STOCKMANN plc

Financial statements

31.12.2009

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FINANCIAL STATEMENTS 31.12.2009

BOARD REPORT ON OPERATIONS

Sales decreased by 9.6 per cent, totalling EUR 2 048.2 million (EUR 2 265.8 million). The drop in sales was a result of the general state of the economy and the considerable weakening of several currencies. The 2008 sales also included sales from the Smolenskaya department store until it ceased operating in May, and Hobby Hall's operations in the Baltic countries up to the end of August, when the last stage of the discontinuation was completed. Consolidated operating profit declined during the financial year to EUR 85.3 million (EUR 121.9 million). The previous year's result included non-recurring capital gains of EUR 4.2 million and expenses of EUR 6.0 million arising from the closure of the Smolenskaya department store. Net financial expenses fell as expected, to a total of EUR 24.0 million (EUR 50.1 million). The deduction in the deferred tax liability booked for the unrealized exchange rate loss on the currency loan improved the result for the financial year. Net profit for the financial year totalled EUR 54.0 million (EUR 39.1 million). Stockmann's earnings per share were EUR 0.82 (EUR 0.65). The Board of Directors will propose the payment of a dividend of EUR 0.72 per share.

SALES AND EARNINGS

The Stockmann Group's sales in the financial year were down by 9.6 per cent, to EUR 2 048.2 million (EUR 2 265.8 million). The drop in sales was a result of the general state of the economy and the considerable weakening of several currencies. The 2008 sales also included sales from the Smolenskaya department store until it ceased operating in May, and Hobby Hall's operations in the Baltic countries up to the end of August, when the last stage of the discontinuation was completed.

Full-year sales in Finland were down by 7.6 per cent, to EUR 1 132.2 million. The Group's sales abroad totalled EUR 916.0 million, a decline of 12.0 per cent. Without the changes in currency exchange rates the Group's sales abroad would have decreased by 7 per cent. Sales abroad accounted for 45 per cent (46 per cent) of the Group's sales.

Gains on the sale of shares generated EUR 0.3 million (EUR 4.2 million) in other operating income during the financial year.

With the onset of the economic downturn in autumn 2008, one of the key objectives set for the Group was maintaining the level of the relative gross margin by adapting procurements to the expected lower level of demand, which was successfully achieved. The Group's operating gross margin decreased by EUR 89.3 million, to EUR 817.7 million. The relative gross margin was 48.1 per cent (48.3 per cent). Seppälä's relative gross margin improved slightly and Lindex's relative gross margin remained at the previous year's level, whereas the relative gross margin of the Department Store Division and Hobby Hall decreased. The Group's stock level decreased by EUR 24.2 million, to EUR 196.1 million. Operating costs decreased by EUR 53.7 million and depreciation by EUR 3.0 million. The company exceeded the initial cost-savings target of EUR 28 million set for 2009, partly due to changes in foreign exchange rates. Efficiency measures aimed at achieving cost-savings will be continued.

Consolidated operating profit for the financial year was down by EUR 36.6 million, to EUR 85.3 million.

Net financial expenses decreased by EUR 26.1 million, to EUR 24.0 million (EUR 50.1 million). Net financial expenses were increased by the reversal of EUR 2.8 million in interest expenses capitalised during the construction of the Mannerheimintie car park, which was sold in September. Profit before taxes was EUR 61.3 million for the financial year, down EUR 10.4 million on the previous year's figure. Taxes for the period, a total of EUR 7.3 million, included a decrease in deferred tax liability of EUR 10.9 million booked for the unrealized exchange rate loss on the currency loan and a tax accrual of EUR 18.2 million. The taxes burdening the result for the previous year earlier totalled EUR 32.7 million. Net profit for the financial year totalled EUR 54.0 million (EUR 39.1 million).

In August and September, the company arranged share issues, as a consequence of which the number of shares increased by 9 390 617, or 15.2 per cent, and the equity by EUR 137 999 253.64, or 20.6 per cent. Earnings per share for the financial year were EUR 0.82 (EUR 0.65), and, diluted for options, EUR 0.82 (EUR 0.65). Equity per share was EUR 11.96 (EUR 11.24).

SALES AND EARNINGS TREND BY BUSINESS SEGMENT

Department Store Division

The Department Store Division's sales in the financial year were down by 12.3 per cent to EUR 1 068.9 million. Sales in Finland fell by 8.7 per cent. International sales decreased by 21.2 per cent, and they accounted for 26 per cent (29 per cent) of the division's sales. In addition to the general state of the economy, the decline in the Department Store Division's sales was a result of the considerable weakening of the Russian rouble and the comparison figures for 2008, which included sales from the Smolenskaya department store that ceased operating in May 2008, and the vigorous sales growth in the department stores in the Baltic countries during 2008. The rouble-denominated same-store sales by the department stores in Russia were on a par with the previous year's figures. In February, a new department store was opened in Moscow; its operations have started well. Its earnings were better than expected, but were still negative. The relative gross margin for the financial year declined slightly. The stock level of the Department Store Division decreased as planned, and was significantly lower than the previous year's level. The Department Store Division's operating profit was down by EUR 29.5 million, to EUR 24.5 million (EUR 54.0 million).

Lindex

Lindex posted its all-time best result, despite the very difficult market environment. Sales in local currencies grew by 5 per cent during the financial year but, due to the weakening of the Swedish krona and the Norwegian krone, the euro-denominated sales declined by 2.6 per cent to EUR 655.1 million (EUR 672.5 million). Sales in Finland grew by 4.1 per cent, but in other countries sales declined by 3.4 per cent. The relative gross margin remained at the previous year's level. Lindex's operating profit for the financial year amounted to EUR 62.4 million (EUR 58.7 million). The weakening of the Swedish krona against the euro reduced operating profit for the financial year by an imputed EUR 6.8 million. Lindex has been able to increase its market share in most of its main markets.

Seppälä

Seppälä's sales in the financial year decreased by 7.9 per cent from the previous year, totalling EUR 168.1 million. Sales in Finland fell by 5.1 per cent. Sales abroad were down by 13.4 per cent and accounted for 32 per cent (34 per cent) of Seppälä's total sales. Rouble-denominated sales in Russia grew by 15 per cent. Despite price reduction campaigns, Seppälä's sales in the Baltic countries decreased considerably. Seppälä's relative gross margin increased, fixed costs decreased, and depreciation increased due to the company's expansion. Seppälä's stock level decreased as planned and was lower than the previous year. Seppälä's operating profit decreased by EUR 6.6 million, to EUR 8.0 million (EUR 14.6 million).

Hobby Hall

Hobby Hall's sales in the financial year decreased by 18.4 per cent to EUR 155.9 million (EUR 191.0 million). Sales in Finland fell by 8.4 per cent, and sales abroad declined by 65.3 per cent. Hobby Hall discontinued its unprofitable operations in the Baltic countries in stages up to the end of August. Hobby Hall likewise saw its relative gross margin decline. Hobby Hall's stock level decreased as planned and was significantly lower than the previous year's level. Hobby Hall's operating result fell by EUR 2.5 million, amounting to EUR -1.7 (EUR 0.8 million), which was mainly due to the discontinued operations in the Baltic countries. Hobby Hall's discontinued operations in the Baltic countries were substantially loss-making.

FINANCING AND CAPITAL EMPLOYED

Liquid assets totalled EUR 176.4 million at the close of the year, as against EUR 35.2 million a year earlier.

The programme to release capital announced earlier has been implemented by means of sale and leaseback arrangements and divestment of non-strategic assets, which has altogether released EUR 84.4 million in capital from non-current assets. This includes the sale of the shares of the Mannerheimintie car park, which was opened during the financial year, in September using a sale and leaseback arrangement.

During the financial year, Stockmann arranged a directed share issue and a rights offering, with which it raised a total of EUR 140.9 million in capital. A total of EUR 4.0 million was paid in arrangement and underwriting fees for the issues.

Funds raised through the issues were used for the advance repayment of long-term debt. Interest-bearing liabilities at the end of the year were EUR 789.2 million (EUR 775.7 million), of which EUR 786.9 million consisted of long-term debt (EUR 755.7 million). Capital expenditure in the financial year amounted to EUR 152.8 million. Net working capital amounted to EUR 110.6 million at the close of the year, as against EUR 150.9 million a year earlier.

The equity ratio increased due to the issues and, at the end of the year, was 44.1 per cent (39.0 per cent). Net gearing was 72.1 per cent (107.4 per cent) at the end of the year.

The return on capital employed was 5.8 per cent (8.3 per cent). The Group's capital employed increased by EUR 174.0 million and stood at EUR
1 640.9 million (EUR 1 466.8 million) at the end of the financial year.

DIVIDENDS

In accordance with the resolution of the Annual General Meeting, a dividend of EUR 0.62 per share was paid on the 2008 financial year, or a total of EUR 38.0 million. Stockmann's Annual General Meeting on 17 March 2009 authorized the company's Board of Directors to decide, by 31 December 2009, on payment of a dividend of a maximum of EUR 0.38 per share in addition to the dividend decided at the Annual General Meeting. On 14 December 2009, the Board of Directors of Stockmann decided against exercising this authorization.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.72 per share be paid on the 2009 financial year. The proposed dividend is 87.8 per cent of the earnings per share.

CHANGES IN THE GROUP'S STRUCTURE

Hobby Hall's business was integrated into the Department Store Division as from the start of 2010. Hobby Hall remained an independent division until the end of 2009, and its objective was to improve its profitability and prepare for the integration process during the year. As part of the measures aimed at improving profitability, Hobby Hall discontinued its operations in Russia as from the start of 2009 and in the Baltic countries in stages during the year. Stockmann plc's subsidiary Oy Hobby Hall Ab is planned to be merged with the parent company on 30 June 2010. Following the integration, there will be three reporting segments in 2010.

In September, Stockmann sold all the shares of its subsidiary Kiinteistö Oy Mannerheimintien Pysäköintilaitos, which oversaw the Mannerheimintie car park. Stockmann will continue the operation of the car park, which serves the Helsinki department store, in cooperation with an outside operator under a leaseback arrangement.

The corporate structure of the operations in Russia has been streamlined by merging the St Petersburg-based ZAO Kalinka-Stockmann STP with its parent company, ZAO Kalinka-Stockmann, which is based in Moscow, in October 2009. In 2010, Stockmann will initiate the process for the merger of ZAO Kalinka-Stockmann with its sister company ZAO Stockmann.

CAPITAL EXPENDITURE

Capital expenditure during the financial year under review totalled EUR 152.8 million (EUR 182.3 million). Following the programme to release capital, which is currently under way, net capital expenditure totalled EUR 68.4 million.

Department Store Division

On 13 February 2009, Stockmann opened a new department store in leased premises in the Metropolis shopping centre near Moscow city centre. The department store has a total area of about 8 000 square metres. Stockmann's capital expenditure on the new location is EUR 14.2 million, of which EUR 2.8 million was employed during 2009. The department store's operations have started well.

A major enlargement and transformation project is under way at the department store in the centre of Helsinki. The project involves expanding the department store's commercial premises by about 10 000 square metres by converting existing premises to commercial use and by building new retail space. In addition to this, the project has involved construction of new goods handling and servicing facilities and a car park. The new car park was opened in May and was then sold in September by means of a sale and leaseback arrangement as part of the programme to release capital. After the enlargement, the Helsinki department store will have a total of about 50 000 square metres of retail space. With the sale of the car park, the estimated cost of the enlargement of the department store is about EUR 200 million, in addition to which significant repair and renovation work has been and will be carried out in the old property during the course of the project. The new and remodelled premises are being opened in stages. The project is expected to be completed in phases up to the end of 2010. During the financial year, the project required an investment of EUR 42.2 million.

In 2006, Stockmann purchased a commercial plot of approximately 10 000 square metres on Nevsky Prospect, St Petersburg's high street. The plot is located next to the Vosstaniya Square metro station and in the immediate vicinity of the Moscow railway station. Stockmann's Nevsky Centre shopping centre is being built on this plot and will have about 100 000 square metres of gross floor space, of which about 50 000 square metres will be for stores and offices. A Stockmann department store of about 20 000 square metres will be housed in the shopping centre, along with other retail stores, office premises and an underground car park. The total investment is estimated at about EUR 185 million. The construction work for the project is under way and proceeding according to timetable. The building is expected to be completed during summer 2010, with commercial operations set to start in November 2010. The leasing of premises to external operators is proceeding as planned. During the financial year, the project required an investment of EUR 35.3 million.

Stockmann's fifth department store in Moscow will be opened in March 2010 in the Golden Babylon shopping centre in the Rostokino district, north Moscow. Stockmann's capital expenditure on the department store, which will have a total retail space of about 10 000 square metres, will amount to approximately EUR 16 million. During the financial year, the project required an investment of EUR 7.7 million.

One new Stockmann Beauty store was opened in Finland during the financial year, and one was closed. In Russia, three Bestseller stores were opened and two were closed.

The Nike franchising business, which was started in 2007, did not meet the sales and profit targets set for it, and in late 2009 Stockmann closed its seven Nike stores in Russia.

One Outlet store was opened in Tallinn in September, and the Outlet store in Riga was closed.

The Department Store Division's capital expenditure totalled EUR 123.2 million.

Lindex

Lindex opened 27 stores during the financial year: nine in Sweden, five in Russia, three each in Finland and Lithuania, two in the Czech Republic, one each in Norway, Estonia and Latvia and two in Slovakia, which is the newest market area for Lindex and the entire Stockmann Group. One store in Norway and one in Latvia were closed during the same period.

The company's franchising partner opened six new Lindex stores in Saudi Arabia, and closed one.

Following the success of the Lindex Shop Online store in Sweden, Lindex opened an online shop for customers in Denmark in late 2009.

Lindex's capital expenditure totalled EUR 22.2 million.

Seppälä

Seppälä opened 14 stores during the financial year: four each in Finland and Russia, two each in Latvia and Lithuania and one each in Estonia and Ukraine. Two stores in Finland, one in Russia and one in Lithuania were closed during the same period.

Seppälä's capital expenditure totalled EUR 4.5 million.

Hobby Hall

Hobby Hall's redesigned online store was opened in July.

Hobby Hall's capital expenditure totalled EUR 2.5 million.

As a part of its efforts to revitalize its financial situation, Hobby Hall discontinued its unprofitable operations in the Baltic countries in stages up to the end of August. Hobby Hall's store on Hämeentie in Helsinki was also closed in December.

Other capital expenditure

The Group's other capital expenditure came to EUR 0.4 million.

NEW PROJECTS

Department Store Division

The preliminary agreement concerning the Ekaterinburg department store was modified. At the initial stage chain stores of the Stockmann Group were opened in the leased premises. The objective is to open a department store there in 2011. The preliminary agreement for opening a department store in Vilnius, the Lithuanian capital, was cancelled.

After being integrated into the Department Store Division at the start of 2010, Hobby Hall will continue its operations as a separate brand under the Department Store Division. Hobby Hall's expertise in distance retailing and the investments made in it will be utilized by creating a new distance retailing store under the Stockmann brand. The www.stockmann.com online store will be opened in autumn 2010, and it will have a distinctly different profile from that of Hobby Hall. The Department Store Division's organization will therefore include three distance retailing brands: Hobby Hall, Stockmann and the Academic Bookstore.

Lindex

Lindex will continue its expansion, expecting to open about 40 new stores, including franchising stores, in 2010 mainly in Central Europe and Russia. Lindex's franchising partner intends to expand its successful chain of franchising stores to Egypt and Dubai in 2010. Lindex has also signed a new franchising agreement with a partner who will expand the Lindex chain into Bosnia and Herzegovina and the neighbouring countries.

Seppälä

Seppälä is continuing to expand its store network. In 2010, a total of 5–8 new stores will be opened, mainly in Finland and Russia.

SHARES AND SHARE CAPITAL

The company's market capitalization at the end of 2009 was EUR 1 396.7 million. At the end of 2008 the corresponding figure was EUR 611.6 million.

Stockmann’s shares prices during 2009 outperformed both the OMX Helsinki Cap index and the OMX Helsinki index. At the close of 2009, the price of the Series A shares was EUR 20.50, compared with EUR 10.10 at the end of 2008, and the Series B shares were selling at EUR 19.00, as against EUR 9.77 at the end of 2008.

In 2007, the Annual General Meeting authorized the Board of Directors to decide on the transfer, in one or more lots, of the Series B shares held by the company; the authorization was valid for a period of five years. On 3 June 2009, Stockmann sold the 336 528 Series B shares in its possession in public trading arranged by NASDAQ OMX Helsinki Ltd to investors procured by a securities broker as part of the aforementioned programme to release capital. Following this transaction, the company no longer holds any Stockmann shares. Stockmann’s Board of Directors has no valid authorization to purchase Stockmann shares.

The 2008 Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and on granting special rights giving entitlement to shares under chapter 10, section 1 of the Limited Liability Companies Act, in one or more lots. The Board of Directors was authorized to decide on the amount of Series A and Series B shares to be issued. However, the total number issued on the basis of the authorization may not exceed 15 000 000 shares. The issuance of shares and granting of special rights giving entitlement to shares may be carried out in accordance with or deviating from shareholders’ pre-emptive rights (directed issue). The Board of Directors is authorized to decide on all the terms and conditions regarding the issuance of shares and concerning the granting of special rights referred to in chapter 10, section 1 of the Limited Liability Companies Act. The authorization is valid for up to three years.

Based on the authorization granted by the 2008 Annual General Meeting, Stockmann’s Board of Directors, on 14 August 2009, offered a directed issue to HTT Holding, a company owned by the Hartwall family, whereby a total of 2 433 537 new Series A shares and a total of 3 215 293 new Series B shares were issued. With this issue, the company raised EUR 96.0 million in new capital. The new shares were registered in the Trade Register on 18 August 2009 and became subject to public trading on NASDAQ OMX Helsinki Ltd as from 19 August 2009.

Based on the authorization granted by the 2008 Annual General Meeting, the company's Board of Directors also decided on 14 August 2009 to carry out a rights offering between 31 August and 18 September 2009, in which 1 611 977 new Series A shares and 2 129 810 new Series B shares, or a total of 3 741 787 shares, were subscribed using the subscription rights. With this issue, the company raised EUR 42.0 million in new capital after deduction of expenses. The new shares were registered in the Trade Register on 28 September 2009 and became subject to public trading alongside the old shares on NASDAQ OMX Helsinki Ltd as from 29 September 2009.

