2015
FINANCIAL STATEMENTS

STOCKMANN

FINANCIAL STATEMENTS 2015

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REPORT BY THE BOARD OF DIRECTORS

The Stockmann Group's consolidated revenue was EUR 1 434.8 million (EUR 1 605.5 million) in 2015. Revenue in continuing product areas and businesses was down by 1.3 per cent. Operating result excluding non-recurring items was EUR -28.5 million (EUR -37.8 million). Earnings per share excluding non-recurring items were EUR -0.60 (EUR -0.84) and reported earnings per share were EUR -1.24 (EUR -1.34). The Board of Directors will propose no dividend to be paid on the 2015 result.

The department store operations in Russia have been classified as discontinued operations. The comparison figures in the Group's income statement for 2015 and related items have been restated accordingly. The comments in the Report by the Board of Directors refer only to continuing operations.

STRATEGY PROCESS

In 2015, Stockmann focused on the comprehensive turnaround of its business in accordance with the strategic direction set in late 2014. Since 1 January 2015, the company has been divided into three divisions: Stockmann Retail, Real Estate and Fashion Chains (Lindex as of 1 January 2016).

Stockmann Retail currently consists of the Stockmann department stores and Hobby Hall, together with their online stores. During 2015, the product selection in the department stores and the Stockmann online store was focused on the key product areas of fashion, cosmetics, food and home products. Consequently, Stockmann stopped offering its own selections in the product areas of electronics, books, sports equipment, toys and pet supplies. Hobby Hall's assets are reported as assets held for sale, and Stockmann is in the process of finding a new owner.

Real Estate develops and leases premises in the five Stockmann-owned properties. It is also responsible for sub-leasing of retail space in department stores which operate in leased premises. During 2015, several new tenants, which complement the selection offered to customers, started at Stockmann premises. Electronics is now being offered by Expert in Finland and by Euronics in the Baltic countries, and books are being offered by Bonnier Books which is the new owner of the Academic Bookstore. During the fourth quarter, the Helsinki city centre department store's product selection was complemented by the Hamleys toy store, the Musti ja Mirri pet supply store, the Halti outdoor store and the Espresso House coffee bar.

The Fashion Chains division comprises Lindex, after the divestment of Seppälä on 1 April 2015. Lindex continued its successful growth in 2015 with good development in its main markets in Scandinavia. Lindex entered the UK market in March when it opened its first store in London. The franchising business was expanded into two new countries, Kosovo and Albania. The stores in Russia will be closed by the summer 2016, as decided in early 2015.

According to its strategy, Stockmann discontinued business operations that were not considered to have the potential for profitable growth. The Seppälä fashion chain's business in Finland and Estonia was divested in a management buy-out as of 1 April 2015. The Academic Bookstore business was sold to the Swedish media company Bonnier Books AB as of 1 October 2015. The Stockmann Beauty chain was closed down during spring 2015. In April, a decision was made to close down the Oulu department store in Finland in early 2017.

As an important part of the turnaround, Stockmann launched an efficiency programme in February 2015 with an annual cost savings target of EUR 50 million, which will be reflected in the result mainly from 2016 onwards. A substantial part of the efficiency programme consists of the renewal of the processes and structure of Stockmann's support functions. The reorganisation led to a personnel reduction of nearly 200 people in Finland in 2015, of which 90 through lay-offs. Further cost-savings actions in the support functions will continue during 2016.

Another central part of the efficiency programme is to improve cooperation with suppliers, review the brand mix, and renegotiate terms and conditions with the key suppliers, in order to reduce fixed costs and to improve the gross margin. The inventory value was decreased by approximately EUR 70 million in 2015 by reducing the number of suppliers, by planning purchases more carefully and by discontinuing non-core product areas and businesses.

Stockmann will open a new distribution centre in April 2016. Operations from current warehouses in Finland will be moved in stages to the new centre in 2016 and from Riga in 2017. The centre will be highly automated, and will serve the department stores and Stockmann online store more efficiently. With the new distribution centre Stockmann is targeting an additional annual cost saving of approximately EUR 5.5 million compared with 2014, or EUR 3.5 million including the increased depreciation. Savings are expected to be achieved in full from 2018 onwards. These cost savings are not included in the efficiency programme's annual savings target of EUR 50 million.

Stockmann focuses strongly on omnicommerce. New digital tools were introduced in 2015 for store staff and customers, in order to improve the shopping experience. Also a project of renewing the Stockmann online store started in the autumn, and the new online store is expected to be launched in 2016.

EVENTS AFTER THE REPORTING PERIOD

Stockmann withdrew from its department store business in Russia by selling its Russian subsidiary AO Stockmann, to Reviva Holdings Limited on 1 February 2016. The purchase price was EUR 5 million and significant lease liabilities were also transferred to the new owner. Reviva is the owner of Debruss, the Russian franchisee of the international department store chain Debenhams. Reviva took over the operations of all current department stores in seven locations and plans to gradually transition the stores to the Debenhams brand by early 2017.

Due to the transaction, Stockmann recorded a non-recurring cost of EUR 78.5 million for the fourth quarter of 2015. Department store operations in Russia have been classified as discontinued operations in the financial statements for 2015. Comparison figures in the income statement and related items have been restated. The financial performance of the discontinued operations is described in Note 3 in the consolidated financial statements.

Stockmann will continue in Russia as a real estate owner and run the operations of the Nevsky Centre shopping centre in St Petersburg. Reviva became a long-term anchor tenant of the shopping centre as of 1 February 2016. Stockmann will classify the shopping centre as an investment property in accordance with IAS 40 as of 1 February 2016, since the property will no longer be used by the Group's own operations. Investment properties are not depreciated, but any gains or losses due to changes in fair value are recognised through profit and loss for the period during which they arise.

REVENUE AND EARNINGS IN CONTINUING OPERATIONS

The retail market environment continued to be weak in Stockmann's main market areas in 2015. In Finland, consumer confidence and purchasing power remained low and the GDP growth was stagnant. The Finnish fashion market was down by 7.7 per cent in 2015 (TMA). In Sweden, the fashion market was up 2.0 per cent (Stilindex) in 2015. In Russia, the GDP declined and the rouble remained weak against the euro, which significantly weakened the purchasing power of Russian consumers. The retail market in the Baltic countries was relatively stable in 2015, though competition has increased particularly in Estonia.

The Stockmann Group's revenue for 2015 was EUR 1 434.8 million (EUR 1 605.5 million). In the continuing product areas and businesses, revenue was down by 1.3 per cent. Continuing product areas and businesses comprise the Group's revenue excluding Seppälä, Hobby Hall, Stockmann Beauty, the airport store and the product areas which Stockmann no longer offers by itself in department stores (electronics, books, sports equipment, toys and pet supplies).

Revenue in Finland was EUR 743.2 million (EUR 882.8 million). In continuing product areas and businesses, revenue was down by 3.1 per cent due to a decline in Stockmann Retail's revenue.

Revenue in international operations amounted to EUR 691.6 million (EUR 722.7 million). In continuing product areas and businesses, revenue was up by 0.3 per cent due to growth in Lindex's revenue. International operations accounted for 48.2 per cent (45.0 per cent) of the total revenue.

The Group's gross profit for the financial year amounted to EUR 725.6 million (EUR 780.3 million). The gross margin was up, to 50.6 per cent (48.6 per cent), due to fewer price-driven campaigns than in 2014, withdrawal from the low-margin electronics product area in department stores and the divestment of Seppälä.

Operating costs excluding non-recurring items were down by EUR 86.4 million, and amounted to EUR 682.2 million (EUR 768.6 million). The decline was due to cost savings measures and the divestment of Seppälä. Non-recurring items booked in operating costs were EUR 24.0 million (EUR 29.0 million), of which EUR 4.3 million related to the Academic Bookstore and Oulu store closing were booked in Stockmann Retail (EUR 1.2 million) and EUR 19.7 million related to Seppälä and other Group's restructuring costs in unallocated expenses (EUR 27.8 million, including Seppälä's non-recurring costs).

The Group's EBITDA excluding non-recurring items was up, to EUR 43.4 million (EUR 18.1 million). Depreciation was EUR 71.9 million (EUR 59.8 million). The increase was mostly due to a change in the valuation of the real estate properties.

The operating result for 2015, excluding non-recurring items, was EUR -28.5 million (EUR -37.8 million). The reported operating result was EUR -52.5 million (EUR -77.2 million). The operating result was up in the Real Estate and Fashion Chains divisions, but down in Stockmann Retail.

The Stockmann Group received tax reassessment decisions from the Finnish and Swedish tax authorities requiring the Group companies to pay EUR 19.6 million in additional taxes, punitive tax increases and related interest. Stockmann considers the decisions to be unfounded and will appeal against them. Stockmann has been granted postponements to the payments, but the additional tax of EUR 19.3 million and the related interest of EUR 0.4 million were booked in the income statement in the fourth quarter.

Net financial expenses for the financial year, including non-recurring items, were down by EUR 2.6 million, to EUR 21.2 million (EUR 23.8 million). The decline was due to lower interest rates.

The result before taxes for the financial year, excluding non-recurring items, was EUR -46.8 million (EUR -64.1 million) and the reported result before taxes was EUR -73.7 million (EUR -100.5 million). Taxes, including non-recurring items, were EUR 15.1 million in 2015 (2014: tax credit of EUR 3.8 million).

The result for 2015, excluding non-recurring items, was EUR -43.0 million (EUR -60.3 million). The reported result was EUR -88.9 million (EUR -96.7 million). Net result for 2015 was EUR -175.0 million (EUR -99.8 million), including a loss of EUR 86.1 million (EUR 3.1 million) from discontinued operations.

Excluding non-recurring items, earnings per share for 2015 were EUR -0.60 (EUR -0.84). Reported earnings per share were EUR -1.24 (EUR -1.34), or EUR -2.43 (EUR -1.39) including discontinued operations. Equity per share was EUR 14.53 (EUR 10.55).

REVENUE AND EARNINGS BY DIVISION IN CONTINUING OPERATIONS

Stockmann's divisions and reportable segments are Stockmann Retail, Real Estate and Fashion Chains. Stockmann Retail and Real Estate were previously reported together as the Department Store Division.

Stockmann Retail

Stockmann Retail's full-year revenue was EUR 740.8 million (EUR 836.4 million). In continuing product areas and businesses, revenue was down by 4.0 per cent.

Revenue in Finland was EUR 649.7 million (EUR 740.5 million). In continuing product areas and businesses, revenue was down by 3.8 per cent. Stockmann gained market share in 2015 in fashion, cosmetics and home product areas, but the market share in food was down.

Revenue from international operations, which consist of two department stores in the Baltic countries, was EUR 91.1 million (EUR 95.9 million) and accounted for 12.3 per cent (11.5 per cent) of the division's total revenue. In continuing product areas and businesses, revenue was down by 4.9 per cent. Cosmetics and food were the strongest product areas in the Baltic stores.

The gross margin for the financial year was 38.1 per cent (36.4 per cent) due to less price-driven campaigns and withdrawal from the low-margin electronics product area in department stores.

Operating costs excluding non-recurring items were down by EUR 23.9 million, and amounted to EUR 378.2 million (EUR 402.1 million). The decline was mostly due to decreased personnel costs. Non-recurring items were EUR 4.3 million (EUR 1.2 million) which were booked for the Academic Bookstore and department store closings in the second and third quarters of the year.

The operating result, excluding non-recurring items, was EUR -68.6 million (EUR -62.3 million). The reported operating result was EUR -72.9 million (EUR -63.5 million).

Real Estate

Stockmann owns five properties with a gross leasable area (GLA) of 144 000 m2 in total, of which 42 per cent is located in Finland. The occupancy rate of the properties totalled 98.5 per cent at the end of the year.

Rapid progress was made during the year to release retail space from Stockmann's own operations for the use of tenants. Over 15,000 m2 were released in total, of which over 10,000 m2 from Stockmann's own properties were transferred to tenants. In Stockmann's own properties, 67 per cent of the GLA was used by Stockmann Retail at the end of 2015, compared with 74 per cent at the beginning of the year. After the divestment of the Russian department store business as of 1 February 2016, the share of GLA in Stockmann's own use was around 53 per cent.

On 1 January 2015 the fair value of Stockmann's properties amounted to EUR 908.3 million. During the year, properties' depreciation was deducted from the fair value. The properties were revalued on 31 December 2015 at their fair value which amounted to EUR 918.2 million. The weighted average market yield requirement used in the fair value calculation was 6.0 per cent.

Real Estate's revenue for 2015 was on a par with the previous year, at EUR 59.3 million (EUR 59.4 million). The average monthly rent in own properties was EUR 33.07 per square metre. Net operating income from Stockmann's own properties, which is operating income less maintenance expenses, was EUR 45.4 million (EUR 45.5 million). Net rental yield was 5.0 per cent.

The operating profit for the financial year was EUR 16.3 million (EUR 15.9 million).

Stockmann has signed an agreement with Technopolis on leasing out space in the 3rd floor of the Book House, as of spring 2016. The premises will be transformed into coworking office spaces. In Baltic department stores, agreements were signed with XS Toys for opening toys stores in Riga and Tallinn during spring 2016.

Fashion Chains

Lindex's full-year revenue was on a par with the previous year and totalled EUR 652.3 million (EUR 650.6 million). Revenue at comparable exchange rates was up 3.3 per cent with growth in all countries except Russia and Poland where Lindex closed stores during 2015. The strongest product area was children's wear.

Lindex's gross margin was 62.3 per cent (61.9 per cent). The increase was due to fewer markdowns.

Operating costs were down by EUR 8.5 million. This was due to savings measures mainly in office and marketing costs. Due to good cost efficiency, Lindex recorded an operating profit of EUR 44.6 million (EUR 30.8 million) in 2015.

The Fashion Chains' financial figures include Seppälä until the divestment on 1 April 2015. The division's full-year revenue was EUR 668.4 million (EUR 743.2 million). The division's operating profit for 2015 was EUR 30.5 million (EUR 0.0 million), which includes Seppälä's operating result of EUR -14.0 million (EUR -30.8 million) for the first quarter of 2015

STORE NETWORK

STOCKMANN GROUP	Total 31.12.2014	New stores in 2015	Closed stores in 2015	**Total 31.12.2015**
Department stores*	16			**16****
Stockmann Beauty stores	11		11	**0**
Outlet stores	1			**1****
Hobby Hall stores	1			**1**
Lindex stores	491	17	21	**487**
of which franchising	36	5	4	**37**
of which own stores	455	12	17	**450**

** Academic Bookstores were included in the department stores in Finland until 1 October 2015. ** 7 department stores and 1 outlet divested as of 1 February 2016.*

PROPERTIES

STOCKMANN GROUP	Gross leasable area, m2 31.12.2015	Occupancy rate, % 31.12.2015	Usage by Stockmann Retail, % 1.1.2015	Usage by Stockmann Retail, % 31.12.2015
Helsinki flagship building	51 000	99.7	87	80
Book House, Helsinki	9 000	94.6	87	30
Tallinn department store building	22 000	99.6	88	85
Riga department store building	16 000	100.0	92	88
Nevsky Centre, St Petersburg	46 000	96.9	44	44*
Total, all own properties	**144 000**	**98.5**	**74**	**67**

** As of 1 February 2016, the usage will decline to 0 per cent.*

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 19.1 million at the close of 2015, compared with EUR 29.3 million a year earlier. Cash flow from operating activities was EUR 17.2 million (EUR 29.6 million) for the financial year.

In accordance with a resolution of the Annual General Meeting on 19 March 2015, no dividend was paid for the financial year 2014.

In the consolidated balance sheet on 31 December 2015, Stockmann Retail's assets and liabilities in Russian operations and in Hobby Hall were classified as assets held for sale. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR -4.2 million at the close of the year, compared with EUR 51.3 million a year earlier.

Inventories were EUR 170.8 million (EUR 239.3 million) with a decrease of EUR 25.1 million in Stockmann Retail's stock level.

Current receivables amounted to EUR 55.5 million (80.1 million). The decline was due to a change in the fair value of derivatives and the reclassification of Stockmann Retail's current receivables in Russia as assets held for sale. Non-interest-bearing liabilities amounted to EUR 230.5 million (EUR 268.1 million).

Interest-bearing liabilities at the close of the year were EUR 783.4 million (EUR 833.9 million), of which long-term debt amounted to EUR 534.7 million (EUR 613.2 million). In addition, the Group had EUR 300.0 million in undrawn, long-term committed credit facilities and EUR 398.5 million in uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market.

Stockmann issued a EUR 85 million hybrid bond in December 2015. The bond is treated as equity in the financial statements. It has no maturity but the company may exercise an early redemption option at the earliest on 31 January 2020. The hybrid bond was partly used in December 2015 to pay down debt maturing in 2016.

The equity ratio at the close of the year was 46.1 per cent (39.3 per cent), and net gearing was 72.1 per cent (105.4 per cent). The return on capital employed in 2015 was -7.6 per cent (-4.9 per cent). The Group's capital employed was EUR 1 835.1 million (EUR 1 594.6 million) at the close of the year.

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 53.4 million (EUR 53.8 million), which was lower than depreciation, which was at EUR 71.9 million (59.8 million).

Stockmann Retail's capital expenditure for the financial year totalled EUR 25.8 million (EUR 27.2 million), including discontinued operations. A major part of this was used for the new distribution centre which will be taken into use in 2016.

Real Estate’s capital expenditure for the year totalled EUR 4.8 million (EUR 1.7 million), which was for property maintenance and refurbishments for new tenants.

Lindex’s capital expenditure for the financial year totalled EUR 21.9 million (EUR 21.4 million). Lindex opened 17 stores and closed 21 stores in 2015. In total there were 487 Lindex stores in 19 countries at year-end, of which 37 were franchising stores.

The Group’s other capital expenditure totalled EUR 1.0 million (EUR 3.5 million).

NEW PROJECTS

Capital expenditure for 2016 is estimated to amount to approximately EUR 60-65 million and to be on a par with the estimated depreciation for 2016. The depreciation is expected to decline due to the classification of Nevsky Centre as an investment property. Most of the capital expenditure will be used for the refurbishment of the Lindex stores, the automation technology in Stockmann’s new distribution centre, IT and omnicommerce system renewals as well as property and store concept renewals.

Lindex will continue to open new stores in 2016. However, the total number of stores is expected to decline in 2016, as Lindex will close down its remaining 10 stores in Russia and certain loss-making stores in other market areas.

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 2015, Stockmann had 30 553 216 Series A shares and 41 495 467 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 347 027 627.

The share capital remained at EUR 144.1 million in 2015. The market capitalisation at the end of the year was EUR 449.4 million (EUR 460.1 million).

At the close of 2015, the price of a Series A share was EUR 6.22, compared with EUR 6.42 at the end of 2014, while the price of a Series B share was EUR 6.25, compared with EUR 6.36 at the end of 2014. A total of 2.2 million (0.9 million) Series A shares and 14.6 million (17.6 million) Series B shares were traded during the year on Nasdaq Helsinki. This corresponds to 7.2 per cent (3.0 per cent) of the average number of Series A shares and 35.2 per cent (42.5 per cent) of the average number of Series B shares.

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

At the end of 2015, Stockmann had 52 415 shareholders, compared with 55 343 a year earlier. Stockmann was notified that the holdings of Varma Mutual Pension Insurance Company in Stockmann plc’s shares had increased above 5 per cent on 15 June 2015.

PERSONNEL

The Group’s average number of personnel in continuing operations was 10 762 in 2015 (12 157 in 2014 and 12 500 in 2013). The decline was mostly due to the divestment of Seppälä. In terms of full-time equivalents, the average number of employees was 7 643 (8 916 in 2014 and 11 422 in 2013).

