STOCKMANN GROUP'S FINANCIAL STATEMENTS BULLETIN 2010

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Improved operating profit, earnings per share clearly up in 2010

Financial year 2010:
Consolidated revenue grew by 7.3 per cent to EUR 1 821.9 million (EUR 1 698.5 million).
Operating profit was up by EUR 3.7 million, to EUR 88.8 million (EUR 85.1 million).
Net financial expenses were EUR 14.6 million (EUR 24.0 million).
Profit for the financial year was EUR 78.3 million (EUR 53.8 million), and earnings per share came to EUR 1.10 (EUR 0.82).
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.82 per share be paid.

Fourth quarter 2010:
Consolidated revenue grew by 9.6 per cent to EUR 576.9 million (EUR 526.3 million).
Operating profit was EUR 48.5 million (EUR 60.8 million).

CEO Hannu Penttilä:
"For the Stockmann Group, 2010 was a good year overall. Revenue began to grow in the early months and growth then accelerated towards the end of the year. This was boosted by our historically important projects completed late in the year, the enlargement and renovation of the Helsinki flagship department store and the Nevsky Centre shopping centre in St Petersburg.

The Department Store Division performed as we'd expected and improved its operating profit. Seppälä increased its operating profit as well. Lindex's operating profit accounted for 62 per cent of the total for the entire Group, even though the figure was down on the excellent level posted by Lindex in 2009. Both Lindex and Seppälä continued international expansion, in accordance with plans. Due to decreased financial expenses and change in taxes, earnings per share increased clearly more than the operating profit.

We are cautiously confident with the general market development in 2011, and our capital expenditure projects completed in 2010 will boost growth in the Group. Our aim is to achieve further growth in revenue and operating profit in 2011."

Key figures		**1-12/2010**	**1-12/2009**	**Index**
Revenue	EUR mill.	1 821.9	1 698.5	107
Operating profit	EUR mill.	88.8	85.1	104
Profit before taxes	EUR mill.	74.2	61.1	121
Earnings per share, undiluted	EUR	1.10	0.82	134
Equity per share		12.45	11.94	104
Cash flow from operating activities	EUR mill.	91.8	146.8	64
		10-12/2010	**10-12/2009**	**Index**
Revenue	EUR mill.	576.9	526.3	110
Operating profit	EUR mill.	48.5	60.8	80
Profit before taxes	EUR mill.	44.3	55.6	80
Earnings per share, undiluted	EUR	0.52	0.58	90
Key ratios		**12/2010**	**12/2009**	
Net gearing	per cent	87.7	72.2	
Equity ratio	per cent	43.1	44.1	
Number of shares, weighted average - diluted	thousands	71 897	65 995	
Return on capital employed, rolling 12 months	per cent	5.8	5.8	

REVENUE AND EARNINGS

The recovery in consumer demand, a strengthening of consumer confidence and the measures taken by all divisions to strengthen their competitive position were evident in the Stockmann Group's revenue (excl. VAT) for the financial year, which was up by 7.3 per cent to EUR 1 821.9 million (2009: EUR 1 698.5 million). Revenue in Finland was up by 4.2 per cent to EUR 987.8 million. Revenue abroad amounted to EUR 834.0 million, an increase of 11.1 per cent. The Swedish krona, the Norwegian krone and the Russian rouble all strengthened against the euro during the financial year. If like-for-like exchange rates are used, the Group's revenue abroad had grown 2.3 per cent. Revenue abroad accounted for 45.8 per cent (44.2 per cent) of the Group's total revenue.

There was no other operating income during the financial year.

The Group's operating gross margin for the financial year increased by EUR 91.4 million, to EUR 908.8 million. The relative gross margin was 49.9 per cent (48.1 per cent). In all divisions the relative gross margin was up year on year. Operating costs increased by EUR 84.1 million and depreciation by EUR 3.4 million.

The Group's operating profit for the financial year grew by EUR 3.7 million, to EUR 88.8 million (EUR 85.1 million).

The Stockmann Group's fourth-quarter revenue grew by 9.6 per cent to EUR 576.9 million (EUR 526.3 million). The fourth-quarter gross margin was EUR 285.1 million (EUR 263.6 million), the relative gross margin was 49.4 per cent (50.1 per cent) and the operating profit was EUR 48.5 million (EUR 60.8 million).

Net financial expenses fell by EUR 9.4 million, to EUR 14.6 million (EUR 24.0 million) for the financial year. The decrease was attributable to the low level of interest rates and the non-recurring foreign exchange gains.

Net profit before taxes for the financial year amounted to EUR 74.2 million, which was EUR 13.1 million more than a year earlier. Profit for the period is burdened by a tax accrual of EUR 12.1 million. Taxes for the financial year also included a deferred tax liability of EUR 16.3 million booked for the unrealized exchange rate loss on the currency loan that improved earnings. In total these tax items exceptionally improved the profit by EUR 4.2 million. The taxes burdening the previous year's result totalled EUR 7.3 million. Profit for the year was EUR 78.3 million (EUR 53.8 million).

Earnings per share for the financial year came to EUR 1.10 (EUR 0.82), and, diluted for options, EUR 1.09 (EUR 0.82). Equity per share was EUR 12.45 (EUR 11.94).

