cent (24.9 per cent) of the Division's total revenue. The Department Store Division's revenue in the Baltic countries increased by 11.5 per cent to EUR 91.3 million and in Russia by 48.3 per cent to EUR 284.3 million. Revenue in Russia was up significantly thanks to the new department stores in St Petersburg and Ekaterinburg as well as good performance in Moscow.

The relative gross margin for the financial year remained on a good level, at 41.2 per cent (41.7 per cent). The Department Store Division's operating profit increased to EUR 35.2 million (EUR 32.9 million) due to good performance in the fourth quarter of the year. Recently opened department stores raised operating costs and depreciation whereas in 2010 pre-opening costs negatively affected the operating profit.

Revenue of Bestseller franchising stores in Russia amounted to EUR 22.5 million (EUR 25.5. million) and made an operating result of EUR -5.7 million (EUR -1.3 million). The business has made loss for
Stockmann every year since it started in 2005. As announced earlier, Stockmann and Bestseller A/S have agreed to end the franchising co-operation in Russia by the end of 2012.

Lindex

Lindex's full-year revenue totalled EUR 624.1 million, which was 7.8 per cent more than a year earlier (EUR 578.7 million). Revenue in Finland was up by 5.9 per cent and in other countries by 8.1 per cent. In local currencies, revenue was up by 3.4 per cent.

The revenue growth was due to good performance in all markets except Sweden, especially in new markets in Central Europe and Russia. In Sweden, Lindex increased its market share during 2011 although the revenue in the local currency was down 2.1 per cent on the previous year.

The relative gross margin for the financial year was down due to increased purchasing prices and actions to boost sales, but was still good at 61.3 per cent (63.1 per cent). Slow sales in Sweden, expansion costs and increases in store rental costs decreased the operating profit to EUR 41.2 million (EUR 54.8 million).

Seppälä

Seppälä's revenue increased by 0.4 per cent year on year, to a total of EUR 143.8 million (EUR 143.2 million). Revenue in Finland was down 0.8 per cent and up 2.9 per cent abroad. Revenue abroad accounted for 34.9 per cent (34.1 per cent) of total revenue, with the strongest growth in the Baltic countries.

The relative gross margin for the financial year was 58.5 per cent (59.8 per cent). The decrease was due to higher purchasing prices and actions to boost sales. Seppälä's operating profit was down to EUR 1.4 million (EUR 9.0 million). Earnings performance improved in the Baltic countries but declined in Finland and in particular Russia where the gross margin was down and store rental costs were on the rise.

Financing and capital employed

Cash and cash equivalents totalled EUR 33.2 million at the close of the year, as against EUR 36.7 million a year earlier. Cash flow from operating activities came to EUR 66.2 million (EUR 91.8 million) in the financial year.

Net working capital amounted to EUR 137.9 million at the close of the year, as against EUR 79.5 million a year earlier. The stock level was higher than the previous year, primarily as a result of the newly opened stores and the strengthening of the Swedish krona. Non-interest-bearing liabilities decreased by EUR 28.9 million compared with the previous year and amounted to EUR 262.2 million (EUR 291.1 million).

At the end of the year, interest-bearing liabilities stood at EUR 862.5 million (EUR 813.3 million), of which EUR 533.9 million (EUR 521.3 million) was long-term debt. A significant proportion of the long-term debt is tied to the Swedish krona and its strengthened at the end of 2011 increased the amount of loan capital presented in euros. Most of the short-term debt has been acquired in the commercial paper market. In addition, the Group has EUR 332 million in undrawn, long-term committed credit facilities.

The equity ratio at the close of the year was 42.2 per cent (43.1 per cent), and net gearing was 95.3 per cent (87.7 per cent).

The return on capital employed over the past 12 months was 4.1 per cent (5.8 per cent). The Group's capital employed increased by EUR 33.8 million and stood at EUR 1 732.9 million (EUR 1 699.1 million) at the end of the financial year.

Dividends

In accordance with the resolution of the Annual General Meeting, a dividend of EUR 0.82 per share was paid on the 2010 financial year, which came to a total of EUR 58.3 million.

At the end of the financial year, on 31 December 2011, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 426.4 million, of which EUR 33.3 million was net profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid on the 2011 financial year. The proposed dividend is 116.2 per cent of earnings per share. Under this proposal, a total of EUR 35.9 million would be paid in dividends. EUR 390.5 million will remain in unrestricted equity.

Capital expenditure

Capital expenditure during the financial year totalled EUR 66.0 million (EUR 165.4 million) which was clearly lower than depreciation at EUR 77.7 million (61.8 million).

The Department Store Division's capital expenditure totalled EUR 35.4 million (EUR 131.1 million) in 2011. 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 2011. 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 7.2 million was spent on the project in 2011.

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. In total there were 16 department stores and 40 stores, including 13 Stockmann Beauty stores, 4 Zara stores, 18 Bestseller stores, 3 outlets and 2 other stores in the Department Store Division in 4 countries at the end of 2011 (2010: 15 department stores and 43 stores).

Lindex's capital expenditure totalled EUR 23.7 million (28.2 million) in 2011. Lindex opened 30 stores in 2011, one of which in Iceland which was a new market for the Stockmann Group. Lindex opened in 2011 its online store in the entire area of the EU and Norway. In total there were 447 Lindex stores in 14 countries at the end of 2011 (2010: 428 stores).

Seppälä's capital expenditure totalled EUR 4.3 million (4.7 million) in 2011. Seppälä opened 7 new stores during 2011. In November, Seppälä opened its online store in Finland. In total there were 229 Seppälä stores in 6 countries at the end of 2011 (2010: 225 stores).

The Group's other capital expenditure came to a total of EUR 2.6 million (EUR 1.4 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 2012 is estimated to be approximately EUR 50 million which is less than depreciation that is estimated to amount to approx. EUR 75 million.

Lindex will expand its store network by approximately 15 - 20 new stores in 2012, excluding franchising stores. 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 down its Bestseller franchising stores in Russia by the end of 2012. Some of the Bestseller stores will be converted into Lindex stores.

Stockmann signed in 2010 a contract for the enlargement of its Tampere department store, which operates in leased premises. The enlargement of around 4 000 square metres will increase the department store's retail space to approximately 15 000 square metres. Due to further delays in the city planning process, the target for completing the enlargement has been postponed to the year 2014. Stockmann's investment will be approximately EUR 6 million.

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.

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 year, Stockmann had 30 627 563 Series A shares and 41 213 266 Series B shares, or a total of 71 840 829 shares.

The Board of Directors of Stockmann approved 694 829 Series B share subscriptions with the 2008 Loyal Customer share options in 2011. The subscription right was used by 17 812 Stockmann loyal customers. As a consequence, Stockmann's share capital was increased by approximately EUR 1.4 million. The share capital totalled EUR 143 681 658 at the end of 2011.

The company's market capitalization at the end of 2011 was EUR 911.8 million (2010: EUR 2 047.1 million).

Stockmann's share prices during 2011 declined more than the OMX Helsinki Cap index and the OMX Helsinki index. At the close of 2011, the price of the Series A shares was EUR 13.65, compared with EUR 29.40 at the end of 2010, and the Series B shares were selling at

EUR 11.98, as against EUR 28.30 at the end of 2010. A total of 0.5 million (1.0 million) Series A shares and 15.4 million (14.6 million) Series B shares were traded during the year. This corresponds to 1.6 per cent of the average number of Series A shares and 37.4 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.

At the end of 2011, Stockmann had 56 116 shareholders, compared with 44 596 a year earlier. The increase in the number of shareholders was mainly due to exercise of Loyal Customer share options. Stockmann did not receive any flagging announcements due to changes in major shareholdings in 2011.

Personnel

The Group’s personnel totalled an average of 15 964 in 2011, which was 799 more than the previous year (15 165 in average in 2010 and 14 656 in 2009). The increase in personnel was attributable in particular to the opening of department stores in Ekaterinburg in March 2011 and in St Petersburg in November 2010.

Converted to full-time equivalents, Stockmann’s average number of employees grew by 669, to 12 172 employees (11 503 in 2010 and 11 133 in 2009). The Group’s wages and salaries amounted to EUR 307.7 million, compared with EUR 287.6 million a year earlier and 261.2 million in 2009. The employee benefits expenses totalled EUR 390.0 million (EUR 361.9 million) which accounted for 19.4 per cent (19.9 per cent) of revenue.

At the end of 2011, the Group had 15 960 employees (16 184) of which 7 237 were working in Finland. The number of employees working outside of Finland was 8 723 (8 754) which was 55 per cent (54 per cent) of the total. At the end of 2011, 9 672 employees were employed by the Department Store Division (9 806), 4 653 by Lindex (4 709), 1 506 by Seppälä (1 513) and 129 in Corporate Administration (156).

Changes in management

Seppälä's Managing Director, Terhi Okkonen transferred to the Stockmann Department Store Division and left the Group's Management Committee on 1 January 2012. Director of Seppälä Store Operations, Nina Laine-Haaja, EMBA (born 1961), was appointed the new Managing Director of Seppälä and became a member of the 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.

Risk factors

The Stockmann Group has own business operations in the Nordic countries, Russia, the Baltic countries, and eastern Central Europe. 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.

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) which is expected to take place in 2012 would bring greater clarity to the competition environment, for instance via reductions in import duties. The energy prices, mainly oil price, have a significant impact on the development of the Russian economy and consumer purchasing.

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 2012

The unstable state of the world economy and the unsolved European debt crisis create a challenging basis for assessing the future outlook. The retail market conditions are continuously difficult to forecast. The Russian market is likely to continue to perform better than the Nordic countries, provided that the price of oil does not significantly drop from its current level. The growth of the consumer markets in the Baltic countries is expected to continue. However, high uncertainty and low consumer confidence may continue to affect consumers' willingness to purchase in all markets.

The market for affordable fashion developed poorly in 2011, in particular in Sweden. The development is expected to improve in 2012 compared with 2011. The production capacity problems in the Far East procurement market have eased. Raw material and purchasing prices have also stabilised.

Stockmann's decision to discontinue the loss-making Bestseller franchising operation during 2012 will slightly affect the revenue in Russia but improve the operating profit in the future. Stockmann is targeting to achieve a positive operating result excluding Bestseller operations in Russia in 2012.

During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed capital expenditure projects and 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 remain clearly below depreciation and to total approximately EUR 50 million in 2012.

Stockmann expects the Group's revenue and operating profit to be above the figures for 2011, provided that market sentiment does not significantly worsen. The first-quarter operating result will be negative due to normal seasonal variation.

Corporate governance

Stockmann plc's Corporate Governance Statement is published on the company's website at www.stockmanngroup.fi and as part of the Annual Report.

Helsinki, Finland, 8 February 2012

STOCKMANN plc
Board of Directors

Shares and share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The par value of both series of shares is EUR 2.00 and the shares of both series entitle their holders to an equal dividend.

The company's shares are in the book-entry system and they are listed on the NASDAQ OMX Helsinki. The trading code for the Series A share is STCAS and for the Series B share STCBV. The number of registered shareholders at 31 December 2011 was 56 116 (44 596 shareholders at 31 December 2010). The increase in the number of shareholders was mainly due to exercise of Loyal Customer share options.

The company's market capitalization at 31 December 2011 was EUR 911.8 million (EUR 2 047.1 million at 31 December 2010).

Price trend of Stockmann's shares and options

		Closing prices Dec. 31, 2011 EUR	Closing prices Dec. 31, 2010 EUR	Change %
Series A		13,65	29,40	-53,6
Series B		11,98	28,30	-57,7
Option 2006C		--	3,16	

Turnover of Stockmann's shares and options

	Number of shares	% of total shares	EUR	Average price EUR
Series A	475 815	1.6	8 848 372	18.71
Series B	15 401 595	37.4	291 593 694	18.68
Option 2006C	28 199		24 611	0.87
Total	15 905 609		300 466 677	

Share capital of Stockmann plc, 31 December 2011

Series A	30 627 563	shares at EUR 2 each	61 255 126	EUR
Series B	41 213 266	shares at EUR 2 each	82 426 532	EUR
Total	71 840 829		143 681 658	EUR

Loyal Customer share options 2008

The Annual General Meeting held on 18 March 2008 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2008–31 December 2009, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full EUR 500 by which the purchases exceed EUR 6 000, the Loyal Customer will receive two additional share options. The purchases entitled to a total of 1 803 322 share options, of which 1 248 819 Loyal Customer share options were subscribed.

Each share option entitles its holder to subscribe for one of Stockmann plc Series B shares. In accordance with the resolution of the Annual General Meeting on 17 March 2009, the subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 February - 28 February 2009, or EUR 11.28. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription.

The subscription periods for the shares are in May in the years 2011 and 2012. During the share subscription period in 2011, a total of 694 829 Series B shares of Stockmann plc were subscribed. The subscription price of the remaining shares after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year is EUR 8.29.

Key employee share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be granted to key employees belonging to the senior and middle management of Stockmann and its wholly-owned subsidiary. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period with the share options 2006A and 2006B have expired. The subscription period for shares with share option 2006C is 1 March 2010–31 March 2012. 2006D share options have lapsed because the criteria linked to the Group's financial targets as determined by the Board of Directors prior to the distribution of these share options have not been met.

One share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price of the share with share options 2006A and 2006B were the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February - 28 February 2006, plus 10 per cent or EUR 36.69, and with share option 2006C, the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February - 29 February 2008, plus 10 per cent or EUR 31.02. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2006C is EUR 26.68 per share.

Key employee share options 2010

The Annual General Meeting held on 16 March 2010 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be issued without payment to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 shall be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A shall be 1 March 2013–31 March 2015, for share options 2010B 1 March 2014–31 March 2016 and for share options 2010C 1 March 2015–31 March 2017.

Each share option entitles its owner to subscribe for one Stockmann plc Series B share. The share subscription price relating to the share options 2010A shall be the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February - 28 February 2010 increased by 20 per cent or EUR 26.41, the share options 2010B the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February - 28 February 2011 increased by 10 per cent or EUR 25.72, and the share options 2010C the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February - 29 February 2012 increased by a minimum of 10 per cent. The subscription price of each share subscribed for based on the share options shall be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription prices after the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2010A is EUR 24.37 per share and of share option 2010B EUR 25.22 per share.

Own shares

At 31 December 2011, the company did not hold any of its own shares, and the Board of Directors had no valid authorisations to purchase shares of the company.

Key figures

		2011	2010	2009 **	2008 **	2007
Revenue	EUR mill.	**2 005,3**	1 821,9	1 698,5	1 878,7	1 398,2
Change on the previous year	%	**10,1**	7,3	-9,6	34,4	7,5
Operating profit	EUR mill.	**70,1**	88,8	85,1	121,9	125,2
Change on the previous year	%	**-21,0**	4,4	-30,2	-2,6	-3,4
Share of revenue	%	**3,5**	4,9	5,0	6,5	9,0
Profit before taxes	EUR mill.	**35,7**	74,2	61,1	71,7	119,4
Change on the previous year	%	**-51,9**	21,5	-14,9	-39,9	-7,4
Share of revenue	%	**1,8**	4,1	3,6	3,8	8,5
Share capital	EUR mill.	**143,7**	142,3	142,2	123,4	112,2
Series A	EUR mill.	**61,3**	61,3	61,3	53,2	49,1
Series B	EUR mill.	**82,4**	81,0	80,9	70,2	63,1
Dividends *	EUR mill.	**35,9**	58,3	51,2	38,0	75,2
Return on equity	%	**3,5**	9,0	7,0	6,1	15,2
Return on capital employed	%	**4,1**	5,8	5,8	8,3	12,1
Capital employed	EUR mill.	**1 715,7**	1 668,5	1 551,0	1 481,7	1 047,2
Capital turnover rate		**1,2**	1,1	1,1	1,3	1,3
Inventories rate		**3,9**	3,8	4,9	4,4	4,3
Equity ratio	%	**42,2**	43,1	44,1	39,0	32,6
Net gearing	%	**95,3**	87,7	72,2	107,6	146,9
Investment in fixed assets	EUR mill.	**66,0**	165,4	152,8	182,3	977,4
Share of net turnover	%	**3,3**	9,1	9,0	9,7	69,9
Interest-bearing debtors	EUR mill.	**45,6**	41,4	44,5	52,2	98,8
Interest-bearing liabilities	EUR mill.	**862,5**	813,3	789,2	775,7	905,6
Interest-bearing net debt	EUR mill.	**783,7**	735,1	568,3	688,2	773,6
Total assets	EUR mill.	**2 062,7**	2 053,8	1 925,7	1 764,1	1 823,7
Staff expenses	EUR mill.	**390,0**	361,9	327,4	350,5	224,1
Share of net turnover	%	**19,4**	19,9	19,3	18,7	16,0
Personnel, average	persons	**15 964**	15 165	14 656	15 669	11 161
Net turnover per person	EUR thousands	**125,6**	120,1	115,9	119,9	125,3
Operating profit per person	EUR thousands	**4,4**	5,9	5,8	7,8	11,2
Staff expenses per person	EUR thousands	**24,4**	23,9	22,3	22,4	20,1

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.50 per share will be paid.

**Financial years 2008-2009 restated due to an error.

Per-share data

		2011	2010	2009****	2008****	2007
Earnings per share***	EUR	**0,43**	1,10	0,82	0,65	1,56
Earnings per share, diluted***	EUR	**0,43**	1,09	0,81	0,65	1,55
Equity per share	EUR	**12,11**	12,45	11,94	11,22	10,66
Dividend per share *	EUR	**0,50**	0,82	0,72	0,62	1,35
Dividend per earnings */***	%	**116,2**	74,5	88,0	94,7	86,5
Cash flow per share***	EUR	**0,93**	1,29	2,23	2,85	2,12
Effective dividend yield *	%					
Series A		**3,7**	2,8	3,5	6,1	4,6
Series B		**4,2**	2,9	3,8	6,3	4,6
P/E ratio of shares***						
Series A**		**31,9**	26,7	25,0	15,4	18,9
Series B**		**28,0**	25,7	23,2	14,9	19,0
Share quotation at December 31	EUR					
Series A		**13,65**	29,40	20,50	10,10	29,50
Series B		**11,98**	28,30	19,00	9,77	29,66
Highest price during the period	EUR					
Series A		**29,85**	31,50	22,00	34,75	37,49
Series B		**28,48**	30,50	20,00	32,00	37,84
Lowest price during the period	EUR					
Series A		**13,44**	20,60	10,68	10,10	29,05
Series B		**11,60**	18,85	9,63	9,33	29,47
Average price during the period	EUR					
Series A		**18,71**	26,97	16,11	20,35	33,90
Series B		**18,68**	25,41	14,80	20,90	33,77
Share turnover	thousands					
Series A		**476**	1 022	512	859	695
Series B		**15 402**	14 582	17 290	29 327	20 682
Share turnover	%					
Series A		**1,6**	3,3	1,7	3,2	2,8
Series B		**37,4**	36,0	42,7	83,5	65,6
Market capitalization at December 31	EUR mill.	**911,8**	2 047,1	1 396,7	611,6	1 659,8
Number of shares at December 31	thousands	**71 841**	71 146	71 094	61 703	56 094
Series A		**30 628**	30 628	30 628	26 582	24 564
Series B		**41 213**	40 518	40 466	35 121	31 529
Weighted average number of shares***	thousands	**71 496**	71 120	65 676	59 710	56 649
Series A		**30 628**	30 628	28 373	27 103	25 046
Series B		**40 868**	40 493	37 303	32 606	31 603
Weighted average number of shares, diluted***	thousands	**71 789**	71 897	65 995	59 710	56 861
The own shares owned by the company	thousands				364	370
Series A						
Series B					364	370
Total number of shareholders at December 31		56 116	44 596	43 929	42 888	39 137

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.50 per share will be paid.