At the end of 2015, the Group had 9 734 employees (12 143) in continuing operations of whom 4 455 (6 382) were working in Finland. The number of employees working outside of Finland was 5 279 (5 761) representing 54 per cent (47 per cent) of the total. Stockmann Retail employed 4 471 people (5 898), Real Estate 71 (18) and Lindex 4 733 (4 870), while 459 people (297) were employed in the Group shared services and production offices. Personnel in discontinued operations totalled 2 181 (2 313) at the end of 2015.

The Group’s wages and salaries in continuing operations amounted to EUR 251.6 million in 2015, compared with EUR 281.9 million in 2014 and EUR 313.1 million , including discontinued operations, in 2013. The total employee benefits expenses were EUR 321.5 million (EUR 356.3 million), which is equivalent to 22.4 per cent (20.8 per cent) of revenue.

CHANGES IN MANAGEMENT

Nora Malin, Director of Corporate Communications, was appointed a member of the Stockmann’s Management Team as of 2 April 2015. Petteri Naulapää was appointed Chief Information Officer and as a member of the Management Team as of 1 May 2015. Lauri Veijalainen was appointed Chief Financial Officer as of 12 August 2015 and he continued as a member of the Management Team.

Heini Pirttijärvi, Director of Human Resources, Kjell Sundström, Chief Strategy Officer, and Pekka Vähähyyppä, Executive Vice President and CFO, who were all members of the Management Team, left the company during 2015.

CORPORATE SOCIAL RESPONSIBILITY

Commitment to responsible operations forms a core part of Stockmann's values and daily operations. Stockmann is committed to the UN's Global Compact and its principles. The company's Code of Conduct defines ways of working for all employees and management staff without exception. In the supply chain for Lindex's and Stockmann's own brands the manufacturers must comply with the Supplier Code of Conduct, which is based on the Business Social Compliance Initiative's (BSCI) Code of Conduct. Further information on Stockmann's CSR activities and results is available at the company's website stockmanngroup.com.

RISK FACTORS

Stockmann is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The general economic situation is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. A weak operating environment may also affect operations of Stockmann's tenants and consequently may have a negative impact on rental income and the occupancy rate of Stockmann's properties. These may have an effect on the fair value of the real estate. Uncertainties related to the general economic situation, and particularly those related to consumers' purchasing power are considered to be the principal risks that will continue to affect Stockmann during 2016.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature of the fashion trade is the short lifecycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. Responsible management of the supply chain is important for the Group's brands in order to retain customer confidence in Stockmann. The Group addresses these factors as part of its day-to-day management of operations.

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.

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone, the US dollar, the Russian rouble and certain other currencies. Currency fluctuations may have a significant effect on the Group's business operations. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

OUTLOOK FOR 2016

In the Stockmann Group's main operating country, Finland, the general economic situation remains uncertain and only slow GDP growth is estimated. Consumers' purchasing power is expected to remain low, and the development of the non-food retail market is likely to continue being weak.

The GDP growths for Sweden, Norway and the Baltic countries are estimated to be somewhat higher than in Finland. The affordable fashion market in Sweden is expected to remain relatively stable. In the Baltic countries, more competition is expected in the retail market.

Stockmann will continue operating its shopping centre in St Petersburg. Economic development in Russia is expected to remain weak in 2016. This may have a negative impact on the rental income from tenants in Stockmann's real estate business.

Stockmann's strategy aims at improving the Group's long-term competitiveness and profitability through a comprehensive turnaround of its business. An efficiency programme was launched in February 2015 with an annual cost savings target of EUR 50 million. The programme is progressing according to plan, and its main effects are reflected in Stockmann's performance from 2016 onwards.

Capital expenditure for 2016 is estimated to be approximately EUR 60-65 million which is on a par with the estimated depreciation for 2016.

Stockmann expects the Group's revenue for 2016 to be down on 2015 due to on-going strategic actions in order to improve profitability. The operating result excluding non-recurring items is expected to be slightly positive in 2016. Due to normal seasonal variation, the first-quarter operating result will be significantly negative.

CORPORATE GOVERNANCE STATEMENT

Stockmann will issue a separate Corporate Governance Statement for 2015 in line with the recommendation by the Finnish Corporate Governance Code.

Helsinki, Finland, 17 February 2016

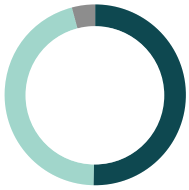
STOCKMANN plc

Board of Directors

REVENUE
by merchandise area 2015

65% Fashion
8% Cosmetics
8% Home
14% Food
5% Others

REVENUE
by division 2015

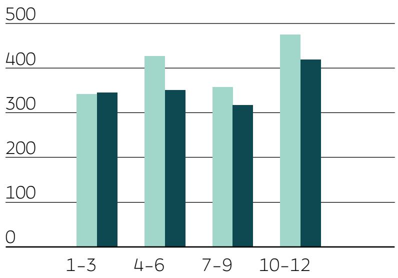


50% Stockmann Retail
46% Fashion Chains
4% Real Estate

REVENUE
by market 2015

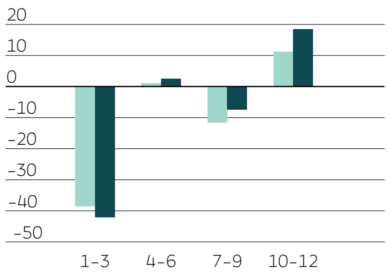
52% Finland
36% Sweden and Norway
12% Baltic countries, Russia and other countries

REVENUE BY QUARTER 2014-2015
EUR mill.



2015
2014

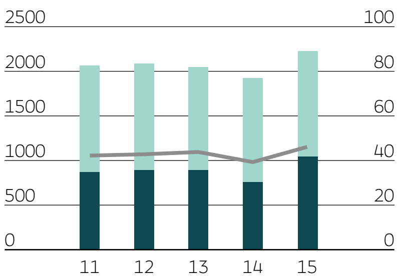
OPERATING RESULT* BY QUARTER 2014-2015
EUR mill.



2015
2014

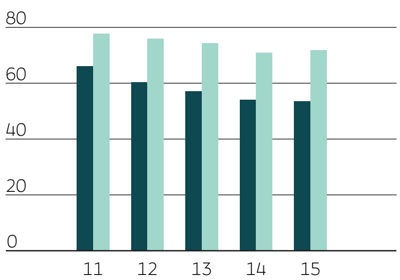
* Excluding non-recurring items

EQUITY RATIO 2011-2015
EUR mill. %



Shareholder's equity
Liabilities
Equity ratio, %

INVESTMENTS AND DEPRECIATION 2011–2015
EUR mill.



Investments
Depreciation

CONSOLIDATED INCOME STATEMENT

EUR mill.	Note	1.1.–31.12.2015	Restated 1.1.–31.12.2014
Continuing operations			
REVENUE	2	**1 434.8**	1 605.5
Other operating income	4	**0.2**	0.0
Materials and consumables	5	**-709.3**	-825.3
Wages, salaries and employee benefit expenses	6,25,30	**-321.5**	-356.3
Depreciation, amortisation and impairment losses	2,7,12,13	**-71.9**	-59.8
Other operating expenses	8	**-384.8**	-441.3
Total expenses		**-1 487.3**	-1 682.7
OPERATING PROFIT/LOSS	2	**-52.5**	-77.2
Financial income	9	**0.9**	0.4
Financial expenses	9	**-22.1**	-23.8
Total financial income and expenses		**-21.2**	-23.3
PROFIT/LOSS BEFORE TAX		**-73.7**	-100.5
Income taxes	10	**-15.1**	3.8
PROFIT/LOSS FROM CONTINUING OPERATIONS		**-88.9**	-96.7
Profit/loss from discontinued operations	3	**-86.1**	-3.1
NET PROFIT/LOSS FOR THE PERIOD		**-175.0**	-99.8
Profit/loss for the period attributable to:			
Equity holders of the parent company		**-175.0**	-99.8
Non-controlling interest		**-0.0**	0.0
Earnings per share for profit attributable to the equity holders of the parent company, EUR	11		
From continuing operations (undiluted and diluted)		**-1.24**	-1.34
From discontinued operations (undiluted and diluted)		**-1.20**	-0.04
From the net result (undiluted and diluted)	11	**-2.43**	-1.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	Note	1.1.–31.12.2015	1.1.–31.12.2014
PROFIT/LOSS FOR THE PERIOD		**-175.0**	-99.8
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement gains/losses on defined benefit pension liability, before tax		**0.0**	0.0
Remeasurement gains/losses on defined benefit pension liability, tax		**0.0**	0.0
Remeasurement gains/losses on defined benefit pension liability, net of tax	25	**0.0**	0.0
Changes in revaluation surplus (IAS 16), before tax		**473.0**	0.0
Changes in revaluation surplus (IAS 16), tax		**-94.5**	0.0
Changes in revaluation surplus (IAS 16), net of tax		**378.5**	0.0
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax		**1.4**	-9.3
Exchange differences on translating foreign operations, tax		**0.2**	-0.8
Exchange differences on translating foreign operations, net of tax	10,19	**1.6**	-10.1
Cash flow hedges, before tax		**-3.6**	5.1
Cash flow hedges, tax		**0.8**	-1.1
Cash flow hedges, net of tax	10,19	**-2.8**	4.0
Other comprehensive income for the period, net of tax		**377.2**	-6.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**202.2**	-105.9
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations		**288.4**	-102.8
Equity holders of the parent company, discontinued operations		**-86.1**	-3.1
Non-controlling interest		**-0.0**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	Note	**31.12.2015**	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark		**98.9**	96.8
Intangible rights		**48.7**	60.0
Other intangible assets		**3.7**	3.9
Advance payments and construction in progress		**1.9**	3.3
Goodwill		**764.7**	748.1
Intangible assets, total	12	**917.9**	912.2
Property, plant and equipment			
Land and water		**140.4**	43.1
Buildings and constructions		**777.8**	426.9
Machinery and equipment		**63.2**	80.9
Modification and renovation expenses for leased premises		**5.5**	26.5
Advance payments and construction in progress		**29.3**	13.2
Property, plant and equipment, total	13	**1 016.2**	590.5
Non-current receivables	24,28	**9.7**	3.4
Available-for-sale investments	15	**5.4**	7.8
Deferred tax assets	23	**45.2**	25.9
NON-CURRENT ASSETS, TOTAL		**1 994.5**	1 539.7
CURRENT ASSETS			
Inventories	16	**170.8**	239.3
Current receivables			
Interest-bearing receivables		**1.6**	2.4
Income tax receivables		**0.2**	2.0
Non-interest-bearing receivables		**53.8**	75.7
Current receivables, total	17	**55.5**	80.1
Cash and cash equivalents	18	**19.1**	29.3
CURRENT ASSETS, TOTAL		**245.4**	348.8
ASSETS CLASSIFIED AS HELD FOR SALE	2,3	**34.0**	48.0
ASSETS, TOTAL		**2 273.9**	1 936.5

EUR mill.	Note	**31.12.2015**	31.12.2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**144.1**	144.1
Share premium fund		**186.1**	186.1
Revaluation surplus		**368.9**	0.0
Invested unrestricted equity fund		**250.4**	250.4
Other funds		**44.6**	47.4
Translation reserve		**-4.3**	-5.9
Retained earnings		**-27.1**	138.3
Hybrid bond		**84.3**	0.0
Equity attributable to equity holders of the parent company	19	**1 046.9**	760.4
Non-controlling interest			0.0
EQUITY, TOTAL		**1 046.9**	760.4
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	**163.9**	62.0
Non-current interest-bearing financing liabilities	20	**534.7**	613.2
Provisions for pensions	25	**0.0**	0.0
Non-current non-interest-bearing liabilities and provisions	22,24,28	**4.8**	0.3
NON-CURRENT LIABILITIES, TOTAL		**703.4**	675.5
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	21	**248.7**	220.7
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	21,28	**207.5**	237.2
Income tax liabilities	21	**20.5**	0.0
Current provisions	22	**2.5**	30.8
Current non-interest-bearing liabilities, total		**230.5**	268.1
CURRENT LIABILITIES, TOTAL		**479.2**	488.8
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	3	**44.4**	11.8
LIABILITIES, TOTAL		**1 227.0**	1 176.1
EQUITY AND LIABILITIES, TOTAL		**2 273.9**	1 936.5

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	Note	1.1.–31.12.2015	1.1.–31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period		**−175.0**	−99.8
Adjustments for:			
Depreciation, amortisation and impairment losses		**89.1**	71.0
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets		**1.1**	4.8
Interest and other financial expenses		**27.0**	22.7
Interest income		**−1.1**	−1.3
Income taxes		**15.1**	−3.8
Other adjustments		**−24.1**	30.8
Working capital changes:			
Increase (-) /decrease (+) in inventories		**73.0**	13.7
Increase (-) / decrease (+) in trade and other current receivables		**47.0**	42.5
Increase (+) / decrease (-) in current liabilities		**−11.2**	−19.7
Interest expenses paid		**−17.8**	−20.9
Interest received from operating activities		**0.8**	0.2
Other financing items from operating activities		**−1.5**	−1.6
Income taxes paid from operating activities		**−5.1**	−9.0
Net cash from operating activities		**17.2**	29.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets		**−53.9**	−55.1
Proceeds from sale of tangible and intangible assets		**0.9**	0.0
Acquisition of subsidiaries, net of cash acquired		**−0.3**	0.0
Proceeds from sale of investments		**0.0**	0.0
Loans granted		**−7.0**	0.0
Dividends received from investing activities		**0.1**	0.1
Net cash used in investing activities		**−60.3**	−55.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of hybrid bond		**84.3**	0.0
Proceeds from current liabilities		**218.0**	207.4
Repayment of current liabilities		**−207.4**	−332.9
Proceeds from non-current liabilities		**51.2**	478.2
Repayment of non-current liabilities		**−112.9**	−298.9
Payment of finance lease liabilities		**−0.6**	−0.5
Dividends paid		**0.0**	−28.8
Net cash used in financing activities		**32.7**	24.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**−10.4**	−0.9
Cash and cash equivalents at the beginning of the period		**29.3**	33.9
Cheque account with overdraft facility		**−4.1**	−6.1
Cash and cash equivalents at the beginning of the period		**25.3**	27.8
Net increase/decrease in cash and cash equivalents		**−10.4**	−0.9
Effects of exchange rate fluctuations on cash held		**0.2**	−1.7
Cash and cash equivalents at the end of the period		**19.1**	29.3
Cheque account with overdraft facility		**−4.1**	−4.1
Cash and cash equivalents at the end of the period	18	**15.0**	25.3

Includes continuing and discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
EQUITY 1.1.2014	144.1	186.1		-0.5	250.5	43.9	4.1	266.8		**894.9**	0.0	**894.9**
Dividend distribution 1								-28.8		**-28.8**		**-28.8**
Options exercised 1								0.2		**0.2**		**0.2**
Share premium 1					0.0					**0.0**		**0.0**
Other changes 1								0.0		**0.0**		**0.0**
Profit/loss for the period								-99.8		**-99.8**		**-99.8**
Remeasurement gains/losses on defined benefit pension liability 3								0.0		**0.0**		**0.0**
Exchange differences on translating foreign operations 2							-10.1			**-10.1**		**-10.1**
Cash flow hedges 2				4.0						**4.0**		**4.0**
Total comprehensive income for the period*				4.0			-10.1	-99.8		**-105.9**		**-105.9**
EQUITY 31.12.2014	144.1	186.1		3.4	250.4	43.9	-5.9	138.3		**760.4**	0.0	**760.4**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
EQUITY 1.1.2015	144.1	186.1		3.4	250.4	43.9	-5.9	138.3		**760.4**	0.0	**760.4**
Proceeds from hybrid bond									85.0	**85.0**		**85.0**
Hybrid bond expenses									-0.7	**-0.7**		**-0.7**
Profit/loss for the period								-175.0		**-175.0**	-0.0	**-175.0**
Changes in revaluation surplus (IAS 16)			378.5							**378.5**		**378.5**
Other changes 1			-9.6					9.6		**0.0**		**0.0**
Remeasurement gains/losses on defined benefit pension liability 3								0.0		**0.0**		**0.0**
Exchange differences on translating foreign operations 2							1.6			**1.6**		**1.6**
Cash flow hedges 2				-2.8						**-2.8**		**-2.8**
Total comprehensive income for the period*			378.5	-2.8			1.6	-175.1		**202.2**		**202.2**
EQUITY 31.12.2015	144.1	186.1	368.9	0.6	250.4	43.9	-4.3	-27.1	84.3	**1 046.9**		**1 046.9**

* Adjusted with deferred taxes
Includes continuing and discontinued operations
1) Note 19
2) Notes 10,19
3) Note 25

Notes to the consolidated financial statements

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 Helsinki Ltd). A copy of the consolidated financial statements is available at the internet address www.stockmanngroup.com 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 2015. In the 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 2015, the Group has applied the following new and revised standards and interpretations:

Amendments to IAS 19 Employee Benefits, which applies to financial periods beginning on or after 1 July 2014. The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments to the standard have had no effect on the consolidated financial statements.

The Annual Improvements to IFRSs 2011–2013 and 2010–2012, which applies to financial periods beginning on or after 1 July 2014. The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011-2013 cycle) and seven (2010-2012 cycle) standards. The impacts of the amendments vary by standard, but they are not significant.

IFRIC 21 Levies, which applies to financial periods beginning on or after 1 January 2014; in the EU, effective no later than annual periods beginning on or after 17 June 2014. The interpretation clarifies the accounting treatment of levies. The debt arising from a levy must be recognised when, as defined in legislation, the activity that triggers the payment of the levy takes place. The interpretation has had no significant effect on the consolidated financial statements.

Voluntary amendments to accounting policies

As of 1 January 2015, Stockmann has applied the revaluation model as prescribed by the IAS 16 standard to its properties in place of the previously applied cost model. The measurement of properties at fair value provides important information about balance sheet values, in particular, in addition to which the profitability of properties is estimated on the basis of their fair value. The properties will be carried at their revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation. The increase of EUR 438.3 million less deferred tax liabilities of EUR 87.7 million in the carrying amount as a result of revaluation applied in the transition is disclosed in the revaluation surplus in equity. The revaluation has not been applied retroactively in accordance with IAS 16.

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 actual amounts can differ from the estimates and assumptions. The estimates and assumptions presented in the financial statements are based on management's best knowledge at the financial statements date. These influence the amounts of assets and liabilities in the statement of financial position, 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.

The most significant areas where management has exercised judgment when applying the accounting policies are related to determining depreciation periods and classifying asset items as held for sale or discontinued operation, as well as in classifying the hybrid loan as equity and joint arrangements as joint operations. The Russian department store business has been classified as discontinued operations in the 2015 financial statements.

The principal assumptions concerning the future and the main uncertainties relating to estimates at the end of the reporting period that constitute a significant risk of causing a material change in the carrying amounts of assets and liabilities within the next financial year concern the fair values of properties, inventories and provisions, as well as the impairment testing of goodwill and the Lindex brand. More detailed information on these is provided in notes 12,13,16 and 22

Principles of consolidation

The consolidated financial statements include the parent company, Stockmann plc, as well as all the companies 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. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

Inter-company share ownership within the Group has been eliminated using the acquisition method, according to which the consideration transferred and all the identifiable assets and liabilities of an acquired company are measured at fair values at the date of acquisition. Goodwill is recognized as the amount by which the combined total of the consideration transferred the non-controlling interests in the acquisition and the previous ownership interest exceeds the fair value of the acquired net assets. Intra-Group transactions, receivables, liabilities, unrealized margins and internal distribution of profits are eliminated in the consolidated financial statements. The profit or the loss as well as the comprehensive income for the financial period are 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. Acquired subsidiaries are presented in the consolidated financial statements from the moment that the Group gains control and divested subsidiaries up to the time the control ends. Changes in the parent company's ownership interest in a subsidiary, which do not lead to loss of control, are dealt with as equity transactions.