Following the aforementioned registrations, Stockmann's share capital increased to EUR 142 187 906. On 31 December 2009, the number of Stockmann Series A shares totalled 30 627 563 and Series B shares 40 466 390. With the aforementioned share issues, all of the Board of Directors' authorizations for the issuance of shares have been exercised.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Board of Directors proposes to the Annual General Meeting that a total of 1 500 000 share options be issued without payment, in deviation from the shareholders' pre-emptive rights, to the key personnel of Stockmann plc and its subsidiaries. It is proposed to deviate from the shareholders' pre-emptive rights because the share options are a part of the incentive and commitment scheme for the Group's key personnel and constitute an important element in preserving the company's competitive advantage on the international recruitment market. Of the share options 500 000 shall be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A shall be 1 March 2013 – 31 March 2015, for share options 2010B 1 March 2014 – 31 March 2016 and for share options 2010C 1 March 2015 – 31 March 2017. Each share option entitles its owner to subscribe for one Stockmann plc Series B share so that the share options in total entitle to subscribe for a maximum of 1 500 000 shares. 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 stock exchange during the period 1 February – 28 February 2010 increased by a minimum of 10 per cent, the share options 2010B the trade volume weighted average price of the company’s Series B shares on the Helsinki stock exchange during the period 1 February – 28 February 2011 increased by a minimum of 10 per cent, and the share options 2010C the trade volume weighted average price of the company’s Series B shares on the Helsinki stock exchange during the period 1 February – 29 February 2012 increased by a minimum of 10 per cent. The subscription price of each share subscribed for based on the share options shall be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. As a result of the subscriptions, the share capital of the company may increase by a maximum of EUR 3 000 000.

NUMBER OF EMPLOYEES

The Group’s personnel totalled an average of 14 656 in 2009, which was 1 013 less than the previous year (15 669 employees in 2008 and 11 161 in 2007). The number of personnel employed in the company’s established operations decreased throughout the year in comparison with the corresponding figures for the previous year. The number of working hours was adjusted in line with demand and customer flows. The personnel strength has grown only in Lithuania, the Czech Republic and Ukraine, thanks to the opening of new Lindex and Seppälä stores. The Group also gained new employees with the opening of Lindex’s first stores in Slovakia.

Converted to full-time equivalents, Stockmann’s average number of employees decreased by 831, to 11 133 employees (11 964 in 2008 and 8 979 in 2007). The Group’s total payroll amounted to EUR 261.2 million, down by EUR 18.6 million on the corresponding figure for 2008 (EUR 279.8 million; EUR 181.9 million in 2007).

At the end of 2009, Stockmann had 7 683 employees working abroad. The corresponding total for the end of the previous year was 8 072 employees.

The proportion of employees working abroad was 52 per cent (51 per cent) of the total personnel.

RISK FACTORS

The Group has business operations in Finland, Sweden, Norway, Russia and the Baltic countries, as well as in the Czech Republic, Slovakia and Ukraine, where operations are in their start-up phase. The risk level in the business environment varies among the countries in which the Stockmann Group operates. The level of business risk in the Baltic countries has diminished significantly since these countries became members of the European Union and, apart from uncertainty in currency exchange rates and the risk of a continuing downturn in the economy, the risks do not differ in any material respect from business risks in Finland. A prolonged and difficult economic situation could also have an impact on the operating conditions for retailing in the Baltic countries.

Business risks in Russia are higher than in the Nordic countries or the Baltic countries, and the operating environment is less stable owing to the undeveloped state of business culture and the country’s infrastructure. The role of the grey economy is still considerable, particularly in the import of consumer goods, and it plays a part in distorting competition. Following a sustained period of growth, Russia’s economy began to slow in the second half of 2008 before experiencing a downturn in 2009, as income from energy sector exports dwindled and the value of the Russian rouble fell. The trend in energy prices will have a material impact on the development of the Russian economy in the next few years.

The economic situation remains difficult and this affects consumers’ purchasing behaviour and purchasing power in all of the Group’s market areas. Stockmann is addressing the situation by launching campaigns, striving to optimize its procurements to meet demand and boosting the efficiency of operations. The investment programme based on Stockmann’s long-term strategy was re-evaluated as a result of the global financial crisis. Some of the investments included in the programme have been postponed and some have been cancelled completely, as growth prospects have weakened considerably compared with earlier estimates. The opening of new stores will continue, but at a slower rate than originally planned. The ongoing enlargement and renovation project at the Helsinki department store and the Nevsky Centre department store and shopping centre project in St Petersburg will be completed according to plan.

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

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

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

AB Lindex (publ) has claimed through legal proceedings to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by Lindex Group's German subsidiary. The Administrative Court of Appeal in Gothenburg overturned the favourable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. The taxes that were refunded had no effect on the Stockmann Group's earnings, because Stockmann recorded the refunded amount of tax and interest as a reduction in Lindex's equity in the acquisition cost calculation. AB Lindex appealed against the decision of the Administrative Court of Appeal to the Supreme Administrative Court of Sweden, which in the summer of 2009 decided not to review the case.

Further action by the company in this case will depend on the result of the legal process described below concerning the elimination of double taxation between AB Lindex and Lindex GmbH.
AB Lindex (publ) and its German subsidiary, Lindex GmbH, have requested the German and Swedish competent authorities to eliminate the double taxation arising from intra-Group transactions in the fiscal years 1997–2004 on the basis of the Tax Treaty between Germany and Sweden and the EC Arbitration Convention. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recorded in the income statement.

The International Commercial Arbitration Court of Moscow (ICAC) ruled in favour of Stockmann in the dispute over the lease of Stockmann's Smolenskaya department store in the centre of Moscow. The court case concerned the exercising of a 10-year extension on the lease in accordance with the lease agreement. Despite the ruling, the lessors cut off the supply of electricity to the Stockmann department store, forcing its closure. Due to the costs arising from the closure and the undepreciated net expenditure, Stockmann recorded a provision of EUR 14 million in the earnings for the second quarter of 2008. In 2008, Stockmann initiated legal proceedings against the lessors of the Smolenskaya department store in the International Commercial Arbitration Court (ICAC) in Moscow, claiming damages of about USD 75 million due to the closure of the department store, which the management of Stockmann considers to be in breach of the lease agreement. In its decision on 14 April 2009, the court of arbitration ruled in favour of Stockmann, though reducing the amount of damages awarded to about USD 7 million, and ordered the lessors to reimburse Stockmann for the legal expenses incurred. The Stockmann Group has not recorded this damages sum in the income statement. In order for the ruling to be enforced, it has to be confirmed by a Russian court of general jurisdiction. In July 2009, the lessors filed a claim with the court of first instance in Moscow, demanding that the court overturn the decision of the International Commercial Arbitration Court. The Arbitration Court of the City of Moscow and the Cassation Court, which serves as the court of first appeal, have overturned the rulings of the International Commercial

Arbitration Court. Stockmann has appealed against this decision to the Highest Arbitration Court of Russia, where the case is still pending.

The Stockmann Group has no other major legal proceedings pending.

OUTLOOK FOR 2010

The challenging economic environment is expected to continue during 2010. Predicting consumer demand remains difficult, but there are signs that demand is slowly recovering in the Nordic countries and Russia. In Russia, the trend in the economy is to a large extent dependent on the price of crude oil. In the Baltic countries, consumer demand is not expected to grow in the near future.

Sales are expected to start growing gradually and opening new stores to boost sales towards the end of the year. Adaptation measures started during the economic downturn will be continued in 2010. The objective is to achieve a better operating profit than in 2009.

FINANCIAL REPORTING

The accounting policies and calculation methods applied are the same as those in the 2008 financial statements.

CORPORATE GOVERNANCE

Stockmann plc’s Corporate Governance Statement is on pages 30-31 of the Annual Report and on the company’s website, at www.stockmann.com.

Shares and share capital

The share capital of Stockmann plc is divided into Series 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 trading code for the Series A share is STCAS and for the Series B share STCBV.

The company's shares are in the book-entry system and they are listed on the Helsinki exchange. The number of registered shareholders at 31 December 2009 was 43 929 (42 888 shareholders at 31 December 2008) representing 99.9 per cent of the company's shares outstanding.

Shares

General price trend

Share prices rose on the Helsinki exchange during the financial year by 19.5 per cent as measured by the OMX Helsinki Index and by 36.2 per cent as measured by the OMX Helsinki Cap Index.

Price trend of Stockmann's shares

	Closing prices Dec. 31, 2009 EUR	Closing prices Dec. 31, 2008 EUR	Change %
Series A	20.50	10.10	103.0
Series B	19.00	9.77	94.5

Turnover of Stockmann's shares

	Number of shares	% of total shares outstanding	EUR	Average price EUR
Series A	511 689	1.7	8 563 472	16.11
Series B	17 290 436	42.7	262 573 589	14.80
Total	17 802 125		271 137 061	

The Stockmann shares that were traded accounted for 0.2 per cent of the share turnover on the Helsinki exchange. The company's market capitalization at 31 December 2009 was EUR 1 396.7 million. The market capitalization at 31 December 2008 was EUR 611.6 million.

Share capital of Stockmann plc, 31 December 2009

Series A	30 627 563	shares at EUR 2 each	61 255 126	EUR
Series B	40 466 390	shares at EUR 2 each	80 932 780	EUR
Total	71 093 953		142 187 906	EUR

Loyal Customer share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2006 – 31 December 2007, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. The Loyal Customer purchases made by 31 December 2007, entitle to subscribe for a total of 1 998 840 options. Each share option entitles its holder to subscribe for one of the company's Series B shares. The subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 February – 28 February 2006, or EUR 33.35. The subscription price of a share to be subscribed for with the share options will be lowered by the amount of Stockmann plc dividends paid after the end of the determination period for the share price, counting from the record date up to the date of the share subscription. The remaining subscription period for the shares is 2 May 2010 – 31 May 2010. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year is EUR 27,93. In the spring 2008, a total of 1 373 846 Stockmann plc's Loyal Customer share options were subscribed. During the share subscription period in 2008, a total of 364 Stockmann plc Series B shares with a par value of EUR 2.00 were subscribed. During the share subscription period in 2009 no shares were subscribed.

Key employee share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options will be granted to key employees belonging to the senior and middle management of Stockmann and its wholly-owned subsidiary. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period for shares with share option 2006A is 1 March 2008 – 31 March 2010; with share option 2006B, 1 March 2009 – 31 March 2011; with share option 2006C, 1 March 2010 – 31 March 2012; and with share option 2006D, 1 March 2011 – 31 March 2013. The subscription period for shares will not, however, commence with the 2006B and 2006D share options unless the criteria linked to the Group's financial targets as determined by the Board of Directors prior to the distribution of these share options have been met. Those share options 2006B and 2006D in respect of which the criteria determined by the Board of Directors have not been met shall lapse in the manner decided by the Board of Directors. Of 2006B share options, 187 500 have lapsed. One share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price of the share with share options 2006A and 2006B will be the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February – 28 February 2006, plus 10 per cent or EUR 36.69, and with share option 2006C and 2006D, the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February – 29 February 2008, plus 10 per cent or EUR 31.02. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year on the basis of option A and option B is EUR 31,27 per share and of option C and option D EUR 31,27 per share.

Loyal Customer share options 2008

The Annual General Meeting held on 18 March 2008 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2008 – 31 December 2009, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. Each share option entitles its holder to subscribe for one of the company's Series B shares. In accordance with the resolution of the Annual General Meeting on 17 March 2009, the subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 February – 28 February 2009, or EUR 11.28. The subscription price of a share to be subscribed for with the share options will be lowered by the amount of Stockmann plc dividends paid after the end of the determination period for the share price, counting from the record date up to the date of the share subscription. The subscription periods for the shares are in May in the years 2011 and 2012. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year is EUR 28,00.

Own shares

At 31 December 2009, the company held no own shares.

Dividend policy

Stockmann's Board of Directors has set the dividend payout target at more than half of the earnings derived from the company's ordinary operations. The financing required to grow operations is nevertheless taken into account in determining the dividend.

Key figures

		2005	2006	2007	2008	**2009**
Sales	EUR mill.	1 851.3	1 552.6	1 668.3	2 265.8	**2 048.2**
Change on the previous year	%	6.7	-16.1	7.4	35.8	**-9.6**
Net turnover	EUR mill.	1 542.6	1 300.7	1 398.2	1 878.7	**1 698.5**
Change on the previous year	%	6.7	-15.7	7.5	34.4	**-9.6**
Operating profit	EUR mill.	103.7	129.5	125.2	121.9	**85.3**
Change on the previous year	%	29.9	24.9	-3.4	-2.6	**-30.0**
Share of net turnover	%	6.7	10.0	9.0	6.5	**5.0**
Profit before taxes	EUR mill.	102.8	128.9	119.4	71.7	**61.3**
Change on the previous year	%	30.2	25.4	-7.4	-39.9	**-14.6**
Share of net turnover	%	6.7	9.9	8.5	3.8	**3.6**
Share capital	EUR mill.	109.0	111.7	112.2	123.4	**142.2**
Series A	EUR mill.	49.1	49.1	49.1	53.2	**61.3**
Series B	EUR mill.	59.8	62.6	63.1	70.2	**80.9**
Dividends *	EUR mill.	59.5	72.1	75.2	38.0	**51.2**
Return on equity	%	15.8	19.4	15.2	6.1	**7.0**
Return on capital employed	%	19.6	22.9	12.1	8.3	**5.8**
Capital employed	EUR mill.	544.2	573.8	1 047.2	1 482.1	**1 552.1**
Capital turnover rate		2.8	2.3	1.3	1.3	**1.1**
Inventories rate		4.7	5.0	4.3	4.4	**4.9**
Equity ratio	%	66.4	74.5	32.6	39.0	**44.1**
Net gearing	%	5.7	-6.3	146.9	107.4	**72.1**
Investment in fixed assets	EUR mill.	57.0	125.5	977.4	182.3	**152.8**
Share of net turnover	%	3.7	9.6	69.9	9.7	**9.0**
Interest-bearing debtors	EUR mill.	111.8	98.9	98.8	52.2	**44.5**
Interest-bearing liabilities	EUR mill.	47.2	23.4	905.6	775.7	**789.2**
Interest-bearing net debt	EUR mill.	-83.3	-134.7	773.6	688.2	**568.3**
Total assets	EUR mill.	761.5	767.6	1 823.7	1 765.0	**1 927.4**
Staff expenses	EUR mill.	218.0	204.7	224.1	350.5	**327.4**
Share of net turnover	%	14.1	15.7	16.0	18.7	**19.3**
Personnel, average	persons	10 558	10 069	11 161	15 669	**14 656**
Net turnover per person	EUR thousands	146.1	129.2	125.3	119.9	**115.9**
Operating profit per person	EUR thousands	9.8	12.9	11.2	7.8	**5.8**
Staff expenses per person	EUR thousands	20.6	20.3	20.1	22.4	**22.3**

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.72 per share will be paid.

Per-share data

		2005	2006	2007	2008	**2009**	
Earnings per share***	EUR	1.44	1.93	1.56	0.65	**0.82**	
Earnings per share, diluted***	EUR	1.42	1.90	1.55	0.65	**0.82**	
Equity per share	EUR	9.34	10.34	10.66	11.24	**11.96**	
Dividend per share *	EUR	1.10	1.30	1.35	0.62	**0.72**	
Dividend per earnings */***	%	76.4	67.4	86.5	94.7	**87.6**	
Cash flow per share***	EUR	1.53	2.16	2.12	2.85	**2.23**	
Effective dividend yield *	%						
Series A		3.4	3.6	4.6	6.1	**3.5**	
Series B		3.4	3.6	4.6	6.3	**3.8**	
P/E ratio of shares***							
Series A		22.3	18.9	18.9	15.4	**25.1**	**
Series B		22.6	18.9	19.0	14.9	**23.2**	**
Share quotation at December 31	EUR						
Series A		32.11	36.40	29.50	10.10	**20.50**	
Series B		32.53	36.48	29.66	9.77	**19.00**	
Highest price during the period	EUR						
Series A		37.00	38.10	37.49	34.75	**22.00**	
Series B		35.82	38.44	37.84	32.00	**20.00**	
Lowest price during the period	EUR						
Series A		20.65	28.70	29.05	10.10	**10.68**	
Series B		21.51	28.11	29.47	9.33	**9.63**	
Average price during the period	EUR						
Series A		29.13	33.85	33.90	20.35	**16.11**	
Series B		28.67	33.15	33.77	20.90	**14.80**	
Share turnover	thousands						
Series A		825	819	695	859	**512**	
Series B		14 665	19 440	20 682	29 327	**17 290**	
Share turnover	%						
Series A		3.4	3.3	2.8	3.2	**1.7**	
Series B		49.1	62.5	65.6	83.5	**42.7**	
Market capitalization at December 31	EUR mill.	1 761.3	2 028.6	1 659.8	611.6	**1 396.7**	
Number of shares at December 31	thousands	54 460	55 662	56 094	61 703	**71 094**	
Series A		24 564	24 564	24 564	26 582	**30 628**	
Series B		29 895	31 098	31 529	35 121	**40 466**	
Weighted average number of shares***	thousands	53 350	54 310	56 649	59 710	**65 676**	
Series A		24 564	24 564	25 046	27 103	**28 373**	
Series B		28 786	29 746	31 603	32 606	**37 303**	
Weighted average number of shares, diluted***	thousands	54 129	55 178	56 861	59 710	**65 995**	
The own shares owned by the company	thousands	397	383	370	364		
Series A							
Series B		397	383	370	364		
Total number of shareholders at December 31		42 169	40 198	39 137	42 888	**43 929**	

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.72 per share will be paid.

**) The dilution effect of options has been taken into account in the 2009 figures.

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

Definition of key indicators

Profit before taxes	=	Operating profit + financial income - financial expenses
Return on equity, %	= 100 x	Profit for the period / Equity + minority 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 + minority interest / Total assets less advance payments received
Net gearing, %	= 100 x	Interest-bearing liabilities less cash and cash equivalents / Equity total
Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities
Earnings per share	=	Profit before taxes - minority interest - income taxes / Average number of shares, adjusted for share issues 1)
Equity per share	=	Equity - fund for own shares / Number of shares on the balance sheet date
Dividend per share	=	Dividend per share
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 number of shares traded during the period
Share turnover	=	Quantitative share turnover, adjusted for share issues
Market capitalization at 31 December	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date

1) Without the own shares owned by the company

Consolidated Income Statement, EUR	Refe-rence	1-12/2009	Percentage of revenue	1-12/2008	Percentage of revenue
REVENUE		**1 698 458 740,48**	**100,0**	**1 878 745 045,51**	**100,0**
Other operating income	3	255 913,97	0,0	4 152 702,15	0,2
Raw material and consumables used		-852 823 844,42		-969 589 379,06	
Change in inventories, increase (+), decrease (-)		-27 927 435,16		-2 108 573,56	
Raw materials and consumables used, total	**4**	**-880 751 279,57**	**51,9**	**-971 697 952,62**	**51,7**
Wages, salaries and employee benefits expenses	5	-327 413 832,42	19,3	-350 495 305,09	18,7
Depreciation, amortisation and impairment losses	6	-58 413 891,84	3,4	-61 409 016,45	3,3
Other operating expenses	7	-346 847 935,90	20,4	-377 412 657,16	20,1
Total expenses		**-1 613 426 939,74**	**95,0**	**-1 761 014 931,33**	**93,7**
OPERATING PROFIT		**85 287 714,71**	**5,0**	**121 882 816,33**	**6,5**
Financing income	8	4 402 144,47	0,3	1 572 825,54	0,1
Financing expenses	8	-28 391 953,77	1,7	-51 713 553,22	2,8
PROFIT BEFORE TAX		**61 297 905,41**	**3,6**	**71 742 088,66**	**3,8**
Income taxes	9	-7 304 056,06	0,4	-32 660 347,14	1,7
PROFIT FOR THE PERIOD		**53 993 849,34**	**3,2**	**39 081 741,52**	**2,1**
Profit for the period attributable to:					
Equity holders of the parent company		53 993 933,41		39 081 667,05	
Non-controlling interest		-84,07		74,47	
EPS undiluted (EUR), adjusted for share issue	10	0,82		0,65 *	
EPS diluted (EUR), adjusted for share issue	10	0,82		0,65 *	

Consolidated statement of comprehensive income		1-12/2009	1-12/2008
PROFIT FOR THE PERIOD		**53 993 849,34**	**39 081 741,52**
Other comprehensive income	9		
Exchange differences on translating foreign operations		1 866 259,78	-6 798 710,79
Cash flow hedges		-1 351 833,79	906 562,68
Other comprehensive income for the year net of tax		**514 425,99**	**-5 892 148,11**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**54 508 275,33**	**33 189 593,41**
Total comprehensive income attributable to:			
Equity holders of the parent company		54 508 359,40	33 189 518,94
Non-controlling interest		-84,07	74,47

*) Restated due to right issue in year 2009.