REVENUE AND EARNINGS PERFORMANCE BY OPERATING SEGMENT

Department Store Division

Hobby Hall's business was transferred to the Department Store Division as of the start of 2010, and Oy Hobby Hall Ab was merged with the parent company on 30 June 2010. The Department Store Division's 2010 figures include Hobby Hall, and so the previous year's figures used for comparison have been adjusted accordingly.

The Department Store Division's revenue was up by 7.7 per cent without the international operations of Hobby Hall, which were discontinued in 2009. Revenue was EUR 1 099.9 million (EUR 1 030.0 million). Revenue in Finland was up by 5.2 per cent to EUR 826.4 million (EUR 785.8 million). The revenue growth was boosted especially by the completion of the enlargement and renovation project at the Helsinki city centre department store in stages during the year.

If the international operations of Hobby Hall, which were discontinued during 2009, are excluded from the like-for-like figures for 2009, the euro-denominated revenue of international operations shows an increase of 16.0 per cent. Revenue abroad accounted for 24.9 per cent (23.1 per cent) of the Division's total revenue. The Department Store Division's revenue in the Baltic countries was EUR 81.9 million (EUR 84.5 million), and in Russia EUR 191.7 million (EUR 151.3 million). Revenue in Russia was up significantly as sales began well in the new department stores in St Petersburg and Moscow. The strengthening of the rouble against the euro also affected positively the revenue growth.

As a consequence of good sales and stock situation, the relative gross margin for the financial year increased to an all-time high, at 42.4 per cent (39.8 per cent). The Department Store Division's operating profit was up by EUR 10.1 million, to EUR 32.9 million. Burdening the operating profit for the financial year are the costs associated with the opening of the enlarged premises at the Helsinki department store, the Nevsky Centre in St Petersburg and the Stockmann online store.

Fourth-quarter revenue was up by 12.5 per cent to EUR 373.4 million (EUR 332.0 million). Christmas sales were a success in all units in Finland and abroad. Growth was accelerated in particular by the opening of the Nevsky Centre shopping centre and the Stockmann department store in St Petersburg in November 2010. The Department Store Division's operating profit was EUR 30.9 million, compared with EUR 33.5 million for the same period a year earlier.

Lindex

Lindex's full-year revenue totalled EUR 578.7 million, which was 9.8 per cent more than a year earlier (EUR 527.0 million). Revenue in Finland was up by 1.7 per cent and in other countries by 11.0 per cent. The revenue growth was due in part to the opening of new stores, especially in Central Europe and Russia. The strengthening of the Swedish krona and Norwegian krone against the euro also boosted revenue.

The relative gross margin for the financial year remained high, at 63.1 per cent (62.9 per cent), but the accelerated expansion meant that fixed costs and depreciation grew faster than the increase in the gross margin. Operating profit decreased, especially as a result of the performance in the Nordic countries in the latter part of the year. Lindex's operating profit for the financial year decreased by EUR 7.3 million and amounted to EUR 54.8 million (EUR 62.1 million).

Fourth-quarter revenue was up by 6.6 per cent to EUR 165.6 million (EUR 155.3 million). Operating profit was EUR 17.1 million, compared with EUR 24.2 million for the same period a year earlier.

Seppälä

Seppälä's revenue increased by 2.6 per cent year on year, to a total of EUR 143.2 million (EUR 139.5 million). Revenue in Finland was at the previous year's level and up 8.1 per cent abroad. Revenue abroad accounted for 34.1 per cent (32.4 per cent) of Seppälä's total revenue. Revenue in Russia was up by 13.5 per cent.

The relative gross margin for the financial year was up, at 59.8 per cent (58.2 per cent), which is an all-time high. The growth was due especially to the good sales and stock situation in the first part of the year, and the efficient purchasing operation. Seppälä's operating profit grew by EUR 1.0 million, to EUR 9.0 million (EUR 8.0 million). Earnings performance improved in Russia whereas development in Finland remained lower.

In the fourth quarter, Seppälä's revenue amounted to EUR 37.9 million (EUR 38.4 million). Operating profit was EUR 2.8 million (EUR 4.9 million).

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 36.7 million at the close of the year, as against EUR 176.4 million a year earlier. Cash flow from operating activities came to EUR 91.8 million (EUR 146.8 million).

Most of the long-term debt was refinanced during the financial year. At the end of the year, interest-bearing liabilities stood at EUR 813.3 million (EUR 789.2 million), of which EUR 521.3 million (EUR 786.9 million) was long-term debt. In addition, the Group has EUR 343.1 million in unused committed long-term credit facilities. A significant proportion of the debt is tied to the Swedish krona, and the strengthening of the krona during the financial year increased the amount of loan capital presented in euros.

Net working capital amounted to EUR 79.5 million at the close of the year, as against EUR 109.3 million a year earlier. Non-interest-bearing liabilities grew by EUR 74.8 million compared with the previous year. The stock level was higher than the previous year, primarily as a result of the newly opened department stores and the expanded store network, and the strength of the Swedish krona and Russian rouble.

The equity ratio at the close of the year was 43.1 per cent (44.1 per cent), and net gearing was 87.7 per cent (72.2 per cent).