**) The dilution effect of options has been taken into account in the 2011 figures.

***)2007 and 2008 restated due to right issue in 2009.

****Financial years 2008-2009 restated due to an error.

Definition of key indicators

Profit before taxes	=	Operating profit + financial income - financial expenses
Return on equity, %	= 100 x	$\frac{\text{Profit for the period}}{\text{Equity + minority interest (average over the year)}}$
Return on capital employed, %	= 100 x	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed}}$
Capital employed	=	Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)
Capital turnover rate	=	$\frac{\text{Revenue}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$
Inventories rate		$\frac{365}{\text{Inventories turnover time}}$
Equity ratio, %	= 100 x	$\frac{\text{Equity + minority interest}}{\text{Total assets less advance payments received}}$
Net gearing, %	= 100 x	$\frac{\text{Interest-bearing liabilities less cash and cash equivalents}}{\text{Equity total}}$
Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities
Earnings per share	=	$\frac{\text{Profit before taxes - minority interest - income taxes}}{\text{Average number of shares, adjusted for share issues 1)}}$
Equity per share	=	$\frac{\text{Equity - fund for own shares}}{\text{Number of shares on the balance sheet date}}$
Dividend per share	=	Dividend per share
Dividend per earnings, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Earnings per share, adjusted for share issues 1)}}$
Cash flow per share	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares, adjusted for share issues 1)}}$
Effective dividend yield, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Share quotation at 31 December, adjusted for share issues}}$
P/E ratio of shares	=	$\frac{\text{Share quotation at 31 December, adjusted for share issues}}{\text{Earnings per share, adjusted for share issues 1)}}$
Share quotation at 31 December	=	Share quotation on the balance sheet date
Highest share price during the period	=	Highest price of the company's shares during the period
Lowest share price during the period	=	Lowest price of the company's shares during the period
Average share price over the period	=	Share turnover in euro terms divided by the number of shares traded during the period
Share turnover	=	Quantitative share turnover, adjusted for share issues
Market capitalization at 31 December	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date

1) Without the own shares owned by the company

Consolidated statement of comprehensive income

EUR mill.	1/1–12/31/2011	1/1–12/31/2010
REVENUE	**2 005,3**	1 821,9
Other operating income	**0,2**	0,0
Materials and consumables	**-1 028,4**	-913,0
Wages, salaries and employee benefits expenses	**-390,0**	-361,9
Deprecation, amortisation and impairment losses	**-77,7**	-61,8
Other operating expenses	**-439,4**	-396,4
Total expenses	**-1 935,5**	-1 733,1
OPERATING PROFIT	**70,1**	88,8
Finance income	**0,5**	8,2
Finance expenses	**-34,9**	-22,8
Total finance income and expenses	**-34,4**	-14,6
PROFIT BEFORE TAX	**35,7**	74,2
Income taxes	**-4,9**	4,2
PROFIT FOR THE PERIOD	**30,8**	78,3
Profit for the period attributable to:		
Equity holders of the parent company	**30,8**	78,3
Non-controlling interest	**0,0**	0,0
EPS, undiluted, adjusted for share issue, EUR	**0,43**	1,10
EPS, diluted, adjusted for share issue, EUR	**0,43**	1,09

EUR mill.	1/1–12/31/2011	1/1–12/31/2010
PROFIT FOR THE PERIOD	**30,8**	78,3
Other comprehensive income		
Exchange differences on translating foreign operations	**2,1**	8,5
Available-for-sale financial assets		
Cash flow hedges	**2,4**	-0,7
Revaluation		
Actuarian gains (losses) on defined benefit pension plans		
Share of associates’ other comprehensive income		
Other comprehensive income for the period, net of tax	**4,4**	7,8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**35,2**	86,1
Total comprehensive income attributable to:		
Equity holders of the parent company	**35,2**	86,1
Non-controlling interest	**0,0**	0,0

Consolidated statement of financial position

EUR mill.	/31/2011	12/31/2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	**102,3**	101,6
Intangible rights	**19,9**	19,7
Other intangible assets	**0,4**	1,0
Advance payments and construction in progress	**10,5**	
Goodwill	**788,5**	783,8
Intangible assets, total	**921,5**	906,1
Property, plant and equipment		
Land and water	**42,2**	43,8
Buildings and constructions	**470,3**	485,4
Machinery and equipment	**125,0**	123,8
Modification and renovation expenses for leased premises	**45,7**	49,8
Advance payments and construction in progress	**8,1**	23,2
Property, plant and equipment, total	**691,2**	726,0
Non-current receivables	**0,5**	0,8
Available-for-sale investments	**5,0**	5,0
Deferred tax asset	**11,6**	8,7
NON-CURRENT ASSETS, TOTAL	**1 629,9**	1 646,7
CURRENT ASSETS		
Inventories	**264,7**	240,3
Current receivables		
Interest-bearing receivables	**45,6**	41,4
Income tax receivables	**13,6**	15,5
Non-interest-bearing receivables	**75,6**	73,2
Current receivables, total	**134,8**	130,1
Cash and cash equivalents	**33,2**	36,7
CURRENT ASSETS, TOTAL	**432,8**	407,1
ASSETS, TOTAL	**2 062,7**	2 053,8

EUR mill.	/31/2011	12/31/2010
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**143,7**	142,3
Share premium fund	**186,1**	186,1
Other funds	**294,9**	287,8
Translation reserve	**5,6**	3,5
Retained earnings	**239,7**	266,0
Equity attributable to equity holders of the parent company	**869,9**	885,7
Non-controlling interest	**0,0**	-0,0
EQUITY, TOTAL	**869,9**	885,7
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**68,1**	63,8
Non-current interest-bearing liabilities	**533,9**	521,3
Provisions for pensions	**0,4**	0,2
Non-current non-interest-bearing liabilities and provisions	**0,1**	0,0
NON-CURRENT LIABILITIES, TOTAL	**602,5**	585,2
CURRENT LIABILITIES		
Current interest-bearing liabilities	**328,6**	292,0
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**259,5**	289,2
Income tax liabilities	**2,2**	1,7
Current provisions		
Current non-interest-bearing liabilities, total	**261,7**	290,9
CURRENT LIABILITIES, TOTAL	**590,3**	582,9
LIABILITIES, TOTAL	**1 192,8**	1 168,1
EQUITY AND LIABILITIES, TOTAL	**2 062,7**	2 053,8

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 1/1/2010	142,2	186,1	0,0	243,3	44,1	-5,0	238,1	848,8	-0,0	848,8
Dividend distribution							-51,1	-51,1		-51,1
Share issue	0,1							0,1		0,1
Options exercised							0,3	0,3		0,3
Share premium				1,3				1,3		1,3
Total comprehensive income for the period**			-0,7			8,5	78,3	86,1		86,1
Other changes					-0,2		0,2	-0,0		-0,0
SHAREHOLDERS' EQUITY 12/31/2010	142,3	186,1	-0,6	244,6	43,8	3,5	266,0	885,7	-0,0	885,7
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 1/1/2011	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 12/31/2011	143,7	186,1	1,7	249,2	43,9	5,6	239,7	869,9	-0,0	869,9

* Including share issue

** Adjusted with deferred tax liability

Consolidated cashflow statement

EUR mill.	1/1–12/31/2011	1/1–12/31/2010
Cash flows from operating activities		
Profit for the period	**30,8**	78,3
Adjustments for:		
Depreciation, amortisation & impairment losses	**77,7**	61,8
Gains (-) and losses (+) of disposals of fixed assets and other non-curr	**0,3**	0,1
Interest and other financial expenses	**34,9**	22,8
Interest income	**-0,5**	-8,2
Income taxes	**4,9**	-4,2
Other adjustments	**1,5**	-1,1
Working capital changes:		
Increase (-) /decrease (+) in inventories	**-23,8**	-34,3
Increase (-) / decrease (+) in trade and other current receivables	**1,6**	-1,1
Increase (+) / decrease (-) in current liabilities	**-27,1**	15,7
Interest and other financial expenses paid	**-32,5**	-22,5
Interest received from operating activities	**0,3**	0,8
Income taxes paid from operating activities	**-2,0**	-16,4
Net cash from operating activities	**66,2**	**91,8**
Cash flows from investing activities		
Purchase of tangible and intagible assets	**-63,9**	-166,7
Proceeds from sale of tangible and intangible assets	**5,2**	0,7
Purchase of investments	**0,0**	0,1
Dividends received from investing activities	**0,1**	0,3
Net cash used in investing activities	**-58,6**	**-165,7**
Cash flows from financing activities		
Proceeds from share issue	**6,0**	1,5
Proceeds from current liabilities	**263,7**	236,8
Repayment of current liabilities	**-284,7**	-50,3
Proceeds from non-current liabilities	**90,4**	518,8
Repayment of non-current liabilities	**-25,5**	-721,8
Payment of finance lease liabilities	**-2,5**	-1,5
Dividends paid	**-58,3**	-51,2
Net cash used in financing activities	**-10,9**	**-67,7**
Net increase/decrease in cash and cash equivalents	**-3,4**	-141,6
Cash and cash equivalents at the beginning of the period	**36,7**	176,4
Cheque account with overdraft facility	**-0,3**	-0,5
Cash and cash equivalents at the beginning of the period	**36,4**	175,9
Net increase/decrease in cash and cash equivalents	**-3,4**	-141,6
Effects of exchange rate fluctuations on cash held	**0,1**	2,1
Cash and cash equivalents at the end of the period	**33,2**	36,7
Cheque account with overdraft facility	**-0,1**	-0,3
Cash and cash equivalents at the end of the period	**33,2**	36,4

1. Accounting policies used in the consolidated financial statements

Basic information on the company

The Group's parent company is the Finnish public listed company Stockmann plc, which is domiciled in Helsinki; its registered address is Aleksanterinkatu 52, 00100 Helsinki. The Group's primary field of business is retailing. The parent company's shares are listed on the Helsinki exchange (NASDAQ OMX Helsinki Ltd). A copy of the consolidated financial statements is available at the internet address www.stockmanngroup.fi or from the parent company.

General

Stockmann's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), complying with the IAS and IFRS standards and IFRIC and SIC interpretations in force on 31 December 2011. In Finnish accounting legislation and the regulations issued pursuant to it, International Financial Reporting Standards (IFRS) refer to the standards and their interpretations that have been approved for application in the EU in accordance with the procedure stipulated in EU regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation that supplements IFRS regulations. The information in the financial statements is based on original acquisition costs, unless stated otherwise in the accounting policies. The financial statements are presented in millions of euros.

As from 1 January 2011, the Group has applied the following new and revised standards and interpretations:

- Amendment to *IAS 32 Financial Instruments: Presentation – Classification of Rights Issues*, effective in financial periods beginning on or after 1 February 2010. The amendment concerns the accounting treatment (classification) of shares, share options or subscription rights issued in a currency other than the issuer's functional currency. The amendment to the standard has no effect on the consolidated financial statements.

- *Interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments,* effective in financial periods beginning on or after 1 July 2010. The interpretation clarifies the accounting treatment that applies if a company renegotiates the terms of its financial liabilities and, as a result, issues equity instruments to a creditor in order to extinguish financial liabilities either in full or in part. The interpretation has no effect on the consolidated financial statements.

- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*. The amendments correct an unintended consequence of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. After the amendment, companies will be able to enter as balance sheet assets some of the payments based on minimum funding requirements which were made voluntarily in advance. The amendments are effective in financial periods beginning on or after 1 January 2011. The amendments have no effect on the consolidated financial statements.

- Revised *IAS 24 Related Party Disclosures*, effective in financial periods beginning on or after 1 January 2011. The definition of related party is further specified, and changes are made to certain disclosure requirements concerning government-related entities. The amendments have no effect on the consolidated financial statements.

- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*, effective in financial periods beginning on or after 1 July 2010. The amendment to the standard has no effect on the consolidated financial statements.

- *Improvements to IFRSs,* effective mainly in financial periods beginning on or after 1 July 2010. Using the Annual Improvements process, minor and non-urgent amendments to the standards are compiled into a single package and applied once a year. The amendments concern seven standards but have no effect on the consolidated financial statements.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

In preparing the consolidated financial statements in accordance with IFRS, certain estimates and assumptions concerning the future need to be made. The estimates and assumptions presented in the financial statements are based on management's best knowledge at the balance sheet date. These influence the amounts of assets and liabilities in the balance sheet, the contingent items presented and the income and expenses for the financial period. In addition, judgment has to be used in applying the accounting policies used in the financial statements and estimates have to be made concerning, for example, depreciation periods, impairment testing, deferred tax assets and provisions. The actual amounts can differ from the estimates and assumptions. The key sources of uncertainty that pose the most significant risks of substantive changes in the carrying amounts of the Group's assets and liabilities during the next financial period are related to goodwill, as detailed in Note 11.

Material prior period errors, which relates to earlier financial years, are corrected retrospectively according to IAS 8 standard – Accounting Policies, Changes in Accounting Estimates and Errors. Materiality depends on the size and nature of the omission or misstatement of the item judged in the prevailing circumstances. The size or nature of the item, or a combination of both, could be the determining factor. The consolidated financial statements for 2011 do not include any retrospective adjustments of prior period errors.

Principles of consolidation

The consolidated financial statements include the parent company, Stockmann plc, as well as all the subsidiaries in which the parent company holds, either directly or indirectly, over 50 per cent of the number of votes conferred by the shares or over which the parent company otherwise has control.

Inter-company share ownership within the Group has been eliminated using the acquisition cost method, according to which all the identifiable assets, liabilities and contingent liabilities of an acquired company are measured at fair values at the date of acquisition. The difference between the acquisition cost of shares in a subsidiary and their fair value is recorded as goodwill. Intra-Group transactions, receivables, liabilities, unrealized margins and internal distribution of profits are eliminated in the consolidated financial statements. The profit for the financial period is distributed to the parent company's owners and to non-controlling interests. Non-controlling interests are presented as an individual item in the Group's equity.

Joint ventures over which Stockmann has joint control with another party on the basis of an agreement or Articles of Association are accounted for using the proportionate consolidation method. Participations in mutual property management companies owned by Group companies have been treated as jointly controlled assets. The consolidated financial statements include Stockmann's proportionate share of a joint venture's assets, liabilities, income and expenses from the date when joint control has been obtained until it ends. Joint ventures acquired during the year have been consolidated as from the date of acquisition. The Stockmann Group does not have associates.

Segment reporting

The Stockmann Group has three reportable segments, which are the Group's divisions: the Department Store Division, which engages in the department store trade, speciality retailing and distance retailing, and fashion retailers Seppälä and Lindex. The segment Unallocated includes functions serving the entire Group. The segment information presented by the Group is based on the management's internal reporting, in which the measurement principles for assets and liabilities accord with IFRS regulations. The highest level of operational decision-making is vested in the Group's CEO, who regularly examines the operational performance of the divisions.

Items denominated in foreign currency

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group's parent company.

Transactions in foreign currency are recognized in the amounts of each company's functional currency, applying the exchange rate of the date of the transaction. Receivables and liabilities at the balance sheet date are translated at the exchange rate of the balance sheet date. Exchange differences arising on translation are recognized in the income statement.

The income statements and statements of comprehensive income of foreign subsidiaries are translated into euro at the average rate during the financial period, and the balance sheets at the rate at the balance sheet date. The exchange difference arising from the translation of income statement items at the average rate and of balance sheet items at the rate at the balance sheet date is recognized as a separate item in the statement of comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accrued after their acquisition, and fair value changes in financial instruments designated as net investment hedges are recognized in the statement of comprehensive income.

The financial statements of the Russian and Ukrainian subsidiaries have been translated into euro under IAS 21. The euro has been considered the functional currency of the Russian and Ukrainian subsidiaries because purchases of goods are made primarily by the parent company outside Russia and Ukraine and a margin target defined in euro is observed in setting selling prices. Furthermore, a large part of the expenses of these subsidiaries is tied to the euro or the US dollar. In accordance with IAS 21, monetary (i.e. cash) items of the subsidiaries are translated into euro in the consolidated financial statements using the exchange rate at the balance sheet date, and non-monetary items, such as non-current assets, inventories and equity, using the rate at the date of the transaction.

The goodwill arising from the acquisition of foreign operations and the fair value adjustments made in the carrying amounts of the assets and liabilities of such operations in connection with their acquisition are treated as assets and liabilities of foreign operations and converted into euro using the exchange rates at the balance sheet date.

Cumulative translation differences that accrued prior to the date of transition to IFRS are recognized in retained earnings in accordance with the exemption permitted under IFRS 1. The translation differences in the equity of subsidiaries and joint ventures that arise from exchange rate changes have been recognized in the statement of comprehensive income and presented as a separate item in translation differences under the Group’s equity. When a foreign subsidiary or joint venture is divested, the cumulative translation difference is recognized in the income statement as part of the gain or loss on disposal.

Income recognition principles and revenue

Revenue from the sale of goods is recognized when the significant risks and benefits of ownership have been transferred to the buyer. Most of the Group’s income comes from the retail sale of goods that are paid for with cash or credit card. Income is recognized at the time of sale.

For distance sales, provision is made for returns by creating a return accrual, which is based on experience and serves to adjust the sales figures, in the financial statements. Interest on one-time consumer credits in distance retailing is included in the selling price and recognized in revenue. A provision is made for unused Lindex Club points and for Stockmann Master Card points in Russia accumulated by customers; the amount of the provision, which is recognized by reducing revenue, is based on experience and sales statistics. The provision is recognized for the same financial period as the sale to which it relates.

Income from services is recognized when the service has been rendered.

In calculating revenue, items such as indirect taxes and discounts granted have been deducted from sales.

Other operating income

Among items included in other operating income are gains on the sale of property, plant and equipment as well as income received on the sale of a business.

Other operating expenses

Other operating expenses include losses on the sale of property, plant and equipment as well as other expenses related to the actual sale of goods and services. Interest income received on interest-bearing trade receivables as well as income from Loyal Customer co-operation is recognized as a reduction in other operating expenses.

Employee benefits

Pension obligations

Pension plans are classified as defined benefit and defined contribution plans. In Finland and most of the Stockmann Group's other countries of operation, statutory and voluntary pension plans are defined contribution plans.

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

Defined benefit pension plans are based on actuarial calculations that are in turn based on assumptions about the discount rate, expected returns on plan assets, future pay increases, inflation and the personnel age structure. Estimates made on the basis of these assumptions affect the total amount of the pension obligation and the plan assets. That part of the actuarial gains and losses which exceeds the greater of either ten per cent of the existing pension obligation or ten per cent of the fair value of the plan assets is recognized in the income statement during future financial periods over the average remaining working lives of employees covered by the plan. The plan assets measured at their fair value at the balance sheet date, the share of the unrecognized actuarial gains and losses, and past service costs are deducted from the present value of the pension obligation to be recognized in the balance sheet.

Equity compensation benefits and share-based payments

Share options granted for the Group's key employees and Loyal Customers are measured at fair value at the time they are granted and recognized as an expense in the income statement in even instalments during the vesting period. The expense corresponding to the fair value of share options granted is recognized in employee benefit expenses in respect of key employee options and in other operating expenses in respect of Loyal Customer options, and a corresponding amount is recognized in equity. The fair value of options granted is determined using the Black-Scholes model, which takes into account the market conditions affecting the pricing of share options at the grant date. In addition, the number of share options to be exercised and the estimated vesting period are estimated finally at the grant date. The amount to be recorded as an expense is adjusted subsequently in line with the number of share options finally granted.

When share options are exercised, cash payments received from share subscriptions with options granted are recognized, adjusted for any transaction costs, in the share capital and the reserve for invested unrestricted equity, in accordance with the terms of each scheme.

Group management has a share bonus system, the expenses of which are recognized in the income statement as employee benefit expenses for the financial period in which the share bonus has vested on the basis of the profit earned in the period.

Income taxes

Tax expenses in the income statement comprise taxes based on taxable income for the period and deferred taxes. Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular Group company is based. The amount of tax is adjusted for any taxes concerning previous periods. Income taxes are presented in the income statement unless the transaction relating to the taxes is presented directly in equity or in the statement of comprehensive income, in which case the tax effect is also stated in equity or in the statement of comprehensive income.

