Other funds

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

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

Translation differences

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

Dividends

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

Share-based payment

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

Key employee share options 2006

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

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

Loyal Customer share options 2008

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

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

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

Key employee share options 2010

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

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

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

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

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

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

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

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

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

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

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

19. Non-current liabilities, interest-bearing

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

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

20. Current liabilities

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

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

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

Expiration dates of the financial lease liabilities

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

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

21. Deferred tax assets and deferred tax liabilities

Changes in deferred taxes during 2011:

Deferred tax assets

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

Deferred tax liabilities

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

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

Changes in deferred taxes during 2010:

Deferred tax assets

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

Deferred tax liabilities

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

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

Financial assets

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

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

Financial assets at fair value trough profit or loss

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

Financial liabilities

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

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

Financial liabilities at fair value trough profit or loss

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

Financial liabilities at amortized cost

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

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

23. Pension obligations

Defined benefit pension plans

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

The defined benefit pension liability recognized in the balance

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

The defined benefit pension expense recognized in the income statement

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

Changes in the present value of the defined benefit obligation

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

Actuarial assumptions applied

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

Present value of unfunded obligations

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

24. Operating leases

The Group as lessee

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

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

Lease payments

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

25. Contingent liabilities

Collaterals given for own liabilities

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

Liabilities, total

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

AB Lindex has claimed through legal proceedings to be eligible to deduct in Swedish taxation the losses of approximately EUR 70 million incurred by Lindex Group's German subsidiary. In 2008 the Administrative Court of Appeal in Gothenburg overturned the favorable decisions that AB Lindex had received in the County Administrative Court, and as a consequence Lindex was obliged to refund to the tax authorities approximately EUR 23.8 million in taxes and interest. Further action by the company in this case will depend on the result of the legal process concerning the elimination of double taxation between AB Lindex and Lindex GmbH.

AB Lindex and its German subsidiary, Lindex GmbH, have requested the German and Swedish competent authorities to eliminate the double taxation arising from intra-Group transactions in the tax years 1997–2004 on the basis of the EC Arbitration Convention and the tax treaty between Germany and Sweden. The double taxation resulted from the presumptive income tax payable by Lindex GmbH, which meant that a total of EUR 94 million was added to the taxable income of Lindex GmbH. The process continued in 2011 and it may be possible to reach a resolution on the issue during 2012. Depending on the decision of the authorities, AB Lindex could receive a partial or full refund of the approximately EUR 26 million in taxes paid on the aforementioned income. The tax effect of the claim has not been recognized in the income statement.

Investments in real estate

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

26. Derivative contracts

Nominal values of derivative contracts

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

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

Derivative contracts, hedge accounting not applied

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

Fair value of derivative contracts in year 2011

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

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

Derivative contracts, hedge accounting not applied

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

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

Fair value of derivative contracts in year 2010

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

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

Derivative contracts, hedge accounting not applied

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

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

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

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

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

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

Fair value hierarchy 31 December 2011

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

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

Fair value hierarchy 31 December 2010

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

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

Available-for-sale investments

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

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

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

28. Related party transactions

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

The following transactions were carried out with related parties:

Management's employee benefits

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

Emoluments *

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

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

Key employee share options 2006 & 2010

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

Loyal customer share options 2008

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

Management's pension commitments

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

Other related party transactions

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

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

29. Financial risk management

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

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

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

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

Currency risk

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

Transaction risk

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

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

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

Foreign exchange derivatives hedging cash flows

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

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

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

Translation risk

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

The Group's currency exposures

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

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

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

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

Interest rate risk

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

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

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

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

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

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

Electricity price risk

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

Financing and liquidity risk

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

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

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

Cash and bank receivables as well as unused committed credit facilities

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

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

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

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

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

Credit and counterparty risk

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

Ageing of trade receivables

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

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

Management of the capital structure

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

30. Events after the balance sheet

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

Stockmann plc
Income Statement, FAS

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

Stockmann plc
Balance sheet, FAS

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

Stockmann plc
Balance sheet, FAS

EQUITY AND LIABILITIES

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

Stockmann plc
Cash flow statement

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

1. ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Helsinki February 15, 2012

(signed)
Jari Härmälä
Authorized Public Accountant

(signed)
Henrik Holmbom
Authorized Public Accountant