The return on capital employed remained at the previous year's level and was 5.8 per cent. The Group's capital employed increased by EUR 59.6 million and stood at EUR 1 699.1 million (EUR 1 639.5 million) at the end of the financial year.

DIVIDENDS

In accordance with the resolution of the Annual General Meeting, a dividend of EUR 0.72 per share was paid on the 2009 financial year, which came to a total of EUR 51.2 million.

At the end of the financial year, on 31 December 2010, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 446.8 million, of which EUR 21.5 million was net profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.82 per share be paid on the 2010 financial year. The proposed dividend is 74.5 per cent of earnings per share. Under this proposal, a total of EUR 58 339 720.00 would be paid in dividends. EUR 388 422 871.51 will remain in unrestricted equity.

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 165.4 million (EUR 152.8 million).

Department Store Division

Moscow's fifth Stockmann department store was opened on 4 March 2010 in the Golden Babylon shopping centre in the Rostokino district in north Moscow. Stockmann's capital expenditure on the department store, which has a total retail space of about 10 000 square metres, amounted to EUR 16.0 million. During the financial year, the project required an investment of EUR 8.0 million. The start of the department store's operation has met expectations.

The major enlargement and renovation project at the Helsinki department store, in which construction work began in 2006, was completed in November as planned. The project involved expanding the department store's commercial premises by about 10 000 square metres by converting existing premises to commercial use and by building new space. Other elements of the project included construction of new goods handling and servicing facilities and a car park. The new premises were opened in stages. Following the enlargement, the Helsinki department store is one of the largest in Europe, with a total retail space of about 50 000 square metres. During the financial year, the project required an investment on EUR 38.5 million. The total capital expenditure on the enlargement part of the project was EUR 198 million, in addition to which significant repair and renovation work was carried out in the existing premises. The enlarged and remodelled department store is now more competitive and will remain so long into the future.

In 2006, Stockmann purchased a commercial plot of approximately 10 000 square metres on Nevsky Prospect, St Petersburg's high street. Stockmann had the Nevsky Centre shopping centre built on this site, which is next to the Vosstaniya Square metro station and very near the Moscow railway station. The Nevsky Centre comprises a total of about 100 000 square metres and its opening ceremony was held on 11 November 2010. The Nevsky Centre contains a total of about 50 000 square metres of stores and offices. Its Stockmann department store, comprising about 20 000 square metres, is the Group's second largest department store and the flagship of Stockmann's Russian operations. The shopping centre also includes stores of the Stockmann Group's fashion chains Lindex and Seppälä, as well as Bestseller, more than 70 other stores and restaurants and services. The Nevsky Centre also contains office premises and an underground car park for about 560 cars. During the financial year, the project required an investment of EUR 61.0 million. The total capital expenditure is approximately EUR 185 million. The final report on the project's finances is unfinished. The operation of the entire shopping centre and of its Stockmann department store and the Group's fashion stores have begun successfully.

The Stockmann department stores in Finland switched to multichannel operation with the opening of the stockmann.com online store in September 2010. In its early stages, the new online store's selection includes the following department store product categories: women's, men's and children's fashion, sport, home furnishing and electronics. When creating the new online store, good use was made of the distance retailing expertise of Hobby Hall, part of the Department Store Division since the start of 2010, and of the investment made in this operation. The Department Store Division's organisation now includes three distinct distance retailing brands: Hobby Hall, Stockmann and the Academic Bookstore.

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

In July, Stockmann purchased a property next to its Tallinn department store for EUR 1.6 million, which will enable the department store to expand in the future.

The Department Store Division's capital expenditure during the financial year totalled EUR 131.1 million.

Lindex

Thirty-six new Lindex stores were opened during the financial year. Lindex opened eight of its own stores in the Czech Republic, six in Norway, five in Russia, four in Sweden, two in each of Slovakia and Finland, and one in each of Estonia and Lithuania. The company's franchising partner opened four Lindex stores in Saudi Arabia and one in Dubai, United Arab Emirates, a new market for Lindex. A new franchising partner opened its first two stores in Bosnia and Herzegovina, also a new market for Lindex and the entire Stockmann Group.

Lindex opened its lindex.com online store in Finland in May. In January 2011, after the close of the financial year, Lindex opened its online store Lindex Shop Online throughout the EU. Lindex's fashion wear can now be purchased over the Internet in 27 European countries.

During the financial year Lindex closed two stores in Finland and one in Norway.

Lindex's capital expenditure totalled EUR 28.2 million during the financial year.

Seppälä

Seppälä opened 12 stores during the financial year: six in Russia, four in Finland and two in Estonia.

Seppälä's capital expenditure totalled EUR 4.7 million.

Other capital expenditure and changes in the Group's structure

The Group's other capital expenditure came to a total of EUR 1.4 million.

The corporate structure of the operations in Russia was streamlined by merging ZAO Kalinka-Stockmann with its parent company, ZAO Stockmann, in October 2010.

NEW PROJECTS

Department Store Division

Stockmann will open a new department store in Ekaterinburg, Russia at the end of March 2011. The department store will operate in leased premises in the Greenwich shopping centre and will have retail space of approximately 8 000 square metres. Stockmann's capital expenditure on the project is about EUR 14 million.