Statement of financial position, EUR	Reference	31.12.2009	31.12.2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11		
Trademark		89 188 640,85	84 389 512,11
Intangible rights		17 837 300,90	24 457 587,50
Other intangible assets		1 269 671,69	3 231 662,34
Goodwill		685 426 120,51	646 457 091,77
Intangible assets total		**793 721 733,96**	**758 535 853,72**
Property, plant, equipment	12		
Land and water		40 082 139,93	36 951 208,59
Buildings and constructions		273 853 560,18	158 159 321,73
Machinery and equipment		92 001 879,65	96 175 402,41
Modification and renovation expenses for leased premises		49 964 925,69	49 370 486,71
Advance payments and construction in progress		163 577 019,99	246 892 440,83
Property, plant, equipment, total		**619 479 525,44**	**587 548 860,27**
Non-current receivables		**553 248,89**	**1 646 817,57**
Available for sale investments	14	**5 030 297,52**	**6 596 000,89**
Deferred tax assets	21	**5 137 231,42**	**4 486 247,57**
NON-CURRENT ASSETS, TOTAL		**1 423 922 037,22**	**1 358 813 780,02**
CURRENT ASSETS			
Inventories	15	**196 070 702,31**	**220 320 934,39**
Short-term receivables	16, 22		
Receivables, interest-bearing		44 506 494,29	52 242 379,82
Income tax receivable		503 159,27	15 187 687,15
Receivables, non-interest-bearing		85 955 258,68	83 208 760,05
Current receivables, total		**130 964 912,23**	**150 638 827,02**
Cash and cash equivalents	17, 22	**176 402 572,88**	**35 203 099,43**
CURRENT ASSETS, TOTAL		**503 438 187,42**	**406 162 860,84**
ASSETS, TOTAL		**1 927 360 224,64**	**1 764 976 640,86**

Statement of financial position, EUR	Refe-rence	31.12.2009	31.12.2008
EQUITY AND LIABILITIES			
EQUITY	18		
Share capital		142 187 906,00	123 406 672,00
Share premium fund		186 051 043,65	186 051 043,65
Other funds		287 444 412,55	169 581 932,36
Translation reserve		-4 923 451,01	-6 789 710,79
Retained earnings		239 433 334,93	216 897 295,43
Equity attributable to equity holders of the parent		**850 193 246,12**	**689 147 232,65**
Non-controlling interest		**-77,83**	**-161,91**
EQUITY, TOTAL		**850 193 168,29**	**689 147 070,74**
NON-CURRENT LIABILITIES			
Deferred tax liability	21	70 107 182,12	78 052 716,44
Non-current liabilities, interest-bearing	19	786 927 093,74	755 668 859,64
Provisions for pensions	23	1 128 542,53	1 420 733,21
Non-current provisions		327 400,12	594 921,71
NON-CURRENT LIABILITIES, TOTAL		**858 490 218,50**	**835 737 231,00**
CURRENT LIABILITIES	20		
Current liabilities, interest-bearing	22	**2 281 361,19**	**20 002 374,68**
Current liabilities, non-interest-bearing	22		
Trade payables and other current liabilities		213 307 930,27	219 014 646,09
Income tax liability		3 087 546,38	1 075 318,35
Current liabilities, non-interest-bearing, total		**216 395 476,65**	**220 089 964,44**
CURRENT LIABILITIES, TOTAL		**218 676 837,84**	**240 092 339,12**
LIABILITIES, TOTAL		**1 077 167 056,35**	**1 075 829 570,12**
EQUITY AND LIABILITIES, TOTAL		**1 927 360 224,64**	**1 764 976 640,86**

Statement of changes in equity, Group EUR millions
1 - 12 / 2008

	Share capital*	Share premium fund	Hedging reserve**	Reserve for invested un restricted equity	Other reserves	Trans lation reserve **	Retained earnings	Total	Minority interest	Total
BALANCE AT BEGINNING OF THE PERIOD	112,2	186,0	0,5	0,0	44,1	0,0	250,9	593,7	0,0	593,7
Changes in equity for										
Dividend distribution							-75,2	-75,2	0,0	-75,2
New share issue	11,2							11,2	0,0	11,2
Options exercised	0,0	0,0		0,0			2,0	2,0	0,0	2,0
Share premium		0,0		126,2				126,2	0,0	126,2
Transaction costs for equity **		0,0		-2,1				-2,1	0,0	-2,1
Total comprehensive income for the year	**0,0**	**0,0**	**0,9**	**0,0**	**0,0**	**-6,8**	**39,1**	**33,2**	**0,0**	**33,2**
SHAREHOLDERS' EQUITY TOTAL 12 / 2008	**123,4**	**186,1**	**1,4**	**124,1**	**44,1**	**-6,7**	**216,8**	**689,1**	**0,0**	**689,1**

Statement of changes in equity, Group EUR millions
1 - 12 / 2009

	Share capital*	Share premium fund	Hedging reserve**	Reserve for invested un restricted equity	Other reserves	Trans lation reserve **	Retained earnings	Total	Minority interest	Total
BALANCE AT BEGINNING OF THE PERIOD	123,4	186,1	1,4	124,1	44,1	-6,7	216,8	689,1	0,0	689,1
Changes in equity for										
Dividend distribution							-38,0	-38,0	0,0	-38,0
New share issue	18,8							18,8	0,0	18,8
Options exercised	0,0	0,0		0,0			1,4	1,4	0,0	1,4
Share premium		0,0		122,2				122,2	0,0	122,2
Sale of own shares		0,0					5,1	5,1	0,0	5,1
Transaction costs for equity **		0,0		-2,9				-2,9	0,0	-2,9
Total comprehensive income for the year	**0,0**	**0,0**	**-1,4**	**0,0**	**0,0**	**1,9**	**54,0**	**54,5**	**0,0**	**54,5**
SHAREHOLDERS' EQUITY TOTAL 12 / 2009	**142,2**	**186,1**	**0,0**	**243,3**	**44,1**	**-4,9**	**239,4**	**850,2**	**0,0**	**850,2**

**Including share issue.*
*** Adjusted with deferred tax liability.*

CONSOLIDATED STATEMENT OF CASH FLOWS, EUR	Reference	12/2009	12/2008
Cash flows from operating activities			
Profit for the period		53 993 849,34	39 081 741,52
Adjustments for:			
Depreciation, amortisation & impairment loss		58 413 891,84	61 409 016,45
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets		-254 551,29	-3 472 572,23
Interest and other financial expenses		28 391 953,77	51 713 553,22
Interest income		-4 402 076,39	-1 572 825,54
Tax on income from operations		7 304 056,06	32 660 347,14
Other adjustments	18,28	-389 846,28	-1 439 557,39
Working capital changes:			
Increase (-) / decrease (+) in inventories		27 665 470,23	24 047 293,95
Increase (-) /decrease(+) in trade and other receivables		-1 781 055,30	75 568 216,63
Increase (+) / decrease (-) in short-term interest-free liabilities		7 238 076,90	-12 677 837,30
Interest and other financial expenses paid		-32 936 865,21	-47 747 630,51
Interest received		2 114 906,86	825 015,91
Income taxes paid		1 428 326,40	-48 264 065,88
Net cash from operating activities		**146 786 136,94**	**170 130 695,95**
Cash flows from investing activities			
Purchase of tangible and intagible assets		-152 946 780,52	-181 076 162,58
Proceeds from sale of tangible and intangible assets		71 136 504,30	6 130 015,84
Acquisition of subsidiaries, net of cash acquired		0,00	-18 882 514,89
Disposal of subsidiaries, net of cash disposed of		5 600 781,85	-0,00
Proceeds from sale of investments		1 803 473,65	0,55
Dividends received		153 901,20	128 661,60
Net cash used in investing activities		**-74 252 119,51**	**-193 699 998,82**
Cash flows from financing activities			
Proceeds from issue of share capital		136 965 926,59	135 202 164,10
Proceeds from sale of own shares		5 130 789,80	
Proceeds from short-term borrowings		-0,00	20 002 404,68
Repayment of short-term borrowings		-19 283 700,62	-33 259 035,48
Proceeds from long-term borrowings		200 000 000,00	152 199 808,03
Repayment of long-term borrowings		-216 203 564,14	-157 309 714,57
Payment of finance lease liabilities		-711 820,14	
Dividends paid		-38 017 700,31	-75 176 953,39
Net cash used in financing activities		**67 879 931,18**	**41 658 673,37**
Net increase/decrease in cash and cash equivalents		**140 413 948,61**	**18 089 370,49**
Cash and cash equivalents at beginning of the period		**34 484 425,37**	**18 636 399,77**
Effects of exchange rate fluctuations on cash held		979 609,05	-2 241 313,86
Cash and cash equivalents at the end of the period		176 402 572,88	35 203 099,43
Cheque account with overdraft facility		-524 657,92	-718 674,06
Cash and cash equivalents at the end of the period		**175 877 914,95**	**34 484 425,37**

1. Accounting policies used in the consolidated financial statements

Basic information on the company

The Group's parent company is the Finnish public listed company Stockmann plc, which is domiciled in Helsinki; its registered address is Aleksanterinkatu 52, 00100 Helsinki. The Group's primary field of business is retailing. The parent company's shares are listed on the Helsinki exchange (NASDAQ OMX Helsinki Ltd). A copy of the consolidated financial statements is available at the internet address www.stockmann.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 2009. In Finnish accounting legislation and the regulations issued pursuant to it, International Financial Reporting Standards (IFRS) refer to the standards and their interpretations that have been approved for application in the EU in accordance with the procedure stipulated in EU regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also in accordance with Finnish accounting and company legislation that supplements IFRS regulations. The information in the financial statements is based on original acquisition costs, unless stated otherwise in the accounting policies.

As from 1 January 2009, the Group has applied the following new and revised standards:

- IFRS 8 Operating Segments. Segment information is based on the reporting made to the management and on the accounting policies observed in that reporting. The Group's operating segments reported under the IFRS 8 standard are the same as the business segments presented in earlier financial statements.
- Revised IAS 1 Presentation of Financial Statements. The amendments mainly affect the presentation of the statement of comprehensive income and the statement of changes in equity.
- Amendments to IFRS 7 Financial Instruments: Disclosures – Enhancement of disclosures concerning notes to financial instruments. A three-tier hierarchy has been adopted in the presentation of the fair values of financial instruments, and the amendments to the standard have increased the number of notes.
- Amendments to IFRS 2 Share-based Payment – Vesting conditions and cancellations. The amendments to the standard stipulate that all non-vesting conditions should be included when determining the fair value of granted equity instruments.
- Enhancements to IFRS standards. Minor and non-urgent amendments to standards have been brought together as a single entity. The amendments concern 34 standards but have not been significant from the point of view of the consolidated financial statements.

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

In preparing the consolidated financial statements in accordance with IFRS, certain estimates and assumptions concerning the future need to be made. The estimates and assumptions presented in the financial statements are based on management's best knowledge at the balance sheet date. These influence the amounts of assets and liabilities in the balance sheet, the contingent items presented and the income and expenses for the financial period. In addition, judgment has to be used in applying the accounting policies used in the financial statements and estimates have to be made concerning, for example, depreciation periods, impairment testing, deferred tax assets and provisions. The actual amounts can differ from the estimates and assumptions. The key sources of uncertainty that pose the most significant risks of substantive changes in the carrying amounts of the Group's assets and liabilities during the next financial period are related to goodwill, as detailed in Note 12.

Principles of consolidation

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

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

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

Segment reporting

The Stockmann Group has four reportable segments, which are the Group's divisions: the Department Store Division, which engages in department store and specialty trade; Hobby Hall, a distance retailer; and fashion retailers Seppälä and Lindex. The segment Unallocated includes functions serving the entire Group. The adoption of IFRS 8 has not altered the Group's reportable operating segments, since the segment information presented by the Group earlier was based on management's internal reporting, in which the measurement policies of assets and liabilities were, and still are, in compliance with IFRS regulations. Following the integration of Hobby Hall and Department Store Division, there will be three reporting segments in 2010.

Items denominated in foreign currency

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

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

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

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

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

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

Income recognition principles and revenue

Revenue from the sale of goods is recognized when the significant risks and benefits of ownership have been transferred to the buyer. Most of the Group's income comes from the retail sale of goods 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 Hobby Hall's one-time consumer credits is included in the selling price and recognized in revenue. A provision is made for unused Lindex Club points and for Stockmann Master Card points in Russia accumulated by customers; the amount of the provision, which is recognized by reducing revenue, is based on experience and sales statistics. The provision is recognized for the same financial period as the sale to which it relates.

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

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

Other operating income

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

Other operating expenses

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

Employee benefits

Pension obligations

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

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

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

Equity compensation benefits and share-based payments

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

When share options are exercised, cash payments received from share subscriptions with options granted prior to the entry into force of the new Limited Liability Companies Act are recognized, adjusted for any transaction costs, in the share capital and the share premium fund. Funds received from share option schemes whose introduction was decided after the entry into force of the new Limited Liability Companies Act are recognized, adjusted for any transaction costs, in the share capital and the reserve for invested unrestricted equity, in accordance with the terms of each scheme.

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

Income taxes

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

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

Deferred taxes have been calculated by applying the tax rates valid up to the balance sheet date.

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

Provisions

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

Goodwill and other intangible assets

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

The amortization periods of intangible assets are:

supplier relationships	2 years
customer relationships	5 years
software	5–7 years
other intangible rights	5 years

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

Property, plant and equipment

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

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

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

The depreciation periods for property, plant and equipment are:

buildings and structures	20–50 years
modification and renovation costs of leased premises	5–20 years
machinery and equipment	4–10 years

EDP equipment and lightweight store fixtures and equipment
3–5 years

Borrowing costs

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

Impairment of assets

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

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

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

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

Leases

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

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

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

Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. In ordinary 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 FIFO method, the retail method permitted under IAS 2 or the weighted average cost method and it includes all the direct costs of the purchase. The retail method according to IAS 2 is used for the measurement of inventories at the Department Store Division in Finland, whereas the weighted average cost method is used at other units.

Assets held for sale and discontinued operations

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

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

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current bank deposits as well as other current, highly liquid investments with a maturity of no more than three months at the date of acquisition. The fair values of cash and cash equivalents are assumed to approximate to their carrying amounts because of their short maturities.
The account with an overdraft facility, which is payable on demand and is part of the Group's cash management, is presented as a part of cash and cash equivalents in the cash flow statement.

Treasury shares

When 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.

IFRS 3 Business Combinations, effective in financial periods beginning on or after 1 July 2009. Amendments to the standard will have an effect on the amount of goodwill recorded on future business acquisitions as well as on the losses and gains made in the disposal of businesses and on items recorded in the income statement in conjunction with an acquisition. In accordance with the standard's transition requirements, business combinations in which the acquisition date is prior to the date of compulsory adoption of the standard shall not be adjusted.

IAS 27 Consolidated and Separate Financial Statements, effective in financial periods beginning on or after 1 July 2009. The amended standard requires that the effects of a change in the size of holding in a subsidiary company be recorded directly in consolidated equity when the parent company's control is retained. If, however, control is lost, the residual holding shall be recorded at fair value in the income statement. The same accounting procedure shall also be applied in the future to Investment in Associates (IAS 28) and Interests in Joint Ventures (IAS 31).

Amendment to IAS 39 Financial Instruments: Recognition and Measurement, effective in financial periods beginning on or after 1 July 2009. The amendment clarifies the IAS 39 guidelines for hedging of a one-sided risk or an inflation risk in a hedged item that is a financial asset or financial liability. In the Group's estimation, the amendment to the standard will not have a significant effect on the Group's future financial statements.

Amendments to IFRS 2 Share-based Payment – Group cash-settled share-based payment transactions, effective in financial periods beginning on or after 1 January 2010. The purpose of the amendment is to clarify that an entity that receives goods or services from suppliers or service providers must apply IFRS 2 even if it has no obligation to perform the required share-based cash payments. The amended standard has not yet been approved for application in the EU.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues, effective in financial periods beginning on or after 1 February 2010. The amendment concerns the accounting treatment (classification) of shares, share options or subscription rights issued in a currency other than the issuer's functional currency. The amendments do not have a significant effect on the next consolidated financial statements. The amendment to IAS 32 has not yet been approved for application in the EU.

Improvements to IFRSs, effective mainly in financial periods beginning on or after 1 January 2010. Using the Annual Improvements process, small and non-urgent amendments are compiled into a single package and applied once a year. These amendments cover a total of 12 standards. The effects of the amendments vary from one standard to another, but in the Group's estimation, the coming amendments will not significantly affect the consolidated financial statements. The amendments to the standards have not yet been approved for application in the EU.

Revised IAS 24 Related Party Disclosures, effective in financial periods beginning on or after 1 January 2011.

IFRS 9 Financial Instruments, effective in financial periods beginning on or after 1 January 2013. IFRIC interpretations IFRIC 17 Distributions of Non-cash Assets to Owners, IFRIC 18 Transfers of Assets from Customers. The adoption of these interpretations is not expected to have an effect on the Group's future financial statements. The interpretations have not yet been approved for application in the EU. IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective in financial periods beginning on or after 1 July 2010. Amendments to IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction – Prepayment of a Minimum Funding Requirement, effective in financial periods beginning on or after 1 January 2011.

2. Segment information

Operating segments

The Stockmann Group's reportable segments are the Department Store Division, Lindex, Hobby Hall and Seppälä. The segments are divisions of the Group that are managed and monitored as separate units selling different products and services. The Group has applied the IFRS 8 Operating Segments standard as from 1 January 2009. The operating segments reported under the IFRS 8 standard are the same as the business segments presented earlier. Management's assessment of the profitability of the segments is based on monitoring of the segments' operating profits. Following the integration of Hobby Hall and Department Store Division, there will be three reporting segments in 2010.