Joint arrangements in which Stockmann and another party, on the basis of an agreement or the Articles of Association, have rights to the assets and obligations for the liabilities of the joint arrangement are dealt with as joint operations. The shares in real estate companies that fulfil the criteria of being a joint operation in the Group company have been dealt with as joint operations in the consolidated financial statements. The consolidated financial statements include Stockmann's share of the joint operations' income, expenses and items of other comprehensive income, and assets and liabilities, from the date when joint control was obtained up to the date when it ends. The Stockmann Group does not have any joint ventures or associates.

Segment reporting

On 1 January 2015, the Group introduced a new structure, according to which operations will be divided into three reportable segments: Stockmann Retail, which engages in the department store business and distance retailing, Fashion Chains, which comprises the Lindex fashion chain, and the Real Estate segment, which aims to enhance the use of space in the properties owned by the Group. Unallocated items include 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 financial statements date are translated at the exchange rate of the financial statements date. Exchange differences arising on translation are recognized through profit and loss.

The income statements and statements of other comprehensive income of foreign group companies are translated into euro at the average rate during the financial period, and the statement of financial position at the rate at the financial statements date. The exchange rate difference from translating the income statement and other comprehensive income at the average rate and the statement of financial position at the financial statements date is recognized as a separate item in other comprehensive income. 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 acquisition of foreign operations are treated as assets and liabilities of foreign operations and converted into euro using the exchange rates at the financial statements date. When a foreign subsidiary or joint arrangement is divested in whole or in part, the cumulative translation difference is recognized in the income statement as part of the gain or loss on disposal.

The euro has been considered the functional currency of the Russian subsidiaries and their financial statements have been translated into euros under IAS 21. The Group's management defines the Russian subsidiaries' sales and margin targets in euros, their profitability is monitored in euros and their economic outlooks are drawn up in euros. The Group acquires goods sold on the Russian market mainly in euros. Furthermore, a large part of these subsidiaries' fixed costs and property, plant and equipment acquisitions are tied to the euro or the US dollar. The Russian subsidiaries do not issue any equity instruments locally, they do not acquire any debt financing from the local financial markets and they do not make any independent investment or financing decisions that concern their operations.

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.

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.

Income from Loyal Customer cooperation is recognized as revenue. An amount corresponding to the fair value of unused bonus points accumulated by customers is recognized, with a deduction from sales, as short-term interest-free debt for customers. The debt is recognized in the same financial period as the related sale. When a customer uses accumulated points as a payment at a store, the fair value of the points used is recognized as a sale and a reduction of a short-term debt. If bonus points are not used by their expiry date, the fair value of the unused points is recognized as a sale and a reduction of a short-term debt. Lease income of lease agreements classified as operating leases are recognized in the income statement as revenue in even instalments over the lease term.

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

In calculating revenue, items such as indirect taxes and discounts granted as well as the expense corresponding to the fair value of Loyal Customer options 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 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 the calculations of authorized actuaries. The calculations are 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. The pension expenditure based on the work performance during the period and the net interest of the net debt of the defined benefit plan are recognized in the income statement and presented as expenses arising from employee benefits. The items resulting from re-evaluating the net debt of the defined benefit plan, such as, actuarial gains and losses, and the return on assets belonging to the plan, are recognised in the statement of comprehensive income during the financial period in which they arise. The pension plan assets are deducted from the present value of the pension obligation measured at the fair value at the financial statements date. The net debt of the defined benefit pension plan is entered in the statement of financial position. The expenses based on previous work performance are recognised as an expense in the income statement, either when the plan is transferred, or when the associated restructuring expenses or benefits associated with the termination of the employment relationship are recorded, depending on which takes place first.

The Group's defined benefit pension plans were concluded in the 2015 financial year.

Other long-term employee benefits

The Stockmann Group operates a length of service reward system, which comes under other long-term employee benefits. Employees who complete the specified years of service are entitled to extra paid leave. The present value of the obligation arising from this long-term employee benefit at the close of the reporting period is recognized as a liability in the statement of financial position. Items arising from the definition of a liability are recognized in the income statement.

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 installments 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 revenue as discount in accordance with IAS 18.10 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 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, adjustments based on fair value of assets and liabilities in business combinations and the fair value measurement of derivative contracts. Deferred taxes are not recognized on goodwill impairment, which is nondeductible 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 financial statements date.

Deferred tax liabilities are recognized in full, except on the profit made by the Estonian subsidiary, because the Group is able to determine when a reversal of the temporary difference will occur, and no such reversal will occur in the foreseeable future. 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.

The Group deducts deferred tax assets and liabilities from each other in the event that it has a legally enforceable right to set off tax assets against liabilities, based on taxable income for the period, and the deferred tax assets and liabilities are associated with income taxes collected by the same tax authority, either from the same taxable entity or a different taxable entity, which is going to set off the tax assets against liabilities based on taxable income for the period or realize the receivables and pay the debts at the same time.

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 Group's goodwill is the difference between the consideration transferred, measured at fair value, and the identifiable net assets acquired, 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. The goodwill and the brand are measured at original acquisition cost less impairment losses. Other intangible assets include customer relationships, which are measured 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	5–10 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, 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 statement of financial position at their original acquisition cost less accumulated depreciation and any impairment losses. The acquisition cost of self-constructed assets includes materials and direct labor. 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.

As of 1 January 2015, land areas and buildings have been carried on the balance sheet at the revalued amount in accordance with standard IAS 16 paragraph 31. Land areas and buildings are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The depreciation charge from revalued amount of buildings for each period is recognized in profit and loss. Revaluation is carried out regularly so that the carrying amount of land areas and buildings does not deviate substantially from the fair value at the close of the reporting period. If the carrying amount of land areas and buildings increases as a result of revaluation, the increase is disclosed in items of other comprehensive income and the accumulated increase is disclosed in the revaluation surplus in equity. However, if the increase cancels out the reduction resulting from the revaluation, which has earlier been entered in the income statement, the increase is also entered in the income statement. If the carrying amount of the asset decreases as a consequence of revaluation, the decrease is entered in the income statement. However, the decrease is presented in items of other comprehensive income up to the revaluation surplus amount. The difference between depreciation based on the revalued carrying amount of buildings and depreciation based on the buildings' original cost is transferred yearly from the revaluation surplus to retained earnings.

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
IT 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 value of the asset item or cash-generating unit in the statement of financial position 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 statement of financial position 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 and it includes all the direct costs of the purchase.

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 statement of financial position separately from other asset items. Likewise, liabilities connected with a disposal group are presented as a separate item in the statement of financial position.

A discontinued operation is a part of the Group that has been disposed of or classified as held for sale and that fulfills the criteria for classification as a discontinued operation in accordance with IFRS 5. The earnings of discontinued operations are presented as a separate item in the statement of comprehensive income.

In November 2015, Stockmann announced that it had signed an agreement for the sale of its Russian department store business to Reviva Holdings Limited, the sale was concluded on 1 February 2016. The Russian department store business represents a separate major line of business that can clearly be separated from the Group's other parts both operationally and for the purposes of financial reporting; in the 2015 financial statements, the Russian department store business has been classified as discontinued operations in accordance with IFRS 5. Hobby Hall's distance retailing business is classified as non-current assets held for sale according to IFRS 5 as a new owner is being sought for Hobby Hall's operations.

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 statement of financial position, 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 statement of financial position 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 financial statements 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 financial statements 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 financial statements 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 statement of financial position 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 financial statements date. Changes in the fair value of interest rate swaps are recognized in financial income and expenses in the income statement. At the financial statements 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 financial statements 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 financial statements 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.

Hybrid bond

A hybrid bond is an instrument which is presented under equity in the consolidated financial statements. A hybrid bond is subordinated to the company's other debt obligations, but has seniority over other equity items. The yield on a hybrid bond is paid if the Group distributes a dividend. If no dividend is distributed, the Group will make a separate decision on whether to pay the yield. Unpaid yields are accumulated. The holders of a hybrid bond do not possess the same rights as shareholders concerning control or voting at General Meetings of shareholders.

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.

Amendment to IAS 1 Presentation of Financial Statements – Disclosure Initiative, which applies to financial periods beginning on or after 1 January 2016. The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The amendments are not expected to have a significant effect on the consolidated financial statements.

Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, which apply to financial periods beginning on or after 1 January 2016. The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments to the standards have no effect on the consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, which apply to financial periods beginning on or after 1 January 2016. The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not expected to have a significant effect on the consolidated financial statements.

The Annual Improvements to IFRSs 2012–2014, which applies to financial periods beginning on or after 1 January 2016. The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in four standards. The impacts of the amendments vary by standard, but they are not significant.

The new IFRS 15 Revenue from Contracts with Customers, which applies to financial periods beginning on or after 1 January 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is assessing the effects of IFRS 15.

IFRS 9 Financial instruments, which applies to financial periods beginning on or after 1 January 2018. The new standard replaces the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the effect of the standard on the consolidated financial statements.

Other upcoming voluntary amendments to accounting policies and the exercising of judgment in the application of accounting policies

The Russian rouble is used as functional currency for the Russian real estate operations as of 1 February 2016 when the sale of the Russian department store business was completed. The effects of the change of the functional currency will be treated non-retroactively, meaning that all items will be translated from euros to roubles using the exchange rate prevailing on the date when the functional currency was changed. The arising amounts related to non-monetary items will be treated using their original acquisition costs. The change is not expected to have a material impact to the Group’s equity.

As the sale of the Russian department store business is completed, the Nevsky Centre shopping center property in St Petersburg will no longer be used by the Group for its own retail or administrative purposes; instead it will be held for lease income and appreciation in value. As of 1 February the Group has classified the Nevsky Centre shopping center property as an investment property in accordance with IAS 40. The investment property is recognised at fair value on the balance sheet. The fair value of an investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Investment properties are not depreciated, but any gains or losses due to changes in fair value are recognised through profit and loss for the period during which they arise.

2. Segment information

Operating segments

The Stockmann Group's organisational and reporting structure was revised as of 1 January 2015. Previously, Stockmann Retail and Real Estate were reported as a single Department Store Division, with the Group's other reportable segment being the Fashion Chains division. Since 1 January 2015, the Stockmann Group's reportable segments have been Stockmann Retail, Fashion Chains and Real Estate. Segments 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.

Stockmann Retail

Stockmann has 9 department stores in three countries. These department stores offer an extensive and high-quality product range, a good price/quality ratio and excellent customer service expertise in a high-quality international shopping environment. Stockmann Retail also includes the Hobby Hall distance retailing business and the online store of Hobby Hall and Stockmann in Finland. In the financial statements 7 department stores in Russia have been classified as discontinued operations.

Fashion Chains

Lindex fashion chain has a total of 487 stores in 19 countries. Lindex's mission is to offer inspiring fashion at the right price. Its range of women's wear, lingerie, children's wear and cosmetics consists of a variety of concepts. Seppälä fashion chain was included in the segment until 1 April 2015.

Real Estate

The Real Estate division comprises the properties owned by the Group in Helsinki, St Petersburg, Tallinn and Riga. These properties are used by the Stockmann department stores and external tenants.

Information concerning geographical regions

In addition to Finland, the Group operates in two geographical regions: Sweden and Norway and Baltics, Russia and other countries.

Segment information, Group

Operating segments, EUR million*

Revenue	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**740,8**	836,4
Fashion Chains	**668,4**	743,2
Real Estate	**59,3**	59,4
Segments, total	**1 468,5**	1 639,0
Unallocated	**0,3**	0,1
Eliminations	**-34,0**	-33,6
Group total	**1 434,8**	1 605,5

Operating profit	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**-72,9**	-63,5
Fashion Chains	**30,5**	0,0
Real Estate	**16,3**	15,9
Segments, total	**-26,1**	-47,6
Unallocated	***-26,4***	-41,3
Eliminations		
Group total	**-52,5**	-88,9
Reconciliation to reported operating profit/loss:		
Change in depreciation (IAS 16)		11,7
Reported Group total	**-52,5**	-77,2
Reconciliation to the item profit/loss before tax:		
Financial income	**0,9**	0,4
Financial expenses	**-22,1**	-23,8
Consolidated profit/loss before taxes	**-73,7**	-100,5

*segment information from year 2014 adjusted for comparison purposes

Depreciation and amortisation	1.1.–31.12.2015	1.1.–31.12.2014
Stockmann Retail	**13,7**	14,2
Fashion Chains	**22,3**	26,7
Real Estate	**27,4**	27,8
Segments, total	**63,4**	68,8
Unallocated	**8,5**	2,8
Change in depreciation (IAS 16)		-11,7
Group total	**71,9**	59,8

Comparison figures related to the income statement and market areas have been restated due to the Retail Russia being classified as discontinued operations.

Investments, gross	1.1.–31.12.2015	1.1.–31.12.2014
Stockmann Retail	**25,8**	27,2
Fashion Chains	**21,9**	21,4
Real Estate	**4,8**	1,7
Segments, total	**52,5**	50,3
Unallocated	**1,0**	3,5
Group, total	**53,4**	53,8

Assets	1.1.–31.12.2015	1.1.–31.12.2014
Stockmann Retail	**209,6**	316,6
Fashion Chains	**1 038,4**	1 050,2
Real Estate	**917,3**	908,3
Segments, total	**2 165,3**	2 275,1
Unallocated	**74,6**	51,7
Non-current assets classified as held for sale	**34,0**	48,0
Group, total	**2 273,9**	2 374,8

Information on market areas, EUR mill.*

Revenue	1.1.–31.12.2015	1.1.–31.12.2014
Finland	**743,2**	882,8
Sweden and Norway	**512,6**	513,7
Baltic countries, Russia and other countries	**179,0**	209,1
Group total	**1 434,8**	1 605,5
Finland, %	**51,80**	54,98
International operations, %	**48,20**	45,02

Operating profit	1.1.–31.12.2015	1.1.–31.12.2014
Finland	**-102,9**	-131,4
Sweden and Norway	**55,4**	38,6
Baltic countries, Russia and other countries	**-5,0**	3,8
Group total	**-52,5**	-88,9

Non-current assets**	1.1.–31.12.2015	1.1.–31.12.2014
Finland	**771,4**	826,0
Sweden and Norway	**878,6**	796,5
Baltic countries, Russia and other countries	**299,9**	427,8
Group, total	**1 949,9**	2 050,3
Finland, %	**39,56**	40,29
International operations, %	**69,90**	74,50

* segment information from year 2014 adjusted for comparison purposes
** includes non-current assets classified as held for sale
Sweden includes franchising income

3. Non-current assets classified as held for sale and discontinued operations

On 1 February 2016 Stockmann sold its department store operations in Russia to Reviva Holdings Limited. The Russian department store business has been classified as discontinued operations in the financial statements for the year ended 31 December 2015. The comparison figures and other related items in the income statement have been restated in order to present the discontinued operations separately from continuing operations. The asset items of the Russian department store operations and the liabilities related to them are classified as assets held for sale on the balance sheet dated 31 December 2015.

On 2 October 2014, Stockmann announced that it is seeking a new owner for Hobby Hall's distance retailing operations as a part of the Group's strategic process. Stockmann is still committed to its plans for selling Hobby Hall, and thus the assets and liabilities related to the Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31 December 2015. Hobby Hall is part of the Stockmann Retail segment.

Non-current assets which are classified as asset items held for sale, are measured at their carrying amount or at the lower of their carrying amount and fair value less costs to sell if the amount corresponding to the carrying amount arises principally from sale rather than continuing use of the asset items. These assets are not depreciated. The attributable interest and other expenses are recognised in the same way as they were before being classified as held for sale.

Assets held for sale and discontinued operations

EUR mill.	12/31/2015	12/31/2014
Profit/loss for the financial period from discontinued operations		
Income	**177,4**	239,7
Expenses	**186,4**	242,9
Profit/loss before and after taxes	**-9,0**	-3,1
Intra-group charges and rent income are eliminated and therefore they are not included in income nor expenses.		
Profit/loss relating to the sales of Retail Russia after income tax	**-77,2**	
Result from discontinued operation	**-86,1**	**-3,1**
Cash flows from discontinued operations		
Cash flow from operations	**-11,7**	
Cash flow from investments	**1,1**	
Cash flow from financing	**8,3**	
Cash flow total	**-2,3**	
Discontinued operations, assets classified as held for sale and relating liabilities		
Current receivables	**13,3**	
Current liabilities	**23,4**	
Net assets	**-10,1**	
Other assets classified as held for sale and the relating liabilities		
Intangible assets and property, plant and equipment	**0,6**	0,8
Inventories	**10,9**	13,3
Other receivables	**8,5**	33,8
Cash and cash equivalents	**0,7**	0,0
Other liabilities	**21,0**	11,8
Net assets	**-0,3**	36,2

4. Other operating income

EUR mill.	2015	2014
Gain on sale of property, plant and equipment	**0,2**	0,0
Total	**0,2**	0,0

5. Gross margin

EUR mill.	2015	2014
Revenue	**1 434,8**	1 605,5
Raw material and consumables used	**717,0**	818,6
Change in inventories	**-7,6**	6,6
Gross margin	**725,4**	780,3
Gross margin, % of revenue	**50.6%**	48.6%

6. Wages, salaries and other employee benefits expenses

EUR mill.	2015	2014
Wages and salaries	**251,6**	281,9
Pension expenses, defined contribution plans	**30,3**	33,5
Pension expenses, defined benefit plans		0,0
Other employee benefits expenses	**39,6**	40,6
Expenses for share option benefits	**0,0**	0,2
Total	**321,5**	356,3

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 30. Related party transactions.

7. Depreciation, amortisation and impairment losses

EUR mill.	2015	2014
Trademark		
Intangible assets	**11,3**	11,0
Buildings and constructions	**26,7**	14,7
Machinery and equipment	**28,2**	28,6
Machinery and equipment, finance lease		1,9
Modification and renovation costs for leased premises	**5,7**	3,6
Depreciation and amortization, total	**71,9**	59,8

8. Other operating expenses

EUR mill.	2015	2014
Site expenses	**209,1**	246,6
Marketing expenses	**59,0**	67,9
Goods handling expenses	**16,7**	19,9
Credit losses	**1,5**	-1,2
Voluntary social security	**4,6**	7,2
Interest income from trade receivables		-0,4
Other costs	**93,9**	101,3
Total	**384,8**	*441,3*

Fees to the auditors

EUR mill.	2015	2014
Auditing	**0,5**	0,5
Certificates and statements	**0,1**	0,1
Tax advisory	**0,5**	0,2
Other services	**0,2**	0,0
Total	**1,3**	0,8

9. Financial income and expenses

Financial income

EUR mill.	2015	2014
Dividend income on available-for-sale investments	**0,1**	0,1
Interest income on bank deposits and other investments	**0,6**	0,2
Gain on sale of available-for-sale investments		0,0
Change in fair value of financial assets at fair value through profit or loss	**0,2**	0,1
Foreign exchange differences		0,0
Total	**0,9**	0,4

Financial expenses

EUR mill.	2015	2014
Interest expenses on financial liabilities measured at amortized cost	**-19,0**	-22,7
Loss on disposals of assets available for sale	**0,0**	0,0
Other financial expenses	**-2,9**	
Foreign exchange differences	**-0,1**	-1,1
Total	**-22,1**	-23,8

Financial income and expenses, total

EUR mill.	2015	2014
Financial income and expenses, total	**-21,2**	-23,3

10. Income taxes

EUR mill.	2015	2014
Income taxes for the financial period	**-8,2**	-4,5
Income taxes from previous financial periods	**-19,3**	-0,1
Change in deferred tax liability/assets	**12,3**	8,4
Total	**-15,1**	3,8

Reconciliation between the income tax expense in the income statement and the Group's tax expense at the Finnish tax rate of 20 %.