Stockmann has signed a contract for the enlargement of its Tampere department store, which operates in leased premises. The enlargement will increase the department store's retail space to 15 000 square metres, up by about 4 000 square metres from the present 11 000 square metres. Access will also be constructed from the department store to a car park to be built under Hämeenkatu street. Stockmann's share of the total investment is approximately EUR 6 million. Owing to delays in the city detail plan process, the opening of the enlargened department store has been rescheduled to 2013.

Towards the end of 2010, the Department Store Division's Russian warehousing functions moved to new, modern leased premises in the north-west part of Moscow. The total floorspace of the new warehouse is more than 10 000 square metres. The new warehouse is to be in full operation in spring 2011. Capital expenditure on the new warehouse will be approximately EUR 4 million.

In December 2010, a decision was taken by the Department Store Division to acquire a new enterprise resource planning (ERP) system. The aim is that this major system project, which will take several years to complete, will be started during spring 2011.

Lindex

Lindex is expecting to add about 40 new stores to its store chain in 2011, including franchising stores. Most of the new stores will be in Russia and Central Europe.

In March, Lindex will open its first store in Poland, in the city of Walbrzych.

Seppälä

Seppälä will also be further expanding its store network in 2011, opening 8-12 new stores during the year. Most of these will be in Russia.

Other capital expenditure

The Group's administrative systems will be replaced gradually in connection with the renewal of the Department Store Division's ERP system.

SHARES AND SHARE CAPITAL

The company's market capitalization at the end of 2010 was EUR 2 047.1 million. At the end of 2009 the market capitalization stood at EUR 1 396.7 million.

Stockmann's share prices during 2010 outperformed both the OMX Helsinki Cap index and the OMX Helsinki index. At the close of 2010, the price of the Series A shares was EUR 29.40, compared with EUR 20.50 at the end of 2009, and the Series B shares were selling at EUR 28.30, as against EUR 19.00 at the end of 2009. One million (0.5 million) Series A shares and 14.6 million (17.3 million) Series B shares were traded during the financial year. This corresponds to 3.3 per cent of the average number of Series A shares and 36.02 per cent of the average number of Series B shares.

A total of 52 047 Stockmann Series B shares with a nominal value of EUR 2 were subscribed with Stockmann Loyal Customer share options in May 2010. The shares were registered in the Trade Register and became subject to public trading alongside the old shares on NASDAQ OMX Helsinki Ltd on 30 June 2010. As a consequence of the subscriptions the share capital was increased by EUR 104 094.

On 31 December 2010, Stockmann had 30 627 563 Series A shares and 40 518 437 Series B shares, or a total of 71 146 000 shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends.

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

At the end of 2010, Stockmann had 44 596 shareholders, compared with 43 929 a year earlier. During the financial year the company was informed of one change among the group of major shareholders, when the proportion of Stockmann's total votes held by HTT Holding Oy Ab, a company controlled by Hartwall Capital Ltd, exceeded the 10 per cent limit as a result of a share trade made on 19 January 2010.

PERSONNEL

The Group's personnel totalled an average of 15 165 in 2010, which was 509 more than the previous year (14 656 employees in 2009 and 15 669 in 2008). The increase in personnel was attributable in particular to the opening of two new department stores in Russia. The Group's personnel also increased as a result of the expansion of Lindex's store network and the enlargement of the Helsinki department store.

Converted to full-time equivalents, Stockmann's average number of employees grew by 370, to 11 503 employees (11 133 in 2009 and 11 964 in 2008). The Group's total payroll grew by EUR 26.4 million from the previous year, reaching EUR 287.6 million for 2010 (EUR 261.2 million in 2009 and EUR 279.8 million in 2008). The extended Sunday opening hours in the retail trade in Finland as of 1 January 2010 meant an increase in total hours of work performed and in the pay accrued.

At the end of 2010, the Group had 16 184 employees (14 836) of which 8 754 employees were working abroad. The number of employees working abroad at the end of the previous year was 7 683 employees. The proportion of employees working abroad was 54 per cent (52 per cent) of the total.

At the end of 2010, 9 806 employees were employed in the Department Store Division (8 729 at the end of 2009), 4 709 in Lindex (4 464), 1 513 in Seppälä (1 506) and 156 in Corporate Administration (137).

RISK FACTORS

Besides Finland, Sweden, Norway, Russia and the Baltic countries, the Stockmann Group also has business operations in the Czech Republic, Slovakia and Ukraine, in each of which operations are at their start-up phase. The recovering economy is influencing consumers' purchasing behaviour and having an impact on purchasing power in all of the Group's market areas. The level of risk in the business environment varies within the Group's operating sphere. The level of business risk in the Baltic countries has diminished significantly since these countries became members of the European Union and, apart from the risk factors associated with the recovery from the economic downturn, the risks do not differ significantly from business risks in Finland. In the Baltic countries, retailing has been recovering from the downturn more slowly than in the Nordic countries.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries, and the operating environment is less stable owing to factors such as the undeveloped state of business culture and the country's infrastructure. The role of the grey economy, particularly in the importation of consumer goods, is still considerable and plays a part in distorting competition. Russia's possible membership of the World Trade Organisation (WTO) would probably bring greater clarity to the competition environment, for instance via reductions in excise duties. The Russian economy began to grow strongly in the early part of 2010 as energy prices rose, and there was a strengthening of the country's currency. The trend in energy prices will have a significant impact on the development of the Russian economy in the next few years as well.