Deferred taxes are calculated on all temporary differences between the carrying amount and the tax base. The largest temporary differences arise from the differences between the carrying amounts and tax bases of property, plant and equipment, unused tax losses, fair value measurement of assets and liabilities in business combinations, the fair value measurement of derivative contracts and an unrealised exchange rate difference on a long-term loan. Deferred taxes are not recognized on goodwill impairment, which is non-deductible in taxation.

Deferred taxes have been calculated by applying the tax rates that are laid down by law or have been accepted in practice by the balance sheet date.

Deferred taxes are recognized in full. Deferred tax assets are recognized to the extent that it is probable that taxable profit will arise in the future against which the deferred tax asset can be utilized.

Provisions

A provision is recognized when the Group has a legal or factual obligation as a result of a past event and it is probable that a payment obligation will be realized and the amount of the obligation can be estimated reliably.

Goodwill and other intangible assets

The goodwill arising from the acquisition of a company is comprised of the difference between the acquisition cost and the identifiable net assets acquired, which are measured at fair value. Neither goodwill nor the Lindex brand are amortized. The brand is deemed to have an indefinite useful life due to high brand awareness. Other intangible assets include customer relationships, which are acquired at fair value at the time of business combination, as well as intangible rights and software that are measured at original acquisition cost. Other intangible assets are amortized on a straight-line basis over their estimated useful lives.

The amortization periods of intangible assets are:

customer relationships	5 years
software	5–7 years
other intangible rights	5 years

Subsequent expenditure related to intangible assets is capitalized only if the economic benefits of the asset increase as a result of such expenditure. Otherwise, the costs are recorded as expenses in the income statement when they are incurred.

Property, plant and equipment

Land areas, buildings and machinery and equipment comprise the bulk of property, plant and equipment. Revaluations included in land areas and buildings were part of the carrying amount under the previous accounting standards and have been deemed to constitute part of the acquisition cost under IFRS. Property, plant and equipment also includes modification and renovation costs of leased premises that are due, for example, to the finishing work on the interiors of commercial premises located in leased buildings.

Property, plant and equipment are measured in the balance sheet at their original acquisition cost less accumulated depreciation and any impairment losses. The acquisition cost of self-constructed assets includes materials and direct labour. If the item of property, plant and equipment is comprised of several components having useful lives of differing length, the components are treated as separate items. Subsequent costs concerning the item are recognized as a part of the acquisition cost when they increase the future useful life of the asset. Other costs, such as normal maintenance and repair measures, are recognized in the income statement as expenses when they are incurred.

Straight-line depreciation is recognized on property, plant and equipment in accordance with each item's useful life. Land areas are not depreciated.

The depreciation periods for property, plant and equipment are:

- buildings and structures 20–50 years
- modification and renovation costs of leased premises 5–20 years
- machinery and equipment 4–10 years
- EDP equipment and lightweight store fixtures and equipment 3–5 years

Borrowing costs

If preparing an asset item for its intended use necessarily requires a significantly long period of time after its acquisition, construction or manufacture, any borrowing costs directly arising from the asset item are included in the acquisition cost of the asset item. Other borrowing costs are recognized as expenses.

Impairment of assets

The carrying amounts of asset items are assessed regularly to determine whether there is any indication that an asset may be impaired. If there are indications of impairment, the recoverable amount of the asset is determined. Goodwill and the brand are allocated to cash-generating units and they are tested annually to determine any impairment. An impairment loss is recognized when the balance sheet value of the asset item or cash-generating unit is greater than its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss on a cash-generating unit is allocated first as a reduction to the goodwill of the cash-generating unit and thereafter it is allocated to reduce the unit's other asset items on an equal percentage basis.

The recoverable amount of intangible and tangible assets is defined as the higher of its fair value less costs to sell and its value in use. In determining value in use, the estimated future cash flows are discounted to their present value based on discount rates that reflect the average capital costs before taxes of the cash-generating unit in question.

An impairment loss on property, plant and equipment as well as other intangible assets, except for goodwill, is reversed if a change has occurred in the estimates used in determining the recoverable amount of the asset item. An impairment loss is not, however, reversed beyond what the carrying amount of the asset would have been if no impairment loss had been recognized in previous years.

Leases

In accordance with IAS 17 Leases, lease agreements in which the Group assumes substantially all the risks and rewards incident to ownership of the asset are classified as finance lease agreements. Assets acquired under finance lease agreements, less accumulated depreciation, are recognized in property, plant and equipment or in intangible assets, and the obligations under the agreement are recognized in interest-bearing liabilities. Lease payments under a finance lease agreement are split between interest expenses and a reduction in lease liabilities.

Finance lease agreements in accordance with IAS 17 are recognized in the balance sheet and they are measured at an amount which, at the inception of the lease, is equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Depreciation according to plan is recognized on assets obtained through a finance lease, and any impairment losses are recognized. Items of property, plant and equipment are depreciated according to the Group's depreciation periods, or, if shorter, over the lease term.

Lease agreements in which the economic risks and rewards incident to ownership remain with the lessor are treated as other leases. Lease payments received and paid on the basis of other lease agreements are recognized as income or expenses in the income statement.

Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. In normal operations the net realizable value is the estimated obtainable selling price less the estimated costs incurred in bringing the product to a finished condition and the estimated necessary selling costs.

The value of inventories is determined using the weighted average cost method or the retail method permitted under IAS 2, and it includes all the direct costs of the purchase. All the divisions use the weighted average cost method for measuring inventories. The Department Store Division in Finland also uses the retail method referred to in IAS 2.

Assets held for sale and discontinued operations

Asset items under the heading 'Non-current assets held for sale and discontinued operations' are measured, in accordance with IFRS 5, at the lower of their carrying amount and fair value less estimated selling costs. When an asset item is classified within non-current assets as held for sale or a disposal group, it is not depreciated. A non-current asset held for sale or asset items included in a disposal group are presented in the balance sheet separately from other asset items. Likewise, liabilities connected with a disposal group are presented as a separate item in the balance sheet.

At the balance sheet date, the Group did not have discontinued operations or non-current assets held for sale in the meaning of IFRS 5.

Financial instruments

Financial instruments are classified under IAS 39 into the following groups: loans and other receivables; financial assets and liabilities at fair value through profit or loss; available-for-sale financial assets and other liabilities.

Loans and other receivables are non-derivative financial assets whose related payments are fixed or determinable and which are not quoted in active markets. They are measured at amortized cost. They are included in either current or non-current assets in the balance sheet, as appropriate. Loans or other receivables are deemed non-current assets if they mature after more than 12 months. Trade receivables are recognized at their fair value in the balance sheet on initial recognition. The amount of doubtful accounts is estimated on the basis of experience. Doubtful accounts are recognized in the income statement as an impairment loss by recognizing the difference between the original value of each group of receivables and the discounted recoverable amount.

All investments except for shares classified as available-for-sale financial assets are included in the group ‘financial assets at fair value through profit or loss’. The items in the group are measured at fair value using market prices on the balance sheet date, present value methods for cash flows or other appropriate valuation models. Changes in fair value are recognized through profit or loss.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in another group. They are included in non-current assets, except those which are to be held for less than 12 months from the balance sheet date, in which case they are included in current assets. This category includes the Group’s investments in shares, and they are measured at fair value. The fair value of publicly quoted shares is the market price at the balance sheet date. Changes in fair value are recognized in the fair value reserve under equity in the statement of comprehensive income. Changes in fair value are transferred from equity to the income statement when the investment is sold or when its value has declined such that an impairment loss must be recognized on the investment. Unlisted shares are stated at cost if their fair values cannot be measured reliably. If the fair value of an investment in shares is substantially or permanently lower than the acquisition cost, an impairment loss is recognized.

Purchases and sales of financial assets are recognized at the trade date, which is the day when the company made a commitment to purchase or sell the asset item. An item belonging to financial assets is derecognized from the balance sheet when the company relinquishes the contractual rights to the item, the rights expire or the company loses control over the item.

Interest-bearing liabilities are classified as other liabilities and are measured at fair value based on the consideration originally recognized in the accounts. Transaction costs are included in the original carrying amount of interest-bearing liabilities. Subsequently, interest-bearing liabilities are measured at amortized cost using the effective interest method. Non-current liabilities fall due in 12 or more months and current liabilities have a maturity of less than 12 months.

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss, and changes in their fair value are recognized through profit or loss, except for derivatives to which hedge accounting for cash flow hedges is applied and which meet the criteria for hedge accounting defined in IAS 39.

The fair value of interest rate swaps is defined on the basis of the present value of future cash flows, applying market prices at the balance sheet date. Changes in the fair value of interest rate swaps are recognized in financial income and expenses in the income statement. At the balance sheet date, the Group did not have any outstanding interest rate swaps.

The fair value of currency forwards and currency swaps is calculated by measuring them at their market prices at the balance sheet date. The fair value of currency options is calculated using the Black-Scholes model. The results of the measurement of currency derivatives are recognized through profit or loss, except for currency derivatives to which hedge accounting for cash flow hedges as defined in IAS 39 is applied.

Hedge accounting is applied to certain currency derivatives that are used in hedging forecast foreign-currency denominated sales and purchases and which meet the hedge accounting requirements of IAS 39. The hedged cash flow must be highly probable and ultimately affect profit or loss. Changes in the fair value of derivative contracts taken out to hedge cash flows are recognized in the statement of comprehensive income and presented in the fair value reserve under equity, and any ineffective component is recognized through profit or loss. Cumulative changes in fair value in equity are recognized in items adjusting sales or purchases through profit or loss in the same period as that in which the forecast transactions covered by hedge accounting are recognized in the income statement. If a hedged cash flow is no longer expected to be realized, the related fair value change that has been recognized for the hedging instrument directly to equity is transferred to the income statement.

Hedge accounting is applied to certain foreign currency-denominated loans that hedge foreign currency-denominated net investments in foreign operations. Changes in the fair value of the hedging instrument are recognized in the statement of comprehensive income and presented in the translation difference in shareholders' equity. Gains and losses from the hedging of net investments that are recognized in translation differences are transferred to the income statement when the net investment is disposed of in full or in part.

The hedging relationship between the hedged item and the hedging instrument is documented at the inception of the hedge. The documentation includes identification of the hedging instrument and the hedged item, the nature of the risk being hedged, the objectives of risk management and calculations of hedge effectiveness. The hedging relationship must be effective, and the effectiveness is reviewed both at the inception of the hedge and subsequently. Effectiveness testing is carried out at each balance sheet date.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current bank deposits as well as other current, highly liquid investments with a maturity of no more than three months at the date of acquisition. The fair values of cash and cash equivalents are assumed to approximate to their carrying amounts because of their short maturities.

The account with an overdraft facility, which is payable on demand and is part of the Group's cash management, is presented as a part of cash and cash equivalents in the cash flow statement.

Treasury shares

If Stockmann plc or its subsidiaries buy back the company's own shares, equity is reduced by an amount equal to the consideration paid, including transaction costs, less tax. If the acquired shares are sold or transferred as consideration, the consideration received, less tax, is recognized in equity.

Dividends payable

The dividend payout proposed by the Board of Directors has not been recognized in the financial statements. Dividends are recognized on the basis of a resolution passed by a general meeting of the shareholders.

Application of new or revised IFRS standards and interpretations

The Group adopts each standard and interpretation as from the date it becomes effective or, if the effective date is not the first day of the financial period, as from the beginning of the next financial period. IASB has published the following new or revised standards and interpretations, which the Group has not yet applied.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendments are effective in financial periods beginning on or after 1 July 2011. The first amendment replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs'.

The second amendment provides guidance on how an entity should resume presenting IFRS financial statements after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
The amendments have not yet been approved for application in the EU.

Amendment to IFRS 7 *Financial Instruments: Disclosures*. The amendment is effective in financial periods beginning on or after 1 July 2011. The amendment will increase transparency in the disclosure of transfer transactions of financial instruments and allow the users of financial statements to improve their understanding of the risks involved in such transactions and the possible effects of any risks that may remain with the entity that transferred the assets, especially when the transactions concern the securitisation of financial assets.

Amendment to IAS 12 *Income Taxes*. The amendment is effective in financial periods beginning on or after 1 January 2012. IAS 12 requires an entity to assess which part of the carrying amount of an asset measured at fair value it expects to recover through continual use of the asset and which part through its sale. According to the amendment, the carrying amount of certain assets measured at fair value is essentially assumed to be recovered from the sale of the asset. The assumption applies to deferred taxes arising from investment properties, property, plant and equipment and intangible assets that are measured using the fair value model or the revaluation model. The amendment has not yet been approved for application in the EU.

Amendment to IAS 1 *Presentation of Financial Statements*. The amendment is effective in financial periods beginning on or after 1 July 2012. The most important change introduced by the amendment is the requirement that entities group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently when certain conditions are met. The amendment has not yet been approved for application in the EU.

Amendment to IAS 19 *Employee Benefits*. The amendment is effective in financial periods beginning on or after 1 January 2013. The amendment requires actuarial gains and losses to be immediately recognised in other comprehensive income, in other words eliminating the use of the so-called ‘corridor method’ and requiring the financial expense to be measured at its net value. The amendment has not yet been approved for application in the EU.

IAS 27 *Separate Financial Statements*, effective in financial periods beginning on or after 1 January 2013. The revised standard sets out the requirements for separate financial statements that remained after the control requirements previously forming part of IAS 27 were included in the revised IFRS 10. The revised standard has not yet been approved for application in the EU.

IAS 28 *Investments in Associates and Joint Ventures*, effective in financial periods beginning on or after 1 January 2013. The revised standard sets out the requirements for the treatment of associates and joint ventures using the equity method of accounting as a result of the publication of IFRS 11. The revised standard has not yet been approved for application in the EU.

IFRS 9 *Financial instruments*, the effective date of which has not been set. IFRS 9 is the first stage of a wider project aimed at replacing IAS 39 with a new standard. The various procedures for measuring have been retained but simplified. Financial assets will be divided on the basis of measurement into two main classifications: assets measured at amortised acquisition cost and assets measured at fair value. Classification will depend on the entity’s business model and the characteristics of contractual cash flows. IAS 39’s guidance on impairment testing and hedge accounting will remain valid. Under the new standard, the recognition and measurement of financial liabilities should remain the same, with the exception of the financial liabilities to which the so-called fair value option is applicable. The standard has not yet been approved for application in the EU.

IFRS 10 *Consolidated Financial Statements*, effective in financial periods beginning on or after 1 January 2013. In accordance with existing principles, the standard establishes control as the crucial factor when determining whether an entity should be presented under the consolidated financial statements. Moreover, the standard provides additional guidance on the definition of control when it is difficult to assess. The standard has not yet been approved for application in the EU.

IFRS 11 *Joint Arrangements*, effective in financial periods beginning on or after 1 January 2013. The standard requires accounting for joint arrangements to be determined by assessing the rights and obligations arising from a joint arrangement rather than by its legal form. There are two types of joint arrangements: joint operations and joint ventures. The standard furthermore requires the use of one method of accounting for interests in joint ventures, the equity method, thereby eliminating the proportionate consolidation method. The standard has not yet been approved for application in the EU.

IFRS 12 *Disclosure of Interests in Other Entities*, effective in financial periods beginning on or after 1 January 2013. The standard contains disclosure requirements concerning interests in other entities, including associates, joint arrangements, companies established for a specific purpose and unconsolidated structured entities. The standard has not yet been approved for application in the EU.

IFRS 13 *Fair Value Measurement*, effective in financial periods beginning on or after 1 January 2013. IFRS 13 seeks to increase consistency and simplify fair value measurements by providing an accurate definition of fair value and combining the requirements for fair value measurement and disclosures in notes into a single standard. The standard does not expand the application of fair value but prescribes how fair value is to be measured if its use is permitted or another standard requires it. The standard has not yet been approved for application in the EU.

2. Segment information

Operating segments

The Stockmann Group's reportable segments, the Department Store Division, Seppälä and Lindex, are divisions of the Group that are managed and monitored as separate units selling different products and services. The segment information presented by the Group is derived from the management's internal reporting, in which management's assessment of the profitability of the segments is based on monitoring of the segments' operating profits, and in which the measurement principles for assets and liabilities accord with IFRS regulations.

Department Store Division

The Department Store Division operates department stores in Finland, Russia, Estonia and Latvia. It also has special stores in Finland and Russia, such as the Academic Bookstore, Zara fashion stores, Stockmann Beauty stores and Bestseller stores, some of which are operated by the Department Store Division on a franchising basis. The division's operations are concentrated in the major cities in each of the countries of operation. In addition, the Department Store Division is engaged in distance retailing in Finland under the names Hobby Hall, Stockmann and the Academic Bookstore.

Lindex

Lindex is a fashion chain operating in Sweden, Norway, Finland, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia, Poland and Russia. Lindex also has franchising stores in Saudi Arabia, the United Arab Emirates, Bosnia and Herzegovina and Iceland. Sales to Lindex's franchising partners are included in Lindex's Swedish sales. In addition, Lindex's online store supplies Lindex products to Sweden, Denmark and Finland. The Swedish and Danish sales of the online store are included in Lindex's Swedish revenue, and correspondingly the online store's Finnish sales are included in Lindex's Finnish revenue.

Seppälä

Seppälä is a fashion chain operating in Finland, Russia, Estonia, Latvia, Lithuania and Ukraine. Its business is based on products designed in-house.

Information concerning geographical regions

In addition to Finland, the Group operates in three geographical regions: Sweden and Norway, the Baltic countries and Central Europe, and Russia and Ukraine.

Segment information, Group EUR

Operating segments

Revenue	1.1.–31.12.2011	1.1.–31.12.2010
Department Store Division	**1 236 925 310,54**	1 099 949 412,80
Lindex	**624 096 000,00**	578 702 999,95
Seppälä	**143 813 130,00**	143 191 210,00
Segments, total	**2 004 834 440,54**	1 821 843 622,75
Unallocated	**477 349,98**	21 257,08
Group, total	**2 005 311 790,52**	1 821 864 879,83

Operating profit	1.1.–31.12.2011	1.1.–31.12.2010
Department Store Division	**35 227 472,00**	32 854 134,71
Lindex	**41 247 714,00**	54 845 815,40
Seppälä	**1 387 630,00**	9 004 234,00
Segments, total	**77 862 816,00**	96 704 184,11
Unallocated	**-7 783 670,00**	-7 945 207,76
Operating profit, Group, total	**70 079 146,00**	88 758 976,35
Financial income	**524 347,24**	8 220 897,93
Financial expenses	**-34 944 966,44**	-22 805 454,28
Profit before taxes, Group total	**35 658 095,33**	74 174 420,01

Depreciation and amortisation	1.1.–31.12.2011	1.1.–31.12.2010
Department Store Division	**44 544 807,49**	32 931 872,26
Lindex	**25 884 671,49**	22 524 782,69
Seppälä	**6 212 763,80**	5 814 426,90
Segments, total	**76 642 242,78**	61 271 081,86
Unallocated	**1 055 407,93**	501 682,10
Group, total	**77 697 650,71**	61 772 763,96

Investments, gross	1.1.–31.12.2011	1.1.–31.12.2010
Department Store Division	**35 407 875,38**	131 120 455,19
Lindex	**23 738 051,05**	28 222 775,96
Seppälä	**4 266 607,57**	4 686 265,86
Segments, total	**63 412 534,00**	164 029 497,01
Unallocated	**2 632 610,57**	1 360 876,84
Group, total	**66 045 144,57**	165 390 373,85

Assets	1.1.–31.12.2011	1.1.–31.12.2010
Department Store Division	**892 602 179,78**	904 380 117,11
Lindex	**1 027 927 777,95**	1 005 924 713,51
Seppälä	**111 710 114,24**	108 281 592,65
Segments, total	**2 032 240 071,96**	2 018 586 423,27
Unallocated	**30 451 137,14**	35 203 124,00
Group, total	**2 062 691 209,10**	2 053 789 547,27

Information on market areas

Revenue	1.1.–31.12.2011	1.1.–31.12.2010
Finland 1)	**1 026 216 566,52**	987 827 223,09
Sweden and Norway 2)	**509 270 000,00**	480 550 999,95
Baltic countries and Central Europe 1) *	**141 285 937,00**	123 712 493,69
Russia and Ukraine 1)	**328 539 287,00**	229 774 163,10
Group, total	**2 005 311 790,52**	1 821 864 879,83
Finland, %	**51,17**	54,22
International operations, %	**48,83**	45,78

Operating profit	1.1.–31.12.2011	1.1.–31.12.2010
Finland 1)	**37 786 088,00**	44 887 102,26
Sweden and Norway 2)	**47 911 714,00**	57 124 815,40
Baltic countries and Central Europe 1) *	**3 336 295,00**	964 444,92
Russia and Ukraine 1)	**-18 954 951,00**	-14 217 386,23
Group, total	**70 079 146,00**	88 758 976,35
Finland, %	**53,92**	50,57
International operations, %	**46,08**	49,43

Non-current assets	1.1.–31.12.2011	1.1.–31.12.2010
Finland 1)	**463 767 449,36**	466 670 026,26
Sweden and Norway 2)	**851 764 473,46**	850 379 397,95
Baltic countries and Central Europe 1) *	**46 755 042,45**	48 079 594,93
Russia and Ukraine 1)	**256 050 030,89**	272 809 233,84
Group, total	**1 618 336 996,16**	1 637 938 252,98
Finland, %	**28,66**	28,49
International operations, %	**71,34**	71,51

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

3. Other operating income

EUR	2011	2010
Gain on sale of property, plant and equipment	**245 285,78**	0,00
Total	**245 285,78**	0,00

4. Gross margin

EUR	2011	2010
Revenue	**2 005 311 790,52**	1 821 864 879,83
Raw material and consumables used	**1 050 686 771,33**	947 548 633,76
Change in inventories	**-22 287 259,82**	-34 533 309,18
Gross margin	**976 912 279,00**	908 849 555,26
Gross margin, % of revenue	**48,7%**	49,9%

5. Wages, salaries and other employee benefits expenses

EUR	2011	2010
Wages and salaries	**307 686 273,57**	287 600 336,44
Pension expenses, defined contribution plans	**40 311 913,58**	37 271 859,33
Pension expenses, defined benefit plans	**562 243,68**	-824 965,37
Other employee benefits expenses	**40 266 378,25**	37 502 164,74
Expenses for share option benefits	**1 197 557,67**	342 924,82
Total	**390 024 366,76**	361 892 319,96

At most of the subsidiaries abroad, the pension expenses of defined contribution pension plans are included in other employee benefits expenses. Information on management's employee benefits is given in note 28. Related party transactions.