Department Store Division
The Department Store Division operates department stores in Finland, Russia, Estonia and Latvia. It also has special stores in Finland and Russia, such as the Academic Bookshop, Zara fashion stores, Stockmann Beauty stores and Bestseller and Nike stores, some of which are operated by the Department Store Division on a franchising basis. At the turn of the year, The Department Store Division closed down its Nike stores in at the end of 2009. The division's operations are concentrated in the major cities in each of the countries of operation.

Lindex
Lindex is a fashion chain operating in Sweden, Norway, Finland, Estonia, Latvia, Lithuania, the Czech Republic, Slovak and Russia. In addition, there are five Lindex franchising stores operating in Saudi Arabia. Sales to Lindex's franchising partner are included in the company's Swedish sales. Lindex Shop Online delivers goods to Sweden and Denmark.

Hobby Hall
Hobby Hall engages in distance retailing of consumer goods in Finland. Hobby Hall discontinued its operations in Russia in 2008 and in Estonia, Latvia and Lithuania in 2009.

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

Information concerning geographical regions

In addition to Finland, the Group operates in three geographical regions: Sweden and Norway; the Baltic countries, the Czech Republic and Slovakia; and Russia and Ukraine.

Segment information, Group EUR

Operating segments

Sales	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	1 068 910 505,05	1 218 888 825,00
Lindex	655 147 999,98	672 518 000,00
Hobby Hall	155 912 572,00	191 012 318,00
Seppälä	168 144 074,00	182 585 536,00
Segments, total	**2 048 115 151,03**	**2 265 004 679,00**
Unallocated	85 634,12	761 623,73
Group, total	**2 048 200 785,15**	**2 265 766 302,73**

Revenue	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	900 127 858,01	1 025 947 102,28
Lindex	527 006 509,55	540 224 000,00
Hobby Hall	129 888 569,00	159 569 710,00
Seppälä	139 503 245,00	151 896 337,00
Segments, total	**1 696 526 181,56**	**1 877 637 149,28**
Unallocated	1 932 558,92	1 107 896,23
Group, total	**1 698 458 740,48**	**1 878 745 045,51**

Operating profit	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	24 513 501,53	53 958 351,26
Lindex	62 382 786,42	58 676 644,00
Hobby Hall	-1 719 053,00	807 555,00
Seppälä	7 975 514,00	14 601 378,00
Segments, total	**93 152 748,95**	**128 043 928,26**
Unallocated	-7 865 034,24	-6 127 147,43
Eliminations	0,00	-33 964,50
Operating profit, Group, total	**85 287 714,71**	**121 882 816,33**
Financial income	4 402 144,47	1 572 825,54
Financial expenses	-28 391 953,77	-51 713 553,22
Profit before taxes, Group, total	**61 297 905,41**	**71 742 088,66**

Depreciation	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	29 542 571,89	32 722 354,00
Lindex	20 316 583,39	20 239 246,00
Seppälä	5 538 971,83	4 736 806,00
Hobby Hall	1 841 539,39	2 429 000,00
Segments, total	57 239 666,50	60 127 406,00
Unallocated	1 174 225,44	1 281 610,45
Eliminations	0,00	0,00
Group, total	58 413 891,94	61 409 016,45

Investments, gross	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	123 226 834,86	146 016 857,17
Lindex	22 167 950,00	25 239 006,60
Hobby Hall	2 511 519,90	3 106 766,76
Seppälä	4 506 300,73	7 164 937,67
Segments, total	**152 412 605,49**	**181 527 568,20**
Unallocated	376 175,02	814 190,42
Group, total	**152 788 780,51**	**182 341 758,62**

Assets	1.1.-31.12.2009	1.1.-31.12.2008
Department Store Division	701 961 794,00	703 965 101,00
Lindex	870 446 211,74	805 987 924,00
Hobby Hall	62 851 105,00	90 359 235,00
Seppälä	119 764 285,00	116 530 428,00
Segments, total	**1 755 023 395,73**	**1 716 842 688,00**
Unallocated	172 336 828,91	48 133 953,00
Group, total	**1 927 360 224,64**	**1 764 976 641,00**

Information from market areas

Sales	1.1.-31.12.2009	1.1.-31.12.2008
Finland 1)	1 132 217 022,59	1 224 788 936,07
Sweden and Norway 2)	548 347 999,98	575 171 000,00
Baltic states, Czech Republic and Slovakia 1)	154 941 778,00	211 737 207,01
Russia and Ukraine 1)	212 693 984,58	254 069 159,65
Group, total	**2 048 200 785,15**	**2 265 766 302,73**
Finland, %	*55,28*	*54,06*
International operations, %	*44,72*	*45,94*

Revenue	1.1.-31.12.2009	1.1.-31.12.2008
Finland 1)	947 971 251,43	1 021 775 610,75
Sweden and Norway 2)	439 155 509,55	460 224 000,00
Baltic states, Czech Republic and Slovakia 1)	129 568 833,00	179 773 398,00
Russia and Ukraine 1)	181 763 146,50	216 972 036,76
Group, total	**1 698 458 740,48**	**1 878 745 045,51**
Finland, %	*55,81*	*54,39*
International operations, %	*44,19*	*45,61*

Operating profit	1.1.-31.12.2009	1.1.-31.12.2008
Finland 1)	54 285 363,18	71 149 698,31
Sweden and Norway 2)	61 460 773,45	57 340 497,00
Baltic states, Czech Republic and Slovakia 1)	-4 435 602,84	10 739 484,01
Russia and Ukraine 1)	-26 022 819,08	-17 346 862,99
Group, total	**85 287 714,71**	**121 882 816,33**
Finland, %	*63,65*	*58,38*
International operations, %	*36,35*	*41,62*

Non-current assets	1.1.-31.12.2009	1.1.-31.12.2008
Finland 1)	452 591 511,92	460 878 411,58
Sweden and Norway 2)	734 041 239,83	683 643 094,23
Baltic states, Czech Republic and Slovakia 1)	31 779 371,93	55 378 949,00
Russia and Ukraine 1)	200 372 682,13	158 913 325,21
Group, total	**1 418 784 805,81**	**1 358 813 780,02**
Finland, %	*31,90*	*33,92*
International operations, %	*68,10*	*66,08*

1) Department Store Division, Lindex, Hobby Hall, Seppälä

2) Lindex

3. OTHER OPERATING INCOME

EUR	2009	2008
Gain on sale of property, plant and equipment	**255 914.07**	4 152 702.15
Total	**255 914.07**	4 152 702.15

4. GROSS MARGIN

EUR	2009	2008
Revenue	**1 698 458 740.48**	1 878 745 045.51
Raw material and consumables used	**852 823 844.42**	969 589 379.07
Change in inventories	**27 927 435.16**	2 108 573.56
Gross margin	**817 707 460.91**	907 047 092.88
Gross margin, % of revenue	**48.1**	48.3

5. WAGES, SALARIES AND OTHER EMPLOYEE BENEFITS EXPENSES

EUR	2009	2008
Wages and salaries	**261 164 532.91**	279 803 654.25
Pension expenses		
Defined contribution plans	**33 427 811.32**	33 768 215.67
Defined benefit plans	**4 701.69**	-1 748 989.99
Other employee benefits expenses	**32 548 902.59**	37 211 473.97
Expenses for share option benefits	**267 883.92**	1 460 951.19
Total	**327 413 832.42**	350 495 305.09

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

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

EUR	2009	2008
Trademark	**147 906.58**	121 892.83
Intangible assets	**7 382 479.52**	9 203 941.23
Buildings and constructions	**8 705 528.14**	7 101 832.41
Machinery and equipment	**29 636 330.02**	31 362 932.90
Machinery and equipment, finance lease	**806 826.24**	
Modification and renovation costs for leased premises	**11 734 821.34**	13 618 417.09
Depreciation and amortization total	**58 413 891.84**	61 409 016.45

7. OTHER OPERATING EXPENSES

EUR	2009	2008
Site expenses	**196 955 397.99**	192 930 566.25
Marketing expenses	**51 309 900.94**	68 291 458.14
Goods handling expenses	**22 562 999.29**	24 299 055.28
Credit losses	**2 112 001.37**	1 910 239.98
Voluntary social security	**5 152 165.04**	8 966 841.14
Interest income from trade receivables	**-505 645.27**	-5 041 422.17
Financing income from loyal customer cards	**-9 595 157.18**	-7 557 921.01
Other costs	**78 856 273.71**	93 613 839.55
Total	**346 847 935.90**	377 412 657.17

Fees to the auditors

EUR	2009	2008
Auditing	**611 092.76**	634 190.00
Certificates and statements	**4 998.01**	54 700.00
Tax advisory	**75 780.68**	78 534.00
Other services	**125 223.73**	68 716.00
Total	**817 095.17**	836 140.00

8. FINANCE INCOME AND EXPENSES

EUR	2009	2008
Finance income		
Dividend income on available-for-sale investments	**153 901.20**	128 661.60
Interest income on bank deposits and other investments	**1 501 039.91**	1 439 758.10
Gain on sale of available-for-sale investments	**476.23**	
Change in fair value of financial assets at fair value through profit or loss	**15 786.35**	4 405.84
Foreign exchange differences	**2 730 940.78**	
Total	**4 402 144.48**	1 572 825.54

Finance expenses		
Interest expenses on financial liabilities measured at amortized cost	**-27 967 997.77**	-45 373 155.50
Change in fair value of financial assets at fair value through profit or loss	**-423 956.01**	-275 047.10
Foreign exchange differences		-6 065 350.61
Total	**-28 391 953.78**	-51 713 553.2
Finance income and expenses, total	**-23 989 809.30**	-50 140 727.67

9. INCOME TAXES

EUR	**2009**	2008
Income taxes for the financial period	**15 397 315.48**	7 645 762.71
Income taxes from previous financial periods	**-128 832.84**	529 151.68
Change in deferred tax liability/assets	**-7 964 426.57**	24 485 432.75
Total	**7 304 056.06**	32 660 347.14

Reconciliation between the income tax expense in the income statement and the Group's tax expense at the Finnish tax rate of 26% (26% in 2008).

Profit before taxes	**61 297 905.41**	71 742 089.66
Income taxes at current tax rate	**15 937 455.41**	18 652 943.31
Income taxes from previous financial periods	**-128 832.84**	529 151.68
Tax-exempt income	**-10 886 541.25**	-1 449 708.05
Differing tax rates of foreign subsidiaries	**382 590.37**	-2 642 378.94
Non-deductible expenses	**1 029 322.10**	13 373 528.02
Unrecognised deferred tax assets from losses in taxation	**970 062.27**	4 196 811.12
Income tax expense in the income statement	**7 304 056.06**	32 660 347.14

Tax effects relating to components of other comprehensive income

	2009			2008		
EUR	**Before-tax**	**Tax (expense) benefit**	**Net-of-tax**	Before-tax	Tax (expense) benefit	Net-of-tax
Exchange differences on translating foreign operations	**1 525 745.58**	**340 514.20**	**1 866 259.78**	-6 798 710.79		-6 798 710.79
Cash flow hedges	**-1 834 276.24**	**482 442.45**	**-1 351 833.79**	1 284 299.57	-377 736.89	906 562.68
Total	**-308 530.66**	**822 956.65**	**514 425.99**	-5 514 411.22	-377 736.89	-5 892 148.11

10. EARNINGS PER SHARE

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

	Jan. 1 - Dec. 31, 2009	Jan. 1 - Dec. 31, 2008
Profit for the period, EUR	**53 993 849.34**	39 081 741.52
Share issue-adjusted number of outstanding shares, weighted average, thousands*	**65 676 130**	59 709 550
Earnings per share, EUR	**0.82**	0.65
Profit for the period, EUR	**53 993 849.34**	39 081 741.52
Share issue-adjusted number of outstanding shares, weighted average, thousands*	**65 676 130**	59 709 550
Effect of share options	**318 456**	
Share issue-adjusted number of shares, diluted weighted average, thousands*	**65 994 586**	59 709 550
Earnings per share adjusted for effect of dilution	**0.82**	0.65

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

11. INTANGIBLE ASSETS

Goodwill

EUR	**2009**	2008
Acquisition cost Jan. 1	**646 457 091.70**	719 983 309.71
Translation difference +/-	**38 969 028.81**	-94 617 861.81
Increases Jan. 1-Dec. 31		23 847 957.40
Translation difference +/-		-2 756 313.60
Acquisition cost Dec. 31	**685 426 120.51**	646 457 091.70
Carrying amount Jan. 1	**646 457 091.70**	719 983 309.71
Carrying amount Dec. 31	**685 426 120.51**	646 457 091.70

Trademark

EUR	2009	2008
Acquisition cost Jan. 1	**84 487 401.72**	96 410 406.58
Translation difference +/-	**5 101 416.04**	-12 550 219.95
Increases Jan. 1-Dec. 31		268 429.44
Transfers between items	**-119 721.71**	358 785.65
Acquisition cost Dec. 31	**89 469 096.05**	84 487 401.72
Accumulated amortization Jan. 1	**97 889.60**	
Translation difference +/-	**34 659.02**	
Amortization on disposals		-9 968.17
Translation difference +/-		-14 035.06
Amortization for the financial period	**147 906.58**	121 892.83
Accumulated amortization Dec. 31	**280 455.20**	97 889.60
Carrying amount Jan. 1	**84 389 512.12**	96 410 406.58
Carrying amount Dec. 31	**89 188 640.85**	84 389 512.12

Impairment testing

For the purposes of impairment testing, EUR 595 million of goodwill was allocated to the Lindex segment, EUR 65 million of goodwill to the Seppälä segment and EUR 25 million of goodwill to the Department Store Division segment. The Lindex, Seppälä and Department Store Division segments constitute separate cash-generating units.

The EUR 89 million trademark is allocated in its entirety to the Lindex segment. The Lindex brand is deemed to have an indefinite useful life due to high brand awareness. The Lindex brand has existed for over 50 years and the Group will continue to use the brand both in its present markets and when the Lindex product range and business model are introduced into new markets.

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

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

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

The discount rate determined is a pre-tax rate. The discount rate of the Lindex segment is based on the market interest rate and country-specific risk pertaining to Sweden; the discount rate used for the Lindex segment is 8,5 per cent (2008: pre-tax 8,8%/post-tax 7,2%). The discount rates of the Department Store Division and Seppälä segments are based on the market interest rate in Finland and country-specific risk pertaining to the segments' countries of operation. The discount rate used for the Department Store Division segment is 8,4 per cent (2008: pre-tax 8,7%/post-tax 7,0%), and for the Seppälä segment 8,7 per cent (2008: pre-tax 8,7%/post-tax 7,0%).

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

A sensitivity analysis was carried out on the Lindex, Seppälä and Department Store Division segments using downside scenarios. The scenarios involved reducing either the sales growth from the level given in the management's estimates, or raising the discount rate used. If the Lindex segment's sales growth were 40 per cent less than forecast or if the discount rate were increased by 7 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. If the Department Store Division segment's sales growth were 30 per cent less than forecast or if the discount rate were increased by 9 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. If the Seppälä segment's sales growth were 50 per cent less than forecast or if the discount rate were increased by 10 percentage points, the recoverable amount would exceed the combined total of the carrying amount of the unit's non-current assets and its working capital. The sensitivity analyses carried out show that none of the above-mentioned changes in sales growth or the higher discount rate would reduce the recoverable amounts of the units to below their carrying amounts. Based on the impairment testing and the sensitivity analyses carried out, there is no need for impairment entries.

Intangible rights

EUR	2009	2008
Acquisition cost Jan. 1	**44 430 771.57**	36 432 474.23
Translation difference +/-	**713 090.48**	-1 427 655.80
Increases Jan. 1-Dec. 31	**2 083 253.31**	10 302 806.64
Decreases Jan. 1-Dec. 31	**-9 648 441.68**	-1 038 422.87
Transfers between items	**1 779 976.97**	161 569.36
Acquisition cost Dec. 31	**39 358 650.65**	44 430 771.57
Accumulated amortization Jan. 1	**19 973 184.08**	14 804 557.72
Translation difference +/-	**264 180.05**	-382 610.85
Amortization on disposals	**-3 893 497.68**	-1 039 421.29
Amortization for the financial period	**5 177 483.30**	6 590 658.50
Accumulated amortization Dec. 31	**21 521 349.75**	19 973 184.08
Carrying amount Jan. 1	**24 457 587.49**	21 627 916.51
Carrying amount Dec. 31	**17 837 300.90**	24 457 587.49

Other intangible assets

EUR	2009	2008
Acquisition cost Jan. 1	**5 682 405.86**	6 679 990.11
Translation difference +/-	**349 757.59**	-997 584.25
Transfers between items	**119 721.71**	
Acquisition cost Dec. 31	**6 151 885.16**	5 682 405.86
Accumulated amortization Jan. 1	**2 450 743.53**	159 294.98
Translation difference +/-	**226 473.72**	-321 834.18
Amortization for the financial period	**2 204 996.22**	2 613 282.73
Accumulated amortization Dec. 31	**4 882 213.47**	2 450 743.53
Carrying amount Jan. 1	**3 231 662.33**	6 520 695.13
Carrying amount Dec. 31	**1 269 671.69**	3 231 662.33
Intangible assets, total	**793 721 733.96**	758 535 853.64

12. PROPERTY, PLANT AND EQUIPMENT

Land and water

EUR	2009	2008
Acquisition cost Jan. 1	**36 951 208.59**	38 845 826.50
Increases Jan. 1-Dec. 31	**1 372 017.08**	
Decreases Jan. 1-Dec. 31		-1 894 617.91
Transfers between items	**1 758 914.26**	
Acquisition cost Dec. 31	**40 082 139.93**	36 951 208.59
Carrying amount Jan. 1	**36 951 208.59**	38 845 826.50
Carrying amount Dec. 31	**40 082 139.93**	36 951 208.59

Buildings and constructions

EUR	2009	2008
Acquisition cost Jan. 1	**225 297 456.88**	199 931 673.04
Translation difference +/-	**-22 410.78**	-271 693.63
Increases Jan. 1-Dec. 31	**2 211 547.89**	29 126 961.47
Decreases Jan. 1-Dec. 31	**-63 001 140.63**	-4 462 484.02
Transfers between items	**175 721 406.91**	973 000.00
Acquisition cost Dec. 31	**340 206 860.28**	225 297 456.88
Accumulated depreciation Jan. 1	**67 138 135.16**	63 795 054.07
Translation difference +/-	**-6 436.97**	-41 076.22
Depreciation on disposals	**-9 483 926.23**	-3 717 675.10
Depreciation for the financial period	**8 705 528.14**	7 101 832.41
Accumulated depreciation Dec. 31	**66 353 300.10**	67 138 135.16
Carrying amount Jan. 1	**158 159 321.72**	136 136 618.97
Carrying amount Dec. 31	**273 853 560.18**	158 159 321.72