EUR mill.	2015	2014
Profit before taxes	**-73,7**	-100,5
Income taxes at current tax rate	**14,7**	20,1
Income taxes from previous financial periods	**-19,3**	-0,1
Tax-exempt income	**0,5**	9,5
Differing tax rates of foreign subsidiaries	**0,7**	0,0
Non-deductible expenses	**-11,6**	-13,6
Unrecognised deferred tax assets from losses in taxation	**0,0**	-8,5
Affect of change in the tax base to deferred taxes		
Reverse of deferred tax relating to previous financial periods	**-0,3**	-3,6
Income taxes in the income statement	**-15,1**	3,8

The Stockmann Group received tax reassessment decisions from the Finnish and Swedish tax authorities requiring the Group companies to pay EUR 19.3 million in additional taxes, including punitive tax increases and EUR 0.4 million related interest. Stockmann considers the decisions unfounded and will appeal against them. The total additional tax is booked in the financial statements and result for the period for 2015.

11. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to the parent company's shareholders less the tax-adjusted interest on hybrid bond 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	2015	2014
Profit/loss for the period attributable to the equity holders of the parent company	**-175 013 006**	-99 816 635
Accrued interest on the hybrid bond	**-269 980**	
Tax effect	**53 996**	
Net effect	**-215 984**	
	-175 228 990	-99 816 635
Share issue-adjusted number of outstanding shares, weighted average, thousands	**72 048 683**	72 048 683
Earnings per share for profit attributable to the ordinary equity holders of the parent company		
From continuing operations (undiluted and diluted)	**-1,24**	-1,34
From discontinued operations (undiluted and diluted)	**-1,20**	-0,04
From the period result (undiluted and diluted)	**-2,43**	-1,39

12. Intangible assets

Goodwill

EUR mill.	2015	2014
Acquisition cost Jan. 1	**748,1**	793,2
Translation difference +/-	**16,6**	-45,1
Increases Jan. 1–Dec. 31		
Decreases Jan. 1–Dec. 31		
Transfers between items Jan. 1–Dec. 31		
Acquisition cost Dec. 31	**764,7**	748,1
Accumulated amortisation and impairment losses Jan. 1		
Amortisation and impairment losses for the financial period		
Accumulated amortisation and impairment losses Dec. 31		
Carrying amount Jan. 1	**748,1**	793,2
Carrying amount Dec. 31	**764,7**	748,1

Trademark

EUR mill.	2015	2014
Acquisition cost Jan. 1	**97,1**	103,0
Translation difference +/-	**2,2**	-5,9
Increases Jan. 1–Dec. 31		
Decreases Jan. 1–Dec. 31		
Transfers between items Jan. 1–Dec. 31		
Transfers to non-current assets classified as held for sale		
Acquisition cost Dec. 31	**99,3**	97,1
Accumulated amortisation Jan. 1	**-0,3**	-0,3
Translation difference +/-	**0,0**	0,0
Amortisation on disposals		
Accumulated amortisation on transfers to non-current assets classified as held for sale		
Amortisation for the financial period		
Accumulated amortisation Dec. 31	**-0,3**	-0,3
Carrying amount Jan. 1	**96,8**	102,6
Carrying amount Dec. 31	**98,9**	96,8

Impairment testing

The Stockmann Group's reportable segments under IFRS 8, Stockmann Retail for a department store and a distance retail business and Fashion Chains for Lindex, are cash-generating units. Their accumulated cash flows are largely independent of the cash flows accumulated by the other classes or groups of assets. For the purposes of impairment testing, EUR 739.7 million of goodwill was allocated to the Fashion Chains and EUR 25 million of goodwill to Stockmann Retail.

The EUR 98.9 million Lindex trademark is allocated in its entirety to the Fashion Chains segment. The Lindex brand is deemed to have an indefinite useful life due to high brand awareness. The Lindex brand has existed more than 60 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 and the Stockmann Retail are based on market-area forecasts and are approved by management. The cash flow forecasts cover a five-year period and also have an effect on the terminal period. 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 two 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, based on the optimal finance structure or the average finance structure of industry peers (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, which corresponds to the capital structure in retail industry

The discount rate determined is a pre-tax rate. The discount rate of Lindex is based on the market interest rate and country-specific risk pertaining to Sweden and Finland; the discount rate used for Lindex is 6.5 per cent (6.3% in 2014) The discount rates of Stockmann Retail is based on the market interest rate in Finland and country-specific risk. The discount rate used for the Stockmann Retail is 6.7 per cent (7.0% in 2014).

In estimating the recoverable amounts of Lindex, it is the 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 segment's carrying amount. In estimating the recoverable amounts of Stockmann Retail, due to the reduced sales expectations caused by the weakened market situation, any changes in the variables used can lead to a situation in which the recoverable amounts would be less than the segment's carrying amount which leads to need for impairment.

A sensitivity analysis was carried out on Lindex and Stockmann Retail 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 sales growth of Lindex were 40 per cent less than forecasted during the forecasting period also reflecting to the value of the terminal period, or if the discount rate were increased by 1.2 percentage points, the combined total of the carrying amount of the non-current assets and the working capital would exceed the recoverable amount of the unit. If the sales growth of Stockmann Retail were 15 per cent less than forecasted during the forecasting period also reflecting to the value of the terminal period, or if the discount rate were increased by 0.9 percentage point, the combined total of the carrying amount of the non-current assets and the working capital would exceed the recoverable amount of the unit. Based on the impairment testing carried out, there is no need for impairment entries.

Intangible rights

EUR mill.	**2015**	2014
Acquisition cost Jan. 1	**95,7**	84,6
Translation difference +/-	**0,5**	-1,5
Increases Jan. 1–Dec. 31	**3,6**	5,1
Decreases Jan. 1–Dec. 31	**-11,4**	-19,3
Transfers between items Jan. 1–Dec. 31	**2,3**	27,9
Transfers to non-current assets classified as held for sale	**-1,4**	-1,1
Acquisition cost Dec. 31	**89,2**	95,7
Accumulated amortisation Jan. 1	**-35,6**	-45,7
Translation difference +/-	**-0,4**	1,0
Amortisation on disposals	**11,0**	19,2
Accumulated amortisation on transfers to non-current assets classified as held for sale	**1,6**	0,6
Amortisation for the financial period	**-17,1**	-10,8
Accumulated amortisation Dec. 31	**-40,5**	-35,6
Carrying amount Jan. 1	**60,0**	38,8
Carrying amount Dec. 31	**48,7**	60,0

Other intangible assets

EUR mill.	**2015**	2014
Acquisition cost Jan. 1	**8,3**	8,8
Translation difference +/-	**0,2**	-0,5
Increases Jan. 1–Dec. 31	**0,2**	
Decreases Jan. 1–Dec. 31		
Transfers between items Jan. 1–Dec. 31		
Transfers to non-current assets classified as held for sale		
Acquisition cost Dec. 31	**8,7**	8,3
Accumulated amortisation Jan. 1	**-7,2**	-7,5
Translation difference +/-	**-0,1**	0,7
Amortisation on disposals	**1,6**	0,0
Accumulated amortisation on transfers to non-current assets classified as held for sale		
Amortisation for the financial period	**-1,8**	-0,4
Accumulated amortisation Dec. 31	**-7,5**	-7,2
Carrying amount Jan. 1	**1,1**	1,3
Carrying amount Dec. 31	**1,2**	1,1

Other intangible assets, finance lease

EUR mill.	2015	2014
Acquisition cost Jan. 1	**3,2**	2,0
Translation difference +/-		
Increases Jan. 1–Dec. 31		
Decreases Jan. 1–Dec. 31		
Transfers between items Jan. 1–Dec. 31		1,3
Transfers to non-current assets classified as held for sale		
Acquisition cost Dec. 31	**3,2**	3,2
Accumulated amortisation Jan. 1	**-0,4**	-0,1
Translation difference +/-	**0,0**	
Amortisation on disposals	**0,0**	
Accumulated amortisation on transfers to non-current assets classified as held for sale		
Amortisation for the financial period	**-0,3**	-0,3
Accumulated amortisation Dec. 31	**-0,7**	-0,4
Carrying amount Jan. 1	**2,8**	1,8
Carrying amount Dec. 31	**2,5**	2,8

Advance payments and construction in progress

EUR mill.	2015	2014
Acquisition cost Jan. 1	**3,3**	24,0
Translation difference +/-		
Increases Jan. 1–Dec. 31	**3,1**	11,0
Decreases Jan. 1–Dec. 31	**-0,3**	
Transfers between items Jan. 1–Dec. 31	**-4,3**	-31,7
Acquisition cost Dec. 31	**1,9**	3,3
Carrying amount Jan. 1	**3,3**	24,0
Carrying amount Dec. 31	**1,9**	3,3

EUR mill.	2015	2014
Intangible assets, total	**917,9**	912,2

In 2015, advance payments for intangible assets and construction in progress included the following significant items:

- development of Stockmann.com distance retail

In 2014, advance payments for intangible assets and construction in progress included the following significant items:

- project to renew the Department Store Division’s enterprise resource planning system
- project to renew the Group’s financial management system
- investments to development of data communication and IT systems

13. Property, plant and equipment

Land and water

EUR mill.	2015	2014
Acquisition cost Jan. 1	**43,1**	42,1
Fair value valuation of the real estates 1.1.	**96,0**	
Acquisition cost at the beginning of the period total	**139,1**	42,1
Fair value change from revaluation of the real estates 31.12.	**1,1**	
Translation difference +/-	**0,0**	0,0
Increases Jan. 1–Dec. 31	**0,3**	
Decreases Jan. 1–Dec. 31	**-0,1**	-0,1
Transfers between items Jan. 1–Dec. 31		1,1
Transfers to non-current assets classified as held for sale		
Acquisition cost Dec. 31	**140,4**	43,1
Carrying amount Jan. 1	**43,1**	42,1
Carrying amount Dec. 31	**140,4**	43,1

Buildings and constructions

EUR mill.	2015	2014
Acquisition cost Jan. 1	**554,2**	560,2
Fair value valuation of the real estates 1.1.	**342,3**	
Acquisition cost at the beginning of the period total	**896,5**	560,2
Fair value change from revaluation of the real estates 31.12.	**33,6**	
Translation difference +/-	**0,0**	-0,4
Increases Jan. 1–Dec. 31	**0,2**	0,0
Decreases Jan. 1–Dec. 31	**-2,5**	-6,8
Transfers to non-current assets classified as held for sale		
Transfers between items Jan. 1–Dec. 31	**1,6**	1,1
Acquisition cost Dec. 31	**929,4**	554,2
Accumulated depreciation Jan. 1	**-127,3**	-119,8
Translation difference +/-	**0,0**	0,4
Depreciation on disposals	**2,4**	6,8
Accumulated depreciation on transfers to non-current assets classified as held for sale		
Depreciation for the financial period	**-26,7**	-14,7
Accumulated depreciation Dec. 31	**-151,6**	-127,3
Carrying amount Jan. 1	**426,9**	440,4
Carrying amount Dec. 31	**777,8**	426,9

As of 1 January 2015, land areas and buildings have been carried on the balance sheet at the revalued amount in accordance with standard IAS 16 paragraph 31. Revaluation is carried out regularly so that the carrying amount of land areas and buildings does not deviate substantially from the fair value at the close of the reporting period. The valuation is carried out by authorized property valuers in each market based on ten years discounted cash flows. In the fair value hierarchy the valuation of land areas and buildings is categorised within level 3.

Revaluation is made according to standards determined by the International Valuation Standard Committee. Independent valuers calculate the fair value for each land area and building using the data provided by Stockmann:

- revenue and operating profit of real estate business including rent income and maintenance expenses of properties
- budget of the real estate business
- rent agreements in force
- investment history of properties
- calculations of investments for new tenants
- a ten years plan for improvements of properties

The revaluation is made annually or whenever there is any sign that the fair value differs from the carrying amount of land areas and buildings. Several independent professional valuers make valuations and Stockmann Real Estate reviews them and presents to Stockmann Board recommended fair values. The Board evaluates valuations and confirms fair values which are used in the revaluation.
Straight-line depreciation is recognized on building in accordance with useful life. Land areas are not depreciated.

Machinery and equipment

EUR mill.	2015	2014
Acquisition cost Jan. 1	**284,2**	299,2
Translation difference +/-	**-0,4**	-6,6
Increases Jan. 1–Dec. 31	**19,8**	19,2
Decreases Jan. 1–Dec. 31	**-19,7**	-33,8
Transfers between items Jan. 1–Dec. 31	**8,7**	6,3
Transfers to non-current assets classified as held for sale	**-66,2**	-0,2
Acquisition cost Dec. 31	**226,4**	284,2
Accumulated depreciation Jan. 1	**-203,4**	-205,3
Translation difference +/-	**0,7**	5,1
Depreciation on disposals	**13,8**	32,7
Accumulated depreciation on transfers to non-current assets classified as held for sale	**59,5**	0,1
Depreciation for the financial period	**-33,8**	-35,9
Accumulated depreciation Dec. 31	**-163,2**	-203,4
Carrying amount Jan. 1	**80,9**	93,9
Carrying amount Dec. 31	**63,2**	80,9

Machinery and equipment, finance lease

EUR mill.	2015	2014
Acquisition cost Jan. 1		11,3
Translation difference +/-		
Increases Jan. 1–Dec. 31		
Decreases Jan. 1–Dec. 31		-11,3
Transfers between items Jan. 1–Dec. 31		
Transfers to non-current assets classified as held for sale		
Acquisition cost Dec. 31		
Accumulated depreciation Jan. 1	**0,0**	-9,4
Translation difference +/-	**0,0**	
Depreciation on disposals		11,3
Accumulated depreciation on transfers to non-current assets classified as held for sale		
Depreciation for the financial period		-1,9
Accumulated depreciation Dec. 31		0,0
Carrying amount Jan. 1	**0,0**	1,9
Carrying amount Dec. 31		0,0

EUR mill.	2015	2014
Machinery and equipment, total	**63,2**	80,9

Modification and renovation costs of leased premises

EUR mill.	2015	2014
Acquisition cost Jan. 1	**110,2**	126,6
Translation difference +/-	**0,0**	0,0
Increases Jan. 1–Dec. 31	**0,3**	0,8
Decreases Jan. 1–Dec. 31	**-12,3**	-18,7
Transfers between items Jan. 1–Dec. 31	**1,6**	1,7
Transfers to non-current assets classified as held for sale	**-60,4**	-0,2
Acquisition cost Dec. 31	**39,3**	110,2
Accumulated depreciation Jan. 1	**-83,7**	-94,1
Translation difference +/-		0,0
Depreciation on disposals	**10,7**	17,8
Accumulated depreciation on transfers to non-current assets classified as held for sale	**48,6**	0,0
Depreciation for the financial period	**-9,4**	-7,4
Accumulated depreciation Dec. 31	**-33,8**	-83,7
Carrying amount Jan. 1	**26,5**	32,4
Carrying amount Dec. 31	**5,5**	26,5

Advance payments and construction in progress

EUR mill.	2015	2014
Acquisition cost Jan. 1	**13,2**	5,8
Translation difference +/-		0,1
Increases Jan. 1–Dec. 31	**25,9**	17,6
Decreases Jan. 1–Dec. 31	**0,0**	-2,7
Transfers between items Jan. 1–Dec. 31	**-9,8**	-7,7
Transfers to non-current assets classified as held for sale	**0,0**	
Acquisition cost Dec. 31	**29,3**	13,2
Carrying amount Jan. 1	**13,2**	5,8
Carrying amount Dec. 31	**29,3**	13,2

EUR mill.	2015	2014
Property, plant and equipment, total	**1 016,2**	590,5

In 2015, advance payments for plant, property and equipment and construction in progress included the following significant items:

- building costs of the distribution center in Finland

- modification and renovation costs for department stores and real estate premises in Finland.

In 2014, advance payments for plant, property and equipment and construction in progress included the following significant items:

- modification and renovation costs for department stores and shopping centers in Finland, in Russia and in Baltics
- building costs of the distribution center in Finland.

14. Joint arrangements

Joint operations

The Group has a 37.8% shareholding in Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab. The real estate company is based in Espoo. The joint operation is not essential for Stockmann.

The Group has a 67% shareholding in real estate company SIA Stockmann Centrs, which entitles the company to 63% control of the real estate company's premises, so the Group has a 63% involvement in the joint operation. SIA Stockmann Centrs owns a shopping centre property in Latvia. Stockmann's share of the joint operation covers the commercial premises of Stockmann's department store in Latvia. The joint operation is essential for Stockmann.

The share corresponding to the Group's ownership of both the assets and liabilities and income and expenses of the joint operation is included in the Group's consolidated financial statements.

Assets and liabilities of joint operations

EUR mill.	**2015**	2014
Non-current assets	**16,6**	17,2
Current assets	**0,6**	0,6
Non-current liabilities	**7,2**	8,9
Current liabilities	**0,2**	0,4

Income and expenses of joint operations

EUR mill.	**2015**	2014
Income	**3,3**	3,5
Expenses	**2,1**	2,3

15. Available-for-sale investments

EUR mill.	**2015**	2014
Carrying amount Jan. 1	**7,8**	7,9
Translation difference +/-	**0,0**	0,0
Sale of shares	**-0,1**	0,0
Fair value change	**-1,6**	
Transfers to non-current assets held for sale	**-0,6**	
Total	**5,4**	7,8

Available-for-sale investments are investments to shares of unlisted companies. The fair value of the shares is determined by techniques based on the managements' judgment.

16. Inventories

EUR mill.	**2015**	2014
Raw material and consumables *	**170,7**	239,3
Advance payments for inventories	**0,0**	
Total	**170,8**	239,3

The value of inventories has been written off by EUR 11.1 million for obsolete assets (2014: EUR 22.4 million).

*) The assets and liabilities related to the department store business in Russia and Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31.12.2015. More information in note 3.

17. Current receivables

EUR mill.	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Interest-bearing trade receivables *	**1,6**	**1,6**	2,4	2,4
Non-interest-bearing trade receivables *	**16,7**	**16,7**	17,1	17,1
Loan receivables, interest-bearing				
Receivables based on derivative contracts	**1,7**	**1,7**	11,0	11,0
Other receivables *	**2,2**	**2,2**	8,9	8,9
Prepayments and accrued income	**33,1**	**33,1**	38,8	38,8
Income tax receivables	**0,2**	**0,2**	2,0	2,0
Current receivables, total	**55,5**	**55,5**	80,1	80,1

*) The assets and liabilities related to the department store business in Russia and Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31.12.2015. More information in note 3.

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 of EUR 1.6 million consist only of one-time credits on mail-order sales in 2015 (EUR 2.3 million in 2014). Interest income on these receivables are included in the selling price and recognized in revenue instead of interest income

Material item in “Prepayments and accrued income”-item income is prepaid rents.

18. Cash and cash equivalents

EUR mill.	2015	2014
Cash on hand and at banks *	**16,6**	28,6
Short term deposits	**2,5**	0,7
Fund		
Total	**19,1**	29,3

*) The assets and liabilities related to the department store business in Russia and Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31.12.2015. More information in note 3.