6. Depreciation, amortization and impairment losses

EUR	2011	2010
Intangible assets	**7 752 782,34**	6 122 594,27
Buildings and constructions	**16 102 107,55**	10 777 466,41
Machinery and equipment	**39 229 879,05**	31 748 297,25
Machinery and equipment, finance lease	**1 613 652,48**	1 613 652,48
Modification and renovation costs for leased premises	**12 999 229,30**	11 510 753,54
Depreciation and amortization, total	**77 697 650,72**	61 772 763,95

7. Other operating expenses

EUR	2011	2010
Site expenses	**269 144 263,47**	241 216 590,14
Marketing expenses	**69 366 806,66**	64 699 043,79
Goods handling expenses	**17 321 100,76**	14 239 962,40
Credit losses	**596 147,60**	1 256 964,72
Voluntary social security	**7 789 182,55**	7 499 428,22
Interest income from trade receivables	**-426 650,45**	-408 058,33
Financing income from loyal customer cards	**-12 245 533,06**	-10 589 272,55
Other costs	**87 811 515,21**	78 510 836,63
Total	**439 356 832,75**	396 425 495,01

Fees to the auditors

EUR	2011	2010
Auditing	**696 625,69**	647 541,83
Certificates and statements		1 750,00
Tax advisory	**5 245,97**	55 211,59
Other services	**151 924,68**	141 397,71
Total	**853 796,35**	845 901,13

8. Finance income and expenses

Finance income

EUR	2011	2010
Dividend income on available-for-sale investments	**137 672,75**	277 959,99
Interest income on bank deposits and other investments	**291 297,36**	770 097,67
Gain on sale of available-for-sale investments	**95 377,12**	205,85
Change in fair value of financial assets at fair value through profit or loss		2 033 286,81
Foreign exchange differences	**0,00**	5 139 347,62
Total	**524 347,24**	8 220 897,93

Finance expenses

EUR	2011	2010
Interest expenses on financial liabilities measured at amortized cost	**-33 782 591,93**	-22 463 978,23
Loss on disposals of assets available for sale	**-94 394,10**	-341 476,04
Change in fair value of financial assets at fair value through profit or loss	**-894 783,33**	
Foreign exchange differences	**-173 197,08**	0,00
Total	**-34 944 966,44**	-22 805 454,28

Finance income and expenses, total

EUR	2011	2010
Finance income and expenses, total	**-34 420 619,20**	-14 584 556,35

9. Income taxes

EUR	2011	2010
Income taxes for the financial period	**-4 662 322,24**	-7 641 686,90
Income taxes from previous financial periods	**191 825,36**	-405 202,27
Change in deferred tax liability/assets	**-424 528,69**	12 198 011,93
Total	**-4 895 025,57**	4 151 122,76

Reconciliation between the income tax expense in the income statement and the Group's tax expense at the Finnish tax rate of 26% (26% in 2010)

EUR	2011	2010
Profit before taxes	**35 658 095,33**	74 174 420,01
Income taxes at current tax rate	**9 271 104,79**	19 285 349,20
Income taxes from previous financial periods	**-191 825,36**	405 202,27
Tax-exempt income	**-11 844 497,31**	-33 519 964,32
Differing tax rates of foreign subsidiaries	**-1 938 727,93**	1 982 402,89
Non-deductible expenses	**3 654 206,28**	3 087 497,43
Unrecognised deferred tax assets from losses in taxation	**4 260 239,46**	4 608 389,76
Impact of change in the tax base to deferred taxes	**1 684 525,65**	
Income taxes in the income statement	**-4 895 025,57**	4 151 122,77

Tax effects relating to components of other comprehensive income

EUR	2011			2010		
	Before-tax	**Tax (expense) benefit**	**Net-of-tax**	Before-tax	Tax (expense) benefit	Net-of-tax
Exchange differences on translating foreign operations	**2 071 898,01**	**8 501,79**	**2 080 399,80**	7 234 554,10	1 255 757,28	8 490 311,38
Cash flow hedges	**3 209 156,19**	**-844 030,52**	**2 365 125,67**	-1 201 048,46	315 877,53	-885 170,93
Total	**5 281 054,20**	**-835 528,73**	**4 445 525,47**	6 033 505,64	1 571 634,81	7 605 140,45

10. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial period. The outstanding shares do not include treasury shares held by the Group. In calculating earnings per share adjusted for dilution, the dilutive effect resulting from conversion of all share options into shares is taken into account in the average weighted number of shares. Options have a dilutive effect when the subscription price of the options is lower than the share's fair value. The fair value of the share is based on the average price of the shares during the period.

EUR	**2011**	2010
Profit for the period, EUR	**30 763 069,76**	78 325 542,77
Share issue-adjusted number of outstanding shares, weighted average, thousands	**71 496 038**	71 120 333
Earnings per share, EUR	**0,43**	1,10
Profit for the period, EUR	**30 763 069,76**	78 325 542,77
Share issue-adjusted number of outstanding shares, weighted average, thousands	**71 496 038**	71 120 333
Effect of share options	**293 264**	776 469
Share issue-adjusted number of shares, diluted weighted average, thousands	**71 789 302**	71 896 802
Earnings per share adjusted for effect of dilution	**0,43**	1,09

11. Intangible assets

Goodwill

EUR	**2011**	2010
Acquisition cost Jan. 1	**783 781 003,57**	685 426 120,51
Translation difference +/-	**4 705 148,53**	98 354 883,06
Acquisition cost Dec. 31	**788 486 152,10**	783 781 003,57
Carrying amount Jan. 1	**783 781 003,57**	685 426 120,51
Carrying amount Dec. 31	**788 486 152,10**	783 781 003,57

Trademark

EUR	**2011**	2010
Acquisition cost Jan. 1	**101 969 486,33**	89 469 096,05
Translation difference +/-	**611 418,58**	12 958 045,51
Transfers between items Jan. 1–Dec. 31		-457 655,23
Acquisition cost Dec. 31	**102 580 904,91**	101 969 486,33
Accumulated amortization Jan. 1	**-320 698,98**	-280 455,20
Translation difference +/-	**-1 925,20**	-40 243,78
Accumulated amortization Dec. 31	**-322 624,18**	-320 698,98
Carrying amount Jan. 1	**101 648 787,35**	89 188 640,85
Carrying amount Dec. 31	**102 258 280,74**	101 648 787,35

Impairment testing

For the purposes of impairment testing, EUR 698 million of goodwill was allocated to the Lindex segment, EUR 65 million of goodwill to the Seppälä segment and EUR 25 million of goodwill to the Department Store Division segment. The Lindex, Department Store Division and Seppälä segments constitute separate cash-generating units.

The EUR 102 million trademark is allocated in its entirety to the Lindex segment. The Lindex brand is deemed to have an indefinite useful life due to high brand awareness. The Lindex brand has existed for over 50 years and the Group will continue to use the brand both in its present markets and when the Lindex product range and business model are introduced into new markets.

In the impairment testing, the cash flow forecasts for Lindex, the Department Store Division and Seppälä are based on market-area forecasts that cover a five-year period and are approved by management. Long-term forecasts, which were updated during the financial year, take into account changes in the economy compared with the previous year. Cash flows beyond this management-approved forecast period were extrapolated using a steady 2 per cent growth rate.

Main variables used in the value-in-use calculation:

1. Volume growth, which is based on an estimate of the sales growth at existing and new stores and department stores.
2. Discount rate, which is determined using the weighted average cost of capital (reflects the total cost of equity and debt). The components of the discount rate are
    - market-specific risk-free rate
    - market risk premium
    - business-specific beta, which is a measure of the market's view of the unit's risk premium
    - cost of debt
    - debt-to-equity ratio

The discount rate determined is a pre-tax rate. The discount rate of the Lindex segment is based on the market interest rate and country-specific risk pertaining to Sweden; the discount rate used for the Lindex segment is 6.4 per cent (7.3% in 2010) The discount rates of the Department Store Division and Seppälä segments are based on the market interest rate in Finland and country-specific risk pertaining to the segments' countries of operation. The discount rate used for the Department Store Division segment is 7.8 per cent (7.3% in 2010) and for the Seppälä segment 7.5 per cent (7.6% in 2010).

In estimating the recoverable amounts of the Lindex, Department Store Division and Seppälä segments, it is management's view that any possible changes in any of the variables used, when reasonably assessed, will not lead to a situation in which the recoverable amounts would be less than the segments' carrying amount.

A sensitivity analysis was carried out on the Lindex, Department Store and Seppälä Division segments using downside scenarios. The scenarios involved reducing either the sales growth from the level given in the management's estimates, or raising the discount rate used. If the Lindex segment's sales growth were 30 per cent less than forecast or if the discount rate were increased by 3 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. If the Department Store Division segment's sales growth were 30 per cent less than forecast or if the discount rate were increased by 12 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. If the Seppälä segment's sales growth were 50 per cent less than forecast or if the discount rate were increased by 10 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. The sensitivity analyses carried out show that none of the above-mentioned changes in sales growth or the higher discount rate would reduce the recoverable amounts of the units to below their carrying amounts. Based on the impairment testing and the sensitivity analyses carried out, there is no need for impairment entries.

Intangible rights

EUR	**2011**	2010
Acquisition cost Jan. 1	**43 195 892,34**	39 358 650,65
Translation difference +/-	**102 193,84**	1 821 713,26
Increases Jan. 1–Dec. 31	**5 878 770,35**	8 177 486,08
Decreases Jan. 1–Dec. 31	**-509 570,36**	-4 377 170,98
Transfers between items Jan. 1–Dec. 31	**1 896 558,92**	-1 784 786,66
Acquisition cost Dec. 31	**50 563 845,04**	43 195 892,34
Accumulated amortization Jan. 1	**-23 509 037,74**	-21 521 349,75
Translation difference +/-	**-104 064,15**	-972 078,24
Amortization on disposals	**138 115,30**	4 377 170,98
Amortization for the financial period	**-7 188 577,77**	-5 392 780,73
Accumulated amortization Dec. 31	**-30 663 564,36**	-23 509 037,74
Carrying amount Jan. 1	**19 686 854,60**	17 837 300,90
Carrying amount Dec. 31	**19 900 280,68**	19 686 854,60

Other intangible assets

EUR	2011	2010
Acquisition cost Jan. 1	**7 302 063,81**	6 151 885,16
Translation difference +/-	**42 814,94**	692 523,41
Transfers between items Jan. 1–Dec. 31		457 655,23
Acquisition cost Dec. 31	**7 344 878,75**	7 302 063,81
Accumulated amortization Jan. 1	**-6 306 051,51**	-4 882 213,47
Translation difference +/-	**-43 406,90**	-694 024,50
Amortization for the financial period	**-564 204,58**	-729 813,54
Accumulated amortization Dec. 31	**-6 913 662,99**	-6 306 051,51
Carrying amount Jan. 1	**996 012,30**	1 269 671,69
Carrying amount Dec. 31	**431 215,76**	996 012,30

Advance payments and construction in progress

EUR	2011	2010
Increases Jan. 1–Dec. 31	**10 471 805,00**	
Acquisition cost Dec. 31	**10 471 805,00**	
Carrying amount Dec. 31	**10 471 805,00**	

EUR	2011	2010
Intangible assets, total	**921 547 734,27**	906 112 657,82

12. Plant, property and equipment

Land and water

EUR	2011	2010
Acquisition cost Jan. 1	**43 758 633,98**	40 082 139,93
Translation difference +/-	**73 276,53**	-441,35
Decreases Jan. 1–Dec. 31	**-1 666 143,90**	
Transfers between items Jan. 1–Dec. 31		1 991 515,10
Acquisition cost Dec. 31	**42 165 766,60**	43 758 633,98
Carrying amount Jan. 1	**43 758 633,98**	40 082 139,93
Carrying amount Dec. 31	**42 165 766,60**	43 758 633,98

Buildings and constructions

EUR	2011	2010
Acquisition cost Jan. 1	**562 487 516,71**	340 206 860,28
Translation difference +/-	**225 285,45**	-2 241,87
Increases Jan. 1–Dec. 31	**1 972 604,44**	4 379 374,92
Decreases Jan. 1–Dec. 31	**-11 387 755,23**	-3 079,00
Transfers between items Jan. 1–Dec. 31	**9 362 935,58**	217 906 602,38
Acquisition cost Dec. 31	**562 660 586,96**	562 487 516,71
Accumulated depreciation Jan. 1	**-77 129 784,79**	-66 353 300,10
Translation difference +/-	**-58 182,07**	981,72
Depreciation on disposals	**892 036,75**	
Depreciation for the financial period	**-16 102 107,55**	-10 777 466,41
Accumulated depreciation Dec. 31	**-92 398 037,66**	-77 129 784,79
Carrying amount Jan. 1	**485 357 731,92**	273 853 560,18
Carrying amount Dec. 31	**470 262 549,30**	485 357 731,92

Machinery and equipment

EUR	2011	2010
Acquisition cost Jan. 1	**217 282 411,90**	171 044 926,85
Translation difference +/-	**461 249,47**	2 657 799,75
Increases Jan. 1–Dec. 31	**23 736 630,82**	35 311 675,62
Decreases Jan. 1–Dec. 31	**-1 226 514,74**	-17 843 067,44
Transfers between items Jan. 1–Dec. 31	**18 260 721,96**	26 111 077,12
Acquisition cost Dec. 31	**258 514 499,46**	217 282 411,90
Accumulated depreciation Jan. 1	**-99 107 333,86**	-86 304 483,29
Translation difference +/-	**-414 280,35**	1 329 023,24
Depreciation on disposals	**1 220 366,25**	17 616 423,45
Depreciation for the financial period	**-39 229 879,05**	-31 748 297,25
Accumulated depreciation Dec. 31	**-137 531 127,01**	-99 107 333,86
Carrying amount Jan. 1	**118 175 078,04**	84 740 443,55
Carrying amount Dec. 31	**120 983 372,45**	118 175 078,04

Machinery and equipment, finance lease

EUR	2011	2010
Acquisition cost Jan. 1	**8 068 262,29**	8 068 262,34
Translation difference +/-		0,05
Acquisition cost Dec. 31	**8 068 262,29**	8 068 262,29
Accumulated depreciation Jan. 1	**-2 420 478,72**	-806 826,24
Depreciation for the financial period	**-1 613 652,48**	-1 613 652,48
Accumulated depreciation Dec. 31	**-4 034 131,20**	-2 420 478,72
Carrying amount Jan. 1	**5 647 783,57**	7 261 436,10
Carrying amount Dec. 31	**4 034 131,09**	5 647 783,57

EUR	2011	2010
Machinery and equipment, total	**125 017 503,54**	123 822 861,61

Modification and renovation costs of leased premises

EUR	2011	2010
Acquisition cost Jan. 1	**118 198 852,62**	106 809 867,82
Translation difference +/-	**8 595,28**	1 153 889,93
Increases Jan. 1–Dec. 31	**314 544,23**	1 120 874,67
Decreases Jan. 1–Dec. 31	**-2 609 500,16**	-1 417 566,67
Transfers between items Jan. 1–Dec. 31	**8 781 990,20**	10 531 786,87
Acquisition cost Dec. 31	**124 694 482,17**	118 198 852,62
Accumulated depreciation Jan. 1	**-68 388 170,61**	-56 844 942,13
Translation difference +/-	**-3 552,23**	-1 152 323,58
Depreciation on disposals	**2 383 128,34**	1 119 848,65
Depreciation for the financial period	**-12 999 229,30**	-11 510 753,54
Accumulated depreciation Dec. 31	**-79 007 823,80**	-68 388 170,61
Carrying amount Jan. 1	**49 810 682,01**	49 964 925,69
Carrying amount Dec. 31	**45 686 658,37**	49 810 682,01

Advance payments and construction in progress

EUR	2011	2010
Acquisition cost Jan. 1	**23 233 974,57**	163 577 019,98
Translation difference +/-	**28 873,19**	-257,05
Increases Jan. 1–Dec. 31	**23 670 789,73**	112 692 173,46
Decreases Jan. 1–Dec. 31	**-550 272,49**	-302 135,80
Transfers between items Jan. 1–Dec. 31	**-38 302 206,63**	-252 732 826,03
Acquisition cost Dec. 31	**8 081 158,37**	23 233 974,57
Carrying amount Jan. 1	**23 233 974,57**	163 577 019,98
Carrying amount Dec. 31	**8 081 158,37**	23 233 974,57

EUR	2011	2010
Property, plant and equipment, total	**691 213 636,17**	725 983 884,09

Borrowing costs capitalized as part of property, plant and equipment

Any interest expenses have not been capitalized to the consolidated financial statements during the financial period 2011. EUR 1.1 million of interest expenses for the Nevsky Centre project in St Petersburg have been capitalized to the consolidated financial statements during the financial period 2010. Capitalized interest expenses are included to figures of the item "Buildings and constructions".

EUR	2011	2010
Acquisition cost Jan. 1	**8 198 000,00**	7 114 000,00
Increases Jan. 1–Dec. 31		1 084 000,00
Acquisition cost Dec. 31	**8 198 000,00**	8 198 000,00
Accumulated depreciation Jan. 1	**-202 620,33**	-109 342,00
Depreciation for the financial year	**-222 459,96**	-93 278,33
Accumulated depreciation Dec. 31	**-425 080,29**	-202 620,33
Carrying amount Jan. 1	**7 995 379,67**	7 004 658,00
Carrying amount Dec. 31	**7 772 919,71**	7 995 379,67

13. Joint ventures

	2011 Shareholding %	2010 Shareholding %
SIA Stockmann Centrs, Riga (real-estate company)	**63,0**	63,0
Kiinteistö Oy Tapiolan säästötammi Fastighets Ab, Espoo	**37,8**	37,8
Kiinteistö Oy Raitinkartano, Espoo	**0,0**	15,6

The consolidated financial statements include joint venture's assets and liabilities, income and expenses corresponding to the Group's shareholding.