Machinery and equipment

EUR	2009	2008
Acquisition cost Jan. 1	**203 782 304.03**	189 542 672.46
Translation difference +/-	**6 005 891.85**	-5 754 101.34
Increases Jan. 1-Dec. 31	**26 323 166.80**	34 089 918.02
Decreases Jan. 1-Dec. 31	**-72 387 100.68**	-14 035 636.41
Transfers between items	**7 320 664.85**	-60 548.69
Acquisition cost Dec. 31	**171 044 926.85**	203 782 304.03
Accumulated depreciation Jan. 1	**107 606 901.62**	92 054 804.18
Translation difference +/-	**2 969 872.42**	-1 862 510.76
Depreciation on disposals	**-53 908 620.77**	-13 948 324.69
Depreciation for the financial period	**29 636 330.02**	31 362 932.90
Accumulated depreciation Dec. 31	**86 304 483.29**	107 606 901.62
Carrying amount Jan. 1	**96 175 402.41**	97 487 868.28
Carrying amount Dec. 31	**84 740 443.55**	96 175 402.41

Machinery and equipment, finance lease

EUR	2009	2008
Increases Jan. 1-Dec. 31	**8 068 262.34**	
Acquisition cost Dec. 31	**8 068 262.34**	
Depreciation for the financial year	**806 826.24**	
Accumulated depreciation Dec. 31	**806 826.24**	
Carrying amount Jan. 1		
Carrying amount Dec. 31	**7 261 436.10**	
Machinery and equipment, total	**92 001 879.65**	96 175 402.41

Modification and renovation costs of leased premises

EUR	2009	2008
Acquisition cost Jan. 1	**97 821 830.79**	101 434 848.49
Translation difference +/-	**11 027.28**	-1 423.03
Increases Jan. 1-Dec. 31	**3 643 768.44**	3 289 192.77
Decreases Jan. 1-Dec. 31	**-3 528 446.70**	-6 896 945.58
Transfers between items	**8 861 688.01**	-3 841.86
Acquisition cost Dec. 31	**106 809 867.82**	97 821 830.79
Accumulated depreciation Jan. 1	**48 451 344.06**	41 627 215.35
Translation difference +/-	**-95.16**	
Depreciation on disposals	**-3 341 128.10**	-6 794 288.38
Depreciation for the financial period	**11 734 821.34**	13 618 417.09
Accumulated depreciation Dec. 31	**56 844 942.13**	48 451 344.06
Carrying amount Jan. 1	**49 370 486.73**	59 807 633.14
Carrying amount Dec. 31	**49 964 925.69**	49 370 486.73

Advance payments and construction in progress

EUR mill.	2009	2008
Acquisition cost Jan. 1	**246 892 440.84**	144 523 226.31
Translation difference +/-	**-2 356.97**	-22 920.61
Increases Jan. 1-Dec. 31	**117 151 026.99**	104 534 904.72
Transfers between items	**-195 530 664.74**	-1 452 125.43
Decreases Jan. 1-Dec. 31	**-4 933 426.13**	-690 644.15
Acquisition cost Dec. 31	**163 577 019.99**	246 892 440.84
Carrying amount Jan. 1	**246 892 440.84**	144 523 226.31
Carrying amount Dec. 31	**163 577 019.99**	246 892 440.84

Property, plant and equipment, total	**619 479 525.44**	587 548 860.29

Borrowing costs capitalized as part of property, plant and equipment

EUR 2.7 million (2008 EUR 5.5 million) of interest expenses for the Helsinki department store's Kasvu (Growth) project and the Nevsky Centre project in St Petersburg have been capitalized during the financial period. Capitalized interest expenses are included in "Advance payments and construction in progress" or "Buildings and constructions": This figure includes the reversal of EUR 2.8 million in interest expenses capitalized during construction of the Mannerheimintie car park.

EUR	2009	2008
Acquisition cost Jan. 1	**7 212 000.00**	1 734 000.00
Increases Jan. 1-Dec. 31	**2 700 000.00**	5 478 000.00
Decreases Jan. 1-Dec. 31	**-2 834 000.00**	
Depreciation for the financial year	**68 942.00**	
Acquisition cost Dec. 31	**7 009 058.00**	7 212 000.00
Carrying amount Jan. 1	**7 212 000.00**	1 734 000.00
Carrying amount Dec. 31	**7 009 058.00**	7 212 000.00

13. JOINT VENTURES	**2009**	2008
	Shareholding %	Shareholding %
SIA Stockmann Centrs, Riga (real-estate company)	**63.0**	63.0
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	**37.8**	37.8
Kiinteistö Oy Raitinkartano, Espoo	**15.6**	15.6

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

Assets and liabilities of joint ventures

EUR	2009	2008
Non-current assets	**26 575 744.88**	24 086 147.22
Current assets	**567 071.20**	2 296 449.42
Non-current liabilities	**16 723 774.01**	16 218 514.67
Current liabilities	**709 260.28**	470 125.24

Income and expenses of joint ventures

EUR	2009	2008
Income	**4 376 249.37**	4 317 213.55
Expenses	**4 370 170.81**	3 725 721.54

14. AVAILABLE-FOR-SALE INVESTMENTS

EUR	2009	2008
Carrying amount Jan. 1	**6 596 000.89**	6 511 181.10
Translation difference +/-	**36.87**	
Increases Jan. 1-Dec. 31		84 075.83
Decreases Jan. 1-Dec. 31	**-1 565 740.24**	743.96
Carrying amount Dec. 31	**5 030 297.52**	6 596 000.89

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

15. INVENTORIES

EUR	2009	2008
Raw material and consumables	**195 987 946.95**	220 113 498.29
Advance payments for inventories	**82 755.36**	207 436.10
Total	**196 070 702.31**	220 320 934.39

The value of inventories has been lowered by EUR 0.8 million for unsaleable assets (2008: EUR 1.1 million).

16. CURRENT RECEIVABLES

EUR	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Interest-bearing trade receivables	**44 506 494.29**	**44 506 494.29**	52 242 379.82	52 242 379.82
Non-interest-bearing trade receivables	**27 185 982.79**	**27 185 982.79**	23 673 000.13	23 673 000.13
Receivables based on derivative contracts	**1 647 525.32**	**1 647 525.32**	7 893 374.84	7 893 374.84
Other receivables	**32 879 629.86**	**32 879 629.86**	31 383 250.72	31 383 250.72
Prepayments and accrued income	**24 242 120.71**	**24 242 120.71**	20 259 134.36	20 259 134.36
Income tax receivables	**503 159.27**	**503 159.27**	15 187 687.15	15 187 687.15
Current receivables, total	**130 964 912.23**	**130 964 912.23**	150 638 827.02	150 638 827.02

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

Interest-bearing trade receivables include EUR 41 568 256.13 in one-time credits on mail-order sales in 2009 and EUR 49 962 828.50 in 2008. Hire purchase surcharges and interest income on these recievables are included in the selling price and recognized in revenue instead of interest income. Other interest-bearing trade receivables are the Stockmann loyal customer account, for which interest income is recognized as a reduction in other expenses.

Material items included in Prepayments and accrued income relate to deferred annual discounts, deferred indirect employee costs and accrued financial income and expenses.

17. CASH AND CASH EQUIVALENTS

EUR	2009	2008
Cash on hand and at banks	**23 968 632.07**	24 866 829.34
Short term deposits	**152 332 742.59**	10 276 561.14
Fund	**101 198.21**	59 708.95
Total	**176 402 572.88**	35 203 099.43

Cash and cash equivalents in the Cash Flow Statement

EUR	2009	2008
Cash and cash equivalents	**176 402 572.88**	35 203 099.43
Overdraft facilities	**-524 657.92**	-718 674.06
Total	**175 877 914.95**	34 484 425.37

18. EQUITY

Share capital and share premium fund EUR	**Entered in trade register**	**Number of shares**	**Share capital**	**Share premium fund**	**Invested unrestricted equity fund**	**Total**
Jan. 1, 2008		56 093 612	112 187 224.00	186 040 997.25		298 228 221.25
Subscriptions with loyal customer options 2006	26.6.	364	728.00	10 046.40		10 774.40
Directed issue	26.6.	5 609 360	11 218 720.00		126 210 600.00	137 429 320.00
Share issue costs					-2 122 889.32	-2 122 889.32
Dec. 31, 2008		61 703 336	123 406 672.00	186 051 043.65	124 087 710.68	433 545 426.33
Subscriptions with loyal customer options 2006	18.8.	5 648 830	11 297 660.00		84 732 450.00	96 030 110.00
Directed issue	28.9.	3 741 787	7 483 574.00		37 417 870.00	44 901 444.00
Share issue costs					-2 934 564.28	-2 934 564.28
Dec. 31, 2009		71 093 953	142 187 906.00	186 051 043.65	243 303 466.40	571 542 416.05

	2009	2008
Treasury shares, Series B, in the company's possession	0	364 321
Acquisition cost, EUR million, at Dec. 31.	0,00	5 493 960.68

In 2000, the company bought back 413 000 of its own shares (treasury shares) on the basis of an authorization granted by the Annual General Meeting on April 11, 2000. By December 31, 2009, a total of 76 472 shares had been used for remuneration paid to the Board of Directors and management. On 3 June 2009, Stockmann sold the 336 528 Series B shares in its possession in public trading arranged by NASDAQ OMX Helsinki Ltd to investors procured by a securities broker. Following this transaction, the company no longer holds any Stockmann shares. Stockmann*s Board of directors has no valid authorization to purchase Stockmann shares.

Total number of shares at Dec. 31, 2009, registered	71 093 953
The shares are divided into:	
Series A shares	30 627 563
Series B shares	40 466 390

Maximum and minimum share capital

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

Voting right differences between Series A and B shares

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

Conversion of Shares

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

Redemption obligation

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

Other funds

EUR	**2009**	2008
Reserve fund	**200 360.64**	201 802.39
Invested unrestricted equity fund	**243 303 466.40**	124 087 710.68
Other funds	**43 940 585.51**	45 292 419.30
Total	**287 444 412.55**	169 581 932.37

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

Translation differences

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

Dividends

After the balance sheet date, the Board of Directors proposed on February 11, 2010 to pay out a dividend of EUR 0.72 per share.

Share-based payment

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

Loyal Customer share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers . In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2006 – 31 December 2007, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. The Loyal Customer purchases made by 31 December 2007, entitle to subscribe for a total of 1 998 840 options. Each share option entitles its holder to subscribe for one of the company's Series B shares. The subscription price is the volume-weighted average price of the Series B share on the Helsinki Exchange during the period 1 February – 28 February 2006, or EUR 33.35. The subscription price of a share to be subscribed for with the share options will be lowered by the amount of Stockmann plc dividends paid after the end of the determination period for the share price, counting from the record date up to the to the date of the share subscription. The remaining subscription period for the shares is 2 May 2010 – 31 May 2010. The subscription price after the right issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year is EUR 27.93. In the spring 2008, a total of 1 373 846 Stockmann plc's Loyal Customer share options were subscribed. During the share subscription period in 2008, a total of 364 Stockmann plc Series B shares with a par value of EUR 2.00 were subscribed. During the share subscription period in 2009 no shares were subscribed.

Key employee share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options will be granted to key employees belonging to the senior and middle management of Stockmann and its wholly-owned subsidiary. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period for shares with share option 2006A is 1 March 2008 – 31 March 2010; with share option 2006B, 1 March 2009 – 31 March 2011; with share option 2006C, 1 March 2010 – 31 March 2012; and with share option 2006D, 1 March 2011 – 31 March 2013. The subscription period for shares will not, however, commence with the 2006B and 2006D share options unless the criteria linked to the Group's financial targets as determined by the Board of Directors prior to the distribution of these share options have been met. Those share options 2006B and 2006D in respect of which the criteria determined by the Board of Directors have not been met shall lapse in the manner decided by the Board of Directors. Of 2006B share options, 187 500 have lapsed. One share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price of the share with share options 2006A and 2006B will be the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February – 28 February 2006, plus 10 per cent or EUR 36.69, and with share option 2006C and 2006D, the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February – 29 February 2008, plus 10 per cent or EUR 31.02. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year on the basis of option A and option B is EUR 31.27 per share and of option C and option D EUR 28.00 per share.

Loyal Customer share options 2008

The Annual General Meeting held on 18 March 2008 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2008 – 31 December 2009, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. Each share option entitles its holder to subscribe for one of the company's Series B shares. In accordance with the resolution of the Annual General Meeting on 17 March 2009, the subscription price is the volume-weighted average price of the Series B share on the Helsinki Exchange during the period 1 February – 28 February 2009, or EUR 11.28. The subscription price of a share to be subscribed for with the share options will be lowered by the amount of Stockmann plc dividends paid after the end of the determination period for the share price, counting from the record date up to the date of the share subscription. The subscription periods for the shares are in May in the years 2011 and 2012. The subscription price after the right issue of 2009 and the dividend payout proposed by the Board of Directors for the 2009 financial year is EUR 9.61.

Changes in share options during the financial period	**2009 Number of Options**	**Subscription price as weighted average EUR/share**	**Turnover-weighted share price during subscription period EUR/share**	2008 Number of Options	Subscription price as weighted average EUR/share	Turnover-weighted share price during subscription period EUR/share
Key employee share options 2006 Series A						
Options unexercised at beginning of financial period	**375 000**			375 000		
Options unexercised at end of financial period	**375 000**			**375 000**		
Key employee share options 2006 Series B						
Options unexercised at beginning of financial period	**375 000**			**375 000**		
Options lapsed during the period	**187 500**					
Options unexercised at end of financial period	**187 500**			**375 000**		
Key employee share options 2006 Series C						
Options unexercised at beginning of financial period	**360 000**					
Options granted during financial period				360 000		
Options unexercised at end of financial period	**360 000**			360 000		
Key employee share options 2006 Series D						
Options unexercised at beginning of financial period	**360 000**					
Options granted during financial period				360 000		
Options unexercised at end of financial period	**360 000**			360 000		
Loyal customer share options 2006						
Options unexercised at beginning of financial period	**1 373 482**					
Shares subscribed for with options during financial period				364	29.60	24.75
Options granted during financial period				1 373 846		
Options unexercised at end of financial period	**1 373 482**			1 373 482		
Options, total						
Options unexercised at beginning of financial period	**2 843 482**			750 000		
Shares subscribed for with options during financial period				364		
Options granted during financial period				2 093 846		
Options lapsed during the period	**187 500**					
Options unexercised at end of financial period	**2 655 982**			2 843 482		

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

	2006A	**2006B**	**2006C**	**2006D**	**Loyal customer options 2006**	**Loyal customer options 2008**
Period for subscription	1.3.08-31.3.10	1.3.09-31.3.11	1.3.10-31.3.12	1.3.11-31.3.13	2.5.10-31.5.10	2.5.11-31.5.11 2.5.12-31.5.12
Maximum number of share options	375 000	375 000	375 000	375 000	2 500 000	2 500 000
Number of options granted at December 31, 2008	375 000	187 500	360 000	360 000	1 373 846	2)
Subscription price, EUR 1)	31.27	31.27	28.00	28.00	27.93	9.61
Vesting period	13.6.06-28.2.08	13.6.06-28.2.09	21.4.08-28.2.10	21.4.08-28.2.11	1.1.06-31.12.07	1.1.08-31.12.09
Contract vesting conditions	-	ROCE- and EBIT-targets for the years 2006-2008	-	ROCE- and EBIT-targets for the years 2008-2010	-	-

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

2) Loyal Customer share options 2008 have not been granted yet.

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 programme 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 January 1 - December 31, 2009, share options had an impact on the Group's profit of EUR 1.1 million. The estimated expenses that hasn't been booked on income statement, amount to EUR 0.4 million.

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

	2006A I	2006B I	2006A II	2006B II	Loyal customer options 2006	2006C	2006D	Loyal customer options 2008
Options granted	13.6.2006	13.6.2006	During financial period 2007	During financial period 2007	1.4.2008	21.4.2008	21.4.2008	1)
Risk-free interest rate, %	3.3%	3.4%	4.1%	4.1%	3.1%	3.9%	4.0%	3.7%
Volatility, %	23.4%	22.7%	24.0%	23.7%	23.0%	27.9%	27.1%	28.3%
Expected average probable life of the share options (in years)	2.2	3.2	1.1	2.1	1.8	2.4	3.4	1.8
Share price at grant date, EUR	29.39	29.39	31.61	31.61	32.75	24.40	24.40	28.30
Fair value of the option determined at the grant date, EUR	2.74	3.79	2.70	4.40	4.54	3.17	4.19	5.11

Volatility has been estimated from the historical volatility of the share for a period corresponding to the probable life of the share option.
1) Loyal Customer share options 2008 have not yet been granted.

19. NON-CURRENT LIABILITIES, INTEREST-BEARING

Non-current liabilities EUR	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Loans from financial institutions	**620 556 956.87**	**620 843 914.03**	755 668 859.64	755 668 859.64
Pension loans	**159 743 951.27**	**162 417 583.27**		
Finance leases	**5 873 458.04**	**5 873 458.04**		
Other liabilities	**752 727.55**	**752 727.55**		
Total	**786 927 093.74**	**789 887 682.90**	755 668 859.64	755 668 859.64

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

20. CURRENT LIABILITIES

EUR	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Current account with overdraft facility	**524 657.92**	**524 657.92**	718 674.06	718 674.06
Other interest-bearing liabilities	**1 756 703.27**	**1 756 703.27**	19 283 700.62	19 283 700.62
Trade payables	**91 747 696.32**	**91 747 696.32**	95 246 482.53	95 246 482.53
Other current liabilities	**42 446 062.01**	**42 446 062.01**	43 282 099.37	43 282 099.37
Accruals and prepaid income	**73 789 489.53**	**73 789 489.53**	79 623 479.26	79 623 479.26
Derivative contract liabilities	**5 324 682.42**	**5 324 682.42**	862 579.64	862 579.64
Income tax liability	**3 087 546.38**	**3 087 546.38**	1 075 318.35	1 075 318.35
Total	**218 676 837.85**	**218 676 837.85**	240 092 333.83	240 092 333.83
of which interest-bearing	**2 281 361.19**		20 002 374.68	

The fair value of current liabilities corresponds to their carrying amount.
Material items in accruals and prepaid income are accrued employee benefits expenses and mail-order return accruals.

EXPIRATION DATES OF THE FINANCIAL LEASE LIABILITIES

EUR	31.12.2009	31.12.2008
Financial lease liabilities - net prensent value of the minimum lease payments		
During one year	**1 830 277.08**	
Over one year and at the most five years from now	**6 405 969.78**	
	8 236 246.86	
The net present value of the financial lease liabilities		
During one year	**1 482 984.15**	
Over one year and at the most five years from now	**5 873 458.03**	
	7 356 442.18	
Financial expenses of the lease agreements expiring in the future	**879 804.68**	
Financial lease liabilities total	**8 236 246.86**	

During 2009 assets leased by sale and leaseback arrangements in which the Group assumes substantially all the risks and rewards incident to ownership of the asset are classified leased by finance lease agreements. According to the contract the interest is based on the five years interest swap cantract.