Cash and cash equivalents in the Statement of Cash Flows

EUR mill.	2015	2014
Cash and cash equivalents	**19,1**	29,3
Overdraft facilities	**-4,1**	-4,1
Total	**15,0**	25,3

19. Equity

EUR mill.	Number of shares	Share capital	Share premium fund	Invested unrestricted equity fund	Total
Dec. 31, 2013	72 048 683	144,1	186,1	250,5	580,6
-				0,0	0,0
Dec. 31, 2014	72 048 683	144,1	186,1	250,4	580,6
-					
Dec. 31, 2015	72 048 683	144,1	186,1	250,4	580,6

Share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. The minimum number of Series A shares is 18 000 000 and the maximum number is 80 000 000 and the minimum number of Series B shares is 18 000 000 and the maximum number is 100 000 000.

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.

Total amount of registered shares December 31st 2015

pcs	2015	2014
Series A shares	**30 553 216**	30 595 765
Series B shares	**41 495 467**	41 452 918
Total	**72 048 683**	72 048 683

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.

The Board of Directors of Stockmann plc has in its meeting on 18 December 2015 approved to convert 22 348 Series A shares of Stockmann plc to Series B shares. The conversions of shares were registered in the Trade Register on 10 February 2016. After the conversion the company´s amount of Series A shares totals 30 530 868 and the amount of Series B shares totals 41 517 815.

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.

Share premium fund

The share premium fund contains cash payments in excess of the nominal value that were received from share subscriptions, less the transaction costs.

Revaluation surplus

As of 1 January 2015, Stockmann has applied the revaluation model as prescribed by the IAS 16 standard to its properties. The increase in the carrying amount as a result of revaluation, net of tax liability, is recognised in the revaluation surplus in equity.

Invested unrestricted equity fund

The invested unrestricted equity fund contains other equity-like investments and the share subscription price, less transaction costs, to the extent that this is not entered in share capital under a specific decision.

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.

Other funds

EUR mill.	2015	2014
Reserve fund	**0,2**	0,2
Hedging reserve	**0,6**	3,4
Other funds	**43,7**	43,7
Total	**44,6**	47,4

Other funds comprise

- a reserve fund, which contains an amount transferred from unrestricted shareholders' equity on the basis of local regulations.
- a hedging reserve, which contains changes in fair value of derivatives that are used to hedge cash flows, less the deferred tax liability.
- other funds formed from unrestricted shareholders' equity in accordance with a decision by the Annual General Meeting, and which are distributable equity.

Hybrid bond

Total equity includes EUR 85 million hybrid bond issued in December 2015. The hybrid bond recognised in equity is EUR 84.3 million due to issuing expenses. The coupon rate of the bond is 7.75 per cent per annum until 31st January 2020. Stockmann can postpone interest payment, if it does not distribute dividends or any other equity to its shareholders. The bond has no maturity date, but the company has the right to redeem it earliest on 31st January 2020. The hybrid bond is unsecured and subordinated to the company's other debt obligations. A holder of hybrid bond notes has no shareholder rights. The accrued non recognised interest on the bond was EUR 0.3 million at 31 December 2015.

Dividends

After the balance sheet date, the Board of Directors proposed on February 17, 2016 not to pay out a dividend for year 2015

Share-based payment

IFRS 2 Share-based payment has been applied to the key employee share option scheme for 2010.

Share option programmes

Stockmann has Key employee share option programme 2010 for key employees in the Stockmann Group on-going. During 2015 ended Loyal Customer share option programme 2012, with which no shares were subscribed for.

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. In accordance with the resolution of the Annual General Meeting, a total of 1 500 000 share options can be granted to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 will 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 will 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 holder to subscribe for one Stockmann 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 - 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 - 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 - 29 February 2012 increased by 10 per cent or EUR 18.00. The subscription price of each share subscribed for based on the share options will 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 Board of Directors proposes not to pay a dividend for year 2015, which means that the subscription price is EUR 23.40 per share for to the share options 2010B and EUR 16.50 per share for the share option 2010C.

Changes in share options during the financial period

	2015 Number of Options	**Subscription price as weighted average EUR/share**	**Turnover weighted share price during subscirption period EUR/share**	2014 Number of Options	Subscription price as weighted average EUR/share	Turnover weighted share price during subscirption period EUR/share
Key employee share options 2010 Series A						
Outstanding at the beginning of the period	**418 000**			418 000		
Expired during the period	**418 000**					
Outstanding at the end of the period				418 000		
Key employee share options 2010 Series B						
Outstanding at the beginning of the period	**273 000**			315 400		
Forfeited during the period				42 400		
Outstanding at the end of the period	**273 000**			273 000		
Key employee share options 2010 Series C						
Outstanding at the beginning of the period	**279 400**			330 000		
Forfeited during the period				50 600		
Outstanding at the end of the period	**279 400**			279 400		
Loyal customer options 2012						
Outstanding at the beginning of the period	**1 166 134**					
Granted during the period				1 166 134		
Expired during the period	**1 166 134**					
Outstanding at the end of the period				1 166 134		
Options, total						
Outstanding at the beginning of the period	**2 136 534**			1 063 400		
Granted during the period				1 166 134		
Forfeited during the period				93 000		
Expired during the period	**1 584 134**					
Outstanding at the end of the period	**552 400**			2 136 534		

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

	2010A	**2010B**	**2010C**
Period for subscription	1.3.13–31.3.15	1.3.14–31.3.16	1.3.15–31.3.17
Maximum number of share options	500 000	500 000	500 000
Number of options granted at December 31, 2015		273 000	279 400
Subscription price, EUR 1)		23,40	16,50
Vesting period	27.4.10- 28.2.13	4.5.11- 28.2.14	18.5.12- 28.2.15
Contract vesting conditions	-	-	-

1) Subscription price after the Board of Directors proposes not to pay a dividend for year 2015.

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 2015 share options had no impact on the Group's profit. There won´t be any estimated expenses for year 2016.

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

	2010A	**2010B**	**2010C**
Options granted	27.4.2010	4.5.2011	18.5.2012
Risk-free interest rate, %	2,0%	1,6%	1,0%
Volatility, %	29,0%	32,0%	37,1%
Expected life of the share options (in years)	4,9	4,9	4,9
Share price at grant date, EUR	23,66	15,20	14,25
Fair value of the option determined at the grant date, EUR	6,00	2,10	3,65

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

20. Non-current liabilities, interest-bearing

EUR mill.	**Carrying amount 2015**	**Fair value 2015**	Carrying amount 2014	Fair value 2014
Bond issues	**149,5**	**149,3**	149,3	143,3
Loans from financial institutions	**382,5**	**382,8**	455,2	455,3
Pension loans				
Finance leases			0,1	0,1
Other liabilities	**2,7**	**2,7**	8,6	8,6
Total	**534,7**	**534,9**	613,2	607,2

The carrying amount of bond issues, loans from financial institutions and other 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. The fair value of finance leases corresponds to the carrying amount.

21. Current liabilities

EUR mill.	**Carrying amount 2015**	**Fair value 2015**	Carrying amount 2014	Fair value 2014
Loans from financial institutions	**0,0**		8,9	8,9
Current account with overdraft facility	**4,1**	**4,1**	4,1	4,1
Pension loans				
Finance leases	**0,1**	**0,1**	0,4	0,4
Other interest-bearing liabilities	**244,5**	**245,2**	207,4	207,7
Trade payables *	**83,4**	**83,4**	95,0	95,0
Other current liabilities *	**22,9**	**22,9**	79,6	79,6
Accruals and prepaid income *	**97,9**	**97,9**	92,8	92,8
Derivative contract liabilities	**5,9**	**5,9**	0,6	0,6
Income tax liability	**20,5**	**20,5**	0,0	0,0
Total	**479,2**	**479,9**	488,8	489,1
of which interest-bearing	**248,7**	**249,4**	220,7	221,0

*) The assets and liabilities related to the department store business in Russia and Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31.12.2015. More information in note 3.

The fair value of loans from financial institutions 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 mill.	**2015**	2014
The nominal value of the finance lease liabilities		
During one year	**0,1**	0,4
Over one year and at the most five years from now		0,1
Total	**0,1**	0,5
The net present value of the finance lease liabilities		
During one year	**0,1**	0,4
Over one year and at the most five years from now		0,1
Total	**0,1**	0,5
Financial expenses of the lease agreements expiring in the future	**0,0**	0,0
Financial lease liabilities total	**0,1**	0,5

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.

22. Provisions

EUR mill.	2015	2014
Non-current provisions		
Provision for onerous contracts		
Transfer from current provisions	4,2	
Carrying amount 31.12.	4,2	
Other provisions		
Carrying amount 1.1.	0,2	0,3
Increase in provisions	0,0	
Used provisions		-0,1
Carrying amount 31.12.	0,3	0,2
Non-current provisions total	4,5	0,2

EUR mill.	2015	2014
Current provisions		
Restructuring provision		
Carrying amount 1.1.	17,7	
Increase in provisions		17,7
Used provisions	-17,7	
Carrying amount 31.12.	0,0	17,7
Provision for onerous contracts		
Carrying amount 1.1.	13,1	
Increase in provisions		13,1
Used provisions	-7,3	
Transfer to non-current provisions	-4,2	
Carrying amount 31.12.	1,5	13,1
Other provisions		
Carrying amount 1.1.	0,1	0,2
Increase in provisions	1,0	
Used provisions	-0,1	-0,1
Carrying amount 31.12.	1,0	0,1
Current provisions total	2,5	30,8

Provisions include expenses related to reorganization in accordance with Group strategy.

23. Deferred tax assets and deferred tax liabilities

Changes in deferred taxes during 2015:

Deferred tax assets

EUR mill.	1.1.2015	Recognized in income statement	Recognized in equity	Translation difference	31.12.2015
Confirmed losses	18,7	21,8			40,5
Measurement of derivatives and other financial instruments at fair value	0,0	0,0			0,0
Difference between carrying amounts and tax bases of property, plant and equipment	3,7	0,0		-0,2	3,5
Financial lease					
Other temporary differences	3,4	-1,6		-0,6	1,3
Total	25,9	20,1		-0,8	45,2

Deferred tax liabilities

EUR mill.	1.1.2015	Recognized in income statement	Recognized in equity	Translation difference	31.12.2015
Cumulative depreciation differences	**33,8**	**-0,3**		**0,1**	**33,6**
Difference between carrying amount and tax bases of prop., plant and equip.	**8,4**	**0,1**		**0,1**	**8,5**
Measurement at fair value of intangible and tangible assets	**17,3**	**7,5**	**94,5**	**0,4**	**119,7**
Unrelialized exchange rate difference on the non-current foreign currency loan					
Other temporary differences	**2,5**	**0,3**	**-0,8**	**-0,1**	**1,9**
Total	**62,0**	**7,7**	**93,7**	**0,4**	**163,9**

Losses in taxation on which deferred tax assets have not been recognized amount to EUR 18.4 million (2014: EUR 11.3 million) excluding retail business in Russia classified as held for sale. In accordance with IAS 12 paragraph 52 A, deferred tax liabilities have not been recorded on the accumulated distributable earnings, EUR 46.8 million (2014: EUR 48.7 million), of the Estonian subsidiary.

Changes in deferred taxes during 2014:

Deferred tax assets

EUR mill.	1.1.2014	Recognized in income statement	Recognized in equity	Translation difference	31.12.2014
Confirmed losses	12,0	6,7		0,0	18,7
Measurement of derivatives and other financial instruments at fair value	0,0	0,0		0,0	0,0
Difference between carrying amounts and tax bases of property, plant and equipment	3,8	0,1		-0,1	3,7
Financial lease	0,0	0,0			
Other temporary differences	1,4	2,1	0,0	-0,1	3,4
Total	17,3	8,8	0,0	-0,2	25,9

Deferred tax liabilities

EUR mill.	1.1.2014	Recognized in income statement	Recognized in equity	Translation difference	31.12.2014
Cumulative depreciation differences	33,1	1,1		-0,4	33,8
Difference between carrying amount and tax bases of prop., plant and equip.	8,5	0,1		-0,2	8,4
Measurement at fair value of intangible and tangible assets	18,3			-1,0	17,3
Unrelialized exchange rate difference on the non-current foreign currency loan					
Other temporary differences	1,6	-0,2	1,1	-0,1	2,5
Total	61,5	1,1	1,1	-1,7	62,0

24. Carrying amounts and fair values of financial assets and liabilities classified according to IAS 39, and hierarchical classification of fair values

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.
Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are: over-the-counter derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments.
Level 3: Techniques, which require most management's judgment.
There were no transfers between the levels during the financial year.

Financial assets, EUR mill.	**Level**	**Carrying amount 2015**	**Fair value 2015**	Carrying amount 2014	Fair value 2014
Derivative contracts, hedge accounting applied	2	**1,2**	**1,2**	4,4	4,4
Financial assets at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	2	**0,5**	**0,5**	6,6	6,6
Electricity derivatives	1				
Financial assets at amortized cost					
Non-current receivables		**9,7**	**9,7**	3,4	3,4
Current receivables, interest-bearing		**1,6**	**1,6**	2,4	2,4
Current receivables, non-interest-bearing		**52,1**	**52,1**	64,7	64,7
Cash and cash equivalents		**19,1**	**19,1**	29,3	29,3
Available-for-sale financial assets	3	**5,4**	**5,4**	7,8	7,8
Financial assets, total		**89,6**	**89,6**	118,6	118,6

Financial liabilities, EUR mill.	**Level**	**Carrying amount 2015**	**Fair value 2015**	Carrying amount 2014	Fair value 2014
Derivative contracts, hedge accounting applied	**2**	**0,3**	**0,3**		
Financial assets at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	**2**	**5,3**	**5,3**	0,4	0,4
Electricity derivatives	**1**	**0,5**	**0,5**	0,2	0,2
Financial liabilities at amortized cost					
Non-current interest-bearing liabilities	**2**	**534,7**	**534,9**	613,2	607,2
Current liabilities, interest-bearing	**2**	**248,7**	**249,4**	220,7	221,0
Current liabilities, non-interest-bearing		**201,6**	**201,6**	236,7	236,7
Financial liabilities, total		**991,2**	**992,1**	1 071,2	1 065,6

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

Financial assets on level 3 are investments to shares of unlisted companies. The fair value of the shares is determined by techniques based on the managements' judgment. Profits or losses from the investments are recorded to other operating income or expenses in the income statement, because acquisition and divestment decisions on the investments are made for business reasons. The following calculation illustrates changes in financial assets valuated at fair value during the reporting period.

Change in fair value of available-for-sale assets, EUR mill.	**2015**	2014
Carrying amount Jan. 1	**7,8**	7,9
Translation difference +/-	**0,0**	0,0
Sale of shares	**-0,1**	0,0
Fair value change	**-1,6**	
Transfers to non-current assets held for sale	**-0,6**	
Total	**5,4**	7,8

25. Pension obligations

Defined benefit pension plans

The Group's Norwegian subsidiary, Lindex AS, has defined benefit pension plans. The defined benefit pension plans mainly cover old-age pensions and surviving spouse's pensions. The employer is obliged to pay these pensions for life, and the pension is either a percentage of the salary or a specified amount. The pension plan has been discontinued by the end of 2015 when all the people covered by the plan have reached the age of 67.

The defined benefit pension liability recognized in the balance

EUR mill.	**2015**	**2014**
Present value of unfunded obligations	**0,0**	0,0
Deficit/surplus		0,0
Unrecognized actuarial gains (+) and losses (–)		
Social security contribution		0,0
Other change in defined benefit obligation		
Recognized net amount of liability		0,0

The defined benefit pension expense recognized in the income statement

EUR mill.	**2015**	**2014**
Current service cost	**0,0**	
Interest costs		0,0
Actuarial gains (-) and losses (+)		
Losses/gains on plan curtailment		
Social security contribution		0,0
Other expenses related to the defined benefit liability		
Total		0,0

Changes in the defined benefit pension liability recognised in the balance sheet during the financial period:

EUR mill.	**2015**	**2014**
Opening defined benefit obligation	**0,0**	0,3
Translation differences		
Interest costs		0,0
Actuarial gains (-) and losses (+)		
Remeasurement gains/losses on defined benefit pension liability net-of-tax		0,0
Losses/gains on plan curtailment		
Translation differences		
Benefits paid		-0,1
Other change in defined benefit obligation	**0,0**	-0,2
Closing defined benefit obligation	**0,0**	0,0

26. Operating leases

The Group as lessee

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

EUR mill.	**2015**	2014
Within one year	**158,7**	180,1
Within 1-5 years	**391,6**	434,1
In five years or more	**335,0**	324,7
Total	**885,3**	939,0

Retail Russia as per 31.12.2015 EUR 94.0 mill included (2014: EUR 114.7 mill).

Lease payments

EUR mill.	**2015**	2014
Within one year	**0,7**	0,6
Within 1-5 years	**1,0**	1,3
Total	**1,7**	1,9

27. Contingent liabilities

Collaterals given for own liabilities

EUR mill.	2015	2014
Mortgages given	**1,7**	1,7
Guarantees	**7,5**	7,9
Liabilities of adjustments of VAT deductions made on investments to immovable property	**17,6**	19,9
Total	**26,9**	29,5

Liabilities, total

EUR mill.	2015	2014
Mortgages	**1,7**	1,7
Guarantees	**8,0**	7,9
Liabilities of adjustments of VAT deductions made on investments to immovable property	**17,6**	19,9
Total	**27,3**	29,5

Interest on the hybrid bond

On 17 December 2015, Stockmann issued a hybrid bond of EUR 85 million. The accrued non recognised interest on the bond was EUR 0.3 million at 31 December 2015.

Investments in real estate

Certain group companies are required to adjust the VAT deductions made on real estate investments completed in 2008–2015 if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2025, and the maximum liability is EUR 17.6 mill.

28. Derivative contracts

Nominal values of derivative contracts

EUR mill.	2015	2014
Derivative contracts, hedge accounting applied		
Currency forwards	**64,3**	55,0
Electricity forwards		
Total	**64,3**	55,0
Derivative contracts, hedge accounting not applied		
Currency swaps	**459,1**	377,6
Currency forwards		
Electricity forwards	**1,8**	1,5
Total	**460,9**	379,1

Fair value of derivative contracts in year 2015

Derivative contracts, hedge accounting applied

EUR mill.	Positive	Negative	Net
Currency forwards	**1,2**	**-0,3**	**0,9**
Currency options			
Electricity forwards			
Total	**1,2**	**-0,3**	**0,9**

Derivative contracts, hedge accounting not applied

EUR mill.	Positive	Negative	Net
Currency swaps	**0,5**	**-5,3**	**-4,8**
Currency forwards			
Electricity forwards		**-0,5**	**-0,5**
Total	**0,5**	**-5,9**	**-5,4**

Fair value of derivative contracts in year 2014

Derivative contracts, hedge accounting applied

EUR mill.	Positive	Negative	Net
Currency forwards	4,4		4,4
Currency options			
Electricity forwards			
Total	4,4		4,4

Derivative contracts, hedge accounting not applied

EUR mill.	Positive	Negative	Net
Currency swaps	6,6	-0,4	6,2
Currency forwards			
Electricity forwards		-0,2	-0,2
Total	6,6	-0,6	6,0

All the derivatives that are open on the balance sheet date, 31 December 2015, 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 2015. The fair values of electricity derivatives are based on market prices on the balance sheet date and the changes in the fair values are recognized in the profit and loss.

29. Financial Instruments subject to netting arrangements

The Group has entered into derivative transactions under agreements that include a master netting arrangement. The agreements stipulate that in certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated and only a single net amount is payable in settlement of all transactions.

The agreements do not meet the criteria for offsetting in the statement of financial position.

The following table sets out the amounts of recognized financial instruments that are subject to the above agreements.

