Interim Report
Q2 2015

STOCKMANN

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New strategy well under way, operating profit up in the second quarter

April-June 2015:
Consolidated revenue was EUR 405.8 million (EUR 495.3 million), down 10.9 per cent at comparable exchange rates excluding Seppälä.
Gross margin up to 51.2 per cent (48.1 per cent).
Operating profit excluding non-recurring items (NRI) was EUR 5.7 million (EUR 3.5 million).

January-June 2015:
Consolidated revenue was EUR 786.2 million (EUR 890.9 million), down 4.0 per cent at comparable exchange rates excluding Seppälä.
Operating result excluding NRI was EUR -44.2 million (EUR -40.3 million).
Result for the period excluding NRI was EUR -58.2 million (EUR -48.2 million).
Earnings per share excluding NRI came to EUR -0.81 (EUR -0.67).
Non-recurring items were EUR -9.8 million (EUR 0 million).

The outlook for 2015 remains unchanged: Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. The operating result excluding non-recurring items is expected to improve, but to remain negative in 2015 due to the performance of the Stockmann Retail division. Operating results for the Real Estate and Fashion Chains divisions are expected to be positive.

CEO Per Thelin:
Stockmann is proceeding well with its new strategy and took several key steps during the reporting period. The divestment of Seppälä took place in April as planned. In June, Stockmann signed a letter of intent regarding the sale of the Academic Bookstore business to the Swedish media company Bonnier Books AB. The Academic Bookstore will continue as a tenant in the Finnish department stores.

In line with its strategy, Stockmann Retail's future product selection will have a stronger focus on fashion, cosmetics, food and home products. The Real Estate division has made good progress and signed a number of new tenant agreements which significantly improve our product and service offering. We are proud to announce that the world famous toy shop Hamleys will open its first store in Finland at Stockmann this November. Other new tenants agreed for the Helsinki flagship include Halti and Espresso House. Expert opened its electronics stores in Helsinki and Turku department stores during the second quarter, and this will soon be followed by Tampere. In the Baltic countries, we are introducing Euronics electronics stores in September, and also new cafeterias and other new services.

Stockmann's revenue was down during the second quarter, mainly due to the timing of the Crazy Days campaign and the continuously weak Russian rouble. Despite this, the Group's quarterly operating profit excluding non-recurring items was up. The Real Estate division improved its operating profit and Lindex continued its stable performance. A new cosmetics label, Lindex Beauty was launched successfully during the quarter.

Decisions on many structural measures and cost savings were taken during the quarter. We are continuing the efficiency programme, which targets annual cost savings of EUR 50 million. The effects of the programme will mainly be visible from 2016 onwards, but we can see that the underlying business is improving. Our cost base is already lower than in 2014. The department stores' revenue is picking up and we have taken market share in our biggest product category, fashion, during recent months. Sales in July were very promising with growth in the department stores and Lindex fashion stores in all key markets.

KEY FIGURES

	4–6/2015	4–6/2014	1–6/2015	1–6/2014	1–12/2014
Revenue, EUR mill.	**405.8**	495.3	786.2	890.9	1 844.5
Relative gross margin, per cent	**51.2**	48.1	48.2	47.0	46.6
Operating result, EUR mill.	**-4.1**	3.5	-54.0	-40.3	-82.2
Operating result excluding non-recurring items, EUR mill.	**5.7**	3.5	-44.2	-40.3	-82.2
Net financial costs, EUR mill.	**4.8**	7.3	10.1	12.7	21.4
Result before tax, EUR mill.	**-8.9**	-3.8	-64.0	-53.1	-103.6
Result for the period, EUR mill.	**-11.9**	-8.1	-68.0	-48.2	-99.8
Earnings per share, undiluted, EUR	**-0.16**	-0.11	-0.94	-0.67	-1.39
Equity per share, EUR			14.42	11.28	10.55
Cash flow from operating activities, EUR mill.	**17.2**	77.5	-48.0	-35.5	29.6
Capital expenditure, EUR mill.	**9.7**	17.8	26.2	27.3	53.8
Net gearing, per cent			85.3	104.3	105.4
Equity ratio, per cent			44.6	41.1	39.3
Number of shares, undiluted, weighted average, 1 000 pc			72 049	72 049	72 049
Return on capital employed, rolling 12 months, per cent			-5.2	1.3	-4.9
Personnel, average	**12 740**	14 866	13 383	14 584	14 533

STRATEGY PROCESS

Stockmann is continuing to pursue the comprehensive turnaround of its business in accordance with the strategic direction set in late 2014. The company is divided into three segments as of 1 January 2015: Stockmann Retail, Real Estate and Fashion Chains, the latter comprising Lindex, as Seppälä's operations in Finland and Estonia were divested on 1 April 2015. Hobby Hall's distance retail business is planned to be incorporated into a separate subsidiary.