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred taxes during 2009: EUR	Jan. 1, 2009	Recognized in income-statement	Recognized in equity	Trans-lation difference	Dec. 31, 2009
Deferred tax asset					
Confirmed losses	**2 152 922.00**	**-35 673.00**			**2 117 249.00**
Measurement of derivatives and other financial instruments at fair value	**14 231.27**	**121 530.14**			**135 761.41**
Difference between carrying amounts and tax bases of property, plant and equipment	**1 146 251.62**	**125 073.07**		**162 770.13**	**1 434 094.82**
Financial lease		**24 701.60**			**24 701.60**
Other temporary differences	**1 172 842.68**	**91 212.18**		**161 369.73**	**1 425 424.59**
Total	**4 486 247.57**	**326 843.99**		**324 139.86**	**5 137 231.42**

Deferred tax liabilities					
Cumulative depreciation differences	**25 478 949.98**	**1 641 369.00**		**310 843.36**	**27 431 162.34**
Difference between carrying amount and tax bases of prop., plant and equip.	**5 706 755.40**	**-446 558.41**		**287.85**	**5 260 484.84**
Measurement at fair value of intangible and tangible assets in a business combination.	**18 676 013.28**	**-548 654.82**		**1 106 223.51**	**19 233 581.97**
Unrelialized exchange rate difference on the non-current foreign currency loan	**27 189 783.41**	**-10 886 838.22**			**16 302 945.19**
Other temporary differences	**1 001 214.37**	**2 603 099.86**	**-1 854 060.23**	**128 753.78**	**1 879 007.78**
Total	**78 052 716.44**	**-7 637 582.59**	**-1 854 060.23**	**1 546 108.50**	**70 107 182.12**

Confirmed losses on which deferred tax assets have not been recognized amount to EUR 18.1 million (2008 EUR 8.7 million). In accordance with IAS 12 paragraph 52 A, deferred tax liabilities have not been recorded on the profits, EUR 23.2 million (2008 EUR 24.5 million), of the Estonian subsidiary.

Changes in deferred taxes during 2008:

EUR	Jan. 1, 2008	Recognized in income-statement	Recognized in equity	Trans-lation difference	Dec. 31, 2008
Deferred tax asset					
Confirmed losses	2 152 922.00				2 152 922.00
Measurement of derivatives and other financial instruments at fair value	38 803.20	-24 571.93			14 231.27
Difference between carrying amounts and tax bases of property, plant and equipment	1 533 031.35	-146 238.57		-240 541.16	1 146 251.62
Other temporary differences	1 559 657.58	-145 909.81		-240 905.09	1 172 842.68
Total	5 284 414.13	-316 720.31		-481 446.24	4 486 247.57
Deferred tax liabilities					
Cumulative depreciation differences	21 710 837.68	4 559 828.50		-791 716.21	25 478 949.98
Replacement provision	5 226 450.98	-5 226 450.98			
Difference between carrying amount and tax bases of prop., plant and equipment	5 325 138.07	389 334.97		-7 717.64	5 706 755.40
Measurement at fair value of intangible and tangible assets in a business combination.	23 680 643.67	-2 138 866.21		-2 865 764.18	18 676 013.28
Measurement at fair value of inventories in a business combination	1 079 334.46	-1 059 581.56		-19 752.90	
Unrealized exchange rate difference on the non-current foreign currency loan		27 189 783.41			27 189 783.41
Other temporary differences	259 042.73	454 664.31	377 736.89	-90 229.56	1 001 214.37
Total	57 281 447.60	24 168 712.45	377 736.89	-3 775 180.49	78 052 716.44

22. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED ACCORDING TO IAS 39

EUR	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Financial assets at fair value through profit or loss				
Cash and cash equivalents	**176 402 572.88**	**176 402 572.88**	35 203 099.43	35 203 099.43
Derivative contracts	**1 838 810.30**	**1 838 810.30**	8 297 765.92	8 297 765.92
Loans and other receivables				
Non-current receivables	**361 963.91**	**361 963.91**	1 646 817.57	1 646 817.57
Receivables, interest-bearing	**44 506 494.29**	**44 506 494.29**	52 242 379.82	52 242 379.82
Receivables, non-interest-bearing	**85 955 258.68**	**85 955 258.68**	74 910 994.13	74 910 994.13
Available-for-sale financial assets	**5 030 297.52**	**5 030 297.52**	6 596 000.89	6 596 000.89
Financial assets, total	**314 095 397.57**	**314 095 397.57**	178 897 057.76	178 897 057.76
Financial assets at fair value through profit or loss				
Derivative contracts	**5 324 682.42**	**5 324 682.42**	901 168.97	901 168.97
Financial liabilities at amortized cost				
Non-current interest-bearing liabilities	**786 927 093.74**	**789 887 682.90**	755 668 859.64	755 668 859.64
Current liabilities, interest-bearing	**2 281 361.19**	**2 281 361.19**	20 002 374.68	20 002 374.68
Current liabilities, non-interest-bearing	**211 070 794.23**	**211 070 794.23**	218 113 471.84	218 113 471.84
Financial assets, total	**1 005 603 931.58**	**1 008 564 520.74**	994 685 875.13	994 685 875.13

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

23. PENSION OBLIGATIONS

Defined benefit pension plans

AB Lindex's Norwegian subsidiary Lindex AS has defined benefit pension plans. For the most part, the defined benefit pension plans cover old-age pensions and widows'/widowers' pensions in which the employer bears an obligation to pay a life-long pension which is either a percentage portion of salary or a specified amount. The right to an old-age pension is based on the time in service. The employee must be included in the plan for a specified time in order to earn the right to a full old-age pension. Each year the employee earns an additional pension entitlement, which is reported as the pension earned during the period and as an increase in the pension liability. The pension plan is funded through employer-made payments. The Group forecasts it will not pay for defined-benefit pension plans in 2010.

EUR	2009	2008
The defined benefit pension liability recognized in the balance:		
Present value of unfunded obligations	**510 007.94**	302 569.57
Deficit/surplus	**510 007.94**	302 569.57
Unrecognized actuarial gains (+) and losses (–)	**404 908.94**	929 427.81
Social security contribution	**213 625.65**	188 735.83
Recognized net amount of liability	**1 128 542.53**	1 420 733.21

The defined benefit pension expense recognized in the income statement:

Current service cost	**39 911.75**	162 432.15
Interest costs	**18 674.81**	60 892.20
Actuarial gains (-) and losses (+)	**-62 145.68**	
Losses/gains on plan curtailment		-2 003 803.13
Social security contribution	**8 260.81**	31 488.78
Total	**4 701.69**	-1 748 989.99

Actual return on plan assets

Changes in the present value of the defined benefit obligation

Opening defined benefit obligation	**302 569.57**	3 892 719.38
Current service cost	**41 337.01**	143 729.29
Interest costs	**19 341.69**	53 880.92
Actuarial gains (-) and losses (+)	**30 308.62**	-957 406.08
Gains (-) and losses (+) due to plan curtailment		-1 948 650.63
Translation differences	**178 023.43**	-824 835.92
Benefits paid	**-61 572.38**	-56 867.39
Closing defined benefit obligation	**510 007.94**	302 569.57

The changes in the fair values of plan assets are the following:

Opening fair values of plan assets		1 362 085.58
Losses (-) and profits (+) on plan curtailment		-1 110 754.66
Translation differences		-251 330.92
Closing fair values of plan assets		0.00

Actuarial assumptions applied (%)	**Dec. 31,2009**	Dec. 31,2008
Discount rate	**4.4 %**	4.3 %
Expected return on plan assets	**6.4 %**	6.3 %
Assumed future salary increases	**4.3 %**	4.5 %
Employee turnover	**0,5-8,0 %**	0,5-8,0 %
Inflation	**4.0 %**	4.3 %

Amounts for current period, EUR mill.

Present value of unfunded obligations	**510 007.94**	409 124.16
Surplus (+) /Deficit (-)	**510 007.94**	409 124.16
Experience adjustments to plan assets	**-16 039.53**	-763 388.05
Experience adjustments to plan liabilities		

During the financial year, two out of three defined benefit pension plans have ended.

24. OPERATING LEASES

The Group as lessee

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

EUR	2009	2008
Within one year	**155 643 358.85**	143 228 876.69
Within 1-5 years	**408 070 473.11**	353 816 229.04
In five years or more	**217 714 827.46**	125 061 765.48
Total	**781 428 659.42**	622 106 871.21

Lease payments		
Within one year	**7 485 729.58**	1 129 118.37
Within 1-5 years	**19 111 006.69**	901 002.41
Total	**26 596 736.27**	2 030 120.77

25. CONTINGENT LIABILITIES

EUR	2009	2008
Collaterals given for own liabilities		
Mortgages given	**201 681 879.26**	1 681 879.00
Guarantees	**333 637.59**	333 637.59
Securities pledged	**590 473.52**	1 018 716.16
Total	**202 605 990.37**	3 034 232.75
Liabilities, total		
Mortgages	**201 681 879.26**	1 681 879.00
Guarantees	**333 637.59**	333 637.59
Pledges	**590 473.52**	1 018 716.16
Total	**202 605 990.37**	3 034 232.75

AB Lindex (publ) has claimed through legal proceedings to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by Lindex Group's German subsidiary. In May The Administrative Court of Appeal in Gothenburg overturned the favourable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. The taxes that were refunded had no effect on the Stockmann Group's earnings, because Stockmann recorded the refunded amount of tax and interest as a reduction in Lindex's equity in the acquisition cost calculation. AB Lindex appealed against the decision of the Administrative Court of Appeal to the Supreme Administrative Court of Sweden, which in the summer of 2009 decided not to review the case. Further action by the company in this case will depend on the result of the legal process concerning the elimination of double taxation between AB Lindex and Lindex GmbH.

Investments in real estate

Certain group companies are required to adjust the VAT deductions made on real estate investments completed in 2005-2008 if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2017, and the maximum liability is EUR mill. 33.8.

26. DERIVATIVE CONTRACTS

Nominal values of derivative contracts

EUR	2009	2008
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary		
Currency forwards	**28 862 535.70**	36 174 340.48
Currency options		
- purchased		557 497.70
- issued		557 497.70
Electricity forwards	**2 987 938.21**	2 369 741.12
Total	**31 850 473.91**	39 659 077.00
Derivative contracts, hedge accounting not applied		
Currency swaps	**23 830 897.74**	9 824 748.39
Currency forwards	**243 756 763.86**	157 276 063.81
Electricity forwards	**231 822.79**	134 211.88
Total	**267 819 484.39**	167 235 024.08

Fair values of derivative contracts

	2009		
EUR	**Positive**	**Negative**	**Net**
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary			
Currency forwards	**616 746.59**	**-341 467.71**	**275 278.87**
Electricity forwards	**191 284.98**	**-285 958.00**	**-94 673.02**
Total	**808 031.57**	**-627 425.71**	**180 605.85**
Derivative contracts, hedge accounting not applied			
Currency swaps	**94 968.40**	**-55 736.89**	**39 231.50**
Currency forwards	**935 810.34**	**-4 634 173.81**	**-3 698 363.47**
Electricity forwards		**-7 346.00**	**-7 346.00**
Total	**1 030 778.74**	**-4 697 256.70**	**-3 666 477.97**

Fair values of derivative contracts	2008		
EUR	Positive	Negative	Net
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary			
Currency forwards	2 426 733.39	-135 290.89	2 291 442.50
Currency options			
- purchased	153 892.27		153 892.27
Electricity forwards		-545 037.26	-545 037.26
Total	2 580 625.67	-680 328.15	1 900 297.52
Derivative contracts, hedge accounting not applied			
Currency rate swaps	404 379.67	-38 627.69	365 751.98
Currency forwards	5 312 760.58	-151 341.65	5 161 418.93
Electricity forwards		-30 871.48	-30 871.48
Total	5 717 140.25	-220 840.82	5 496 299.43

All the derivatives that are open on the balance sheet date, 31 December 2009, with the exception of electricity derivatives, fall due in one year.

Currency swaps and forward exchange contracts have been measured at fair value using market prices on the balance sheet date. The fair values of currency options are calculated using market quotations on the balance sheet date and the Black&Scholes option valuation model. 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. The fair values of electricity derivatives are based on market prices on the balance sheet date. Currency derivative contracts did not result in hedge accounting-related ineffectiveness that was to be recorded through profit and loss in 2009. EUR 0.01 million of the fair values of forward electricity contracts has been recognized in profit and loss because of the ineffectiveness associated with hedge accounting.

27. HIERARCHICAL CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

Fair value hierarchy 31 December 2009:

EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Available-for-sale investments 1)			**5 030 297.52**	**5 030 297.52**
Financial assets at fair value through profit or loss				
Fund	**101 198.21**			**101 198.21**
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		**616 746.59**		**616 746.59**
Electricity forwards	**191 284.98**			**191 284.98**
Derivative contracts, hedge accounting not applied				
Currency swaps		**94 968.40**		**94 968.40**
Currency forwards		**935 810.34**		**935 810.34**
Total	**292 483.19**	**1 647 525.32**	**5 030 297.52**	**6 970 306.03**

EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Derivative contracts defined as cash flow hedges or as hedges of a net investment in a foreign subsidiary				
Currency forwards		**-341 467.71**		**-341 467.71**
Electricity forwards	**-285 958.00**			**-285 958.00**
Derivative contracts, hedge accounting not applied				
Currency swaps		**-55 736.89**		**-55 736.89**
Currency forwards		**-4 634 173.81**		**-4 634 173.81**
Electricity forwards	**-7 346.00**			**-7 346.00**
Total	**-293 304.00**	**-5 031 378.42**		**-5 324 682.42**

1) Available-for-sale investments	
Carrying amount Jan. 1	**6 596 000.89**
Sale of shares	**-1 556 579.26**
Decrease of value and translation difference	**-9 124.11**
Carrying amount Dec. 31	**5 030 297.52**

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

During the reporting period ending 31 December 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

28. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

Management's employee benefits

EUR	2009	2008
Salaries and other short-term employee benefits		
Chief executive officer	**564 780.00**	617 128.00
Executive vice president		320 751.37
Other members of the Management Committee	**2 022 450.55**	1 826 475.48
Emoluments to the members of the Board	**367 000.00**	353 500.00
Total	**2 954 230.55**	3 117 854.85

Emoluments*

EUR	2009	2008
To members and deputy members of the Board of Directors		
Bergh Kaj-Gustaf	**45 000.00**	42 500.00
Etola Erkki	**56 500.00**	54 500.00
Liljeblom Eva	**46 000.00**	44 000.00
Niemistö Kari	**45 000.00**	43 500.00
Taxell Christoffer	**84 000.00**	82 000.00
Teir-Lehtinen Carola	**45 000.00**	43 000.00
Wiklund Henry	**45 500.00**	44 000.00
Total	**367 000.00**	353 500.00

*paid in shares 13 227 pieces in 2009, (5 239 pieces in 2008).

Key employee share options 2006

The group management had as of 31.12.2009 236 200 pcs granted options, of which 62 000 pcs were exercisable.

Loyal customer share options 2006

The group management had as of 31.12.2009 1 446 pcs granted options, of which all were exercisable.

Management's pension commitments

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

Other related party transactions

EUR	2009	2008
Rentals paid to companies controlled by members of the Board of Directors	**826 502.40**	826 502.40

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

29. FINANCIAL RISK MANAGEMENT

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

The Group's main financial risks are currency risk, interest rate risk, liquidity risk, financing risk and counterparty risk. After the acquisition of the Swedish company AB Lindex in December 2007, Stockmann's capital structure changed significantly, with a concurrent significant increase in the interest rate and foreign exchange exposures.

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

CURRENCY RISK

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

Transaction risk

Stockmann's transaction risk derives from the currency flows connected with sales and purchases of the Group's business units as well as from loans and receivables denominated in foreign currency. The most important sales currencies are the euro, the Swedish krona, the Russian rouble, the Norwegian krone, the Estonian kroon and the Latvian lat, and the primary purchasing currencies are the euro, the United States dollar, the Swedish krona, the Hong Kong dollar, the Norwegian krone and the British pound. In 2009, foreign-currency-denominated sales accounted for 45 per cent of the Group's entire sales, and purchases made in foreign currency made up 21 per cent of the Group's purchases.

The business units are responsible for forecasting future net cash flows denominated in foreign currency and for managing the currency risk connected with them. The management of currency risk related to operational cash flows is based on cash flow forecasts for the coming 6 months. The hedging period is generally a maximum of 6 months and the degree of hedging for individual currencies can vary in the range of 0–100%. Contracted cash flows can be hedged for longer periods. Currency derivatives that are used to hedge forecasted cash flows are classified as cash flow hedges as defined by IAS 39. All outstanding contracts that are classified as cash flow hedges will mature during the first half of 2010. The gain/loss of these hedge instruments will affect the Group's operating profit in the same period during which the forecasted hedged items affect profit, which is approximately 4 months after maturity. Information about the fair value of these hedges is provided in Note 26. The table below shows the distribution of currency for outstanding derivatives hedging cash flows.

Foreign exchange derivatives hedging cash flows

EUR	2009	2008
USD	**27 083 333.00**	33 053 101.00
NOK	**-6 251 494.00**	-11 186 179.00
HKD	**2 058 921.00**	6 080 495.00
Total	**22 890 760.00**	27 947 417.00

At year-end, the outstanding cash flow hedges in US dollars covered approximately 54% of the estimated net USD flows for the coming 6 months.

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

Translation risk

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

The Group's currency exposures

2009, EUR	SEK	LVL	EEK	RUB	LTL	NOK
Receivables	**743 793 577.00**	**8 887 631.00**	**1 162 000.00**	**21 539 139.00**	**10 085 882.00**	**21 063 253.00**
Loans from financial institutions	**-518 540 055.00**	**-499 000.00**	**-21 000.00**			**-6 531 687.00**
Trade payables and other current liabilities	**-16 085 996.00**	**-240 624.00**	**-24 797 135.00**	**-7 695 694.00**		**-217 605.00**
Foreign currency exposure in the balance sheet	**209 167 526.00**	**8 148 007.00**	**-23 656 135.00**	**13 843 445.00**	**10 085 882.00**	**14 313 961.00**
Foreign exchange derivatives hedging balance sheet items	**-242 349 279.00**	**-4 229 522.00**				**-9 036 145.00**
Foreign currency loans hedging the net investment	**43 268 923.00**					
Net position in the balance sheet	**10 087 170.00**	**3 918 485.00**	**-23 656 135.00**	**13 843 445.00**	**10 085 882.00**	**5 277 816.00**

2008, EUR	SEK	LVL	EEK	RUB	LTL	NOK
Receivables	701 529 268.00	9 205 233.00	3 015 742.00	25 201 681.00	6 319 127.00	10 702 769.00
Loans from financial institutions	-655 118 436.00	-261 000.00			-202.00	-393 538.00
Trade payables and other current liabilities	-2 503 329.00	-3 966 708.00	-15 435 215.00	-7 213 429.00	-232 700.00	-1 079 417.00
Foreign currency exposure in the balance sheet	43 907 503.00	4 977 525.00	-12 419 473.00	17 988 252.00	6 086 225.00	9 229 814.00
Foreign exchange derivatives hedging balance sheet items	-76 581 156.00	-4 235 493.00				-5 128 205.00
Foreign currency loans hedging the net investment	**42 318 307.00**					
Net position in the balance sheet	9 644 654.00	742 032.00	-12 419 473.00	17 988 252.00	6 086 225.00	4 101 609.00

A strengthening of five percentage points in the euro's exchange rate against all currencies would have an imputed effect of EUR -0.5 million (2008: EUR -0.7 million) on Stockmann's profit after taxes, and EUR -1.9 million (2008: EUR -2.4 million) on equity after taxes, at the balance sheet date of 31 December 2009. A weakening of five percentage points in the euro's exchange rate against all currencies would have an imputed effect of EUR +0.5 million (2008: EUR +0.8 million) on Stockmann's profit after taxes, and of EUR +2.1 million (2008: EUR +2.7 million) on equity after taxes, at the balance sheet date of 31 December 2009. In calculating the effect on equity, net investments in foreign subsidiaries have been taken into account.