Assets and liabilities of joint ventures

EUR	2011	2010
Non-current assets	**24 351 086,92**	27 364 411,70
Current assets	**394 184,07**	256 487,80
Non-current liabilities	**16 587 009,78**	16 480 986,10
Current liabilities	**500 158,35**	529 949,34

Income and expenses of joint ventures

EUR	2011	2010
Income	**3 439 832,86**	3 691 910,14
Expenses	**2 364 936,83**	2 790 662,80

14. Available-for-sale investments

EUR	2011	2010
Acquisition cost Jan. 1	**5 028 616,98**	5 030 297,52
Translation difference +/-	**4,67**	97,70
Increases Jan. 1–Dec. 31		0,01
Decreases Jan. 1–Dec. 31		-1 778,24
Transfers between items Jan. 1–Dec. 31	**-11,22**	
Carrying amount Dec. 31	**5 028 610,44**	5 028 616,98

Available-for-sale investments consist of unlisted shares. Unlisted shares are stated at cost because their fair values cannot be determined reliably.

15. Inventories

EUR	2011	2010
Raw material and consumables	**264 688 622,75**	240 268 769,80
Total	**264 688 622,75**	240 268 769,80

The value of inventories has been lowered by EUR 0.7 million for unsalable assets (2010: EUR 0.7 million).

16. Current receivables

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Interest-bearing trade receivables	**45 641 872,39**	**45 641 872,39**	41 417 818,67	41 417 818,67
Non-interest-bearing trade receivables	**23 357 933,10**	**23 357 933,10**	17 613 307,67	17 613 307,67
Receivables based on derivative contracts	**2 607 899,57**	**2 607 899,57**	2 342 582,36	2 342 582,36
Other receivables	**17 016 671,18**	**17 016 671,18**	26 164 449,53	26 164 449,53
Prepayments and accrued income	**32 649 566,76**	**32 649 566,76**	27 125 275,55	27 125 275,55
Income tax receivables	**13 574 514,81**	**13 574 514,81**	15 478 306,42	15 478 306,42
Current receivables, total	**134 848 457,80**	**134 848 457,80**	130 141 740,19	130 141 740,19

The carrying amount of trade receivables corresponds to their fair value. The maximum amount of the credit risk for trade receivables and other current receivables is their carrying amount.

Interest-bearing trade receivables include EUR 45 689 325.93 in one-time credits on mail-order sales in 2011 (EUR 41 589 008.70 in 2010). Interest income on these receivables are included in the selling price and recognized in revenue instead of interest income. Other interest-bearing trade receivables are the Stockmann loyal customer account, for which interest income is recognized as a reduction in other expenses.

Material items included in Prepayments and accrued income relate to deferred annual discounts, deferred indirect employee costs, prepaid rents and deferred financing income from loyal customer cards.

17. Cash and cash equivalents

EUR	2011	2010
Cash on hand and at banks	**30 090 126,15**	29 394 645,65
Short term deposits	**3 153 875,64**	7 320 879,78
Total	**33 244 001,79**	36 715 525,43

Cash and cash equivalents in the Statement of Cash Flows

EUR	2011	2010
Cash and cash equivalents	**33 244 001,79**	36 715 525,43
Overdraft facilities	**-69 656,31**	-298 039,37
Total	**33 174 345,49**	36 417 486,06

18. Equity

Share capital, premium fund and invested unrestricted equity fund

EUR	Entered in trade register	Number of shares	Share capital	Share premium fund	Invested unrestricted equity fund	Total
Dec. 31, 2009		71 093 953,00	142 187 906,00	186 051 043,65	243 303 466,40	571 542 416,05
Subscriptions with loyal customer options 2006	30.6.	52 047	104 094,00		1 349 578,71	1 453 672,71
Share issue costs					-19 634,21	-19 634,21
Dec. 31, 2010		71 146 000,00	142 292 000,00	186 051 043,65	244 633 410,90	572 976 454,55
Subscriptions with loyal customer options 2008	30.6.	682 657	1 365 314,00		4 635 241,03	6 000 555,03
Subscriptions with loyal customer options 2008	26.8.	10 424	20 848,00		70 778,96	91 626,96
Subscriptions with loyal customer options 2008	14.10.	1 748	3 496,00		11 868,92	15 364,92
Share issue costs					-145 246,22	-145 246,22
Dec. 31, 2011		71 840 829	143 681 658,00	186 051 043,65	249 206 053,60	578 938 755,25

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

Total amount of registered shares December 31st 2011

EUR	2011	2010
Total	**71 840 829**	71 146 000
of which Series A shares	**30 627 563**	30 627 563
of which Series B shares	**41 213 266**	40 518 437

Maximum and minimum share capital

The minimum share capital of Stockmann plc according to the Articles of Association is EUR 75.0 million and the maximum share capital is EUR 300.0 million. The par value of the shares is EUR 2.00 per share. All the shares issued have been fully paid in.

Voting right differences between Series A and B shares

Each Series A share confers the right to cast ten (10) votes at general meetings and each Series B share one (1) vote.

Conversion of Shares

A Series A Share can be converted to a Series B Share upon the demand of a shareholder provided that the conversion can take place within the limits of the minimum and maximum amounts of the share series. A written demand concerning conversion of the company's shares must be made to the company's Board of Directors in the manner specified in the Articles of Association.

Redemption obligation

A shareholder whose proportion of all the company’s shares or the number of votes conferred by the shares either alone or together with other shareholders reaches or exceeds 33 1/3 per cent or 50 per cent is liable, at the demand of the other shareholders, to redeem their shares in the manner specified in the Articles of Association.

Other funds

EUR	2011	2010
Reserve fund	**189 669,41**	115 040,97
Invested unrestricted equity fund	**249 206 053,60**	244 633 410,90
Other funds	**45 464 658,30**	43 099 532,63
Total	**294 860 381,31**	287 847 984,49

The reserve fund contains a transferred proportion of non-restricted shareholders' equity in compliance with local regulations. Other funds comprise non-restricted shareholders' equity, which is distributable equity, in accordance with a resolution of the Annual General Meeting and the fair value reserve includes the changes in fair value of derivatives used to hedge cash flows, deducted by the deferred tax.

Translation differences

The translation differences reserve comprises the translation differences on equity that have arisen in consolidating the financial statements of foreign subsidiaries and translation differences arisen in consolidating net investment in foreign currencies.

Dividends

After the balance sheet date, the Board of Directors proposed on February 8, 2012 to pay out a dividend of EUR 0.50 per share.

Share-based payment

IFRS 2 Share-based payment has been applied to the key employee share option scheme for 2006 and 2010 and to the Loyal Customer share option scheme for 2008.

Key employee share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors’ proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be granted to key employees belonging to the senior and middle management of Stockmann and its wholly-owned subsidiary. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period with the share options 2006A and 2006B have expired. The subscription period for shares with share option 2006C is 1 March 2010 – 31 March 2012. 2006D share options have lapsed because the criteria linked to the Group’s financial targets as determined by the Board of Directors prior to the distribution of these share options have not been met.

One share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price of the share with share options 2006A and 2006B were the volume-weighted average price of the company’s Series B share on the Helsinki exchange during 1 February – 28 February 2006, plus 10 per cent or EUR 36.69, and with share option 2006C, the volume-weighted average price of the company’s Series B share on the Helsinki exchange during 1 February – 29 February 2008, plus 10 per cent or EUR 31.02. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2006C is EUR 26,68 per share.

Loyal Customer share options 2008

The Annual General Meeting held on 18 March 2008 approved the Board of Directors’ proposal on granting share options to Stockmann’s Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann’s Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2008 – 31 December 2009, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive two additional share options. The purchases entitled to a total of 1 803 322 share options, of which 1 248 819 Loyal Customer share options were subscribed.

Each share option entitles its holder to subscribe for one of Stockmann plc Series B shares. In accordance with the resolution of the Annual General Meeting on 17 March 2009, the subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 February – 28 February 2009, or EUR 11.28. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription.

The subscription periods for the shares are in May in the years 2011 and 2012. During the share subscription period in 2011, a total of 694 829 Series B shares of Stockmann plc were subscribed. The subscription price of the remaining shares after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year is EUR 8,29.

Key employee share options 2010

The Annual General Meeting held on 16 March 2010 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be issued without payment to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 shall be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A shall be 1 March 2013 – 31 March 2015, for share options 2010B 1 March 2014 – 31 March 2016 and for share options 2010C 1 March 2015 – 31 March 2017.

Each share option entitles its owner to subscribe for one Stockmann plc Series B share. The share subscription price relating to the share options 2010A shall be the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February – 28 February 2010 increased by 20 per cent or EUR 26.41, the share options 2010B the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February – 28 February 2011 increased by 10 per cent or EUR 25,72, and the share options 2010C the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February – 29 February 2012 increased by a minimum of 10 per cent. The subscription price of each share subscribed for based on the share options shall be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription prices after the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2010A is EUR 24,37 per share and of share option 2010B EUR 25,22 per share.

Changes in share options during the financial period

	2011 Number of Options	**Subscription price as weighted average EUR/share**	**Turnover weighted share price during subscirption period EUR/share**	2010 Number of Options	Subscription price as weighted average EUR/share	Turnover weighted share price during subscirption period EUR/share
Key employee share options 2006 Series A						
Options unexercised at the beginning of the financial period				375 000		
Options lapsed during the period				375 000		
Options unexercised at the end of the financial period						
Key employee share options 2006 Series B						
Options unexercised at the beginning of the financial period	**187 500**			187 500		
Options lapsed during the period	**187 500**					
Options unexercised at the end of the financial period				187 500		
Key employee share options 2006 Series C						
Options unexercised at the beginning of the financial period	**375 000**			375 000		
Options unexercised at the end of the financial period	**375 000**			375 000		
Key employee share options 2006 Series D						
Options unexercised at the beginning of the financial period				360 000		
Options lapsed during the period				360 000		
Options unexercised at the end of the financial period						
Loyal customer options 2006						
Options unexercised at the beginning of the financial period				1 373 482		
Shares subscribed with options during the financial period				52 047	27,93	25,18
Options lapsed during the period				1 321 435		
Options unexercised at the end of the financial period						
Loyal customer options 2008						

Options unexercised at the beginning of the financial period	**1 248 739**			
Shares subscribed with options during the financial period	**694 829**	**8,79**	**20,77**	
Options granted during the financial period				1 248 739
Options unexercised at the end of the financial period	**553 910**			1 248 739
Key employee share options 2010 Series A				
Options unexercised at the beginning of the financial period	**484 000**			
Options granted during the financial period				484 000
Options unexercised at the end of the financial period	**484 000**			484 000
Key employee share options 2010 Series B				
Options unexercised at the beginning of the financial period				
Options granted during the financial period	**334 000**			
Options unexercised at the end of the financial period	**334 000**			
Options, total				
Options unexercised at the beginning of the financial period	**2 295 239**			2 670 982
Shares subscribed with options during the financial period	**694 829**			52 047
Options granted during the financial period	**334 000**			1 732 739
Options lapsed during the period	**187 500**			2 056 435
Options unexercised at the end of the financial period	**1 746 910**			2 295 239

The main terms and conditions of the 2006 and 2010 share option scheme for key employees and 2008 Loyal Customers option scheme are presented in the following table:

	2006C	**Loyal customer options 2008**	**2010A**	**2010B**
Period for subscription	1.3.10–31.3.12	2.5.12–31.5.12	1.3.13–31.3.15	1.3.14–31.3.16
Maximum number of share options	375 000	2 500 000	500 000	500 000
Number of options granted at December 31, 2011	375 000	553 910	484 000	334 000
Subscription price, EUR 1)	26,68	8,29	24,37	25,22
Vesting period	21.4.08-28.2.10	1.1.08-31.12.09	27.4.10-28.2.13	4.5.11-28.2.14
Contract vesting conditions	-	-	-	-

1) Reduced by dividends paid, effect of 2009 rights issue and 2011 dividend payout proposed by the Board of Directors.

The fair value at the grant date of share options granted has been defined using the Black-Scholes option pricing model. The main conditions of the share option program have been taken into account in the valuation. The fair value is recognized as expense over the vesting period of the option. During the financial period 1 January – 31 December, 2011, share options had an impact on the Group's profit of EUR -1.2 million. The estimated expenses that haven't been booked in the income statement, amount to EUR 1.8 million.

The central assumptions used in the Black-Scholes valuation model are presented in the table below:

	2006C	**Loyal customer options 2008**	**2010A**	**2010B**
Options granted	21.4.2008	10.2.2010	27.4.2010	4.5.2011
Risk-free interest rate, %	3,9%	3,7%	2,0%	1,6%
Volatility, %	27,9%	28,3%	29,0%	32,0%
Expected average life of the share options (in years)	2,4	1,8	5,0	5,0
Share price at grant date, EUR	24,40	28,30	23,66	15,20
Fair value of the option determined at the grant date, EUR	3,17	5,11	6,00	2,10

Volatility has been estimated from the historical volatility of the share.

19. Non-current liabilities, interest-bearing

EUR	**Carrying amount 2011**	**Fair value 2011**	Carrying amount 2010	Fair value 2010
Loans from financial institutions	**476 072 590,68**	**478 349 189,50**	409 947 682,93	413 668 168,94
Pension loans	**53 210 037,94**	**52 270 990,01**	106 481 469,25	108 791 971,10
Finance leases	**4 386 856,62**	**4 386 856,62**	4 307 675,47	4 307 675,47
Other liabilities	**233 427,81**	**233 427,81**	524 275,49	524 275,49
Total	**533 902 913,05**	**535 240 463,94**	521 261 103,13	527 292 091,00

The carrying amount of non-current liabilities has been calculated using the effective interest method, and fair value has been defined using the discounted cash flow method by discounting at the market interest rate at the balance sheet date.

20. Current liabilities

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Loans from financial institutions	**8 888 888,88**	**8 897 039,92**	50 000 000,00	50 090 282,00
Current account with overdraft facility	**69 656,31**	**69 656,31**	298 039,37	298 039,37
Pension loans	**53 333 333,31**	**52 394 285,30**	53 333 333,35	54 490 491,49
Finance leases	**2 356 927,88**	**2 356 927,88**	1 565 782,56	1 565 782,56
Other interest-bearing liabilities	**263 992 086,80**	**264 144 889,94**	186 805 512,93	186 934 680,35
Trade payables	**107 416 440,25**	**107 416 440,25**	113 863 694,67	113 863 694,67
Other current liabilities	**53 964 663,08**	**53 964 663,08**	46 278 183,19	46 278 183,19
Accruals and prepaid income	**87 597 595,61**	**87 597 595,61**	86 320 302,94	86 320 302,94
Derivative contract liabilities	**10 496 710,67**	**10 496 710,67**	42 787 178,38	42 787 178,38
Income tax liability	**2 196 942,96**	**2 196 942,96**	1 650 732,84	1 650 732,84
Total	**590 313 245,74**	**589 535 151,91**	582 902 760,23	584 279 367,80
of which interest-bearing	**328 640 893,18**	**327 862 799,35**	292 002 668,20	293 379 275,77

The fair value of loans from financial institutions, pension loans and issued commercial papers has been defined using the discounted cash flow method by discounting at the market interest rate at the balance sheet date. The fair value of other current liabilities corresponds to their carrying amount.

Material item in accruals and prepaid income is accrued employee benefits expenses.

Expiration dates of the financial lease liabilities

EUR	2011	2010
The nominal value of the finance lease liabilities		
During one year	**2 607 862,39**	1 830 277,08
Over one year and at the most five years from now	**4 605 841,79**	4 575 692,70
Total	**7 213 704,18**	6 405 969,78
The net present value of the finance lease liabilities		
During one year	**2 356 927,88**	1 565 782,59
Over one year and at the most five years from now	**4 386 856,62**	4 307 675,49
Total	**6 743 784,50**	5 873 458,08
Financial expenses of the lease agreements expiring in the future	**469 919,68**	532 511,70
Financial lease liabilities total	**7 213 704,18**	6 405 969,78

Assets are classified as assets leased under finance lease agreement, if the risks and rewards incidental to ownership of the assets substantially remain with the Group.

21. Deferred tax assets and deferred tax liabilities

Changes in deferred taxes during 2011:

Deferred tax assets

EUR	1.1.2011	Recognized in income statement	Recognized in equity	Translation difference	31.12.2011
Confirmed losses	5 496 344,93	48 462,44		0,00	5 544 807,37
Measurement of derivatives and other financial instruments at fair value	409,49	411,85			821,34
Difference between carrying amounts and tax bases of property, plant and equipment	1 591 737,15	2 459 480,34		-3 486,25	4 047 731,25
Financial lease	58 675,34	8 612,85		0,00	67 288,19
Other temporary differences	1 578 091,97	325 073,13		9 193,42	1 912 358,52
Total	8 725 258,88	2 842 040,61		5 707,17	11 573 006,67

Deferred tax liabilities

EUR	1.1.2011	Recognized in income statement	Recognized in equity	Translation difference	31.12.2011
Cumulative depreciation differences	32 093 108,84	1 299 587,02		41 020,28	33 433 716,14
Difference between carrying amount and tax bases of prop., plant and equip.	6 667 689,65	1 867 803,90		-6 002,19	8 529 491,35
Measurement at fair value of intangible and tangible assets	21 864 694,38	-127 896,52		129 579,22	21 866 377,08
Other temporary differences	3 150 143,41	227 074,91	852 532,29	26 819,13	4 256 569,74
Total	63 775 636,27	3 266 569,30	852 532,29	191 416,45	68 086 154,31

Confirmed losses on which deferred tax assets have not been recognized amount to EUR 82.1 million (2010 EUR 45.4 million). In accordance with IAS 12 paragraph 52 A, deferred tax liabilities have not been recorded on the profits, EUR 27.0 million (2010 EUR 24.2 million), of the Estonian subsidiary.

Changes in deferred taxes during 2010:

Deferred tax assets

EUR	1.1.2010	Recognized in income statement	Recognized in equity	Translation difference	31.12.2010
Confirmed losses	2 117 249,00	3 379 095,93		0,00	5 496 344,93
Measurement of derivatives and other financial instruments at fair value	135 761,41	-135 351,92			409,49
Difference between carrying amounts and tax bases of property, plant and equipment	1 434 094,80	60 190,47		97 451,88	1 591 737,15
Financial lease	24 701,60	33 973,74			58 675,34
Other temporary differences	1 425 431,62	53 799,32	6 898,50	91 962,53	1 578 091,97
Total	5 137 238,43	3 391 707,54	6 898,50	189 414,40	8 725 258,88

Deferred tax liabilities

EUR	1.1.2010	Recognized in income statement	Recognized in equity	Translation difference	31.12.2010
Cumulative depreciation differences	27 431 163,03	3 935 180,39		726 765,42	32 093 108,84
Difference between carrying amount and tax bases of prop., plant and equip.	5 260 484,84	1 407 204,81		0,00	6 667 689,65
Measurement at fair value of intangible and tangible assets	19 233 581,97	-120 984,94		2 752 097,34	21 864 694,38
Unrelialized exchange rate difference on the non-current foreign currency loan	16 302 944,21	-16 302 944,21		0,00	
Other temporary differences	1 879 007,78	2 274 732,21	-1 571 634,81	568 038,23	3 150 143,41
Total	70 107 181,83	-8 806 811,74	-1 571 634,81	4 046 900,99	63 775 636,27

22. Carrying amounts and fair values of financial assets and liabilities classified according to IAS 39

Financial assets

Derivative contracts defined as cash flow hedges or as hedges of a net investment in foreign subsidiary

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Derivative contracts	**2 218 283,55**	**2 218 283,55**	584 831,97	584 831,97

Financial assets at fair value trough profit or loss

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Cash and cash equivalents	**33 244 001,79**	**33 244 001,79**	36 715 525,43	36 715 525,43
Derivative contracts	**389 616,02**	**389 616,02**	2 176 214,39	2 176 214,39
Non-current receivables	**547 015,26**	**547 015,26**	394 630,08	394 630,08
Current receivables, interest-bearing	**45 641 872,39**	**45 641 872,39**	41 417 818,67	41 417 818,67
Current receivables, non-interest-bearing	**73 024 171,04**	**73 024 171,04**	70 903 032,74	70 903 032,74
Available-for-sale financial assets	**5 028 610,44**	**5 028 610,44**	5 028 616,98	5 028 616,98
Financial assets, total	**160 093 570,48**	**160 093 570,48**	157 220 670,27	157 220 670,27

Financial liabilities

Derivative contracts defined as cash flow hedges or as hedges of a net investment in foreign subsidiary

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Derivative contracts	**9 564,18**	**9 564,18**	1 579 238,75	1 579 238,75

Financial liabilities at fair value trough profit or loss

Derivative contracts	**10 542 334,55**	**10 542 334,55**	41 207 939,63	41 207 939,63

Financial liabilities at amortized cost

EUR	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Non-current interest-bearing liabilities	**533 902 913,05**	**535 240 463,94**	521 261 103,13	527 292 091,00
Current liabilities, interest-bearing	**328 640 893,18**	**327 862 799,35**	292 002 668,20	293 379 275,77
Current liabilities, non-interest-bearing	**248 978 698,94**	**248 978 698,94**	246 462 042,60	246 462 042,60
Financial liabilities, total	**1 122 074 403,90**	**1 122 633 860,96**	1 102 512 992,32	1 109 920 587,75

In the balance sheet, derivative contracts are included in the following categories: Non-current and current receivables, non-interest-bearing and current liabilities, non-interest-bearing.