December 31, 2015

Financial assets, EUR mill.	Carrying amount	Items under netting arrangements	Net
Currency derivatives, hedge accounting applied	1,2	-0,3	0,9
Currency derivatives, hedge accounting not applied	0,5	-0,1	0,4
Electricity derivatives, hedge accounting not applied			
Financial assets, total	1,7	-0,4	1,3
Financial liabilities, EUR mill.			
Currency derivatives, hedge accounting applied	-0,3	0,3	0,0
Currency derivatives, hedge accounting not applied	-5,3	0,1	-5,2
Electricity derivatives, hedge accounting not applied	-0,5		-0,5
Financial liabilities, total	-6,1	0,4	-5,7

December 31, 2014

Financial assets, EUR mill.	Carrying amount	Items under netting arrangements	Net
Currency derivatives, hedge accounting applied	4,4		4,4
Currency derivatives, hedge accounting not applied	6,6	-0,3	6,3
Electricity derivatives, hedge accounting not applied			
Financial assets, total	11,0	-0,3	10,7
Financial liabilities, EUR mill.			
Currency derivatives, hedge accounting applied			
Currency derivatives, hedge accounting not applied	-0,4	0,3	-0,1
Electricity derivatives, hedge accounting not applied	-0,2		-0,2
Financial liabilities, total	-0,6	0,3	-0,3

30. 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, subsidiaries and joint operations.

Following members of the Board of Directors and Management Committee belong to the Group's related party during financial year 2015:

- Kaj-Gustaf Bergh, Chairman of the Board of Directors
- Kari Niemistö, Vice Chairman of the Board of Directors and Member of the Board of Directors
- Kjell Sundström, Member of the Board of Directors until March 19th 2015 and Chief Strategy Officer until May 25th 2015
- Per Sjödell, Member of the Board of Directors
- Charlotta Tallqvist-Cederberg, Member of the Board of Directors
- Carola Teir-Lehtinen, Member of the Board of Directors
- Dag Wallgren, Member of the Board of Directors
- Jukka Hienonen, Member of the Board of Directors from March 19th 2015
- Torborg Chetkovich, Member of the Board of Directors from March 19th 2015
- Eva Liljeblom, Member of the Board of Directors until March 19th 2015
- Per Thelin, CEO
- Ingvar Larsson, Managing director, Lindex
- Nora Malin, Director, Corporate Communications from April 2nd 2015 onwards
- Jukka Naulapää, Director, legal affairs
- Petteri Naulapää, CIO from May 1st 2015 onwards
- Jouko Pitkänen, Director, Stockmann Retail
- Heini Pirttijärvi, Director, human resources until April 2nd 2015
- Björn Teir, Director, Real Estate
- Lauri Veijalainen, Development director for the Group's international operations and Deputy Direction, Real Estate until August 11th 2015 and CFO from August 12th 2015 onwards
- Pekka Vähähyyppä, Executive vice president and CFO until August 14th 2015
- Tove Westermark, Development Director

Following members of the Board of Directors and Management Committee belong to the Group's related party during financial year 2014:

- Kaj-Gustaf Bergh, Chairman of the Board of Directors from March 18th 2014 onwards
- Christoffer Taxell, Chairman of the Board of Directors until March 18th 2014
- Kari Niemistö, Vice Chairman of the Board of Directors and Member of the Board of Directors
- Eva Liljeblom, Member of the Board of Directors
- Charlotta Tallqvist-Cederberg, Member of the Board of Directors
- Carola Teir-Lehtinen, Member of the Board of Directors
- Dag Wallgren, Member of the Board of Directors
- Per Sjödell, Member of the Board of Directors
- Kjell Sundström, Member of the Board of Directors and Chief Strategy Officer from May 26th 2014 onwards
- Hannu Penttilä, CEO until August 26th 2014
- Per Thelin, CEO from November 10th 2014 onwards
- Göran Bille, Director, Fashion Chain Division, Managing director, Lindex until June 6th 2014
- Ingvar Larsson, Director, Fashion Chain Division, Managing director, Lindex from June 6th 2014 onwards
- Jukka Naulapää, Director, legal affairs
- Jouko Pitkänen, Director, Stockmann Retail from November 1st 2014 onwards
- Heini Pirttijärvi, Director, human resources
- Maisa Romanainen, Executive vice president and director for the Department Store Division until October 31st 2014
- Björn Teir, Director, Real Estate from November 1st 2014 onwards
- Lauri Veijalainen, Development director for the Group's international operations and Deputy Direction, Real Estate from November 1st 2014 onwards

- Pekka Vähähyyppä, Executive vice president and CFO
- Tove Westermark, Development Director from November 1st 2014 onwards

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

Emoluments

Employee benefits of the Chief Executive Officer and other members of the Management Committee, EUR 2015	Chief Executive Officer	Other members of the Management Committee	Total
Short-term employee benefits	**430 516**	**2 306 281**	**2 736 797**
Post-employment benefits	**0**	**0**	**0**
Other long-term employee benefits	**27 998**	**83 670**	**111 668**
Termination benefits	**0**	**0**	**0**
Share-based payments	**0**	**0**	**0**
Employee benefits total	**458 514**	**2 389 951**	**2 848 465**

Remunerations to the Board of Directors, EUR 2015	Fixed annual remuneration *	Remuneration based on participation	Total
Bergh Kaj-Gustaf	**76 000**	**9 000**	**87 500**
Liljeblom Eva	**0**	**1 000**	**1 000**
Chetkovich Torborg	**38 000**	**4 500**	**42 500**
Niemistö Kari	**49 000**	**7 000**	**56 000**
Sjödell Per	**38 000**	**6 000**	**44 000**
Tallqvist-Cederberg Charlotta	**38 000**	**7 000**	**45 000**
Hienonen Jukka	**38 000**	**8 700**	**46 700**
Teir-Lehtinen Carola	**38 000**	**10 200**	**48 200**
Wallgren Dag	**38 000**	**13 000**	**51 000**
Remunerations to the Board of Directors total	**353 000**	**68 900**	**421 900**
Fees and remunerations to key personnel total, EUR			**3 270 365**

* paid in shares 30 411 in 2015.

Employee benefits of the Chief Executive Officer and other members of the Management Committee, EUR 2014	Chief Executive Officer	Other members of the Management Committee	Total
Short-term employee benefits	562 354	2 154 787	2 717 141
Post-employment benefits	198 280	213 131	411 411
Other long-term employee benefits	4 856	160 554	165 410
Termination benefits	0	0	0
Share-based payments	0	0	0
Employee benefits total	765 490	2 528 472	**3 293 962**

Remunerations to the Board of Directors, EUR 2014	Fixed annual remuneration *	Remuneration based on participation	Total
Bergh Kaj-Gustaf	76 000	8 000	84 000
Liljeblom Eva	38 000	8 000	46 000
Niemistö Kari	49 000	9 000	58 000
Sjödell Per	38 000	8 500	46 500
Tallqvist-Cederberg Charlotta	38 000	9 000	47 000
Teir-Lehtinen Carola	38 000	8 500	46 500
Wallgren Dag	38 000	8 500	46 500
Sundström Kjell	38 000	2 500	40 000
Christoffer Taxell		1 000	1 000
Remunerations to the Board of Directors total	**353 000**	**62 500**	**415 500**
Fees and remunerations to key personnel total, EUR			**3 709 462**

* paid in shares 16 708 pieces in 2014

Key employee share options 2010

On 31 December 2015, the Group's Management Committee was granted with 82,400 options, of which all are exercisable.

Management's pension commitments

Thelin's retirement age is determined in accordance with Finnish employment pension legislation. The CEO's pension will accrue on the basis of the Employees' Pensions Act and a separate, voluntary defined contribution pension insurance taken out by the company. In 2015, the voluntary insurance contribution was EUR 27 988 (EUR 4 856 in year 2014).

The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. In addition to the CEO, two of the management team members have voluntary earnings-related pension insurances taken by the company as of the end of 2015. The costs of the insurances in 2015, for others than the CEO, amounted to EUR 83 670 (EUR 160 554 in year 2014).

Other related party transactions

The Board members are paid other compensations EUR 257 352 (EUR 291 000 in year 2014).

31. 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 Financial Officer of Stockmann plc, manages financial exposures and executes hedging strategies at Group level. Treasury also acts as the internal bank of the Stockmann 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 during 2015 were the euro, the Swedish krona, the Russian ruble and the Norwegian krone. The primary purchasing currencies were the euro, the United States dollar, the Russian ruble, and the Swedish krona. In 2015, foreign-currency-denominated sales accounted for 46 per cent (2014: 48 per cent including Seppälä) of the Group's entire sales. Purchases with a transaction risk made up 31 per cent (2014: 26 per cent including Seppälä) of the Group's purchases. In addition the Group has purchases in foreign currency without a transaction risk, mainly local purchases in Russia and Sweden. In 2015 these purchases accounted for 9 per cent (2014: 11 per cent) of the Group’s total purchases. The sales and purchases in Russian rubles will decrease substantially during 2016 due to the sale of the Russian department store business. Foreign-currency–denominated sales excluding retail Russia accounted for 39 per cent in 2015. Purchases with a transaction risk excluding retail Russia amounted to 36 per cent of total purchases and purchases in foreign currency without a transaction risk excluding retail Russia amounted to 3% in 2015.

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 9 months of 2016. 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 28. The table below shows the distribution of currency for outstanding derivatives hedging cash flows. For each derivative, the amounts are shown for both the bought and the sold currency.

Foreign exchange derivatives hedging cash flows

EUR mill	2015	2014
USD	65,2	59,3
SEK	-26,7	-28,5
NOK	-19,9	-14,7
EUR	-17,6	-11,7

Sensitivity Analysis, cash flow hedges, effect on equity after tax of a 10 % strengthening or weakening of the euro

2015 EUR mill	USD	SEK	NOK
Change + 10 %	-4,6	-1,3	1,4
Change - 10 %	5,7	1,5	-1,7

2014 EUR mill	USD	SEK	NOK
Change + 10 %	-4,2	-0,6	1,0
Change - 10 %	5,1	0,7	-1,3

The majority of the outstanding derivatives hedging cash flows relates to Lindex. The functional currency of Lindex is the Swedish krona. At year-end, the outstanding cash flow hedges in US dollars covered approximately 69% 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 other than from sales and purchases in foreign currency. Group Treasury is 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%.

The following table shows the Group's transaction exposure including foreign-currency-denominated assets and liabilities as well as outstanding derivatives hedging these items. Future forecasted cash flows and derivatives hedging forecasted cash flows are not included. The financial statements of the Russian subsidiaries have been translated into euro according to IAS 21 using euro as functional currency, consequently only monetary items are exposed to currency risk.

The Group's transaction exposure

2015, EUR mill	SEK	GBP	RUB*	NOK	CZK	USD	PLN
Receivables	888,3	11,0	2,7	12,4	33,1	9,7	9,6
Loans from financial institutions	-384,3			-0,5			
Trade payables and other current liabilities	-67,1	-0,5	-1,7	-0,2		-21,2	
Foreign currency exposure in the balance sheet	436,9	10,5	1,0	11,7	33,1	-11,5	9,6
Foreign exchange derivatives hedging balance sheet items	-404,7	-4,1		-10,1	-31,5	17,2	-7,6
Foreign currency loans hedging the net investment	15,1						
Net position in the balance sheet	47,3	6,4	1,0	1,6	1,6	5,7	2,0

2014, EUR mill	SEK	GBP	RUB*	NOK	CZK	USD	PLN
Receivables	851,9	1,0	0,9	12,4	28,1	12,7	8,3
Loans from financial institutions	-453,4	-0,1		-2,0		-0,2	
Trade payables and other current liabilities	-50,4	-0,4	-1,8	-0,2		-23,8	
Foreign currency exposure in the balance sheet	348,1	0,5	-0,9	10,2	28,1	-11,3	8,3
Foreign exchange derivatives hedging balance sheet items	-316,8			-7,1	-25,2	20,1	-7,6
Foreign currency loans hedging the net investment	37,6						
Net position in the balance sheet	68,9	0,5	-0,9	3,1	2,9	8,8	0,7

*)The assets and liabilities related to retail Russia are classified as assets for sale on the balance sheet dated 31.12.2015 and has been excluded in above table.

A 10 % strengthening or weakening of the euro against other currencies would create the following effect in profit after tax. The sensitivity analysis is based on the exposures in the table above.

Sensitivity Analysis, effect on Profit & Loss account after tax

2015 EUR mill	SEK	GBP	RUB*	NOK	CZK	USD	PLN
Change + 10 %	-3,4	-0,5	-0,1	-0,1	-0,1	-0,4	-0,1
Change - 10 %	4,2	0,6	0,1	0,1	0,1	0,5	0,2

2014 EUR mill	SEK	GBP	RUB*	NOK	CZK	USD	PLN
Change + 10 %	-5,0	0,0	0,1	-0,2	-0,2	-0,6	0,0
Change - 10 %	6,1	0,0	-0,1	0,3	0,2	-0,8	0,1

*)The assets and liabilities related to retail Russia are classified as assets for sale on the balance sheet dated 31.12.2015 and has been excluded in above table.

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. When making hedging decisions any effect the hedging measure may have on the Group’s earnings, balance sheet and cash flows as well as hedging costs are taken into account.

The following table shows how a 10% change of the euro against the Group companies’ functional currencies would affect the Group’s equity. The sensitivity analysis includes effects from the translation of foreign-currency-denominated net investments into euro and from loans and derivatives hedging net investments. Since the financial statements of the Russian subsidiaries have been translated into euro according to IAS 21 using euro as the functional currency, equity in the Russian subsidiaries is not exposed to currency risk.

Sensitivity Analysis, effect on equity

2015 EUR mill	SEK
Change + 10 %	-11,9
Change - 10 %	14,6

2014 EUR mill	SEK
Change + 10 %	-8,3
Change - 10 %	10,2

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 2015, Stockmann’s interest-bearing loans and bank receivables had a duration of 7.6 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 2015:

Interest rate adjustement, period, EUR mill	**< 1 month**	**1–12 months**	**1–3 years**	**3–5 years**	**Total**
Bond Issues			149,5		149,5
Loans from financial institutions		382,5			382,5
Finance leases		0,1			0,1
Other interest bearing liabilities	87,7	163,6			251,3
Total	87,7	546,2	149,5		783,4
Cash and bank receivables	-19,1				-19,1
Total	68,6	546,2	149,5		764,3

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date December 31, 2014:

Interest rate adjustement, period, EUR mill	< 1 month	1–12 months	1–3 years	3–5 years	Total
Bond Issues				149,3	149,3
Loans from financial institutions	81,5	382,6			464,1
Finance leases		0,4	0,1		0,5
Other interest bearing liabilities	104,0	116,1			220,0
Total	185,5	499,0	0,1	149,3	833,9
Cash and bank receivables	-29,3				-29,3
Total	156,2	499,0	0,1	149,3	804,6

A rise of one percentage point in market interest rates would have an imputed effect on Stockmann’s profit after taxes up to EUR -3.5 million (2014: EUR -3.9 million) at the balance sheet date, 31 December 2015. A decline of one percentage point in market interest rates would have only a very minor effect on Stockmann’s profit after taxes since almost all relevant market interest rates already are below zero and Stockmann can’t benefit from rates below zero. 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 2015, 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 1 482 million, of which EUR 783 million was drawn. Committed credit facilities amounted to EUR 861 million. Of these facilities, EUR 561 million was utilized. In addition the Group has the option to receive committed financing against applicable guarantees from the pension insurance company up to EUR 177 million. The major part of Stockmann’s long-term credit facilities consists of committed bilateral agreements with 6 banks. These facilities amount to EUR 684 million EUR and mature in February 2019. In addition Stockmann has issued a corporate bond of EUR 150 million, listed on Nasdaq Helsinki, which matures in 2018. During December 2015 Stockmann issued a hybrid bond of EUR 85 million and the proceeds have been used to repay short term debt.The hybrid bond is treated as equity in the consolidated financial statements prepared in accordance with IFRS. Short term credit facilities include a domestic commercial paper program of EUR 600 million as well as bank overdraft facilities. Borrowing within the commercial paper program amounted to EUR 218 million at year-end.

Stockmann's borrowing is unsecured. However, the committed bilateral bank facilities include a financial covenant, related to the Group’s equity ratio. During the financial year the covenant level has been specified to reflect the impact of the sale of the Russian retail business as well as the current fair value of the properties. The conditions in the loan agreements have been met during the year.

Cash and bank receivables as well as unused committed credit facilities

EUR mill	2015	2014
Cash and bank receivables	19,1	29,3
Credit facility, due in 2016		1,8
Credit facility, due in 2017		
Credit facility, due in 2018		
Credit facility, due in 2019	300,0	294,7
Credit facility, due in 2020 +		
Overdraft facilities	1,7	1,4
Total	320,8	327,3

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2015:

EUR mill	Carrying amount	2016	2017	2018	2019	2020+	Total
Bonds	149,5	-5,1	-5,0	-155,0			-165,2
Loans from financial institutions	382,5	-7,4	-6,4	-6,4	-385,3		-405,5
Finance leases	0,1	-0,1					-0,1
Other interest-bearing liabilities	251,3	-250,1	-3,0				-253,1
Trade payables and other current liabilities	201,6	-201,6					-201,6
Total	985,0	-464,3	-14,4	-161,4	-385,3		-1 025,5
Derivatives							
FX Derivatives	5,6						
Assets		365,1					365,1
Liabilities		-370,6					-370,6
Electricity Derivatives	0,5						
Net cash flow		-0,2	-0,2	-0,1			-0,5
Total	6,1	-5,7	-0,2	-0,1			-6,0

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2014:

EUR mill	Carrying amount	2015	2016	2017	2018	2019+	Total
Bonds	149,3	-5,1	-5,1	-5,0	-155,0		-170,2
Loans from financial institutions	464,1	-19,0	-61,2	-8,2	-8,2	-406,6	-503,2
Finance leases	0,5	-0,4	-0,1				-0,5
Other interest-bearing liabilities	220,1	-212,1	-8,7				-220,9
Trade payables and other current liabilities	236,7	-236,7					-236,7
Total	1 070,7	-473,3	-75,1	-13,3	-163,3	-406,6	-1 131,6
Derivatives							
FX Derivatives	0,4						
Assets		88,1					88,1
Liabilities		-88,5					-88,5
Electricity Derivatives	0,2						
Net cash flow		-0,1	0,0	0,0	0,0		-0,2
Total	0,6	-0,6	0,0	0,0	0,0		-0,7

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 2015, 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 mill. *	2015	2014
Trade receivables not due	**14,9**	16,5
Trade receivables fallen due in 1–30 days	**1,7**	1,4
Trade receivables fallen due in 31–60 days	**0,6**	0,3
Trade receivables fallen due in 61–90 days	**0,2**	0,4
Trade receivables fallen due in 91–120 days	**0,4**	0,4
Trade receivables fallen due in over 120 days	**0,4**	0,6
Total	**18,3**	19,5

*) The assets and liabilities related to the department store business in Russia and Hobby Hall distance retailing operations are classified as assets held for sale on the balance sheet dated 31.12.2015. More information in note 3.

The carrying amount of trade receivables corresponds to the maximum amount of the credit risk for them. EUR 0.3 million of impairment losses were recognized on trade receivables in 2015 (2014: EUR 0.4 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, 2015 was 46.1 per cent (at December 31, 2014 it was 39.3 per cent).

32. Events after the reporting period

Stockmann completed its withdrawal from department store business in Russia by selling its Russian subsidiary AO Stockmann to Reviva Holdings Limited on 1 February 2016 for a purchase price of EUR 5 million. Reviva is the owner of Debruss, the Russian franchisee of the international department store chain Debenhams. Reviva took over operations of all current department stores in seven locations and plans to gradually transition the stores to the Debenhams brand by early 2017. In the financial statements department store operations in Russia have been classified as discontinued operations.