China's growing role in the global economy and its rapidly developing domestic market have heated up the Far East procurement markets. For retailing, a key challenge is the shortage of production capacity and the rising raw material prices, which are leading to upward pressure on prices.

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

The Group's operations are based on flexible logistics and efficient flows of goods. Delays and disturbances in the flow of goods and information can have a temporary adverse effect on operations. Every effort is made to manage these operational risks by developing appropriate back-up systems and alternative ways of operating, and by seeking to 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, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, the euro, and the Swedish krona, the Norwegian krone, the Russian rouble, the US dollar and certain other currencies. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors, and these risks are not considered to have a significant effect on the Group's business operations.

OUTLOOK FOR 2011

The world economy has started to pick up, and consumer confidence is expected to remain strong in Stockmann's main market areas. Growth in the Russian market is expected to be higher than in the Nordic countries and elsewhere in Europe. In the Baltic countries, too, a positive turnaround has occurred in the market, but the pace at which this continues is hard to assess.

Due to the volatility of the financial markets, changes in exchange rates may nevertheless continue to be strong, and the situation on the financial markets will also have an important effect on the general economic trend in the euro zone.

Stockmann Department Store Division's capital expenditure projects completed in autumn 2010 will impact the revenue for the full year 2011. Operations in Russia will be further expanded with the opening of a Stockmann department store in Ekaterinburg at the end of March 2011. Several department stores in Russia as well as the Stockmann online store are, however, still in their starting phase. Lindex and Seppälä opened in total 48 stores in 2010. The same pace in opening new stores is estimated to continue in 2011.

The situation on the Far East procurement markets and the shortage of production capacity will create upward pressure on consumer prices. Ensuring product availability will be a key challenge for the company during 2011.

The Stockmann Group estimates to achieve continued revenue growth in 2011. The operating profit for the financial year is expected to be above the previous year's figure. The Group's total capital expenditure in 2011 will be clearly less than in recent years, at approx. EUR 85 million.

The first-quarter operating result will be negative due to normal seasonal variation in the market.

ACCOUNTING POLICIES

This financial statements bulletin has been prepared in compliance with IAS 34. The figures are unaudited.The accounting policies and calculation methods applied are the same as those in the 2009 financial statements. Since the start of 2010, Stockmann has been reporting its revenue exclusive of value added tax (VAT), instead of including VAT in the sales figures. The figures for 2009 are also presented exclusive of VAT. The Department Store Division's full-year figures include Hobby Hall, and so the previous year's figures used for comparison have been adjusted accordingly.

When preparing the 2010 financial statements the Group has discovered a mistake pertaining to earlier report periods, which decreased the reported equity on the opening balance sheet as of 1 January 2009 by EUR 1.1 million, the reported profit for 2009 by EUR 0.3 million and equity as of 31 December 2009 by EUR 1.4 million. Figures for the year 2009 used for comparison have been adjusted accordingly.

STOCKMANN PLC
The Board of Directors

Statement of financial position, EUR mill.	31.12.2010	31.12.2009
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	122,3	108,3
Goodwill	783,8	685,4
Property, plant, equipment	726,0	619,5
Non-current receivables	0,8	0,6
Available for sale investments	5,0	5,0
Deferred tax asset	8,7	5,1
NON-CURRENT ASSETS	**1 646,7**	**1 423,9**
CURRENT ASSETS		
Inventories	240,3	196,7
Interest bearing receivables	41,4	44,5
Non-interest bearing receivables	88,7	84,2
Cash and cash equivalents	36,7	176,4
CURRENT ASSETS	**407,1**	**501,7**
ASSETS	**2 053,8**	**1 925,7**
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Equity attributable to equity holders of the parent	885,7	848,8
Non controlling interest	-0,0	-0,0
SHAREHOLDERS' EQUITY	**885,7**	**848,8**
LONG-TERM LIABILITIES		
Deferred tax liability	63,8	70,1
Long-term liabilities, interest-bearing	521,3	786,9
Provisions	0,2	1,5
NON-CURRENT LIABILITIES	**585,2**	**858,5**
CURRENT LIABILITIES		
Short-term interest-bearing liabilities	292,0	2,3
Short term interest-free liabilities	290,9	216,1
CURRENT LIABILITIES	**582,9**	**218,4**
TOTAL EQUITY AND LIABILITIES	**2 053,8**	**1 925,7**

Key figures	31.12.2010	31.12.2009
Equity ratio, per cent	43,1	44,1
Net gearing, per cent	87,7	72,2
Cash flow from operations per share, EUR	1,29	2,23
Interest-bearing net debt, EUR mill.	735,1	568,3
Number of shares in the end of the period, thousands	71 146	71 094
Weighted average number of shares, thousands *	71 120	65 676
Weighted average number of shares, diluted, thousands *	71 897	65 995
Market capitalization, EUR mill.	2 047,1	1 396,7

*) Figures 2009 have been adjusted for 2009 share issue.