23. Pension obligations

Defined benefit pension plans

AB Lindex's Norwegian subsidiary Lindex AS has defined benefit pension plans. For the most part, the defined benefit pension plans cover old-age pensions and widows'/widowers' pensions in which the employer bears an obligation to pay a life-long pension which is either a percentage portion of salary or a specified amount. The right to an old-age pension is based on the time in service. The employee must be included in the plan for a specified time in order to earn the right to a full old-age pension. Each year the employee earns an additional pension entitlement, which is reported as the pension earned during the period and as an increase in the pension liability. The pension plan is funded through employer-made payments. The Group forecasts it will not pay for defined-benefit pension plans in 2012.

The defined benefit pension liability recognized in the balance

EUR	2011	2010
Present value of unfunded obligations	**583 564,97**	675 239,19
Deficit/surplus	**583 564,97**	675 239,19
Unrecognized actuarial gains (+) and losses (–)	**-149 478,90**	-523 564,77
Recognized net amount of liability	**434 086,06**	151 674,42

The defined benefit pension expense recognized in the income statement

EUR	2011	2010
Current service cost		4 644,57
Interest costs	**19 650,79**	28 290,15
Actuarial gains (-) and losses (+)		-862 543,92
Social security contribution	**2 770,77**	4 643,83
Other expeses related to the defined benefit liability	**539 822,13**	
Total	**562 243,68**	-824 965,37

Changes in the present value of the defined benefit obligation

EUR	2011	2010
Opening defined benefit obligation	**675 239,20**	510 007,90
Translation differences		10 458,11
Current service cost		4 644,57
Interest costs	**19 650,79**	28 290,15
Actuarial gains (-) and losses (+)	**135 086,44**	193 016,44
Translation differences	**6 024,10**	36 812,44
Benefits paid	**-252 435,59**	-107 990,41
Closing defined benefit obligation	**583 564,94**	675 239,20

Actuarial assumptions applied

	31.12.2011	31.12.2010
Discount rate	**3,3 %**	3,6 %
Future salary increases	**4,0 %**	4,0 %
Turnover of personnel	**0,5 – 8,0 %**	0,5 – 8,0 %
Inflation	**2,0 %**	4,0 %

Present value of unfunded obligations

EUR	2011	2010
Present value of unfunded obligations	**583 564,97**	675 239,19
Surplus (+) /Deficit (-)	**583 564,97**	675 239,19
Experience adjustments to plan liabilities	**141 818,56**	

24. Operating leases

The Group as lessee

Minimum lease payments on the basis of binding lease agreements on commercial premises

EUR	2011	2010
Within one year	**180 117 285,79**	174 150 860,83
Within 1-5 years	**442 956 861,45**	434 823 938,66
In five years or more	**226 218 229,47**	217 028 223,07
Total	**849 292 376,71**	826 003 022,56

Lease payments

EUR	2011	2010
Within one year	**7 330 021,47**	7 347 803,57
Within 1-5 years	**6 361 241,68**	12 817 345,40
Total	**13 691 263,15**	20 165 148,97

25. Contingent liabilities

Collaterals given for own liabilities

EUR	2011	2010
Mortgages given	**201 681 879,26**	201 681 879,28
Guarantees		333 637,59
Securities pledged	**389 546,15**	139 962,88
Total	**202 071 425,41**	202 155 479,75

Liabilities, total

EUR	2011	2010
Mortgages	**201 681 879,26**	201 681 879,28
Guarantees		333 637,59
Pledges	**389 546,15**	139 962,88
Total	**202 071 425,41**	202 155 479,75

AB Lindex has claimed through legal proceedings to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by Lindex Group's German subsidiary. In 2008 the Administrative Court of Appeal in Gothenburg overturned the favorable 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 by the company in this case will depend on the result of the legal process 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.

Investments in real estate

Certain group companies are required to adjust the VAT deductions made on real estate investments completed in 2006–2011 if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2020, and the maximum liability is EUR mill. 35.0.

26. Derivative contracts

Nominal values of derivative contracts

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR	2011	2010
Currency forwards	**57 661 468,02**	50 894 220,62
Electricity forwards		1 530 646,05
Total	**57 661 468,02**	52 424 866,67

Derivative contracts, hedge accounting not applied

EUR	2011	2010
Currency swaps	**438 196 060,85**	246 453 173,19
Currency forwards		220 476 116,17
Electricity forwards	**2 165 471,00**	1 683 145,97
Total	**440 361 531,85**	468 612 435,33

Fair value of derivative contracts in year 2011

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR	Positive	Negative	Net
Currency forwards	**2 218 283,55**	**-9 564,18**	**2 208 719,37**
Total	**2 218 283,55**	**-9 564,18**	**2 208 719,37**

Derivative contracts, hedge accounting not applied

EUR	Positive	Negative	Net
Currency swaps	**389 616,02**	**-10 444 184,53**	**-10 054 568,51**
Electricity forwards		**-98 150,02**	**-98 150,02**

Total	389 616,02	-10 542 334,55	-10 152 718,53

Fair value of derivative contracts in year 2010

Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary

EUR	Positive	Negative	Net
Currency forwards	48 944,96	-1 579 238,75	-1 530 293,79
Electricity forwards	535 887,01		535 887,01
Total	584 831,97	-1 579 238,75	-994 406,78

Derivative contracts, hedge accounting not applied

EUR	Positive	Negative	Net
Currency swaps	535 161,00	-10 985 819,32	-10 450 658,32
Currency forwards	1 051 768,38	-30 222 120,31	-29 170 351,93
Electricity forwards	589 285,01		589 285,01
Total	2 176 214,39	-41 207 939,63	-39 031 725,24

All the derivatives that are open on the balance sheet date, 31 December 2011, with the exception of electricity derivatives, fall due in one year.

Currency swaps and forwards have been measured at fair value using market prices on the balance sheet date. Changes in the fair values of currency derivatives are recognized either in equity or in the profit and loss depending on whether hedge accounting has been applied to them. Currency derivative contracts did not result in hedge accounting-related ineffectiveness that was to be recorded through profit and loss in 2011. The fair values of electricity derivatives are based on market prices on the balance sheet date. Hedge accounting of electricity derivatives was discontinued during 2011 and the changes in the fair values are recognized in the profit and loss.

27. Hierarchical classification of financial assets and liabilities measured at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value but which are not based on observable market data.

Fair value hierarchy 31 December 2011

EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale investments			**5 028 610,44**	**5 028 610,44**
Financial assets at fair value trough profit or loss				
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		**2 218 283,55**		**2 218 283,55**
Derivative contracts, hedge accounting not applied				
Currency swaps		**389 616,02**		**389 616,02**
Total		**2 607 899,57**	**5 028 610,44**	**7 636 510,00**

EUR	Level 1	Level 2	Level 3	Total
Financial liabilities				
Currency forwards		**-9 564,18**		**-9 564,18**
Derivative contracts, hedge accounting not applied				
Currency swaps		**-10 444 184,53**		**-10 444 184,53**
Electricity forwards	**-98 150,02**			**-98 150,02**
Total	**-98 150,02**	**-10 453 748,71**		**-10 551 898,73**

Fair value hierarchy 31 December 2010

EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale investments			5 028 616,98	5 028 616,98
Financial assets at fair value trough profit or loss				
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		48 944,96		48 944,96
Electricity forwards	535 887,01			535 887,01
Derivative contracts, hedge accounting not applied				
Currency swaps		535 161,00		535 161,00
Currency forwards		1 051 768,38		1 051 768,38
Electricity forwards	589 285,01			589 285,01
Total	1 125 172,02	1 635 874,34	5 028 616,98	7 789 663,34

EUR	Level 1	Level 2	Level 3	Total
Financial liabilities				
Currency forwards		-1 579 238,75		-1 579 238,75
Derivative contracts, hedge accounting not applied				
Currency swaps		-10 985 819,32		-10 985 819,32
Currency forwards		-30 222 120,31		-30 222 120,31
Total		-42 787 178,38		-42 787 178,38

Available-for-sale investments

EUR	2011	2010
Carrying amount Jan. 1	**5 028 616,98**	5 030 297,52
Sale of shares		-0,17
Decrease of value and translation difference	**-6,55**	-1 680,38
Total	**5 028 610,44**	5 028 616,96

Available-for-sale investments consist of unlisted shares. Unlisted shares are stated at acquisition cost because their fair values cannot be determined reliably.

During the reporting period ending 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

28. Related party transactions

Members of the Board of Directors and Management Committee belong to the Group's related party, as well as the parent company and subsidiaries and joint ventures. The relationships between the company's parent company and subsidiaries are shown in notes to the parent company's financial statements, under the header "Shares and participation"

The following transactions were carried out with related parties:

Management's employee benefits

EUR	2011	2010
Chief executive officer	**659 689,00**	596 400,00
Other members of the Management Committee	**1 943 026,00**	2 135 554,00
Emoluments to the members of the Board	**392 500,00**	388 500,00
Total	**2 995 215,00**	3 120 454,00

Emoluments *

EUR	2011	2010
Bergh Kaj-Gustaf	**42 000,00**	41 000,00
Etola Erkki	**55 000,00**	54 500,00
Liljeblom Eva	**42 000,00**	43 500,00
Niemistö Kari	**41 500,00**	42 000,00
Tallqvist-Cederberg Charlotta	**44 000,00**	40 500,00
Taxell Christoffer	**82 000,00**	81 500,00
Teir-Lehtinen Carola	**42 000,00**	42 000,00
Wallgren Dag	**41 000,00**	
Wiklund Henry	**3 000,00**	43 500,00
Total	**392 500,00**	388 500,00

* paid in shares 7 759 pieces in 2011, (5 953 pieces in 2010).

Key employee share options 2006 & 2010

The management committee had as of 31.12.2011 312 050 pcs granted options, of which 45 050 pcs were exercisable.

Loyal customer share options 2008

The management committee and Board of Directors had as of 31.12.2011 488 pcs granted options, of which all were exercisable

Management's pension commitments

The contractually agreed retirement age of CEO of the Group is 60 years. Members of the Group Management Committee are entitled to retire at the age of 60-63 years. The company has prepared to meet these commitments by making annual payments.

Other related party transactions

EUR	2011	2010
Rentals paid to companies controlled bymembers of the Board of Directors	**876 506,16**	866 014,98

The rentals paid are market rental rates and the lease agreements do not contain other exceptional terms and conditions.

29. Financial risk management

The Group’s financing and the management of financial risks are handled on a centralized basis within Stockmann plc’s Treasury function in accordance with the policy adopted by the Board of Directors.

The objective of financial risk management is to ensure reasonable financing for the Group in all circumstances and to reduce the effects of market risks on the Group’s profit and balance sheet. Group Treasury, which reports to the Chief Executive Officer of Stockmann plc, is responsible for managing and hedging financial exposures at Group level. It also acts as the internal bank of the Stockmann Group. Group Treasury acts in accordance with more detailed guidelines setting out the principles of managing financial risks as well as the management of liquidity and financing. The divisions have separate instructions for hedging their foreign exchange exposure.

The Group’s main financial risks are currency risk, interest rate risk, liquidity risk, financing risk and counterparty risk.

The financial risks in the balance sheet and the financial risks connected with commercial cash flows as well as the chosen hedging strategies are reported to the Board of Directors quarterly and to Group Management monthly.

Currency risk

The Group’s currency risk consists of sales and purchases made in foreign currency as well as balance sheet items and also foreign-currency-denominated net investments in units abroad.

Transaction risk

Stockmann’s transaction risk derives from the currency flows connected with sales and purchases of the Group’s business units as well as from loans and receivables denominated in foreign currency. The most important sales currencies are the euro, the Swedish krona, the Russian rouble, the Norwegian krone and the Latvian lat. The primary purchasing currencies are the euro, the United States dollar, the Swedish krona, the Hong Kong dollar, the Norwegian krone and the British pound. In 2011, foreign-currency-denominated sales accounted for 45 per cent of the Group's entire sales, and purchases made in foreign currency made up 24 per cent of the Group's purchases.

The business units are responsible for forecasting future net cash flows denominated in foreign currency and for managing the currency risk connected with them. The management of currency risk related to operational cash flows is based on cash flow forecasts for the coming 6 months. The hedging period is generally a maximum of 6 months and the degree of hedging for individual currencies can vary in the range of 0–100%. Contracted cash flows can be hedged for longer periods.

Currency derivatives that are used to hedge forecasted cash flows are classified as cash flow hedges as defined by IAS 39. All outstanding contracts that are classified as cash flow hedges will mature during the first 8 months of 2012. The gain/loss of these hedge instruments will affect the Group's operating profit in the same period during which the forecasted hedged items affect profit, which is approximately 4 months after maturity. Information about the fair value of these hedges is provided in Note 26. The table below shows the distribution of currency for outstanding derivatives hedging cash flows.

Foreign exchange derivatives hedging cash flows

EUR	2011	2010
USD	**57 191 436,74**	46 508 004,04
HKD	**2 487 314,70**	2 696 040,67
SEK	**-34 559 032,00**	-33 882 293,00
NOK	**-18 631 983,49**	-17 012 268,97
EUR	**-4 471 138,00**	

The majority of the outstanding derivatives hedging cash flows relate to Lindex. At year-end, the outstanding cash flow hedges in US dollars covered approximately 66% of the Stockmann Group’s estimated net USD flows for the coming 6 months.

Foreign subsidiaries are financed primarily in local currency, whereby the foreign subsidiary does not incur significant transaction risk. Group Treasury is responsible for managing the currency risk of the foreign-currency-denominated receivables and liabilities in Stockmann’s balance sheet. The degree of hedging can vary in the range of 0 – 100%.

Translation risk

The Stockmann Group incurs translation risk when the financial statements of foreign subsidiaries are translated into euro amounts in the consolidated financial statements. For foreign-currency-denominated net investments, the effects of changes in foreign exchange rates appear as the translation difference in the Group’s equity. Stockmann hedges translation risk for equity selectively by means of loans in foreign currency or with derivatives. Hedging decisions are taken by the Chief Executive Officer of Stockmann plc upon a proposal by Group Treasury, taking into account any effect the hedging measure may have on the Group’s earnings, balance sheet and cash flows as well as hedging costs.

The Group’s currency exposures

2011, EUR	SEK	LVL	RUB	LTL	NOK	CZK
Receivables	**857 025 483,00**	**8 369 095,00**	**23 203 639,00**	**5 658 537,00**	**23 612 845,00**	**14 356 071,00**
Loans from financial institutions	**-431 770 477,00**	**-40 000,00**			**-18 055,00**	
Trade payables and other current liabilities	**-50 452 200,00**	**-6 095 951,00**	**-15 953 550,00**	**-781 293,00**	**-378 507,00**	
Foreign currency exposure in the balance sheet	**374 802 806,00**	**2 233 144,00**	**7 250 089,00**	**4 877 244,00**	**23 216 283,00**	**14 356 071,00**
Foreign exchange derivatives hedging balance sheet items	**-413 906 194,00**	**-4 288 778,00**			**-17 135 801,00**	**-10 470 392,00**
Foreign currency loans hedging the net investment	**83 889 829,00**					
Net position in the balance sheet	**44 786 441,00**	**-2 055 634,00**	**7 250 089,00**	**4 877 244,00**	**6 080 482,00**	**3 885 679,00**

2010, EUR	SEK	LVL	RUB	LTL	NOK	CZK
Receivables	839 807 981,00	8 699 270,00	29 948 555,00	3 777 152,00	21 150 000,00	11 043 534,00
Loans from financial institutions	-357 574 981,00	-510 000,00			-229 231,00	
Trade payables and other current liabilities	-30 504 664,00	-3 004 794,00	-12 503 675,00	-664 821,00	-345 185,00	
Foreign currency exposure in the balance sheet	451 728 336,00	5 184 476,00	17 444 880,00	3 112 331,00	20 575 584,00	11 043 534,00
Foreign exchange derivatives hedging balance sheet items	-484 780 743,00	-4 228 926,00			-15 297 189,00	-5 985 396,00
Foreign currency loans hedging the net investment	79 492 650,00					
Net position in the balance sheet	46 440 243,00	955 550,00	17 444 880,00	3 112 331,00	5 278 395,00	5 058 138,00

A strengthening of five percentage points in the euro’s exchange rate against all currencies would have an imputed effect of EUR -2.3 million (2010: EUR -2.3 million)on Stockmann’s profit after taxes, and EUR -4.8 million (2010: EUR -1.5 million) on equity after taxes, at the balance sheet date of 31 December 2011. A weakening of five percentage points in the euro’s exchange rate against all currencies would have an imputed effect of EUR +2.6 million (2010: EUR +2.5 million) on Stockmann’s profit after taxes, and of EUR

+5.3 million (2010: EUR +1.6 million) on equity after taxes, at the balance sheet date of 31 December 2011. In calculating the effect on equity, net investments in foreign subsidiaries have been taken into account.

Interest rate risk

Fluctuations in the level of interest rates affect the Group's interest expenses and interest income. The Group has large Swedish Krona-denominated assets originating from the acquisition of Lindex. These assets are financed with Swedish Krona-denominated debt and/or debt swapped to Swedish Krona. Thus, Stockmann is mainly exposed to fluctuations in Swedish interest rates. The objective of the Group's management of interest rate risk is to reduce the uncertainty to which Stockmann's earnings may be subjected due to changes in the level of interest rates. A dual approach is employed in managing interest rate risk. The Group's borrowings and investments are diversified across different maturities and, furthermore, floating rate and fixed-interest instruments are used. The duration of the loan and investment portfolio is a maximum of five years. Interest rate derivatives can be used in managing interest rate risk. At the balance sheet date, 31 December 2011, Stockmann's interest-bearing loans and bank receivables had duration of 8.0 months. Interest rate derivatives were not in use.