Stockmann Retail currently consists of the Stockmann department stores, the Academic Bookstore and Hobby Hall, together with their online stores. The future product selection of the Stockmann department stores and the online store will focus on fashion, cosmetics, food and home products. To enhance the customer experience, the offering will be complemented with attractive goods and services from tenants. In line with this strategy, Stockmann has signed a letter of intent with Hamleys, the oldest toy shop in the world, to open a store in Stockmann's Helsinki flagship as a tenant in November 2015. Hamleys and Stockmann are also looking into cooperation possibilities in Stockmann's other department stores in Finland from 2016 onwards.

Stockmann has signed a letter of intent regarding the sale of the Academic Bookstore business to the Swedish media company Bonnier Books AB. Bonnier will continue the Academic Bookstore business in Stockmann's department store premises in Finland and will rent a total of approx. 5 000 square metres of store space in locations currently used by Stockmann. The transaction is expected to take place at the latest on 1 October 2015 and the purchase price is expected not to have a significant effect on Stockmann's earnings in 2015.

Stockmann has withdrawn from its own electronics offering during the second quarter and has leased retail space in its department stores in Finland to Expert ASA Oy. Expert opened its store in Helsinki city centre in May and in Turku in June and will open its store in Tampere department store in September 2015. In June, Stockmann signed agreements on leasing retail space from its department stores in Tallinn and Riga to Euronics, the market leader in the consumer electronics retail business in the Baltic countries. The cooperation will start as of September 2015 in both locations.

As an important part of the turnaround, Stockmann launched an efficiency programme in February 2015 with an annual cost savings target of EUR 50 million. In April Stockmann decided to close down its department store in Oulu, Finland, at the latest in early 2017 and three department stores in the Mega shopping centres in Moscow by the end of 2016. A significant share of the cost savings is expected to be achieved through streamlining support functions. The codetermination negotiations associated with these changes were carried out in Finland during the second quarter, and the outcome was that 100 jobs were reduced in support functions. In Russia, the number of positions will be reduced by approximately 70 during 2015. The efficiency programme will continue, and the effects of the programme will be reflected in Stockmann's earnings mainly from 2016 onwards.

REVENUE AND EARNINGS

The retail market continued to be weak in the second quarter of 2015, in particular in Finland where consumer confidence and consumers' purchasing power remained low. The fashion market in January-June was down by 9.4 per cent in Finland (TMA index). In Sweden, the market picked up in June after several volatile months, and for the year-to-date the market has remained on a par with the previous year (Stilindex). The general market environment in Russia continued to be insecure and the Russian rouble remained weak against the euro. The market environment in the Baltic countries remained relatively stable, though the competition is increasing in both Estonia and Latvia.

Stockmann Group's revenue in January-June was down 11.8 per cent, to EUR 786.2 million (EUR 890.9 million). Most of the decline was due to the divestment of Seppälä as of 1 April and the weak Russian rouble. Revenue at comparable exchange rates and excluding Seppälä was down by 4.0 per cent.

Revenue in Finland was EUR 371.3 million (EUR 422.0 million), down 12.0 per cent or down 8.2 per cent excluding Seppälä. The decline was partly due to withdrawing from the own electronics product category in department stores and the online store stockmann.com.

In international operations, revenue was down by 11.5 per cent and amounted to EUR 414.9 million (EUR 468.9 million). Revenue at comparable exchange rates and excluding Seppälä was down 0.1 per cent. International operations accounted for 52.8 per cent (52.6 per cent) of the total revenue.

The Group's gross profit in the reporting period amounted to EUR 379.4 million (EUR 418.6 million). The gross margin was 48.3 per cent (47.0 per cent) due to improvements in both Stockmann Retail and Lindex.

Operating costs were down by EUR 30.4 million, or EUR 40.2 million excluding non-recurring items, and amounted to EUR 392.0 million (EUR 422.5 million). The decline was due to the divestment of Seppälä and cost savings measures in all divisions. Operating costs include EUR 9.8 million of non-recurring items booked in the second quarter, of which EUR 5.5 million is related to closing Seppälä stores and booked in the Stockmann Group's common costs. EUR 4.3 million was booked for the Oulu and Mega store closing costs, as a decision was made in April 2015 to close these four stores during 2016 and 2017.

Depreciation was EUR 41.3 million (EUR 36.4 million). The increase was due to a change in the valuation of the real estate properties and an accelerated depreciation schedule for the Mega department stores in Russia.

The consolidated operating result for January-June, excluding non-recurring items, was EUR -44.2 million (EUR -40.3 million). The reported operating result was EUR -54.0 million (EUR -40.3 million). The operating result was up in the Real Estate and Fashion Chains divisions, but down in Stockmann Retail.

The Group's second quarter (April-June) revenue excluding Seppälä was down 14.0 per cent to EUR 405.8 million (EUR 471.4 million). At comparable exchange rates revenue, excluding Seppälä, was down 10.9 per cent.

Revenue in Finland in the second quarter was EUR 166.2 million (EUR 214.8 million). Excluding Seppälä, revenue was down 22.6 per cent mostly due to timing of the Crazy Days campaign.

In international operations, revenue excluding Seppälä was down by 6.9 per cent and amounted to EUR 239.0 million (EUR 256.6 million). At comparable exchange rates the Group's revenue, excluding Seppälä, was on a par with the previous year.