INTEREST RATE RISK

Fluctuations in the level of interest rates affect the Group's interest expenses and interest income. Since acquiring Lindex, the Group's interest rate risk has grown significantly as a consequence of the increase in interest-bearing liabilities. 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 2009, Stockmann's interest-bearing loans and bank receivables had a duration of 9 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 2009.

Interest rate adjustment period, EUR	< 1 month	1-12 months	1-3 years	3-5 years	Total
Loans from financial institutions	**515 759 246.53**	**105 322 368.23**			**621 081 614.76**
Pension loans				**159 743 951.27**	**159 743 951.27**
Finance leases				**7 356 442.20**	**7 356 442.20**
Other interest bearing liabilities		**273 719.11**		**752 727.59**	**1 026 446.70**
Total	**515 759 246.53**	**105 596 087.34**		**167 853 121.06**	**789 208 454.93**
Cash and bank receivables	**-176 402 572.88**				**-176 402 572.88**
Total	**339 356 673.66**	**105 596 087.34**		**167 853 121.06**	**612 805 882.05**

The following table summarizes the interest terms of the Group's interest bearing liabilities and bank receivables at the balance sheet date December 31, 2008.

Interest rate adjustment period, EUR	< 1 month	1-12 months	1-3 years	3-5 years	Total
Loans from financial institutions	691 043 596.88	65 343 936.82			756 387 533.70
Pension loans					
Finance leases					
Other interest bearing liabilities	16 326 297.38	2 957 403.24			19 283 700.62
Total	707 369 894.26	68 301 340.06			775 671 234.32
Cash and bank receivables	-35 203 099.43				-35 203 099.43
Total	672 166 794.83	68 301 340.06			740 468 134.89

A rise of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR -2.4 million (2008: EUR -4.1 million) at the balance sheet date, 31 December 2009. Correspondingly, a decline of one percentage point in market interest rates would have an imputed effect on Stockmann's profit after taxes of EUR +2.4 million (2008: EUR +4.1 million) at the balance sheet date, 31 December 2009. 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 2009, 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.

In December 2008 Stockmann arranged its long-term financing for the coming years. A financing package of EUR 1 000 million was signed with Finnish pension insurer Varma, NIB and a banking consortium. The financing package is divided into separate elements, with maturity periods of 3, 5 and 7 years. The Group also has bilateral committed long-term credit facilities totaling EUR 66 million. These facilities mature in 2011 and 2013. In addition to these credit facilities the Group has short-term committed credit lines of EUR 63.8 million, as well as a domestic commercial paper programme of EUR 362.5 million.

Stockmann's borrowing is mostly unsecured. However, the pension loans from the Finnish pension insurer Varma are statutory secured by a mortgage. The bank financing arranged in December 2008 includes a financial covenant. The conditions in the loan agreements have been met during the year.

Cash and bank receivables as well as unused committed credit facilities

EUR	2009	2008
Cash and bank receivables	**176 402 572.88**	35 203 099.43
Credit facility, due in 2010	**50 000 000.00**	10 000 000.00
Credit facility, due in 2011	**281 459 944.86**	198 214 897.70
Credit facility, due in 2012		62 222 222.22
Credit facility, due in 2013	**710 559.71**	62 933 785.12
Credit facility, due in 2014		8 888 888.89
Credit facility, due in 2015		8 888 888.89
Credit facility, due in 2016		4 444 444.44
Overdraft facilities	**37 477 298.12**	58 727 308.65
Total	**546 050 375.56**	449 523 535.33

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2009:

EUR	2010	2011	2012	2013	2014+	Total
Loans from financial institutions	**13 025 124.30**	**580 449 040.98**	**11 412 662.05**	**25 651 356.55**	**23 012 488.17**	**653 550 672.06**
Pension loans	**5 060 000.00**	**57 971 666.33**	**56 285 000.33**	**54 598 333.34**		**173 915 000.00**
Finance leases	**1 830 277.08**	**1 830 277.08**	**1 830 277.08**	**1 830 277.08**	**915 138.54**	**8 236 246.86**
Other interest-bearing liabilities	**329 147.23**	**312 724.08**	**296 300.94**	**211 448.01**		**1 149 620.26**
Trade payables and other current liabilities	**207 983 247.86**					**207 983 247.86**
Derivatives	**5 324 682.42**					**5 324 682.42**
Total	**233 552 478.88**	**640 563 708.48**	**69 824 240.40**	**82 291 414.98**	**23 927 626.71**	**1 050 159 469.45**

Cash flows based on agreements in financial liabilities, including financing costs, were the following at 31 December 2008:

EUR	2009	2010	2011	2012	2013+	Total
Loans from financial institutions	64 441 505.08	23 682 877.52	727 676 414.40	3 196 049.21	16 943 094.79	835 939 941.00
Other interest-bearing liabilities	19 500 000.00					19 500 000.00
Trade payables and other current liabilities	218 052 123.18					218 052 123.18
Derivatives	547 318.27	321 366.39	32 484.31			901 168.97
Total	302 540 946.53	24 004 243.91	727 708 898.71	3 196 049.21	16 943 094.79	1 074 393 233.15

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 2009, the Group's liquid assets consisted mainly of deposits in Nordic banks, with a very short maturity. These will be used for repaying of debt in January 2010.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	2009	2008
Trade receivables not due	**56 505 068.80**	62 055 287.90
Trade receivables fallen due in 1–30 days	**10 156 964.80**	8 779 378.58
Trade receivables fallen due in 31–120 days	**1 615 081.38**	1 330 715.33
Trade receivables fallen due in over 120 days	**3 415 362.07**	3 749 998.13
Total	**71 692 477.05**	75 915 379.95

The carrying amount of trade receivables corresponds to the maximum amount of the credit risk for them. EUR 2.1 million of impairment losses were recognized on trade receivables in 2009 (2008: EUR 1.9 million), the impairment charge being 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). The 2008 Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and on granting special rights giving entitlement to shares under chapter 10, section 1 of the Limited Liability Companies Act, in one or more lots. Based on the authorization granted by the 2008 Annual General Meeting, Stockmann’s Board of Directors, on 14 August 2009, offered a directed issue to HTT Holding, a company owned by the Hartwall family, whereby a total of 2 433 537 new Series A shares and a total of 3 215 293 new Series B shares were issued. With this issue, the company raised EUR 96.0 million in new capital. Based on the authorization granted by the 2008 Annual General Meeting, the company’s Board of Directors also decided on 14 August 2009 to carry out a rights offering between 31 August and 18 September 2009, in which 1 611 977 new Series A shares and 2 129 810 new Series B shares, or a total of 3 741 787 shares, were subscribed using the subscription rights. With this issue, the company raised EUR 42.0 million in new capital after deduction of expenses. 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, 2009 was 44.1 per cent (at December 31, 2008 it was 39.0 per cent).

30. EVENTS AFTER THE BALANCE SHEET

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

Stockmann plc
Income Statement, FAS

	Ref.	1.1.-31.12.2009 EUR mill.	% of Rev.	1.1.-31.12.2008 EUR mill.	% of Rev.
REVENUE		**651 823 231.49**	100.0	711 341 596.55	100.0
Other operating income	2	**20 670 103.00**	3.2	35 855 208.49	5.0
Materials and services					
Materials and consumables:					
Purchases during the financial year		**376 842 374.52**		411 307 362.72	
Variation in stocks, increase (-), decrease (+)		**6 662 799.69**		2 547 935.88	
Raw materials and services, total		**383 505 174.21**	58.8	413 855 298.60	58.2
Staff expenses	3	**135 583 705.00**	20.8	143 121 608.01	20.1
Depreciation and reduction in value	4	**11 620 024.87**	1.8	11 614 843.89	1.6
Other operating expenses	5	**100 013 475.61**	15.3	107 202 154.21	15.1
		630 722 379.69	96.8	675 793 904.71	95.0
OPERATING PROFIT		**41 770 954.80**	6.4	71 402 900.33	10.0
Financial income and expenses	6	**50 302 405.44**	7.7	20 884 867.68	2.9
PROFIT BEFORE EXTRAORDINARY ITEMS		**92 073 360.24**	14.1	92 287 768.01	13.0
Extraordinary items	7				
Extraordinary income		**21 220 000.00**		14 854 802.00	
Extraordinary expenses		**-36 298 000.00**		-36 795 000.00	
Extraordinary items, total		**-15 078 000.00**	-2.3	-21 940 198.00	-3.1
PROFIT BEFORE APPROPRIATIONS AND TAXES		**76 995 360.24**	11.8	70 347 570.01	9.9
Appropriations	8	**-10 447 350.45**	-1.6	386 974.36	0.1
Income taxes					
For the financial year		**8 330 136.42**		5 106 015.45	
For previous financial years		**-46 297.18**		327 331.91	
Income taxes, total		**8 283 839.24**	1.3	5 433 347.36	0.8
PROFIT FOR THE FINANCIAL YEAR		**58 264 170.55**	8.9	65 301 197.01	9.2

Stockmann plc
Balance sheet, FAS

ASSETS	Ref.	31.12.2009 EUR	31.12.2008 EUR
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		**4 632 897.38**	4 812 423.80
Advance payments and projects in progress		**649 404.08**	489 027.11
Intangible assets, total		**5 282 301.46**	5 301 450.91
Tangible assets	10		
Land and water		**10 862 158.95**	10 862 158.95
Buildings and constructions		**262 100 461.60**	148 432 171.79
Machinery and equipment		**4 334 435.29**	4 024 208.01
Modification and renovation expenses for leased premises		**7 523 812.69**	8 780 698.92
Other tangible assets		**55 173.49**	55 173.49
Advance payments and construction in progress		**47 196 170.45**	117 963 602.20
Tangible assets, total		**332 072 212.47**	290 118 013.36
Investments	11		
Holdings in Group undertakings		**132 124 134.69**	90 508 036.69
Other shares and participations		**15 989 824.72**	17 546 403.98
Investments, total		**148 113 959.41**	108 054 440.67
NON-CURRENT ASSETS, TOTAL		**485 468 473.34**	403 473 904.94
CURRENT ASSETS			
Stocks			
Materials and consumables		**66 154 129.38**	72 816 929.07
Stocks, total		**66 154 129.38**	72 816 929.07
Non-current receivables			
Loans owed by Group undertakings		**971 690 505.31**	932 051 622.07
Non-current receivables, total		**971 690 505.31**	932 051 622.07
Current receivables	12		
Trade receivables		**18 508 464.60**	16 021 824.34
Amounts owed by Group undertakings		**94 291 239.66**	145 847 135.64
Other receivables		**4 560 838.49**	6 429 186.05
Prepayments and accrued income		**3 776 810.21**	20 722 182.63
Current receivables, total		**121 137 352.96**	189 020 328.66
Receivables, total		**1 092 827 858.27**	1 121 071 950.73
Cash and cash equivalents	13	**153 622 909.18**	8 270 784.49
CURRENT ASSETS, TOTAL		**1 312 604 896.83**	1 202 159 664.29
ASSETS, TOTAL		**1 798 073 370.17**	1 605 633 569.23

Stockmann plc
Balance sheet, FAS

EQUITY AND LIABILITIES

	Ref.	31.12.2009	31.12.2008
		EUR	EUR
EQUITY	14-15		
Share capital		**142 187 906.00**	123 406 672.00
Premium fund		**186 346 445.72**	186 346 445.72
Reserve for invested unrestricted equity		**248 360 920.00**	126 210 600.00
Other funds		**43 728 921.17**	43 728 921.17
Retained earnings		**124 609 821.96**	91 823 735.63
Net profit for the financial year		**58 264 170.55**	65 301 197.01
EQUITY, TOTAL		**803 498 185.40**	636 817 571.53
ACCUMULATED APPROPRIATIONS	16	**78 039 158.70**	67 497 787.37
LIABILITIES			
Non-current liabilities			
Loans from credit institutions		**608 540 055.14**	745 118 435.63
Pension loans		**133 000 000.00**	
Amounts owed to Group undertakings		**64 104 261.32**	
Non-current liabilities, total		**805 644 316.46**	745 118 435.63
Current liabilities	17-18		
Loans from credit institutions		**2 476 420.48**	20 367 737.76
Trade payables		**50 981 640.35**	49 685 064.04
Amounts owed to Group undertakings		**4 875 971.23**	30 849 113.75
Other current liabilities		**25 007 522.55**	25 954 414.47
Accrued liabilities and prepaid income		**27 550 155.00**	29 343 444.68
Current liabilities, total		**110 891 709.61**	156 199 774.70
LIABILITIES, TOTAL		**916 536 026.07**	901 318 210.33
EQUITY AND LIABILITIES, TOTAL		**1 798 073 370.17**	1 605 633 569.23

Cash flow statement

	2009	2008
	EUR	EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	**58 264 170.55**	65 301 197.01
Adjustments:		
Depreciation	**11 620 024.87**	11 614 843.89
Other operating income	**-250 109.20**	-18 630 639.04
Other adjustments	**16 982 119.60**	22 168 864.70
Financial income and expenses	**-50 302 405.44**	-20 884 867.68
Appropriations	**10 447 350.45**	-386 974.36
Income taxes	**8 283 839.24**	5 433 347.36
Changes in working capital:		
Change in trade and other receivables	**6 267 264.48**	109 728 149.71
Change in inventories	**6 662 799.69**	2 547 935.88
Change in trade payables and other liabilities	**-350 294.51**	-3 335 608.22
Interest and other financial expenses paid	**-25 537 940.95**	-46 131 849.95
Interest received	**52 588 569.36**	56 260 821.82
Income taxes paid	**5 278 140.50**	-20 122 793.86
NET CASH FROM OPERATING ACTIVITIES	**99 953 528.64**	163 562 427.26
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	**-55 047 832.05**	-69 877 808.05
Additions to holdings in Group undertakings	**-44 646 098.00**	
Proceeds from disposal of subsidiary shares	**5 600 000.00**	
Proceeds from disposal of tangible assets	**20 400.00**	5 324 436.00
Capital expenditures on other investments		-10 000.00
Proceeds from disposal of other investments	**1 800 200.00**	15 000 000.00
Loans granted	**-51 276 339.45**	-16 780 643.46
Proceeds from repayments of loans	**48 182 437.86**	
Dividends received	**36 470 086.19**	122 068.60
NET CASH USED IN INVESTING ACTIVITIES	**-58 897 145.45**	-66 221 946.91
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (+)/repayment of (-) loan receivables	**45 010 720.39**	-106 275 934.85
Proceeds from issue of share capital	**136 965 926.59**	134 571 325.05
Proceeds from sale of own shares	**5 130 789.80**	
Proceeds from (+)/repayment of (-) short-term borrowings	**-17 891 317.28**	-9 271 855.47
Repayments of long-term borrowings	**-216 203 564.14**	-135 063 277.68
Proceeds from long-term borrowings	**209 251 084.45**	117 617 505.12
Dividends paid	**-38 017 700.31**	-75 176 953.39
Proceeds from (+)/ payment of (-) extraordinary items	**-19 950 198.00**	-20 165 000.00
NET CASH USED IN FINANCING ACTIVITIES	**104 295 741.50**	-93 764 191.22
Change in cash and cash equivalents	**145 352 124.69**	3 576 289.13
Cash and cash equivalents at start of the financial year	**8 270 784.49**	4 694 495.36
Cash and cash equivalents at end of the financial year	**153 622 909.18**	8 270 784.49

1. ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. OTHER OPERATING INCOME

EUR	2009	2008
Group internal capital gains	**244 261.68**	14 886 420.00
Other capital gains	**6 488.46**	3 744 219.06
Income from credit card co-operation	**5 113 987.56**	2 430 249.05
Other operating income	**154 392.07**	110 934.01
Rental income from subsidiaries	**4 056 842.67**	3 812 464.52
Compensation for services to Group companies	**11 094 130.56**	10 870 921.85
Total	**20 670 103.00**	35 855 208.49

3. STAFF EXPENSES

EUR	2009	2008
Salaries and emoluments paid to the CEO and his alternate	**564 780.00**	937 879.37
Salaries and emoluments paid to the Board of Directors	**367 000.00**	353 500.00
Other wages and salaries	**106 613 623.91**	112 357 570.31
Wages during sick leave	**3 696 378.50**	4 112 949.75
Pension expenses	**18 562 334.48**	18 216 208.59
Other staff expenses	**5 779 588.11**	7 143 499.99
Total	**135 583 705.00**	143 121 608.01
Parent company staff, average	**4 757**	5 238

Management pension liabilities

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

4. DEPRECATION AND REDUCTION IN VALUE

EUR	2009	2008
Intangible rights	**1 183 476.29**	1 124 256.70
Modification and renovation expenses for leased premises	**1 631 538.11**	1 800 815.84
Buildings and constructions	**6 744 325.10**	5 539 658.30
Machinery and equipment	**2 060 685.37**	3 150 113.05
Total	**11 620 024.87**	11 614 843.89

5. OTHER OPERATING EXPENSES

EUR	2009	2008
Site expenses	**61 020 027.09**	60 681 260.73
Marketing expenses	**11 596 633.78**	13 519 312.99
Goods handling expenses	**3 983 460.29**	4 838 951.88
Voluntary indirect employee expenses	**1 408 947.47**	2 549 153.29
Credit losses	**7 534.94**	266 644.69
Other expenses	**21 996 872.04**	25 346 830.63
Total	**100 013 475.61**	107 202 154.21

Auditors fees

EUR	2009	2008
Audit fees	**151 762.00**	154 700.00
Tax consulting	**37 920.00**	57 800.00
Certificate and advice	**2 361.00**	54 700.00
Other services	**97 622.00**	7 100.00
Total	**289 665.00**	274 300.00