STATEMENT OF CASH FLOWS, IFRS B12 EUR millions	12/2010	12/2009
Cash flows from operating activities		
Profit/loss for the period	**78,3**	53,8
Adjustments for:		
Depreciation, amortisation & impairment loss	**61,8**	58,4
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	**0,1**	-0,3
Interest and other financial expenses	**22,8**	28,4
Interest income	**-8,2**	-4,4
Tax on income from operations	**-4,2**	7,3
Other adjustments	**-1,1**	-0,4
Working capital changes:		
Increase (-) / decrease (+) in inventories	**-34,3**	27,1
Increase (-) /decrease(+) in trade and other receivables	**-1,1**	0,4
Increase (+) / decrease (-) in short-term interest-free liabilities	**15,7**	5,8
Interest and other financial expenses paid	**-22,5**	-32,9
Interest received	**0,8**	2,1
Income taxes paid	**-16,4**	1,4
Net cash from operating activities	**91,8**	**146,8**
Cash flows from investing activities		
Purchase of tangible and intagible assets	**-166,7**	-152,9
Proceeds from sale of tangible and intangible assets	**0,7**	71,1
Disposal of subsidiaries, net of cash disposed of	**0,0**	5,6
Purchase of investments	**0,1**	
Proceeds from sale of investments	**0,0**	1,8
Dividends received	**0,3**	0,2
Net cash used in investing activities	**-165,7**	**-74,3**
Cash flows from financing activities		
Proceeds from issue of share capital	**1,5**	137,0
Proceeds from sale of own shares		5,1
Proceeds from short-term borrowings	**236,8**	0,0
Repayment of short-term borrowings	**-50,3**	-19,3
Proceeds from long-term borrowings	**518,8**	200,0
Repayment of long-term borrowings	**-721,8**	-216,2
Payment of finance lease liabilities	**-1,5**	-0,7
Dividends paid	**-51,2**	-38,0
Net cash used in financing activities	**-67,7**	**67,9**
Net increase/decrease in cash and cash equivalents	**-141,6**	**140,4**
Cash and cash equivalents at beginning of the period	**176,3**	35,2
Cheque account with overdraft facility	**-0,5**	-0,7
Cash and cash equivalents at beginning of the period	**175,8**	**34,5**
Net increase/decrease in cash and cash equivalents	**-141,6**	140,4
Effects of exchange rate fluctuations on cash held	**2,2**	1,0
Cash and cash equivalents at the end of the period	**36,7**	176,3
Cheque account with overdraft facility	**-0,3**	-0,5
Cash and cash equivalents at the end of the period	**36,4**	**175,8**

Income statement, Group, EUR millions	1-12/2010	1-12/2009
REVENUE	**1 821,9**	**1 698,5**
Other operating income	0,0	0,3
Materials and consumables	-913,0	-881,0
Wages, salaries and employee benefits expenses	-361,9	-327,4
Depreciation and amortisation	-61,8	-58,4
Other operating expenses	-396,4	-346,8
OPERATING PROFIT	**88,8**	**85,1**
Finance income and expenses	-14,6	-24,0
PROFIT/LOSS BEFORE TAX	**74,2**	**61,1**
Tax on income from operations	4,2	-7,3
PROFIT/LOSS FOR THE PERIOD	**78,3**	**53,8**

Other comprehensive income, EUR mill.	1-12/2010	1-12/2009
PROFIT/LOSS FOR THE PERIOD	**78,3**	**53,8**
Other comprehensive income		
Exchange differences on translating foreign operations	8,5	1,7
Cash flow hedges	-0,9	-1,4
Other comprehensive income for the year net of tax	**7,6**	**0,4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**85,9**	**54,1**
Total comprehensive income attributable to:		
Equity holders of the parent	85,9	54,1
Non controlling interest	0,0	0,0

Key figures	31.12.2010	31.12.2009
EPS undiluted (EUR), adjusted for share issue *	1,10	0,82
EPS diluted (EUR), adjusted for share issue *	1,09	0,81
Operating profit, per cent of turnover	4,9	5,0
Equity per share, EUR	12,45	11,94
Return on equity, per cent, moving 12 months	9,0	7,0
Return on capital employed, per cent, moving 12 months	5,8	5,8
Average number of employees, converted to full-time staff	11 503	11 133
Investments, EUR millions	165,4	152,8

*) Figures 2009 have been adjusted for 2009 share issue.

Segment information, Group EUR millions

Operating segments

Revenue	1.1.-31.12.2010	1.1.-31.12.2009
Department Store Division 1)	1 099,9	1 030,0
Lindex	578,7	527,0
Seppälä	143,2	139,5
Unallocated	0,0	1,9
Group	**1 821,9**	**1 698,5**

Operating profit	1.1.-31.12.2010	1.1.-31.12.2009
Department Store Division 1)	32,9	22,8
Lindex	54,8	62,1
Seppälä	9,0	8,0
Unallocated	-7,9	-7,9
Group	**88,8**	**85,1**

Investments, gross	1.1.-31.12.2010	1.1.-31.12.2009
Department Store Division 1)	131,1	125,7
Lindex	28,2	22,2
Seppälä	4,7	4,5
Unallocated	1,4	0,4
Group	**165,4**	**152,8**