Key figures

		2015	Restated 2014	2013	2012	2011
Revenue *)	EUR mill.	**1 434,8**	1 605,5	2 037,1	2 116,4	2 005,3
Change on the previous year *)	%	**-10,6**		-3,7	5,5	10,1
Operating profit *)	EUR mill.	**-52,5**	-77,2	54,4	87,3	70,1
Change on the previous year *)	%	**-31,9**		-37,7	24,6	-21,0
Share of revenue *)	%	**-3,7**	-4,8	2,7	4,1	3,5
Profit before taxes *)	EUR mill.	**-73,7**	-77,2	26,8	54,9	35,7
Change on the previous year *)	%	**-4,4**		-51,2	54,0	-51,9
Share of revenue *)	%	**-5,1**	-4,8	1,3	2,6	1,8
Profit for the period		**-175,0**	-99,8	48,4	53,6	30,8
Share capital	EUR mill.	**144,1**	144,1	144,1	144,1	143,7
A share	EUR mill.	**61,2**	61,2	61,3	61,3	61,3
B share	EUR mill.	**82,9**	82,9	82,8	82,8	82,4
Dividends***)	EUR mill.			28,8	43,2	35,9
Return on equity	%	**-19,4**	-12,1	5,4	6,1	3,5
Return on capital employed	%	**-7,6**	-4,9	3,4	5,1	4,1
Capital employed	EUR mill.	**1 740,4**	1 657,9	1 725,8	1 737,1	1 715,7
Capital turnover rate		**0,9**	1,1	1,2	1,2	1,2
Inventories rate		**4,8**	4,1	3,7	3,8	3,9
Equity ratio	%	**46,1**	39,3	43,8	42,8	42,2
Net gearing	%	**72,1**	105,4	87,3	90,9	95,3
Investments in fixed assets	EUR mill.	**53,4**	53,8	56,9	60,3	66,0
Share of net turnover *)	%	**3,7**	3,4	2,8	2,8	3,3
Interest-bearing debtors **)	EUR mill.	**10,7**	5,2	43,2	43,8	45,6
Interest-bearing liabilities	EUR mill.	**783,4**	833,9	814,8	848,5	862,5
Interest-bearing net debt **)	EUR mill.	**753,6**	799,4	737,8	768,6	783,7
Total assets	EUR mill.	**2 273,9**	1 936,5	2 044,6	2 087,1	2 062,7
Staff expenses *)	EUR mill.	**321,5**	356,3	397,8	405,1	390,0
Share of revenue *)	%	**22,4**	22,2	19,5	19,1	19,4
Personnel, average *)	persons	**10 763**	12 157	14 963	15 603	15 964
Revenue per person *)	EUR thousands	**133,3**	132,1	136,1	135,6	125,6
Operating profit per person *)	EUR thousands	**-4,9**	-6,3	3,6	5,6	4,4
Staff expenses per person *)	EUR thousands	**29,9**	29,3	26,6	26,0	24,4

*) Years 2015 and 2014 include only continuing operations.

**) does not include Hobby Hall's interest-bearing debtors, which are classified as assets held for sale.

***) The Board of Directors proposes to the AGM that no dividend be paid.

Per-share data

		2015	Restated 2014	2013	2012	2011
Earnings per share, continuing operations	EUR	**-1,24**	-1,34	0,67	0,74	0,43
Earnings per share, discontinued operations	EUR	**-1,20**	-0,04	0,67	0,74	0,43
Earnings per share (undiluted and diluted)	EUR	**-2,43**	-1,39			
Equity per share	EUR	**14,53**	10,55	12,42	12,40	12,11
Dividend per share *	EUR			0,40	0,60	0,50
Dividend per earnings *	%			59,5	80,6	116,2
Cash flow from operating activities per share	EUR	**0,24**	0,41	1,74	1,72	0,93
Effective dividend yield *	%					
A share				3,6	4,3	3,7
B share				3,6	4,4	4,2
P/E ratio of shares**						
A share**		**-2,6**	-4,6	16,5	18,9	31,9
B share**		**-2,6**	-4,6	16,4	18,3	28,0
Share quotation at 31 December	EUR					
A share		**6,22**	6,42	11,06	14,08	13,65
B share		**6,25**	6,36	11,04	13,60	11,98
Highest price during the period	EUR					
A share		**8,00**	12,40	15,20	19,50	29,85
B share		**8,41**	12,58	14,92	18,68	28,48
Lowest price during the period	EUR					
A share		**5,94**	6,20	11,00	13,40	13,44
B share		**5,98**	6,21	10,75	12,12	11,60
Average price during the period	EUR					
A share		**6,86**	9,76	12,51	15,57	18,71
B share		**7,10**	10,00	12,50	15,19	18,68
Share turnover	thousands					
A share		**2 188**	933	447	436	476
B share		**14 615**	17 625	14 564	11 308	15 402
Share turnover	%					
A share		**7,2**	3,0	1,5	1,4	1,6
B share		**35,2**	42,5	35,1	27,3	37,4
Market capitalization at 31 December	EUR mill.	**449,4**	460,1	796,0	994,6	911,8
Number of shares at 31 December	thousands	**72 049**	72 049	72 049	72 049	71 841
A share		**30 553**	30 596	30 596	30 628	30 628
B share		**41 495**	41 453	41 453	41 421	41 213
Weighted average						
number of shares	thousands	**72 049**	72 049	72 049	71 945	71 496
A share		**30 590**	30 596	30 601	30 628	30 628
B share		**41 459**	41 453	41 448	41 318	40 868
Weighted average						
number of shares, diluted	thousands	**72 049**	72 049	72 049	71 945	71 789
Total number of shareholders at 31 Decemb	no	**52 415**	55 343	59 475	59 283	56 116

*) The Board of Directors proposes to the AGM that no dividend be paid.

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

Definition of key figures

Profit before taxes	=	Operating profit + financial income less financial expenses
Return on equity, %	= 100 x	Profit for the period / Equity + non-controlling interest (average over the year)
Return on capital employed, %	= 100 x	Profit before taxes + interest and other financial expenses / Capital employed
Capital employed	=	Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)
Capital turnover rate	=	Revenue / Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)
Inventories rate		365 / Inventories turnover time
Equity ratio, %	= 100 x	Equity + non-controlling interest / Total assets less advance payments received
Net gearing, %	= 100 x	Interest-bearing liabilities less cash and cash equivalents less interest-bearing receivables / Equity total
Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-bearing receivables

Definition of per-share data

Earnings per share	=	Result for the period attributable to the parent company's shareholders less tax-adjusted interest on hybrid bond / Average number of shares, adjusted for share issues 1)
Equity per share	=	Equity less fund for own shares / Number of shares on the balance sheet date
Dividend per earnings, %	= 100 x	Dividend per share / Earnings per share, adjusted for share issues 1)
Cash flow per share	=	Cash flow from operating activities / Average number of shares, adjusted for share issues 1)
Effective dividend yield, %	= 100 x	Dividend per share / Share quotation at 31 December, adjusted for share issues
P/E ratio of shares	=	Share quotation at 31 December, adjusted for share issues / 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 average 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

Stockmann plc
Income Statement, FAS

	Ref.	1.1.-31.12.2015 EUR	% of Rev.	1.1.-31.12.2014 EUR	% of Rev.
REVENUE		**662 053 682,98**	100,0	750 226 352,12	100,0
Other operating income	2	**28 271 607,96**	4,3	24 621 208,91	3,3
Materials and services					
Materials and consumables:					
Purchases during the financial year		**-365 838 601,19**		-462 515 847,30	
Change in inventories, increase (+), decrease (-)		**-27 516 467,41**		-2 626 218,32	
Materials and services, total		**-393 355 068,60**	59,4	-465 142 065,62	62,0
Wages, salaries and employee benefits	3	**-151 984 368,34**	23,0	-164 852 496,43	22,0
Depreciation, amortization and reduction in value	4	**-32 205 695,51**	4,9	-23 903 973,05	3,2
Other operating expenses	5	**-232 654 789,61**	35,1	-173 461 063,60	23,1
		-810 199 922,06	122,4	-827 359 598,70	110,3
OPERATING PROFIT (LOSS)		**-119 874 631,12**	-18,1	-52 512 037,67	-7,0
Financial income and expenses	6	**9 071 172,50**	1,4	-116 001 610,76	-15,5
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**-110 803 458,62**	-16,7	-168 513 648,43	-22,5
Appropriations	7	**-1 652 178,35**	-0,2	-5 847 427,14	-0,8
Income taxes					
For previous financial years		**-10 166 574,75**		-155 167,11	
Income taxes, total		**-10 166 574,75**	-1,5	-155 167,11	0,0
PROFIT (LOSS) FOR THE PERIOD		**-122 622 211,72**	-18,5	-174 516 242,68	-23,3

Stockmann plc
Balance sheet, FAS

ASSETS	Reference	31.12.2015 EUR	31.12.2014 EUR
NON-CURRENT ASSETS			
Intangible assets	8		
Intangible rights		**40 689 785,77**	51 172 736,70
Goodwill			215 635,02
Other long-term expenditure		**573 533,82**	645 176,07
Advance payments and projects in progress		**1 814 860,05**	3 253 887,12
Intangible assets, total		**43 078 179,64**	55 287 434,91
Property, plant, equipment	9		
Land and water		**13 435 033,59**	13 506 524,78
Buildings and constructions		**287 643 705,95**	295 424 237,11
Machinery and equipment		**16 328 920,19**	15 374 085,30
Modification and renovation expenses for leased premises		**3 806 379,91**	3 660 582,44
Other tangible assets		**54 769,84**	55 055,76
Advance payments and construction in progress		**28 991 864,21**	12 861 163,18
Property, plant, equipment, total		**350 260 673,69**	340 881 648,57
Investments	10		
Holdings in Group undertakings		**177 278 536,39**	177 005 023,06
Other shares and participations		**10 458 905,98**	10 458 939,61
Investments, total		**187 737 442,37**	187 463 962,67
NON-CURRENT ASSETS, TOTAL		**581 076 295,70**	583 633 046,15
CURRENT ASSETS			
Inventories			
Materials and consumables		**73 965 313,46**	101 481 780,87
Inventories, total		**73 965 313,46**	101 481 780,87
Non-current receivables			
Loans owed by Group undertakings		**888 961 460,33**	863 272 786,39
Loans owed to others		**7 000 000,00**	
Non-current receivables, total		**895 961 460,33**	863 272 786,39
Current receivables	11		
Trade receivables		**17 453 252,43**	43 116 181,83
Amounts owed by Group undertakings		**18 549 808,56**	46 009 772,73
Other receivables		**33 553,13**	10 015 106,25
Prepayments and accrued income		**13 352 984,08**	14 944 689,53
Current receivables, total		**49 389 598,20**	114 085 750,34
Cash in hand and at banks	12	**5 629 233,68**	9 611 707,51
CURRENT ASSETS, TOTAL		**1 024 945 605,67**	1 088 452 025,11
ASSETS, TOTAL		**1 606 021 901,37**	1 672 085 071,26

Stockmann plc
Balance sheet, FAS

EQUITY AND LIABILITIES

	Reference	31.12.2015 EUR	31.12.2014 EUR
EQUITY	13-14		
Share capital		**144 097 366,00**	144 097 366,00
Premium fund		**186 346 445,72**	186 346 445,72
Reserve for invested unrestricted equity		**255 735 789,28**	255 735 789,28
Other funds		**43 728 921,17**	43 728 921,17
Retained earnings		**-108 630 595,12**	65 885 647,56
Net profit (loss) for the financial year		**-122 622 211,72**	-174 516 242,68
EQUITY, TOTAL		**398 655 715,33**	521 277 927,05
ACCUMULATED APPROPRIATIONS	15	**130 669 578,35**	129 017 400,00
PROVISIONS	16	**22 034 325,18**	14 796 746,54
LIABILITIES			
Non-current liabilities			
Hybrid bond		**85 000 000,00**	
Bonds		**150 000 000,00**	150 000 000,00
Loans from credit institutions		**384 300 016,40**	463 149 428,75
Amounts owed to Group undertakings		**64 424 772,16**	47 354 793,66
Non-current liabilities, total		**683 724 788,56**	660 504 222,41
Current liabilities	17-18		
Loans from credit institutions			8 888 888,88
Advances received		**541 383,04**	851 836,66
Trade payables		**35 299 522,11**	41 075 459,36
Amounts owed to Group undertakings		**1 907 277,47**	3 382 402,70
Other payables		**269 581 663,85**	237 423 787,61
Accrued expenses and prepaid income		**63 607 647,48**	54 866 400,05
Current liabilities, total		**370 937 493,95**	346 488 775,26
LIABILITIES, TOTAL		**1 054 662 282,51**	1 006 992 997,67
EQUITY AND LIABILITIES, TOTAL		**1 606 021 901,37**	1 672 085 071,26

Stockmann plc
Cash flow statement

	2015 EUR	2014 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the financial year	**-122 622 211,72**	-174 516 242,68
Adjustments for:		
Depreciation and amortisation according to plan	**27 117 127,54**	23 903 973,05
Non-current assets write-offs	**5 088 567,97**	
Other non-cash income and expenses	**57 665 321,12**	14 819 241,88
Financial income and expenses	**-9 071 172,50**	115 611 040,18
Appropriations	**1 652 178,35**	5 847 427,14
Income taxes	**10 166 574,75**	155 167,11
Changes in working capital:		
Increase (-) / decrease (+) of current receivables	**-5 725 766,84**	40 479 015,36
Increase (-) / decrease (+) of inventories	**27 516 467,41**	2 626 218,32
Increase (+) / decrease (-) of current non-interest bearing liabilities	**-13 813 306,74**	-10 848 696,01
Interest and other financial expenses paid from operating activities	**-20 973 530,61**	-24 553 620,49
Interest received from operating activities	**654 973,84**	408 761,82
Direct income taxes paid	**142 531,34**	-239 758,90
CASH FLOW FROM OPERATING ACTIVITIES	**-42 202 246,09**	-6 307 473,22
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	**-29 599 172,10**	-29 875 054,11
Proceeds from disposal of tangible assets	**403 000,00**	60 200,00
Proceeds from repayments of loan receivables		51 791 233,50
Additions to holdings in Group undertakings	**-273 513,33**	-75 254 380,43
Dividends received from investing activities	**25 566 606,25**	84 234 328,56
NET CASH FROM INVESTING ACTIVITIES	**-3 903 079,18**	30 956 327,52
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (-)/decrease (+) of loan receivables	**3 312 968,05**	20 651 589,07
Proceeds from (+)/ repayments of (-) short-term loans	**-48 414 506,24**	-128 770 146,64
Proceeds from long-term loans	**262 839 809,96**	607 037 995,98
Repayments of long-term loans	**-175 615 420,33**	-492 439 764,40
Dividends paid		-28 819 473,20
NET CASH FROM FINANCING ACTIVITIES	**42 122 851,44**	-22 339 799,19
Change in cash in hand and at banks, increase (+) / decrease (-)	**-3 982 473,83**	2 309 055,11
Cash in hand and at banks in the beginning of the financial year	**9 611 707,51**	7 302 652,40
Cash in hand and at banks at the end of the financial year	**5 629 233,68**	9 611 707,51

Notes to financial statements

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 receivables and liabilities 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 and charges for services rendered to subsidiaries.

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 company's income statement and balance sheet.

Tangible and intangible assets
Tangible and intangible assets are valued according to the original cost excluding depreciation according to plan. The balance sheet values furthermore include revaluations of land areas and buildings. The 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.

Depreciation according to plan is based on the original cost and the estimated economically useful life of intangible and tangible assets as follows:

-	Intangible assets	3 - 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

Investments in non-current assets
Securities included in non-current assets are valued at acquisition cost or, if their market value is lower, at this lower value.

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 weighted average cost method and it includes all the direct costs of the purchase.

Derivative instruments
Derivative agreements made to hedge against foreign exchange rate risk are valued at market value. Exchange and interest rate differences related to derivative agreements have been entered on an accrual basis as financial income and expenses.

2. Other operating income

EUR	**2015**	2014
Compensation for services to Group companies	**26 318 210,54**	22 428 308,23
Income from credit card co-operation	**1 446 898,33**	1 785 651,34
Other capital gains	**179 293,26**	3 952,00
Other operating income	**327 205,83**	403 297,34
Total	**28 271 607,96**	24 621 208,91

3. Wages, salaries and employee benefits expenses

EUR	**2015**	2014
Salaries and emoluments paid to the CEO and his alternate	**458 514,00**	739 812,00
Salaries and emoluments paid to the Board of Directors	**421 900,00**	414 500,00
Other wages and salaries	**118 422 569,85**	128 801 846,88
Wages during sick leave	**3 935 751,47**	4 300 995,76
Pension expenses	**21 629 834,44**	23 205 708,43
Other staff expenses	**7 115 798,58**	7 389 633,36
Total	**151 984 368,34**	164 852 496,43
Staff, average	**4 497**	4 855

Management pension liabilities

CEO Per Thelin's retirement age is determined in accordance with Finnish employment pension legislation. The CEO's pension will accrue on the basis of the Employees' Pensions Act and a separate, voluntary defined contribution pension insurance taken out by the company. In 2015, the voluntary insurance contribution was EUR 27 988 (2014: EUR 4 856). The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. In addition to the CEO, two of the management team members have voluntary earnings-related pension insurances taken by the company as of the end of 2015. The costs of the insurances in 2015, for others than the CEO, amounted to EUR 83 670 (2014: EUR 160 554).