6. FINANCIAL INCOME AND EXPENSES

EUR	**2009**	2008
Interim dividend from Group undertakings	**34 139 680.06**	36 320 147.19
Dividend income	**149 939.00**	122 068.60
Interest income from Group undertakings	**52 200 195.88**	51 330 693.37
Interest income from interest-bearing trade receivables	**100 614.02**	4 549 259.15
Other interest and financial income from parties outside the Group	**912 082.99**	209 494.09
Interest expenses to Group undertakings	**-1 591 876.56**	-1 907 441.38
Interest expenses to parties outside the Group	**-23 995 240.40**	-47 324 590.92
Other financial expenses to parties outside the Group	**-3 972 311.88**	-3 129 401.22
Foreign exchange losses and gains (net)	**-7 640 677.67**	-19 285 361.20
Total	**50 302 405.44**	20 884 867.68

7. EXTRAORDINARY ITEMS

EUR	**2009**	2008
Contributions from Group companies	**21 220 000.00**	14 854 802.00
Contributions to Group companies	**-36 298 000.00**	-36 795 000.00
Total	**-15 078 000.00**	-21 940 198.00

8. APPROPRIATIONS

EUR	**2009**	2008
Change in depreciation reserve		
Intangible rights	**-32 052.62**	-57 630.91
Modification and renovation expenses for leased premises	**297 265.10**	129 282.29
Buildings and constructions	**-10 599 689.34**	-21 122 872.42
Machinery and equipment	**-112 873.59**	1 334 922.40
Change in replacement reserve		20 103 273.00
Total	**-10 447 350.45**	**386 974.36**

Non-current assets

9. INTANGIBLE ASSETS

EUR	**2009**	2008
Intangible rights		
Acquisition cost Jan. 1	**9 299 152.38**	7 188 654.78
Increases	**529 248.02**	
Transfers between items	**474 701.85**	3 134 314.93
Decreases	**-3 004 060.39**	-1 023 817.33
Acquisition cost Dec. 31	**7 299 041.86**	9 299 152.38
Accumulated depreciation Jan. 1	**4 486 728.58**	4 386 289.18
Depreciation on reductions	**-3 004 060.39**	-1 023 817.33
Depreciation for the financial year	**1 183 476.29**	1 124 256.73
Accumulated depreciation Dec. 31	**2 666 144.48**	4 486 728.58
Book value Dec. 31	**4 632 897.38**	4 812 423.80

Advance payments and projects in progress

EUR	**2009**	2008
Acquisition cost Jan. 1	**489 027.11**	1 738 759.39
Increases	**635 078.82**	3 134 314.93
Transfers between items	**-474 701.85**	-3 134 314.93
Decreases		-1 249 732.28
Book value Dec. 31	**649 404.08**	489 027.11
Intangible assets, total	**5 282 301.46**	5 301 450.91

10. TANGIBLE ASSETS

Land and water

EUR	**2009**	2008
Acquisition cost Jan. 1	**4 963 808.37**	6 497 543.76
Decreases		-1 533 735.39
Acquisition cost Dec. 31	**4 963 808.37**	4 963 808.37
Revaluations Jan. 1 and Dec. 31	**5 898 350.58**	5 898 350.58
Book value Dec. 31	**10 862 158.95**	10 862 158.95

Buildings and constructions

EUR	**2009**	2008
Acquisition cost Jan. 1	**161 787 884.72**	136 282 202.55
Transfers between items	**120 412 614.91**	29 118 683.33
Decreases	**-934 980.76**	-3 613 001.16
Acquisition cost Dec. 31	**281 265 518.87**	161 787 884.72
Accumulated depreciation Jan. 1	**39 886 422.53**	37 959 765.39
Depreciation on reductions	**-934 980.76**	-3 613 001.16
Depreciation for the financial year	**6 744 325.10**	5 539 658.30
Accumulated depreciation Dec. 31	**45 695 766.87**	39 886 422.53
Revaluations Jan. 1 and Dec. 31	**26 530 709.60**	26 530 709.60
Book value Dec. 31	**262 100 461.60**	148 432 171.79

Machinery and equipment

EUR	**2009**	2008
Acquisition cost Jan. 1	**26 203 448.54**	34 033 406.92
Increases	**79 237.55**	
Transfers between items	**2 305 586.64**	409 376.72
Decreases	**-16 210 891.52**	-8 239 335.10
Acquisition cost Dec. 31	**12 377 381.21**	26 203 448.54
Accumulated depreciation Jan. 1	**22 179 240.53**	27 268 462.58
Depreciation on reductions	**-16 196 979.98**	-8 239 335.10
Depreciation for the financial year	**2 060 685.37**	3 150 113.05
Accumulated depreciation Dec. 31	**8 042 945.92**	22 179 240.53
Book value Dec. 31	**4 334 435.29**	4 024 208.01

Modification and renovation expenses for leased premises

EUR	**2009**	2008
Acquisition cost Jan. 1	**17 913 104.73**	21 041 019.87
Increases	**374 651.86**	282 581.56
Decreases	**-3 304 523.85**	-3 410 496.70
Acquisition cost Dec. 31	**14 983 232.74**	17 913 104.73
Accumulated depreciation Jan. 1	**9 132 405.81**	10 742 086.67
Depreciation on reductions	**-3 304 523.85**	-3 410 496.70
Depreciation for the financial year	**1 631 538.09**	1 800 815.84
Accumulated depreciation Dec. 31	**7 459 420.05**	9 132 405.81
Book value Dec. 31	**7 523 812.69**	8 780 698.92

Other tangible assets

EUR	**2009**	2008
Acquisition cost Jan. 1	**55 173.49**	50 173.49
Increases		5 000.00
Acquisition cost Dec. 31	**55 173.49**	55 173.49
Book value Dec. 31	**55 173.49**	55 173.49

Advance payments and construction in progress

EUR	**2009**	2008
Acquisition cost Jan. 1	**117 963 602.20**	80 450 198.28
Increases	**52 072 031.61**	67 041 463.97
Transfers between items	**-122 718 201.55**	-29 528 060.05
Decreases	**-121 261.81**	
Acquisition cost Dec. 31	**47 196 170.45**	117 963 602.20
Book value Dec. 31	**47 196 170.45**	117 963 602.20
Tangible assets, total	**332 072 212.47**	290 118 013.36

Revaluations included in balance sheet values

EUR	**2009**	2008
Land and water	**5 898 350.58**	5 898 350.58
Buildings	**26 530 709.60**	26 530 709.60
Total	**32 429 060.18**	32 429 060.18

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

11. INVESTMENTS

EUR	**2009**	2008
Holdings in Group undertakings		
Acquisition cost Jan. 1	**90 508 036.69**	87 621 616.69
Increases	**49 071 707.05**	3 000 000.00
Decreases	**-7 455 609.05**	-113 580.00
Book value Dec. 31	**132 124 134.69**	90 508 036.69

Other shares and participations

EUR	**2009**	2008
Acquisition cost Jan. 1	**17 546 403.98**	17 536 403.98
Increases		10 000.00
Decreases	**-1 556 579.26**	
Book value Dec. 31	**15 989 824.72**	17 546 403.98
Investments, total	**148 113 959.41**	108 054 440.67

Receivables

12. CURRENT RECEIVABLES

EUR	**2009**	2008
Interest-bearing trade receivables	**329 046.11**	2 279 551.32
Non-interest bearing trade receivables	**18 179 418.49**	13 742 273.02
Trade receivables, total	**18 508 464.60**	16 021 824.34
Amounts owed by Group undertakings	**94 291 239.66**	145 847 135.64
Other receivables	**4 560 838.49**	6 429 186.05
Prepayments and accrued income	**3 776 810.21**	20 722 182.63
Current receivables, total	**121 137 352.96**	189 020 328.66

Amounts owed by Group undertakings

EUR	2009	2008
Trade receivables	**2 117 556.58**	2 026 521.19
Dividend receivables	**34 139 680.06**	36 320 147.25
Loan receivables	**22 387 807.40**	76 294 841.01
Account receivables	**13 594 560.42**	15 953 577.82
Group contribution receivables	**21 220 000.00**	14 854 802.00
Prepayments and accrued income	**499 277.09**	261 634.09
Other current receivables	**332 358.11**	135 612.28
Total	**94 291 239.66**	145 847 135.64

Essential items in prepayments and accrued income

EUR	2009	2008
Periodized financial income	**990 185.50**	5 308 354.74
Deferred indirect employee expenses	**720 000.00**	650 000.00
Deferred annual discounts	**624 705.70**	343 135.15
Income tax receivables		12 788 380.55
Other prepayments and accrued income	**1 441 919.01**	1 632 312.19
Total	**3 776 810.21**	20 722 182.63

13. CASH AND CASH EQUIVALENTS

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

14. CHANGES IN EQUITY

EUR	2009	2008
Share capital		
Series A shares Jan. 1	**53 164 098.00**	49 128 486.00
Share issue	**8 091 028.00**	4 035 612.00
Series A shares Dec. 31	**61 255 126.00**	53 164 098.00
Series B shares Jan. 1	**70 242 574.00**	63 058 738.00
Share issue	**10 690 206.00**	7 183 108.00
Subscriptions with options		728.00
Series B shares Dec. 31	**80 932 780.00**	70 242 574.00
Share capital, total	**142 187 906.00**	123 406 672.00
Premium fund Jan. 1	**186 346 445.72**	186 336 399.32
Subscriptions with options		10 046.40
Premium fund Dec. 31	**186 346 445.72**	186 346 445.72
Reserve for invested unrestricted equity Jan. 1	**126 210 600.00**	
Share issue	**122 150 320.00**	126 210 600.00
Reserve for invested unrestricted equity Dec. 31	**248 360 920.00**	**126 210 600.00**
Other funds Jan. 1 and Dec. 31	**43 728 921.17**	43 728 921.17
Retained earnings Jan. 1	**157 124 932.64**	166 922 539.13
Dividends	**-38 039 220.22**	-75 227 470.20
Dividends which haven't been drawn	**78 410.03**	
Sale of own shares	**5 130 789.80**	
Share bonuses	**314 909.71**	128 666.70
Total	**124 609 821.96**	91 823 735.63
Net profit for the financial year	**58 264 170.55**	65 301 197.01
Equity, total	**803 498 185.40**	636 817 571.53

Breakdown of distributable funds Dec. 31

EUR	2009	2008
Other funds	**292 089 841.17**	169 939 521.17
Retained earnings	**124 609 821.96**	91 823 735.63
Net profit for the financial year	**58 264 170.55**	65 301 197.01
Total	**474 963 833.68**	327 064 453.81

15. THE PARENT COMPANY'S SHARES

Par value EUR 2.00	Number of shares	Number of shares
Series A shares (10 votes each)	**30 627 563**	26 582 049
Series B shares (1 vote each)	**40 466 390**	34 756 966
Own B shares		364 321
Total	**71 093 953**	61 703 336

16. ACCUMULATED APPROPRIATIONS

The accumulated appropriations comprise accumulated depreciation difference.

17. CURRENT LIABILITIES

EUR	2009	2008
Current interest-bearing liabilities	**2 476 420.48**	48 220 914.63
Current non-interest-bearing liabilities	**108 415 289.13**	107 978 860.07
Total	**110 891 709.61**	156 199 774.70

Amounts owed to Group undertakings

EUR	2009	2008
Other current liabilities, interest-bearing		27 853 176.87
Trade payables, interest-free	**1 334 551.91**	267 298.99
Other current liabilities, interest-free	**1 134 224.76**	1 167 321.58
Group contributions payable, interest-free	**2 398 000.00**	905 000.00
Accrued liabilities, interest-free	**9 194.56**	656 316.31
Total	**4 875 971.23**	30 849 113.75

18. ESSENTIAL ITEMS IN ACCRUALS AND PREPAID INCOME

EUR	2009	2008
Staff expenses	**21 104 607.58**	22 204 041.77
Interest expenses	**953 877.40**	1 240 658.52
Loan arrangement fees		4 847 372.50
Other financial expenses	**4 115 162.66**	94 627.64
Income taxes	**926 636.43**	153 037.24
Dividends	**289 943.79**	346 833.91
Other accruals	**159 927.14**	456 873.10
Total	**27 550 155.00**	29 343 444.68

19. SECURITY PLEDGED

EUR	2009		2008	
Security pledged on behalf of the company	**Loan**	**Security value**	Loan	Security value
Mortgages given for long-term pension loans	**100 000 000.00**	**200 000 000.00**		
Other mortgages given		**1 681 879.26**		1 681 879.00
Security pledged on behalf of the company, total		**201 681 879.26**		1 681 879.00

	2009	2008
Security pledged on behalf of Group undertakings		
Rent guarantees	**39 580 482.96**	40 183 037.79
Other guarantees	**26 743 108.48**	26 267 806.42
Total	**66 323 591.44**	66 450 844.21

Security pledged, total		
Mortgages	**201 681 879.26**	1 681 879.00
Guarantees	**66 323 591.44**	66 450 844.21
Total	**268 005 470.70**	68 132 723.21

20. OTHER COMMITMENTS

EUR	2009	2008
Leasing commitments		
Payable during one year	**5 092 184.81**	5 921 677.13
Payable during more than one year	**13 075 736.42**	14 487 630.18
Total	**18 167 921.23**	20 409 307.31

Investments in real estate

The company is required to adjust the VAT deductions made on real estate investments completed in 2005-2009, if the VAT-liable use of the real estate decreases during the adjustment period. The last adjustment year is 2018, and the maximum liability is EUR 33 766 370.00. In 2008 the maximum liability was EUR 23 186 906.00.

21. PENSION LIABILITIES

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

Shares and participations

Group undertakings

Parent company holdings	Number	Shareholding %	Voting rights %	Cur-rency	Book value	Shareholders' equity
Oy Hobby Hall Ab, Helsinki	120 000	100	100	EUR	18 801 825.71	16 146 190.71
Seppälä Oy, Helsinki	30 000	100	100	EUR	5 046 000.00	13 274 307.56
Stockmann AS, Tallinn	16 200	100	100	EEK	1 022 193.07	24 187 161.64
SIA Stockmann, Riga	1 615 500	100	100	LVL	4 830 564.93	2 928 071.24
SIA Stockmann Centrs, Riga	31 500	63	63	LVL	115 577.78	1 390 251.25
Oy Stockmann Russia Holding Ab, Helsinki	4 000	100	100	EUR	45 442 300.36	1 071 787.88
Z-Fashion Finland Oy, Helsinki	50	100	100	EUR	8 483.18	366 236.77
Oy Suomen Pääomarahoitus-Finlands Kapitalfinans Ab, Helsinki	1 000	100	100	EUR	1 682 000.00	2 254 987.12
UAB Stockmann, Vilnius	52 000	100	100	LTL	1 509 852.43	-4 625 803.70
Stockmann Sverige AB, Stockholm	100 000	100	100	SEK	48 843 170.23	26 593 774.21
Kiinteistö Oy Friisinkeskus II, Espoo	1 948	97	97	EUR	612 348.47	732 054.31
Kiinteistö Oy Muuntajankatu 4, Helsinki	50	100	100	EUR	3 271 810.81	2 190 129.19
Kiinteistö Oy Stävö, Helsinki	50	100	100	EUR	8 500.00	8 552.53
Oy Hullut Päivät-Galna Dagar Ab, Helsinki	40	100	100	EUR	11 000.00	10 998.49
Espoon Autotalo Oy, Espoo	400	100	100	EUR	463 038.09	35 018.01
TF-Autokeskus Oy, Vantaa	600	100	100	EUR	455 469.63	293 760.06
Parent company holdings, total					132 124 134.69	86 857 477.27

Holdings of subsidiaries	Number	Shareholding %	Voting rights %	Cur-rency	Book value	Shareholders' equity
ZAO Kalinka-Stockmann, Moscow	583 450	100	100	RUB	3 560 924.57	3 735 243.64
ZAO Stockmann, Moscow	2 000	100	100	RUB	587 082.46	-1 004 972.99
Oy Stockmann Russia Finance Ab, Helsinki	40 000	100	100	EUR	783 594.10	2 948 753.82
Hobby Hall AB, Stockholm	1 000	100	100	SEK	21 998.15	5 891.62
Stockmann Stp Centre Ltd, St Petersburg	5	100	100	RUB	13 037 388.43	8 426 481.57
TOV Stockmann, Kiev	1	100	100	EUR	106 258.62	-1 118 037.82
AB Lindex, Gothenburg	68 750 000	100	100	SEK	782 546 022.36	94 123 116.76
AB Lindex holdings of subsidiaries						
Lindex Sverige AB, Gothenburg	36 000	100	100	SEK		
Lindex AS, Oslo	200 000	100	100	NOK		
Lindex Oy, Helsinki	13 000	100	100	EUR		
Lindex Oü, Tallinn		100	100	EEK		
Lindex SIA, Riga		100	100	LVL		
Lindex UAB, Vilnius		100	100	LTL		
Lindex s.r.o, Prague	200	100	100	CZK		
AB Espevik, Alingsås	1 000	100	100	SEK		
Espevik i Sverige AB, Gothenburg	400 000	100	100	SEK		
Lindex H.K. Ltd, Hong Kong	9 900	99	99	HKD		
Shanghai Lindex Consulting Company Ltd, Shanghai		100	100	CNY		
Lindex Financial Services AB, Gothenburg	13 230	100	100	SEK		
Lindex India Private Ltd, New Delhi	10 000	100	100	INR		
It will be fit AB, Gothenburg	1 000	100	100	SEK		
Lindex Slovak		100	100	SEK		
Group undertakings owned by subsidiaries, total					800 643 268.69	107 116 476.60
Group undertakings, total					932 767 403.38	193 973 953.87

Joint ventures	Number	Shareholding %	Cur-rency	Book value
Kiinteistö Oy Raitinkartano, Espoo	1 029	15.6	EUR	5 014 643.18
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37.8	EUR	5 656 970.70
Joint ventures, total				10 671 613.88

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

Other undertakings

Parent company holdings	Number	Shareholding %	Cur-rency	Book value
Kiinteistö Oy Raitinkartano, Espoo	1 029	15.6	EUR	5 532 884.94
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37.8	EUR	6 241 944.22
Tuko Logistics Oy, Kerava	600	10.0	EUR	3 763 117.75
Others				451 877.81
Other parent company holdings, total				15 989 824.72

PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

The parent company's distributable funds according to the balance sheet at December 31, 2009, were EUR 475.0 million.

According to the Parent Company Balance Sheet at December 31, 2009, the following amounts are at disposal of the Annual General Meeting:

-	Retained earnings, including the Contingency fund and the Reserve for invested unrestricted equity	416 699 663.13
-	Net profit for the financial year	58 264 170.55
		474 963 833.68

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

-	on the 71 093 953 shares owned by external parties be paid a dividend of EUR 0.72 per share for the financial year 2009	51 187 646.16
-	to be carried forward to the Contingency fund, Reserve for invested unrestricted equity and Retained earnings	423 776 187.52
		474 963 833.68

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

Helsinki, 11 February 2010

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

BOARD OF DIRECTORS

Christoffer Taxell

Kaj-Gustaf Bergh	Erkki Etola	Eva Liljeblom
Kari Niemistö	Carola Teir-Lehtinen	Henry Wiklund

CEO

Hannu Penttilä

Our auditor's report has been issued today.

Helsinki, 15 February 2010

Jari Härmälä Authorized Public Accountant	Henrik Holmbom Authorized Public Accountant