Assets	1.1.-31.12.2010	1.1.-31.12.2009
Department Store Division 1)	904,4	764,8
Lindex	1 005,9	868,7
Seppälä	108,3	119,8
Unallocated	35,2	172,3
Group	**2 053,8**	**1 925,7**

Information from market areas

Revenue	1.1.-31.12.2010	1.1.-31.12.2009
Finland 2)	987,8	948,0
Sweden and Norway 3)	480,6	439,2
Baltic states, Czech Republic and Slovakia 2)	123,7	129,6
Russia and Ukraine 2)	229,8	181,8
Group	**1 821,9**	**1 698,5**
Finland, %	*54,2*	*55,8*
International operations, %	*45,8*	*44,2*

Operating profit	1.1.-31.12.2010	1.1.-31.12.2009
Finland 2)	44,9	54,3
Sweden and Norway 3)	57,1	61,2
Baltic states, Czech Republic and Slovakia 2)	1,0	-4,4
Russia and Ukraine 2)	-14,2	-26,0
Group	**88,8**	**85,1**
Finland, %	*50,6*	*63,8*
International operations, %	*49,4*	*36,2*

1) Hobby Hall has been integrated to Department store division in the beginning of year 2010.

Reference data for year 2010 is adjusted according to changes in segments structure.

2) Department store division, Lindex, Seppälä

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 lationdiffe rences	Retained earnings	Total	Non controlling interest	Total
EQUITY 1.1.2009	123,4	186,1	1,4	124,1	44,1	-6,7	216,8	689,1		689,1
Error correction							-1,1	-1,1		-1,1
ADJUSTED EQUITY 1.1.2009	123,4	186,1	1,4	124,1	44,1	-6,7	215,8	688,1	0,0	688,1
Changes in equity for										
Dividend distribution							-38,0	-38,0		-38,0
New share issue	18,8							18,8		18,8
Options exercised							1,4	1,4		1,4
Share premium				122,2				122,2		122,2
Net gain/loss of own shares							5,1	5,1		5,1
Transaction costs for equity				-2,9				-2,9		-2,9
Total comprehensive income for the year	**0,0**		**-1,4**	**0,0**		**1,7**	**53,8**	**54,2**	**0,0**	**54,2**
SHAREHOLDERS' EQUITY TOTAL 12 / 2009	**142,2**	**186,1**	**0,0**	**243,3**	**44,1**	**-5,0**	**238,1**	**848,8**		**848,8**

Statement of changes in equity, Group EUR millions
1 - 12 / 2010

	Share capital*	Share premium fund	Hedging reserve**	Reserve for invested un restricted equity	Other reserves	Trans lationdiffe rences	Retained earnings	Total	Non controlling interest	Total
BALANCE AT BEGINNING OF THE PERIOD	142,2	186,1	0,0	243,3	44,1	-5,0	238,1	848,8	0,0	848,8
Changes in equity for										
Dividend distribution							-51,1	-51,1		-51,1
New share issue	0,1							0,1		0,1
Options exercised							0,3	0,3		0,3
Share premium				1,3				1,3		1,3
Total comprehensive income for the year	**0,0**		**-0,7**	**0,0**		**8,5**	**78,3**	**86,1**	**0,0**	**86,1**
SHAREHOLDERS' EQUITY TOTAL 12 / 2010	**142,3**	**186,1**	**-0,6**	**244,6**	**43,8**	**3,5**	**266,0**	**885,7**		**885,7**

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

Contingent liabilites, Group EUR millions	**31.12.2010**	31.12.2009	31.12.2009
Mortages on land and buildings	**201,7**	201,7	201,7
Pledges	**0,5**	0,9	0,9
Liabilities of adjustments of VAT deductions made on investments to immovable property	**41,4**	33,8	33,8
Total	**243,5**	**236,4**	**236,4**

Lease agreements on business premises, EUR millions			
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**174,2**	155,6	155,6
After one year	**651,9**	625,8	625,8
Total	**826,0**	781,4	781,4

Lease payments, EUR millions			
Within one year	**7,3**	7,5	7,5
After one year	**12,8**	19,1	19,1
Total	**20,2**	26,6	26,6

Derivate contracts, EUR millions			
Nominal value			
Currency derivatives	**517,8**	296,4	296,4
Electricity derivates	**3,2**	3,2	3,2
Total	**521,0**	299,6	299,6

Exchange rates				
Country				
Russia	RUB	**43,8810**	36,9477	41,2830
Estonia	EEK	**15,6466**	15,6466	15,6466
Latvia	LVL	**0,7036**	0,7047	0,7083
Lithuania	LTL	**3,4528**	3,4528	3,4528
Norway	NOK	**9,0180**	8,0090	9,7500
Sweden	SEK	**10,8125**	9,4703	10,8700