4. Depreciation, amortisation and reduction in value

EUR	**2015**	2014
Intangible rights	**14 923 654,18**	7 987 280,45
Goodwill	**215 635,02**	431 270,05
Modification and renovation expenses for leased premises	**1 467 921,38**	1 332 421,36
Buildings and constructions	**9 202 857,13**	9 184 703,19
Machinery and equipment	**6 395 627,80**	4 968 298,00
Total	**32 205 695,51**	23 903 973,05

5. Other operating expenses

EUR	**2015**	2014
Site expenses	**70 216 701,96**	84 677 493,75
Marketing expenses	**28 169 710,03**	26 986 582,62
IT and telecommunication expenses	**16 327 864,06**	21 486 614,09
Goods handling expenses	**15 415 902,02**	17 117 563,64
Voluntary indirect employee expenses	**1 358 688,00**	2 253 632,13
Credit losses	**51 351 912,94**	-1 557 221,06
Other expenses	**49 814 010,60**	22 496 398,43
Total	**232 654 789,61**	173 461 063,60

Auditors' fees

EUR	**2015**	2014
Audit fees	**130 000,00**	145 957,03
Tax consulting	**338 000,00**	122 283,68
Certificates and advice	**6 500,00**	7 557,50
Other services	**264 500,00**	40 347,50
Total	**739 000,00**	316 145,71

6. Financial income and expenses

EUR	2015	2014
Dividend from Group undertakings	**17 137 167,42**	105 068 959,48
Other dividend income	**89 598,10**	115 963,50
Interest income from Group undertakings	**24 297 812,91**	33 666 532,89
Interest income from parties outside the Group	**521 155,26**	55 072,84
Interest expenses to Group undertakings	**-637 200,62**	-2 170 209,72
Interest expenses to parties outside the Group	**-18 974 741,43**	-22 505 547,58
Impairment of investments within non-current assets	**-6 404 118,86**	-187 005 673,88
Other financial expenses to parties outside the Group	**-2 917 156,25**	-26 689,01
Foreign exchange gains and losses (net)	**-4 041 344,03**	-43 200 019,28
Total	**9 071 172,50**	-116 001 610,76

7. Appropriations

EUR	2015	2014
Change in depreciation reserve		
Intangible rights	**765 932,17**	-1 088 581,27
Modification and renovation expenses for leased premises	**329 054,17**	183 205,00
Buildings and constructions	**-3 485 376,06**	-5 031 460,68
Machinery and equipment	**738 211,40**	89 409,81
Total	**-1 652 178,32**	-5 847 427,14

Non-current assets

8. Intangible assets

Intangible rights

EUR	2015	2014
Acquisition cost 1 January	**66 825 018,47**	40 599 779,39
Increases	**174 775,78**	2 609 088,36
Transfers between items	**4 572 096,36**	27 981 540,50
Decreases	**-8 176 430,55**	-4 365 389,78
Acquisition cost 31 December	**63 395 460,06**	66 825 018,47
Accumulated amortization 1 January	**15 652 281,77**	12 030 349,74
Accumulated amortization on reductions	**-7 870 261,66**	-4 365 348,42
Amortization for the financial year	**14 923 654,18**	7 987 280,45
Accumulated amortization 31 December	**22 705 674,29**	15 652 281,77
Book value 31 December	**40 689 785,77**	51 172 736,70

Goodwill

EUR	2015	2014
Acquisition cost 1 January and 31 December	**2 156 350,22**	2 156 350,22
Accumulated amortization 1 January	**1 940 715,20**	1 509 445,15
Amortization for the financial year	**215 635,02**	431 270,05
Accumulated amortization 31 December	**2 156 350,22**	1 940 715,20
Book value 31 December	**0,00**	215 635,02

Other capitalised long-term expenditure

EUR	2015	2014
Acquisition cost 1 January	**716 422,36**	
Transfers between items		716 422,36
Acquisition cost 31 December	**716 422,36**	716 422,36
Accumulated amortization 1 January	**71 246,29**	
Amortization for the financial year	**71 642,25**	71 246,29
Accumulated amortization 31 December	**142 888,54**	71 246,29
Book value 31 December	**573 533,82**	645 176,07

Advance payments and projects in progress

EUR	2015	2014
Acquisition cost 1 January	**3 253 887,12**	21 918 022,96
Increases	**3 133 069,30**	10 993 115,73
Transfers between items	**-4 572 096,36**	-29 657 251,57
Acquisition cost 31 December	**1 814 860,06**	3 253 887,12
Book value 31 December	**1 814 860,06**	3 253 887,12

Intangible assets, total	**43 078 179,65**	55 287 434,91

9. Tangible assets

Land and water

EUR	2015	2014
Acquisition cost 1 January	**7 608 174,20**	6 593 808,38
Transfers between items		1 095 806,38
Decreases	**-71 491,19**	-81 440,56
Acquisition cost 31 December	**7 536 683,01**	7 608 174,20
Revaluations 1 January and 31 December	**5 898 350,58**	5 898 350,58
Book value 31 December	**13 435 033,59**	13 506 524,78

Buildings and constructions

EUR	2015	2014
Acquisition cost 1 January	**354 376 688,25**	354 774 670,47
Increases	**231 200,00**	45 731,10
Transfers between items	**1 343 341,42**	369 712,45
Decreases	**-2 995 485,41**	-813 425,77
Acquisition cost 31 December	**352 955 744,26**	354 376 688,25
Accumulated depreciation 1 January	**85 483 160,74**	77 119 242,14
Accumulated depreciation on reductions	**-2 843 269,86**	-748 094,55
Transfers between items		-356,27
Depreciation for the financial year	**9 202 857,13**	9 112 369,42
Accumulated depreciation 31 December	**91 842 748,01**	85 483 160,74
Revaluations 1 January and 31 December	**26 530 709,60**	26 530 709,60
Book value 31 December	**287 643 705,85**	295 424 237,11

Machinery and equipment

EUR	2015	2014
Acquisition cost 1 January	**27 609 946,59**	25 282 004,34
Increases	**879 079,59**	767 377,13
Transfers between items	**6 471 383,10**	5 266 672,60
Decreases	**-3 957 223,12**	-3 706 107,48
Acquisition cost 31 December	**31 003 186,16**	27 609 946,59
Accumulated depreciation 1 January	**12 235 861,29**	10 966 668,21
Accumulated depreciation on reductions	**-3 957 223,12**	-3 707 009,92
Depreciation for the financial year	**6 395 627,80**	4 976 203,00
Accumulated depreciation 31 December	**14 674 265,97**	12 235 861,29
Book value 31 December	**16 328 920,19**	15 374 085,30

Modification and renovation expenses for leased premises

EUR	2015	2014
Acquisition cost 1 January	**10 231 253,78**	12 584 961,96
Increases		301 980,54
Transfers between items	**1 551 244,93**	606 854,43
Decreases	**-4 829 568,33**	-3 262 543,15
Acquisition cost 31 December	**6 952 930,38**	10 231 253,78
Accumulated depreciation 1 January	**6 570 671,34**	8 571 683,15
Accumulated depreciation on reductions	**-4 820 400,01**	-3 262 543,15
Transfers between items		356,27
Depreciation for the financial year	**1 396 279,14**	1 261 175,07
Accumulated depreciation 31 December	**3 146 550,47**	6 570 671,34
Book value 31 December	**3 806 379,91**	3 660 582,44

Other tangible assets

EUR	2015	2014
Acquisition cost Jan. 1	**55 055,76**	55 055,76
Decreases	**-285,92**	
Acquisition cost 1 January and 31 December	**54 769,84**	55 055,76
Book value 31 December	**54 769,84**	55 055,76

Advance payments and construction in progress

EUR	2015	2014
Acquisition cost 1 January	**12 861 163,18**	3 957 597,65
Increases	**25 497 834,97**	16 039 069,61
Transfers between items	**-9 365 969,45**	-6 379 757,15
Decreases	**-1 164,50**	-755 746,93
Acquisition cost 31 December	**28 991 864,20**	12 861 163,18
Book value 31 December	**28 991 864,20**	12 861 163,18

Tangible assets, total	**350 260 673,58**	340 881 648,57

Revaluations included in balance sheet values

EUR	2015	2014
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.

10. Investments

Holdings in Group undertakings

EUR	2015	2014
Acquisition cost 1 January	**177 005 023,06**	244 796 642,63
Increases	**6 677 598,55**	117 664 986,87
Impairments*	**-6 404 085,22**	-185 456 606,44
Book value 31 December	**177 278 536,39**	177 005 023,06

* Impairments of Russian and Seppälä business operations

Other shares and participations

EUR	2015	2014
Acquisition cost 1 January	**10 458 939,61**	10 458 939,61
Decreases	**-33,63**	
Book value 31 December	**10 458 905,98**	10 458 939,61

Investments, total	**187 737 442,37**	187 463 962,67

11. Current receivables

Trade receivables

EUR	2015	2014
Interest-bearing trade receivables	**9 014 989,90**	35 081 747,06
Non-interest bearing trade receivables	**8 438 262,53**	8 034 434,77
Total	**17 453 252,43**	43 116 181,83

Amounts owed by Group undertakings

EUR	2015	2014
Dividend receivables	**17 137 167,42**	24 720 536,57
Trade receivables	**1 169 463,88**	21 156 797,69
Prepayments and accrued income	**243 177,26**	129 610,71
Other current receivables		2 827,76
Total	**18 549 808,56**	46 009 772,73

Essential items in prepayments and accrued income

EUR	2015	2014
Financial income and expenses	**3 142 532,21**	5 977 053,21
Personnel expenses	**2 641 806,50**	2 254 659,95
Receivable from credit card co-operation	**2 004 093,99**	1 980 194,60
ICT expenses	**1 914 261,63**	1 488 967,54
Rental and leasing expenses	**1 647 958,93**	437 948,31
Prepayments and accrued income from suppliers	**902 182,19**	1 373 500,05
Marketing expenses	**362 325,29**	446 976,63
Taxes and customs receivable	**319 343,99**	461 875,33
Other prepayments and accrued income	**418 479,35**	523 513,91
Total	**13 352 984,08**	14 944 689,53

12. Cash in hand and at banks

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

13. Changes in equity

Share capital

EUR	**2015**	2014
Series A shares 1 January	**61 191 530,00**	61 191 530,00
Conversion to Series B shares	**-85 098,00**	
Series A shares 31 December	**61 106 432,00**	61 191 530,00
Series B shares 1 January	**82 905 836,00**	82 905 836,00
Conversion from Series A shares	**85 098,00**	
Series B shares 31 December	**82 990 934,00**	82 905 836,00
Share capital, total	**144 097 366,00**	144 097 366,00
Premium fund 1 January and 31 December	**186 346 445,72**	186 346 445,72
Reserve for invested unrestricted equity 1 January and 31 December	**255 735 789,28**	255 735 789,28
Other funds 1 January and 31 December	**43 728 921,17**	43 728 921,17
Retained earnings 1 January	**-108 630 595,12**	94 705 120,76
Dividends		-28 819 473,20
Retained earnings 31 December	**-108 630 595,12**	65 885 647,56
Net profit (loss) for the financial year	**-122 622 211,72**	-174 516 242,68
Equity, total	**398 655 715,33**	521 277 927,05

Breakdown of distributable funds 31 December

EUR	**2015**	2014
Funds	**299 464 710,45**	299 464 710,45
Retained earnings	**-108 630 595,12**	65 885 647,56
Net profit (loss) for the financial year	**-122 622 211,72**	-174 516 242,68
Total	**68 211 903,61**	190 834 115,33

14. Parent company's shares

Par value EUR 2.00	**shares**	shares
Series A shares (10 votes each)	**30 553 216**	30 595 765
Series B shares (1 vote each)	**41 495 467**	41 452 918
Total	**72 048 683**	72 048 683

15. Accumulated appropriations

The accumulated appropriations comprise accumulated depreciation difference.

16. Provisions

Other provisions

EUR	**2015**	2014
Business restructuring cost	**15 450 000,00**	
Rental commitments and closing cost of discontinued stores	**6 416 256,78**	14 296 746,54
Personnel cost	**168 068,40**	500 000,00
Total	**22 034 325,18**	14 796 746,54

17. Current liabilities

EUR	**2015**	2014
Interest-bearing liabilities	**245 995 970,87**	218 466 521,21
Non-interest-bearing liabilities	**124 941 523,08**	128 022 254,05
Total	**370 937 493,95**	346 488 775,26

Amounts owed to Group undertakings

EUR	2015	2014
Trade payables, non-interest-bearing	**568 128,50**	1 117 720,55
Other liabilities, interest-bearing	**893 421,54**	1 800 928,84
Other liabilities, non-interest-bearing	**445 727,43**	463 753,31
Total	**1 907 277,47**	3 382 402,70

18. Essential items in accruals and prepaid income

EUR	2015	2014
Personnel expenses	**25 098 327,59**	27 187 678,13
Income taxes	**10 326 326,25**	
Periodised purchases of stock items	**9 090 201,04**	16 553 821,80
Interest and other financial expenses	**7 272 415,81**	5 466 166,30
Derivative payables	**5 345 280,42**	291 529,19
Site expenses	**3 224 674,00**	794 192,46
Reserve for loss	**1 739 000,00**	1 740 000,00
Reserve for returns	**741 713,29**	800 224,55
Collection expenses for receivables	**121 997,07**	957 910,00
Other accrued expenses and prepaid income	**647 712,01**	1 074 877,62
Total	**63 607 647,48**	54 866 400,05

19. Security pledged

Security pledged on behalf of the company

EUR	2015	2014
Mortgages given	**1 681 800,00**	1 681 800,00
Guarantees	**550 000,00**	550 000,00
Security pledged on behalf of the company, total	**2 231 800,00**	2 231 800,00

Security pledged on behalf of other parties

EUR	2015	2014
Guarantees	**481 825,00**	
Total	**481 825,00**	

Security pledged on behalf of Group undertakings

EUR	2015	2014
Rent guarantees	**17 635 216,28**	42 516 717,10
Other guarantees	**6 974 805,06**	3 120 644,92
Total	**24 610 021,34**	45 637 362,02

Security pledged, total

EUR	2015	2014
Mortgages	**1 681 800,00**	1 681 800,00
Guarantees	**25 641 846,34**	46 187 362,02
Total	**27 323 646,34**	47 869 162,02

20. Other commitments

Leasing commitments

EUR	2015	2014
Payable during one year	**568 212,85**	412 993,18
Payable during more than one year	**809 507,24**	1 120 638,38
Total	**1 377 720,09**	1 533 631,56

Investments in real estate

The company is required to adjust the VAT deductions made on real estate investments completed in 2008-2015, if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2025, and the maximum liability is EUR 17 648 489. In 2014 the maximum liability was EUR 20 017 290.

Pension liabilities

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

21. Shares and participations

Group undertakings

Parent company holdings	Shareholding %	Voting rights %
Stockmann AS, Tallinn	100	100
SIA Stockmann, Riga	100	100
SIA Stockmann Centrs, Riga	63	63
Stockmann Security Services Oy Ab, Helsinki	100	100
Oy Suomen Pääomarahoitus - Finlands Kapitalfinans Ab, Helsinki	100	100
Stockmann Sverige AB, Stockholm	100	100
Kiinteistö Oy Friisinkeskus II, Espoo	100	100
Oy Hullut Päivät-Galna Dagar Ab, Helsinki	100	100
SIA Seppala Latvia, Riga	100	100
UAB Seppala Lithuania, Vilnius	100	100

Holdings of subsidiaries	Shareholding %	Voting rights %
AO Stockmann, Moscow	100	100
Oy Stockmann Russia Finance Ab, Helsinki	100	100
OOO Stockmann Stp Centre, St Petersburg	100	100
TOV Stockmann, Kiev	100	100
AB Lindex, Gothenburg	100	100
AB Lindex holdings of subsidiaries		
Lindex Sverige AB, Gothenburg	100	100
Lindex AS, Oslo	100	100
Lindex Oy, Helsinki	100	100
Lindex Oü Eesti, Tallinn	100	100
SIA Lindex Latvia, Riga	100	100
UAB Lindex Lithunania, Vilnius	100	100
Lindex s.r.o., Prague	100	100
AB Espevik, Alingsas	100	100
Espevik i Sverige AB, Gothenburg	100	100
Lindex H.K. Ltd, Hong Kong	99	99
Shanghai Lindex Consulting Company Ltd, Shanghai	100	100
Lindex Financial Services AB, Gothenburg	100	100
Lindex India Private Ltd, New Delhi	100	100
It will be fit AB, Gothenburg	100	100
Lindex GmbH, Dusseldorf	100	100
Lindex Slovakia s.r.o., Bratislava	100	100
Lindex PL Sp.z.o.o., Warsaw	100	100
Lindex UK Fashion Ltd, London	100	100

Joint operations	Shareholding %
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	37,8

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

Other undertakings

Parent company holdings	Shareholding %
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	37,8
Tuko Logistics Osuuskunta, Kerava	10,0
Others	n/a

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 Nasdaq 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 2015 was 52 415 (55 343 shareholders at 31 December 2014).

The company's market capitalization at 31 December 2015 was EUR 449,4 million (EUR 460.1 million at 31 December 2014).

Share option programmes

Stockmann has one option program on-going; Key employee share option programme 2010 for key employees in the Stockmann Group. More information in note 19.

Own shares

At 31 December 2015, 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.

Price trend of shares

	Closing prices Dec. 31, 2015 EUR	Closing prices Dec. 31, 2014 EUR	Change %
Series A	6,22	6,42	-3,1
Series B	6,25	6,36	-1,7

Turnover of shares 2015 on the Helsinki Stock Exchange

	Number of shares	% of total shares outstanding	EUR	Average price EUR
Series A	2 187 736	7,2	14 789 341	6,86
Series B	14 615 111	35,2	103 759 633	7,10
Total	16 802 847		118 548 974	

Share capital, 31 December 2015

Series A	30 553 216	shares at EUR 2 each	61 106 432	EUR
Series B	41 495 467	shares at EUR 2 each	82 990 934	EUR
Total	72 048 683		144 097 366	EUR

Number of shares, 31 December 2015

	Shareholders		Percentage of shares	Percentage of votes
	Number	%	%	%
1-100	34 069	65,0	1,8	0,7
101-1000	15 284	29,1	7,2	4,9
1001-10000	2 817	5,4	9,5	6,1
10001-100000	204	0,4	7,7	3,7
100001-1000000	27	0,1	13,5	14,5
1000001-	14	0,0	60,3	70,1
Total	52 415	100,0	100,0	100,0

Ownership structure, 31 December 2015

	Shareholders		Percentage of shares	Percentage of votes
	Number	%	%	%
Households	50 989	97,3	20,4	16,0
Private and public corporations	877	1,7	24,8	25,4
Foundations and associations	339	0,6	44,6	55,8
Nominee registrations (incl. foreign shareholders)	170	0,3	6,9	2,0
Financial and insurance companies	40	0,1	3,3	0,8
Unregistered shares		0,0	0,0	0,0
Total	52 415	100,0	100,0	100,0

Major shareholders, 31 December 2015

		Percentage of shares	Percentage of votes
		%	%
1	HTT STC Holding Oy Ab	11,7	10,7
2	Föreningen Konstsamfundet Grouping	9,4	15,1
3	Society of Swedish Literature in Finland	7,6	15,7
4	Varma Mutual Pension Insurance Company	6,9	4,7
5	Niemistö Grouping	5,8	9,4
6	Stiftelsen för Åbo Akademi	4,2	6,7
7	Etola Group	4,2	6,1
8	Ilmarinen Mutual Pension Insurance Company	2,7	1,1
9	Samfundet Folkhälsan i Svenska Finland r.f.	2,2	2,7
10	Jenny ja Antti Wihuri Foundation	1,9	2,1
11	The State Pension Fund	1,6	0,3
12	Inez och Julius Polins Fond	1,5	0,8
13	Wilhelm och Else Stockmanns Stiftelse	1,1	2,2
14	Etera Mutual Pension Insurance Company	0,9	0,2
15	Helene och Walter Grönqvists Stiftelse	0,8	1,4
16	Oslo Pensjonsforsikring AS	0,6	0,1
17	Alfred Berg Mutual Fund	0,5	0,1
18	William Thurings Stiftelse	0,5	0,7
19	Nordea Pro Finland Fund	0,4	0,1
20	Brita Maria Renlunds minne Foundation	0,4	0,8
	Other	35,1	19,0
	Total	100,0	100,0

BOARD PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

The parent company's distributable funds according to the balance sheet at 31 December 2015 were EUR 68.2 million.

According to the Parent Company Balance Sheet at 31 December 2015, the following amounts are at disposal of the Annual General Meeting:

Retained earnings, including the Contingency fund and the Reserve for invested unrestricted equity	190 834 115.33
Loss for the financial year	-122 622 211.72
	68 211 903.61

The Board of Directors proposes that no dividend will be paid on the company's shares and the net result of the financial year 2015 will be carried further in the retained earnings.

Helsinki, 17 February 2016

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

BOARD OF DIRECTORS

Kaj-Gustaf Bergh

Torborg Chetkovich   Jukka Hienonen   Kari Niemistö   Per Sjödell

Charlotta Tallqvist-Cederberg   Carola Teir-Lehtinen   Dag Wallgren

CEO

Per Thelin

Our auditor's report has been issued today.

Helsinki, 22 February 2016

Henrik Holmbom
Authorized Public Accountant

Marcus Tötterman
Authorized Public Accountant

AUDITORS' 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, 2015. 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, 22 February 2016

Henrik Holmbom
Authorized Public Accountant

Marcus Tötterman
Authorized Public Accountant