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date 31 December 2011:

Interest rate adjustment period, EUR	**< 1 month**	**1–12 months**	**1–3 years**	**3–5 years**	**Total**
Loans from financial institutions	**271 908 019,27**	**55 491 065,05**		**157 632 051,55**	**485 031 135,87**
Pension loans		**53 333 333,33**	**53 210 037,92**		**106 543 371,25**
Finance leases				**6 743 784,50**	**6 743 784,50**
Other interest bearing liabilities	**121 741 701,44**	**142 243 372,72**	**233 427,81**		**264 218 501,97**
Total	**393 649 720,71**	**251 067 771,10**	**53 443 465,73**	**164 375 836,05**	**862 536 793,59**
Cash and bank receivables	**-33 244 001,79**				**-33 244 001,79**
Total	**360 405 718,92**	**251 067 771,10**	**53 443 465,73**	**164 375 836,05**	**829 292 791,80**

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date December 31, 2010:

Interest rate adjustment period, EUR	< 1 month	1–12 months	1–3 years	3–5 years	Total
Loans from financial institutions	198 895 272,16	105 274 880,18		156 120 904,49	460 291 056,83
Pension loans		53 333 333,33	106 481 469,24		159 814 802,57
Finance leases				5 873 458,08	5 873 458,08
Other interest bearing liabilities	70 772 987,43	116 032 525,49	478 940,91		187 284 453,82
Total	269 668 259,59	274 640 739,00	106 960 410,15	161 994 362,57	813 263 771,31
Cash and bank receivables	-36 715 525,43				-36 715 525,43
Total	232 952 734,16	274 640 739,00	106 960 410,15	161 994 362,57	776 548 245,88

A rise of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR -3.7 million (2010: EUR -2.9 million) at the balance sheet date, 31 December 2011. Correspondingly, a decline of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR +3.7 million (2010: EUR +2.9 million) at the balance sheet date, 31 December 2011. At the balance sheet date there were no items that are recognized directly in equity.

Electricity price risk

Lindex uses electricity derivatives to reduce the price risk affecting its future electricity procurements. In accordance with Lindex's financial policy, the degree of hedging of future electricity prices is a maximum of 100% for the coming three years. At the balance sheet date, 31 December 2011, a change of 10 percentage points in the market price of electricity has no material impact on Stockmann's profit and equity after taxes.

Financing and liquidity risk

Financing risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in finding financing. In order to minimize financing risk, the Group's financing need for the coming years is covered by long-term committed credit facilities. The Group also has to maintain a sufficiently large liquidity reserve. The liquidity reserve must be at least an amount corresponding to an average month's operational cash disbursements. Cash and cash equivalents as well as unused committed and non-committed credit facilities may be included in the liquidity reserve.

At the end of the year Stockmann had credit facilities totaling EUR 1.557 million, of which EUR 858 million was drawn. Committed credit facilities amounted to EUR 926 million. Of these facilities, EUR 594 million were utilized. In July 2010 a syndicated loan of EUR 800 million was refinanced with 5 committed bilateral credit facilities totaling EUR 700 million. EUR 650 million of these facilities will mature in 2015 and EUR 50 million will mature in 2013. In June 2011, Stockmann signed a 5-year committed bilateral credit agreement with a Finnish bank. The Group also has bilateral committed long-term credit facilities with Finnish pension insurer Varma and with NIB as well as a committed bank loan agreement maturing in 2013. In addition to these credit facilities the Group has short-term committed credit facilities of EUR 63 million, and a domestic commercial paper program of EUR 631 million. Borrowing within the commercial paper program has increased during the year and amounted to EUR 264 million at year-end.

Stockmann's borrowing is mostly unsecured. However, the pension loans from the Finnish pension insurer Varma are statutory secured by a mortgage. The bank financings arranged in July 2010 and in June 2011 include a financial covenant, related to the Group's equity ratio. The conditions in the loan agreements have been met during the year.

Cash and bank receivables as well as unused committed credit facilities

EUR	**2011**	2010
Cash and bank receivables	**33 244 001,79**	36 715 525,43
Credit facility, due in 2012		
Credit facility, due in 2013	**58 485,97**	350 747,31
Credit facility, due in 2014		
Credit facility, due in 2015 +	**318 891 551,77**	342 784 731,41
Overdraft facilities	**12 818 322,24**	17 384 705,43
Total	**365 012 361,77**	397 235 709,58

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2011:

EUR	**2012**	**2013**	**2014**	**2015**	**2016+**	**Total**
Loans from financial institutions	**24 738 404,70**	**90 920 873,96**	**22 162 588,62**	**350 301 791,55**	**56 778 464,46**	**544 902 123,29**
Pension loans	**56 285 000,00**	**54 598 333,33**				**110 883 333,33**
Finance leases	**2 607 862,39**	**2 686 695,75**	**1 418 935,38**	**428 752,00**	**71 458,66**	**7 213 704,18**
Other interest-bearing liabilities	**266 043 681,08**	**214 795,92**	**26 346,78**			**266 284 823,78**
Trade payables and other current liabilities	**248 978 698,93**					**248 978 698,93**
Derivatives	**10 496 710,67**					**10 496 710,67**
Total	**609 150 357,77**	**148 420 698,96**	**23 607 870,78**	**350 730 543,55**	**56 849 923,12**	**1 188 759 394,18**

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2010:

EUR	2011	2012	2013	2014	2015+	Total
Loans from financial institutions	61 934 876,48	20 646 255,99	85 488 273,72	17 440 300,26	327 422 074,02	512 931 780,47
Pension loans	57 971 666,35	56 285 000,33	54 598 333,32			168 855 000,00
Finance leases	1 830 277,05	1 830 277,08	1 830 277,08	915 138,52		6 405 969,73
Other interest-bearing liabilities	187 613 181,93	296 612,52	211 452,72			188 121 247,16
Trade payables and other current liabilities	246 462 180,81					246 462 180,81
Derivatives	42 787 178,38					42 787 178,38
Total	598 599 361,00	79 058 145,91	142 128 336,84	18 355 438,78	327 422 074,02	1 165 563 356,55

Credit and counterparty risk

Trade receivables as well as receivables based on investments and derivative contracts expose the Group to credit risk. The counterparty risk associated with investments and derivative contracts is managed by means of counterparty limits approved by the Board of Directors. Derivative contracts are entered into only with counterparties that are judged to be highly creditworthy and financially solid. Cash assets are invested in financial instruments that are judged to be liquid and to have a low risk. At the balance sheet date, 31 December 2011, the Group's liquid assets consisted mainly of deposits in banks, with a very short maturity. The Group does not incur major credit risk relating to commercial trade receivables because its outstanding receivables consist of a large amount of small receivables, and customers are primarily private individuals whose creditworthiness has been checked.

Ageing of trade receivables

EUR	**2011**	2010
Trade receivables not due	**57 051 218,55**	46 123 203,13
Trade receivables fallen due in 1–30 days	**8 060 334,08**	8 964 594,67
Trade receivables fallen due in 31–120 days	**1 321 042,17**	1 192 516,77
Trade receivables fallen due in over 120 days	**2 567 210,68**	2 750 811,76
Total	**68 999 805,48**	59 031 126,33

The carrying amount of trade receivables corresponds to the maximum amount of the credit risk for them. EUR 0.6 million of impairment losses were recognized on trade receivables in 2011 (2010: EUR 1.3 million), the impairment charge being mainly made for trade receivables fallen due in over 120 days. Based on experience, Stockmann estimates that there is no need to recognize an impairment loss on trade receivables that have not fallen due.

Management of the capital structure

The Group's objective in managing the capital structure is an efficient capital structure that ensures the Group's operating fundamentals in the capital markets in all conditions irrespective of volatility in the sector. Although the Group does not have a public credit rating issued by a credit rating agency, the objective is to maintain the same type of capital structure as do other retailers who have a good credit rating. The Group monitors the trend in its capital structure by measuring the proportion of equity to total capital (equity ratio). As a result of the acquisition of Lindex the Group has Swedish Krona-denominated assets which are hedged by Swedish Krona-denominated external loans and/or forwards. The fluctuations of the Swedish Krona have impact on the total assets and liabilities equally. The strategic goal is to have an equity ratio amounting to at least 40 per cent. The ratio of equity to total capital at December 31, 2011 was 42.2 per cent (at December 31, 2010 it was 43.1 per cent).

30. Events after the balance sheet

The company's management is not aware of materially important events after the balance sheet date, which might have affected the preparation of the financial statements.

Stockmann plc
Income Statement, FAS

	Ref.	1.1.-31.12.2011 EUR	% of Rev.	1.1.-31.12.2010 EUR	% of Rev.
REVENUE		**849 381 154,77**	100,0	814 458 506,68	100,0
Other operating income	2	**23 062 940,35**	2,7	17 599 915,50	2,2
Materials and services					
Materials and consumables:					
Purchases during the financial year		**500 643 672,38**		492 015 816,96	
Change in inventories, increase (-), decrease (+)		**-261 645,45**		-13 939 776,08	
Materials and services, total		**500 382 026,93**	58,9	478 076 040,88	58,7
Wages, salaries and employee benefits expenses	3	**170 443 230,63**	20,1	162 350 247,97	19,9
Depreciation, amortisation and reduction in value	4	**18 906 462,34**	2,2	14 627 809,17	1,8
Other operating expenses	5	**147 482 526,74**	17,4	139 478 077,64	17,1
		837 214 246,64	98,6	794 532 175,66	97,6
OPERATING PROFIT		**35 229 848,48**	4,1	37 526 246,52	4,6
Financial income and expenses	6	**39 432 661,60**	4,6	40 463 295,71	5,0
PROFIT BEFORE EXTRAORDINARY ITEMS		**74 662 510,08**	8,8	77 989 542,23	9,6
Extraordinary items	7				
Extraordinary income		**8 687 000,00**		12 510 000,00	
Extraordinary expenses		**-38 405 000,00**		-53 020 000,00	
Extraordinary items, total		**-29 718 000,00**	-3,5	-40 510 000,00	-5,0
PROFIT BEFORE APPROPRIATIONS AND TAXES		**44 944 510,08**	5,3	37 479 542,23	4,6
Appropriations	8	**-11 647 912,88**	-1,4	-15 896 734,13	-2,0
Income taxes					
For the financial year		**115 532,43**		49 071,30	
For previous financial years		**-77 072,63**		20 658,73	
Income taxes, total		**38 459,80**	0,0	69 730,03	0,0
PROFIT FOR THE PERIOD		**33 258 137,40**	3,9	21 513 078,07	2,6

Stockmann plc
Balance sheet, FAS

ASSETS	**Ref.**	**31.12.2011 EUR**	31.12.2010 EUR
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		**11 558 364,98**	11 489 941,08
Goodwill		**1 509 445,16**	1 940 715,20
Advance payments and projects in progress		**8 088 967,68**	895 936,97
Intangible assets, total		**21 156 777,82**	14 326 593,25
Property, plant, equipment	10		
Land and water		**12 492 158,96**	12 492 158,96
Buildings and constructions		**318 700 397,53**	325 263 433,09
Machinery and equipment		**12 457 214,46**	12 159 409,40
Modification and renovation expenses for leased premises		**4 855 687,56**	6 491 980,90
Other tangible assets		**55 055,76**	55 173,49
Advance payments and construction in progress		**2 407 909,26**	5 567 903,84
Property, plant, equipment, total		**350 968 423,53**	362 030 059,68
Investments	11		
Holdings in Group undertakings		**216 278 966,28**	194 478 966,28
Other shares and participations		**10 456 939,61**	15 989 824,55
Investments, total		**226 735 905,89**	210 468 790,83
NON-CURRENT ASSETS, TOTAL		**598 861 107,24**	586 825 443,76
CURRENT ASSETS			
Inventories			
Materials and consumables		**94 701 317,73**	94 439 672,28
Inventories, total		**94 701 317,73**	94 439 672,28
Non-current receivables			
Loans owed by Group undertakings		**1 084 837 665,41**	1 071 265 013,25
Non-current receivables, total		**1 084 837 665,41**	1 071 265 013,25
Current receivables	12		
Trade receivables		**60 895 232,52**	53 794 300,42
Amounts owed by Group undertakings		**59 440 772,57**	58 055 096,44
Other receivables		**3 764 058,78**	4 274 068,27
Prepayments and accrued income		**11 417 193,63**	13 187 318,90
Current receivables, total		**135 517 257,50**	129 310 784,03
Receivables, total		**1 220 354 922,91**	1 200 575 797,28
Cash and cash equivalents	13	**13 801 243,54**	8 854 001,72
CURRENT ASSETS, TOTAL		**1 328 857 484,18**	1 303 869 471,28
ASSETS, TOTAL		**1 927 718 591,42**	1 890 694 915,04

Stockmann plc
Balance sheet, FAS

EQUITY AND LIABILITIES

	Ref.	**31.12.2011 EUR**	31.12.2010 EUR
EQUITY	14-15		
Share capital		**143 681 658,00**	142 292 000,00
Premium fund		**186 346 445,72**	186 346 445,72
Reserve for invested unrestricted equity		**254 428 387,62**	249 710 498,71
Other funds		**43 728 921,17**	43 728 921,17
Retained earnings		**95 028 303,56**	131 810 093,56
Net profit for the financial year		**33 258 137,40**	21 513 078,07
EQUITY, TOTAL		**756 471 853,47**	775 401 037,23
ACCUMULATED APPROPRIATIONS	16	**106 073 162,06**	94 425 249,18
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		**462 881 588,08**	397 574 980,82
Pension loans		**48 166 666,64**	96 333 333,32
Amounts owed to Group undertakings		**86 626 447,14**	72 550 520,92
Non-current liabilities, total		**597 674 701,86**	566 458 835,06
Current liabilities	17-18		
Loans from credit institutions		**12 747 371,94**	52 805 389,36
Pension loans		**48 166 666,68**	48 166 666,68
Other interest bearing loan		**263 707 520,23**	186 531 832,40
Trade payables		**60 356 062,04**	61 570 196,35
Amounts owed to Group undertakings		**2 458 391,97**	2 438 329,08
Other payables		**36 025 499,11**	28 815 421,34
Accrued expenses and prepaid income		**44 037 362,06**	74 081 958,36
Current liabilities, total		**467 498 874,03**	454 409 793,57
LIABILITIES, TOTAL		**1 065 173 575,89**	1 020 868 628,63
EQUITY AND LIABILITIES, TOTAL		**1 927 718 591,42**	1 890 694 915,04

Stockmann plc
Cash flow statement

	2011 EUR	2010 EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	**33 258 137,40**	21 513 078,07
Adjustments:		
Depreciation	**18 906 462,34**	14 627 809,17
Other adjustments	**30 885 722,52**	42 025 553,12
Financial income and expenses	**-39 432 661,60**	-40 463 295,71
Appropriations	**11 647 912,88**	15 896 734,13
Income taxes	**38 459,80**	69 730,03
Changes in working capital:		
Change in trade and other receivables	**-1 873 356,29**	8 488 065,66
Change in inventories	**-261 645,45**	-13 898 029,02
Change in trade payables and other liabilities	**-22 672 247,68**	54 270 787,35
Interest and other financial expenses paid	**-32 064 791,83**	-20 958 990,19
Interest received	**46 671 572,98**	34 048 320,28
Income taxes paid	**5 935 962,12**	-9 249 806,81
NET CASH FROM OPERATING ACTIVITIES	**51 039 527,19**	106 369 956,08
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	**-15 882 817,01**	-50 214 450,90
Additions to holdings in Group undertakings	**-23 000 000,00**	-81 156 657,30
Proceeds from disposal of other investments	**4 900 000,00**	
Loans granted		-61 666 658,42
Proceeds from repayments of loans	**13 969 262,77**	56 466 041,77
Dividends received	**20 063 963,41**	34 139 680,06
NET CASH FROM INVESTING ACTIVITIES	**50 409,17**	-102 432 044,79
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (+)/repayment of (-) loan receivables	**-31 517 350,55**	-57 668 582,12
Proceeds from issue of share capital	**6 107 546,91**	1 453 672,71
Proceeds from (+)/repayment of (-) short-term loans	**-19 937 885,13**	186 860 801,28
Repayments of long-term loans	**-29 282 865,65**	-721 487 615,65
Proceeds from long-term loans	**112 737 579,88**	527 200 551,19
Dividends paid	**-58 339 720,00**	-51 187 646,16
Proceeds from (+)/ payment of (-) extraordinary items	**-25 910 000,00**	-33 878 000,00
NET CASH FROM FINANCING ACTIVITIES	**-46 142 694,54**	-148 706 818,75
Change in cash and cash equivalents	**4 947 241,82**	-144 768 907,46
Cash and cash equivalents at start of the financial year	**8 854 001,72**	153 622 909,18
Cash and cash equivalents at end of the financial year	**13 801 243,54**	8 854 001,72

1. ACCOUNTING PRINCIPLES

Stockmann plc's annual accounts have been prepared in accordance with the Finnish Accounting standards.

Transactions in foreign currencies
Transactions in foreign currencies are recorded at the rates prevailing on the transaction date.

At the end of accounting period foreign currency debtors and creditors in the balance sheet are translated at the rates prevailing on the balance sheet date. Gains and losses on foreign exchange in financial operations are entered as net amounts under other financial income or other financial expenses.

Revenue
Revenue comprises sales income excluding indirect taxes, discounts granted and foreign exchange differences.

Other operating income
The items stated as other operating income are capital gains on the sale of non-current assets connected with business operations, compensation obtained from the sale of businesses, charges for services rendered to foreign subsidiaries as well as income from credit card co-operation.

Extraordinary income and expenses
The items stated as extraordinary income and expenses are contributions from and to Group companies.

Income taxes
The direct taxes entered in the profit and loss account are the taxes corresponding to net profit for the financial year as well as taxes payable for prior periods or tax refunds. Deferred taxes are not included in the parent's income statement and balance sheet.

Tangible and intangible assets
Tangible and intangible assets are valued according to the original cost excluding planned depreciation. The balance sheet values furthermore include revaluations of land areas and buildings. Revaluations have been made during the period from 1950 to 1984 and are based on then estimates of real-estate valuers. Revaluations are not depreciated.

Planned depreciation is based on the original cost and the estimated economically useful life of intangible and tangible assets as follows:

-	Intangible assets	5 -10 years
-	Goodwill	5 years
-	Modification and renovation expenses for leased premises	5-10 years
-	Buildings	20-50 years
-	Machinery and equipment	4-10 years
-	Vehicles and data processing equipment	3-5 years

Inventories
In the valuation of inventories the principle of lowest value has been used, i.e. the inventories have been entered in the balance sheet at the lowest of acquisition cost or a lower repurchase price or the probable market price. The value of inventories is determined using the FIFO method, the weighted average cost method or the retail method and it includes all the direct costs of the purchase.

Financial instruments
Securities included in non-current assets are valued at acquisition cost or, if their market value has decreased permanently, at this lower value.

Other securities are valued at acquisition cost or, if their market value is lower, at this lower value.

Exchange and interest rate differences related to derivative agreements made to hedge against foreign exchange rate risk were entered on an accrual basis as financial income and expenses.

2. Other operating income

EUR	**2011**	2010
Compensation for services to Group companies	**11 356 134,98**	8 845 203,04
Income from credit card co-operation	**7 409 389,28**	4 533 563,30
Rental income from subsidiaries	**3 645 870,63**	4 158 523,45
Other operating income	**651 545,46**	62 625,71
Total	**23 062 940,35**	17 599 915,50

3. Wages, salaries and employee benefits expenses

EUR	**2011**	2010
Salaries and emoluments paid to the CEO and his alternate	**659 689,00**	596 400,00
Salaries and emoluments paid to the Board of Directors	**392 500,00**	388 500,00
Other wages and salaries	**133 146 770,87**	126 657 577,19
Wages during sick leave	**4 608 564,61**	4 260 801,42
Pension expenses	**23 870 819,78**	22 820 439,87
Other staff expenses	**7 764 886,37**	7 626 529,49
Total	**170 443 230,63**	162 350 247,97

Staff, average	**5 509**	5 319

Management pension liabilities

The agreed retirement age for the parent company CEO is 60 years.
Annual payments are made to provide for these commitments.