Income statement, Group, EUR millions quarterly, EUR millions	**Q4 2010**	Q3 2010	Q2 2010	Q1 2010	**Q4 2009**	Q3 2009	Q2 2009	Q1 2009
Revenue	**576,9**	420,7	451,7	372,6	**526,3**	389,3	429,7	353,2
Other operating income	**0,0**	0,0	0,0	0,0	**0,0**	0,0	0,3	
Materials and consumables	**-291,7**	-210,2	-220,2	-190,9	**-262,7**	-201,0	-220,1	-197,2
Wages, salaries and employee benefits expenses	**-102,9**	-82,7	-90,4	-85,8	**-90,8**	-74,3	-82,6	-79,7
Depreciation and amortisation	**-17,1**	-15,3	-15,2	-14,2	**-15,1**	-14,0	-14,7	-14,6
Other operating expenses	**-116,6**	-94,0	-95,0	-90,8	**-96,8**	-82,3	-84,0	-83,7
Operating profit (loss)	**48,5**	18,4	30,9	-9,2	**60,8**	17,7	28,6	-22,0
Finance income and expenses	**-4,2**	-6,6	-3,2	-0,6	**-5,2**	-8,8	-5,1	-4,8
Profit (loss) before tax	**44,3**	11,9	27,8	-9,8	**55,6**	8,9	23,5	-26,9
Income taxes	**-7,3**	1,5	-2,1	12,0	**-17,0**	8,0	-1,4	3,1
Profit for the period	**37,1**	13,4	25,7	2,2	**38,6**	16,9	22,0	-23,8
Earnings per share, EUR								
Basic	**0,52**	0,19	0,36	0,03	**0,58**	0,27	0,36	-0,39
Diluted	**0,52**	0,18	0,36	0,03	**0,58**	0,27	0,36	-0,39
Revenue, EUR millions								
Department Store Division	**373,4**	235,0	265,5	226,0	**332,0**	215,6	257,5	224,9
Lindex	**165,6**	149,4	148,1	115,7	**155,3**	136,5	136,5	98,6
Seppälä	**37,9**	36,8	37,7	30,8	**38,4**	36,7	35,6	28,8
Unallocated	**0,0**	-0,5	0,5	0,1	**0,5**	0,6	0,1	0,8
Group	**576,9**	420,7	451,7	372,6	**526,3**	389,3	429,7	353,2
Operating profit (loss), EUR millions								
Department Store Division	**30,9**	1,4	8,8	-8,2	**33,5**	-2,8	8,4	-16,2
Lindex	**17,1**	16,2	19,5	2,1	**24,2**	18,1	19,7	0,2
Seppälä	**2,8**	2,2	4,8	-0,9	**4,9**	2,9	3,0	-2,8
Unallocated	**-2,3**	-1,4	-2,2	-2,1	**-1,7**	-0,5	-2,5	-3,1
Group	**48,5**	18,4	30,9	-9,2	**60,8**	17,7	28,6	-22,0

1) Hobby Hall has been integrated to Department store division in the beginning of year 2010.

Reference data for year 2010 is adjusted according to changes in segments structure.

2) Department store division, Lindex, Seppälä

STOCKMANN

1. ASSETS

EUR mill.	**31.12.2010**	31.12.2009
Acquisition cost Jan. 1	**964,8**	945,3
Translation difference +/-	**19,3**	12,2
Increases Jan. 1-Sep. 30	**165,4**	160,9
Decreases Jan. 1-Sep. 30	**-23,9**	-153,5
Acquisition cost Sep. 30 / Dec. 31	**1 125,5**	964,8
Accumulated depreciation Jan. 1	**-237,0**	-245,7
Translation difference +/-	**-1,5**	-3,5
Depreciation on reductions	**23,1**	70,6
Depreciation for the financial year	**-61,8**	-58,4
Accumulated depreciation Sep. 30 / Dec. 31	**-277,2**	-237,0
Book value Jan. 1	**727,8**	699,6
Book value Sep. 30 / Dec. 31	**848,3**	727,8

Goodwill

EUR mill.	**31.12.2010**	31.12.2009
Acquisition cost Jan. 1	**685,4**	646,5
Translation difference +/-	**98,4**	39,0
Acquisition cost Sep. 30 / Dec. 31	**783,8**	685,4
Book value Jan. 1	**685,4**	685,4
Book value Sep. 30 / Dec. 31	**783,8**	685,4
Total	**1 632,1**	1 413,2

Definitions to key figures:

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

Legal proceedings

AB Lindex (publ) has through legal proceedings requested to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by the Lindex Group's German subsidiary. In 2008 the Gothenburg Administrative Court of Appeal overturned the favourable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. The taxes that were refunded had no effect on the Stockmann Group's earnings, because Stockmann recognised 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 tax years 1997-2004 on the basis of the EC Arbitration Convention and the tax treaty between Germany and Sweden. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recognized in the income statement.

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 located in the centre of Moscow in 2008. 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 in May 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 due to the closure of the department store, which was in breach of the lease agreement. In its decision on 14 April 2009, the court of arbitration ruled in favour of Stockmann, and ordered the adverse parties to compensate Stockmann for damages of about USD 7 million and to reimburse Stockmann for the legal expenses incurred. In order for the rulings to be enforced, they have to be confirmed by a Russian court of general jurisdiction. 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 appealed against the last-mentioned ruling to the Highest Arbitration Court of Russia, which on 7 April 2010 decided not to consider Stockmann's appeal. Thus the rulings of the arbitration court in favour of Stockmann cannot be executed in Russia. The decisions have no earnings or balance sheet implications for Stockmann.