4. Depreciation and reduction in value

EUR	**2011**	2010
Intangible rights	**3 354 270,72**	1 831 905,20
Goodwill	**431 270,04**	215 635,02
Modification and renovation expenses for leased premises	**1 346 354,63**	1 449 766,75
Buildings and constructions	**10 258 016,71**	8 731 344,91
Machinery and equipment	**3 516 550,24**	2 399 157,29
Total	**18 906 462,34**	14 627 809,17

5. Other operating expenses

EUR	**2011**	2010
Site expenses	**75 456 451,46**	72 178 470,51
Marketing expenses	**24 850 072,15**	24 434 324,16
Goods handling expenses	**13 114 311,86**	11 723 725,67
Voluntary indirect employee expenses	**3 319 297,85**	3 135 039,86
Credit losses	**711 471,76**	1 447 889,90
Other expenses	**30 030 921,66**	26 558 627,54
Total	**147 482 526,74**	139 478 077,64

Auditors' fees

EUR	**2011**	2010
Audit fees	**176 100,00**	172 400,00
Tax consulting	**19 298,00**	23 650,00
Certificates and advice	**8 150,00**	1 750,00
Other services	**6 800,00**	19 350,00
Total	**210 348,00**	217 150,00

6. Financial income and expenses

EUR	**2011**	2010
Interim dividend from Group undertakings	**34 189 856,37**	19 931 961,41
Other dividend income	**132 002,00**	272 902,09
Interest income from Group undertakings	**46 654 358,99**	33 099 199,02
Interest income from parties outside the Group	**542 650,63**	1 265 474,52
Interest expenses to Group undertakings	**-443 290,77**	-343 725,96
Interest expenses to parties outside the Group	**-32 712 370,68**	-21 333 648,89
Impairment of investments within non-current assets	**-1 200 000,00**	
Other financial expenses to parties outside the Group	**-192 379,08**	-317 366,04
Foreign exchange losses and gains (net)	**-7 538 165,86**	7 888 499,56
Total	**39 432 661,60**	40 463 295,71

7. Extraordinary items

EUR	**2011**	2010
Group contributions from Group companies	**8 687 000,00**	12 510 000,00
Group contributions to Group companies	**-38 405 000,00**	-53 020 000,00
Total	**-29 718 000,00**	-40 510 000,00

8. Appropriations

EUR	**2011**	2010
Change in depreciation reserve		
Intangible rights	**-284 489,58**	-844 568,21
Modification and renovation expenses for leased premises	**210 795,06**	218 370,69
Buildings and constructions	**-11 118 135,29**	-13 665 094,48
Machinery and equipment	**-456 083,07**	-1 605 442,13
Total	**-11 647 912,88**	-15 896 734,13

9. Intangible assets

EUR	**2011**	2010
Intangible rights		
Acquisition cost Jan. 1	**15 939 095,78**	7 299 041,86
Increases	**1 662 410,83**	7 602 936,96
Transfers between items	**1 760 283,79**	1 086 011,94
Decreases	**-1 778 513,22**	-48 894,98
Acquisition cost Dec. 31	**17 583 277,18**	15 939 095,78
Accumulated depreciation Jan. 1	**4 449 154,70**	2 666 144,48
Depreciation on reductions	**-1 778 513,22**	-48 894,98
Depreciation for the financial year	**3 354 270,72**	1 831 905,20
Accumulated depreciation Dec. 31	**6 024 912,20**	4 449 154,70
Book value Dec. 31	**11 558 364,98**	11 489 941,08

Goodwill

EUR mill.	**2011**	2010
Acquisition cost Jan. 1	**2 156 350,22**	
Increases		2 156 350,22
Acquisition cost Dec. 31	**2 156 350,22**	2 156 350,22
Accumulated depreciation Jan. 1	**215 635,02**	
Depreciation for the financial year	**431 270,04**	215 635,02
Accumulated depreciation Dec. 31	**646 905,06**	215 635,02
Book value Dec. 31	**1 509 445,16**	1 940 715,20

Advance payments and projects in progress

EUR	**2011**	2010
Acquisition cost Jan. 1	**895 936,97**	649 404,08
Increases	**8 953 314,50**	1 332 544,83
Transfers between items	**-1 760 283,79**	-1 086 011,94
Book value Dec. 31	**8 088 967,68**	895 936,97

Intangible assets, total	**21 156 777,82**	14 326 593,25

10. Tangible assets

EUR	**2011**	2010
Land and water		
Acquisition cost Jan. 1	**6 593 808,38**	4 963 808,37
Increases		1 630 000,01
Acquisition cost Dec. 31	**6 593 808,38**	6 593 808,38
Revaluations Jan. 1 and Dec. 31	**5 898 350,58**	5 898 350,58
Book value Dec. 31	**12 492 158,96**	12 492 158,96

Buildings and constructions

EUR	**2011**	2010
Acquisition cost Jan. 1	**351 864 925,48**	281 265 518,87
Increases	**1 176 026,23**	25 882 481,55
Transfers between items	**2 518 954,92**	46 011 834,85
Decreases	**-2 104 676,37**	-1 294 909,79
Acquisition cost Dec. 31	**353 455 230,26**	351 864 925,48
Accumulated depreciation Jan. 1	**53 132 201,99**	45 695 766,87
Depreciation on reductions	**-2 104 676,37**	-1 294 909,79
Depreciation for the financial year	**10 258 016,71**	8 731 344,91
Accumulated depreciation Dec. 31	**61 285 542,33**	53 132 201,99
Revaluations Jan. 1 and Dec. 31	**26 530 709,60**	26 530 709,60
Book value Dec. 31	**318 700 397,53**	325 263 433,09

Machinery and equipment

EUR	**2011**	2010
Acquisition cost Jan. 1	**19 988 020,21**	12 377 381,21
Increases	**556 692,16**	749 920,25
Transfers between items	**3 257 493,08**	9 474 211,15
Decreases	**-3 241 873,24**	-2 613 492,40
Acquisition cost Dec. 31	**20 560 332,21**	19 988 020,21
Accumulated depreciation Jan. 1	**7 828 610,81**	8 042 945,92
Depreciation on reductions	**-3 241 873,24**	-2 613 492,40
Depreciation for the financial year	**3 516 380,18**	2 399 157,29
Accumulated depreciation Dec. 31	**8 103 117,75**	7 828 610,81
Book value Dec. 31	**12 457 214,46**	12 159 409,40

Modification and renovation expenses for leased premises

EUR	**2011**	2010
Acquisition cost Jan. 1	**14 394 384,78**	14 983 232,74
Increases	**154 134,41**	417 934,96
Transfers between items	**90 764,46**	
Decreases	**-2 134 779,28**	-1 006 782,92
Acquisition cost Dec. 31	**12 504 504,37**	14 394 384,78
Accumulated depreciation Jan. 1	**7 902 403,88**	7 459 420,05
Depreciation on reductions	**-1 599 941,70**	-1 006 782,92
Depreciation for the financial year	**1 346 354,63**	1 449 766,75
Accumulated depreciation Dec. 31	**7 648 816,81**	7 902 403,88
Book value Dec. 31	**4 855 687,56**	6 491 980,90

Other tangible assets

EUR	**2011**	2010
Acquisition cost Jan. 1	**55 173,49**	55 173,49
Decreases	**-117,73**	
Book value Dec. 31	**55 055,76**	55 173,49

Advance payments and construction in progress

EUR	**2011**	2010
Acquisition cost Jan. 1	**5 567 903,84**	47 196 170,45
Increases	**2 707 217,88**	13 857 779,39
Transfers between items	**-5 867 212,46**	-55 486 046,00
Book value Dec. 31	**2 407 909,26**	5 567 903,84

Tangible assets, total	**350 968 423,53**	362 030 059,68

Revaluations included in balance sheet values

EUR	**2011**	2010
Land and water	**5 898 350,58**	5 898 350,58
Buildings	**26 530 709,60**	26 530 709,60
Total	**32 429 060,18**	32 429 060,18

Revaluations of real-estate properties have been made during the period from 1950 to 1984 and are based on then estimates of real-estate values.

11. Investments

Holdings in Group undertakings

EUR	**2011**	2010
Acquisition cost Jan. 1	**194 478 966,28**	132 124 134,69
Increases	**23 000 000,00**	81 156 657,30
Decreases		-18 801 825,71
Impairments	**-1 200 000,00**	
Book value Dec. 31	**216 278 966,28**	194 478 966,28

Other shares and participations

EUR	**2011**	2010
Acquisition cost Jan. 1	**15 989 824,55**	15 989 824,72
Decreases	**-5 532 884,94**	-0,17
Book value Dec. 31	**10 456 939,61**	15 989 824,55

Investments, total	**226 735 905,89**	210 468 790,83

12. Current receivables

EUR	**2011**	2010
Interest-bearing trade receivables	**45 693 642,39**	41 613 071,57
Non-interest bearing trade receivables	**15 201 590,13**	12 181 228,85
Trade receivables, total	**60 895 232,52**	53 794 300,42

Amounts owed by Group undertakings

EUR	**2011**	2010
Dividend receivables	**34 189 856,37**	19 931 961,41
Account receivables	**14 528 349,20**	23 531 955,14
Group contribution receivables	**8 687 000,00**	12 510 000,00
Trade receivables	**1 914 038,89**	2 081 179,89
Prepayments and accrued income	**121 528,11**	
Total	**59 440 772,57**	58 055 096,44

Essential items in prepayments and accrued income

EUR	**2011**	2010
Receivable from credit card co-operation	**3 670 046,42**	1 172 458,65
Indirect employee expenses	**2 647 681,00**	1 079 693,00
Income taxes	**2 333 311,06**	8 307 732,98
IT expenses	**777 335,91**	649 048,43
Discounts	**743 251,13**	1 016 268,13
Other prepayments and accrued income	**1 245 568,11**	962 117,71
Total	**11 417 193,63**	13 187 318,90

13. Cash and cash equivalents

Cash and cash equivalents comprise bank deposits and cash in hand.
Their book value is equivalent to their market value.

14. Changes in equity

EUR	**2011**	2010
Share capital		
Series A shares Jan. 1 and Dec. 31	**61 255 126,00**	61 255 126,00
Series B shares Jan. 1	**81 036 874,00**	80 932 780,00
Share issue	**1 389 658,00**	104 094,00
Series B shares Dec. 31	**82 426 532,00**	81 036 874,00
Share capital, total	**143 681 658,00**	142 292 000,00
Premium fund Jan. 1 and Dec. 31	**186 346 445,72**	186 346 445,72
Reserve for invested unrestricted equity Jan. 1	**249 710 498,71**	248 360 920,00
Share issue	**4 717 888,91**	1 349 578,71
Reserve for invested unrestricted equity Dec. 31	**254 428 387,62**	249 710 498,71
Other funds Jan. 1 and Dec. 31	**43 728 921,17**	43 728 921,17
Retained earnings Jan. 1	**153 323 171,63**	182 873 992,51
Dividends	**-58 339 720,00**	-51 187 646,16
Dividends which haven't been drawn	**44 851,93**	123 747,21
Retained earnings Dec. 31	**95 028 303,56**	131 810 093,56
Net profit for the financial year	**33 258 137,40**	21 513 078,07
Equity, total	**756 471 853,47**	775 401 037,23

Breakdown of distributable funds Dec. 31

EUR	**2011**	2010
Other funds	**298 157 308,79**	293 439 419,88
Retained earnings	**95 028 303,56**	131 810 093,56
Net profit for the financial year	**33 258 137,40**	21 513 078,07
Total	**426 443 749,75**	446 762 591,51

15. The parent company's shares

Par value EUR 2.00	**shares**	shares
Series A shares (10 votes each)	**30 627 563**	30 627 563
Series B shares (1 vote each)	**41 213 266**	40 518 437
Total	**71 840 829**	71 146 000

16. Accumulated appropriations

The accumulated appropriations comprise accumulated depreciation difference.

17. Current liabilities

EUR	**2011**	2010
Interest-bearing liabilities	**324 621 558,85**	287 503 888,44
Non-interest-bearing liabilities	**142 875 750,56**	166 905 905,13
Total	**467 497 309,41**	454 409 793,57

Amounts owed to Group undertakings

EUR	2011	2010
Trade payables, non-interest-bearing	**658 718,41**	786 110,10
Group contributions payable	**305 000,00**	320 000,00
Other current liabilities, non-interest-bearing	**1 494 673,56**	1 208 258,82
Accrued liabilities, non-interest-bearing		123 960,16
Total	**2 458 391,97**	2 438 329,08

18. Essential items in accruals and prepaid income

EUR	2011	2010
Staff expenses	**29 577 174,50**	29 272 596,75
Derivative payables	**10 263 089,32**	41 142 478,42
Interest and other financial expenses	**2 160 664,30**	1 530 208,10
Reserve for returns	**805 221,10**	682 727,95
Income taxes		187 047,20
Other accrued expenses and prepaid income	**1 231 212,84**	1 266 899,94
Total	**44 037 362,06**	74 081 958,36

19. Security pledged

EUR	2011		2010	
Security pledged on behalf of the company	**Loan**	**Security value**	Loan	Security value
Mortgages given for long-term pension loans	**66 666 666,66**	**200 000 000,00**	100 000 000,00	200 000 000,00
Other mortgages given		**1 681 879,26**		1 681 879,26
Security pledged on behalf of the company, total		**201 681 879,26**		201 681 879,26

	2011	2010
Security pledged on behalf of Group undertakings		
Rent guarantees	**40 483 484,07**	40 055 796,85
Other guarantees	**25 936 661,63**	25 365 671,97
Total	**66 420 145,70**	65 421 468,82

	2011	2010
Security pledged, total		
Mortgages	**201 681 879,26**	201 681 879,26
Guarantees	**66 420 145,70**	65 421 468,82
Total	**268 102 024,96**	267 103 348,08

20. Other commitments

EUR	2011	2010
Leasing commitments		
Payable during one year	**6 691 381,38**	6 685 807,52
Payable during more than one year	**5 545 979,93**	11 521 411,58
Total	**12 237 361,31**	18 207 219,10

Investments in real estate

The company is required to adjust the VAT deductions made on real estate investments completed in 2006-2011, if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2020, and the maximum liability is EUR 34 951 148. In 2010 the maximum liability was EUR 41 371 234.

Pension liabilities

The pension liabilities of the parent company are insured with outside pension insurance companies. The pension liabilities are fully covered.

Shares and participations

Group undertakings

Parent company holdings	Number	Shareholding %	Voting rights %	Cur-rency	Book value	Shareholders' equity
Seppälä Oy, Helsinki	30 000	100	100	EUR	5 046 000,00	13 693 725,21
Stockmann AS, Tallinn	16 200	100	100	EEK	1 022 193,07	28 146 892,55
SIA Stockmann, Riga	1 615 500	100	100	LVL	4 830 564,93	3 511 154,98
SIA Stockmann Centrs, Riga	31 500	63	63	LVL	115 577,78	3 368 863,68
Oy Stockmann Russia Holding Ab, Helsinki	4 000	100	100	EUR	140 411 270,21	1 509 615,50
Z-Fashion Finland Oy, Helsinki	50	100	100	EUR	8 483,18	458 661,08
Oy Suomen Pääomarahoitus-Finlands Kapitalfinans Ab, Helsinki	1 000	100	100	EUR	1 682 000,00	2 282 745,62
UAB Stockmann, Vilnius	52 000	100	100	LTL	9 497 539,88	977 199,29
Stockmann Sverige AB, Stockholm	100 000	100	100	SEK	48 843 170,23	83 889 828,90
Kiinteistö Oy Friisinkeskus II, Espoo	1 948	97	97	EUR	612 348,47	736 089,91
Kiinteistö Oy Muuntajankatu 4, Helsinki	50	100	100	EUR	3 271 810,81	2 190 129,19
Kiinteistö Oy Stävö, Helsinki	50	100	100	EUR	8 500,00	8 552,53
Oy Hullut Päivät-Galna Dagar Ab, Helsinki	40	100	100	EUR	11 000,00	10 998,49
Espoon Autotalo Oy, Espoo	400	100	100	EUR	463 038,09	35 018,01
TF-Autokeskus Oy, Vantaa	600	100	100	EUR	455 469,63	293 760,06
Parent company holdings, total					216 278 966,28	141 113 235,00

Holdings of subsidiaries	Number	Shareholding %	Voting rights %	Cur-rency	Book value	Shareholders' equity
ZAO Stockmann, Moscow	2 000	100	100	RUB	587 082,46	-14 392 903,15
Oy Stockmann Russia Finance Ab, Helsinki	40 000	100	100	EUR	783 594,10	4 723 314,34
Stockmann Stp Centre Ltd, St Petersburg	5	100	100	RUB	13 037 388,43	62 550 685,49
TOV Stockmann, Kiev	1	100	100	EUR	106 258,62	-322 015,05
AB Lindex, Gothenburg	68 750 000	100	100	SEK	900 208 911,70	143 380 268,96
AB Lindex holdings of subsidiaries						
Lindex Sverige AB, Gothenburg	36 000	100	100	SEK		
Lindex AS, Oslo	200 000	100	100	NOK		
Lindex Oy, Helsinki	13 000	100	100	EUR		
Lindex Oü, Tallinn		100	100	EEK		
Lindex SIA, Riga		100	100	LVL		
Lindex UAB, Vilnius		100	100	LTL		
Lindex s.r.o, Prague	200	100	100	CZK		
AB Espevik, Alingsås	1 000	100	100	SEK		
Espevik i Sverige AB, Gothenburg	400 000	100	100	SEK		
Lindex H.K. Ltd, Hong Kong	9 900	99	99	HKD		
Shanghai Lindex Consulting Company Ltd, Shanghai		100	100	CNY		
Lindex Financial Services AB, Gothenburg	13 230	100	100	SEK		
Lindex India Private Ltd, New Delhi	10 000	100	100	INR		
It will be fit AB, Gothenburg	1 000	100	100	SEK		
Lindex Slovak		100	100	SEK		
Lindex Poland		100	100	SEK		
Group undertakings owned by subsidiaries, total					914 723 235,31	195 939 350,59
Group undertakings, total					1 131 002 201,59	337 052 585,59

Joint ventures	Number	Shareholding %	Cur-rency	Book value
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37,8	EUR	5 218 240,50
Joint ventures, total				5 218 240,50

The shares of joint ventures are presented in consolidated accounts so that instead of shares assets and liabilities of joint ventures are consolidated in proportion to the Group’s interest in the companies.

Other undertakings

Parent company holdings	Number	Shareholding %	Cur-rency	Book value
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37,8	EUR	6 241 944,22
Tuko Logistics Oy, Kerava	600	10,0	EUR	3 763 117,75
Others				451 877,64
Other parent company holdings, total				10 456 939,61

PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

The parent company's distributable funds according to the balance sheet at December 31, 2011, were EUR 426.4 million.

According to the Parent Company Balance Sheet at December 31, 2011, the following amounts are at disposal of the Annual General Meeting:

-	Retained earnings, including the Contingency fund and the Reserve for invested unrestricted equity	393 185 612.35
-	Net profit for the financial year	33 258 137.40
		426 443 749.75

The Board of Directors proposes that this amount be distributed as follows:

-	on the 71 840 829 shares owned by external parties be paid a dividend of EUR 0.50 per share for the financial year 2011	35 920 414.50
-	to be carried forward to the Contingency fund, Reserve for invested unrestricted equity and Retained earnings	390 523 335.26
		426 443 749.75

No material changes have taken place in the company's financial position after the close of the financial year. The company's liquidity is good, and in the view of the Board of Directors, the proposed dividend payout will not jeopardize the company's ability to meet its payment obligations.

Helsinki, February 8, 2012

Signatures of the Board of Directors and the CEO to the Board report on operations and the financial statements.

BOARD OF DIRECTORS

Christoffer Taxell

Kaj-Gustaf Bergh   Erkki Etola   Eva Liljeblom   Kari Niemistö

Charlotta Tallqvist-Cederberg   Carola Teir-Lehtinen   Dag Wallgren

CEO

Hannu Penttilä

Our auditor's report has been issued today.

Helsinki, February 15, 2012

Jari Härmälä
Authorized Public Accountant

Henrik Holmbom
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the Annual General Meeting of Stockmann plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stockmann plc for the year ended December 31, 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO
The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki February 15, 2012

(signed)
Jari Härmälä
Authorized Public Accountant

(signed)
Henrik Holmbom
Authorized Public Accountant