The gross margin for the quarter was 51.2 per cent (48.1 per cent) with growth in Stockmann Retail. Operating costs declined to EUR 190.9 million (EUR 216.7 million) and the costs include EUR 9.8 million in non-recurring items. Depreciation was EUR 20.9 million (EUR 18.2 million).

The operating profit for the quarter, excluding non-recurring items, was EUR 5.7 million (EUR 3.5 million). The reported operating result was EUR -4.1 million (EUR 3.5 million). The operating result was up in the Real Estate and Fashion Chains divisions, but down in Stockmann Retail.

Net financial expenses during the reporting period were down by EUR 2.7 million, to EUR 10.1 million (EUR 12.7 million), due to low interest rates. Non-recurring foreign exchange losses amounted to EUR 0.9 million (EUR 1.5 million).

The result before taxes for January-June, excluding non-recurring items, was EUR -54.2 million and the reported result before taxes was EUR -64.0 million (EUR -53.1 million). The result for the period, excluding non-recurring items, was EUR -58.2 million and the reported result was EUR -68.0 million (EUR -48.2 million).

Earnings per share for January-June, excluding non-recurring items, were EUR -0.81. Reported earnings per share amounted to EUR -0.94 (EUR -0.67) and, diluted for options, EUR -0.94 (EUR -0.67). Equity per share was EUR 14.42 (EUR 11.28).

REVENUE AND EARNINGS BY DIVISION

Since 1 January 2015, Stockmann's divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains. Previously, Stockmann Retail and Real Estate were reported together as the Department Store Division. Stockmann's real estate properties have been measured at their fair market values according to the IAS 16 standard since 1 January 2015. The segments' comparison data for 2014 is shown for illustrative purposes. See Accounting Policies in the end of the report for further information.

Stockmann Retail

Stockmann Retail's revenue in January-June was EUR 456.6 million (EUR 522.2 million). Revenue at comparable exchange rates was down 8.1 per cent. The Russian rouble continued to be weak and thus the euro-denominated revenue was down 12.6 per cent.

Revenue in Finland was down 9.1 per cent, to EUR 322.6 million (EUR 354.8 million). The decline was due to the weak retail market and withdrawing from the own electronics product category. The best performing units were the renewed Tampere department store and the Stockmann online store.

In international operations, revenue at comparable exchange rates was down 3.7 per cent. The general market environment has weakened in Russia due to declining purchasing power, but Stockmann has been able to gain market share. Euro-denominated revenue was down 19.9 per cent to EUR 134.0 million (EUR 167.3 million), due to the weak Russian rouble. International operations accounted for 29.3 per cent (32.0 per cent) of the division's total revenue.

The gross margin during the period was up, to 37.6 per cent (36.2 per cent), due to fewer price-driven sales campaigns in the second quarter of the year.

Operating costs were down due to decreased personnel and other costs, and totalled EUR 209.4 million (EUR 219.1 million). Operating costs include EUR 4.3 million in non-recurring items booked for the Oulu and Mega store closing costs.

Stockmann Retail's January-June operating result, excluding non-recurring items, was EUR -47.9 million (EUR -43.1 million). The reported operating result was EUR -52.2 million (EUR -43.1 million).

In April-June revenue was down 21.9 per cent, to EUR 224.0 million (EUR 287.0 million). Revenue at comparable exchange rates was down 19.2 per cent as the Crazy Days campaign was held in March in Finland compared to April in 2014.

Revenue in Finland totalled EUR 145.4 million (EUR 194.0 million). Revenue was down 25.1 per cent due to the timing of the Crazy Days campaign. Also withdrawal from the own electronics product category and continuously weak tax free sales in the

Helsinki city centre store had a negative effect on revenue. All stores improved their performance towards the end of the quarter, particularly the department store in Tampere.

In international operations, revenue at comparable exchange rates was down 3.9 per cent although the successful Crazy Days campaign in April had a positive impact on revenue in Russia. Euro-denominated revenue was down 15.3 per cent due to the weak rouble, to EUR 78.7 million (EUR 92.9 million).

The second quarter gross margin was up, to 40.5 per cent (36.7 per cent). The increase was due to the timing of the Crazy Days' in Finland and fewer price-driven sales campaigns in all markets. In Russia the gross margin remained at the previous year's level due to currency adjustments to pricing.

Operating costs were down by EUR 7.7 million, including EUR 4.3 million in non-recurring items booked for the Oulu and Mega store closing costs, and amounted to EUR 105.2 million (EUR 112.9 million). The decline was due to reduced personnel costs and other cost savings measures.

Stockmann Retail's operating result in April-June, excluding non-recurring items, was EUR -17.4 million (EUR -14.2 million). The reported operating result was EUR -21.7 (EUR -14.2 million).

Real Estate

Real Estate's revenue in January-June was EUR 29.8 million (EUR 30.0 million). Net operating income from Stockmann's own properties, which is operating income less maintenance expenses, was EUR 24.7 million (EUR 23.0 million). Net rental yield was 5.4 per cent and the average rent was EUR 33.37 per square metre.

Operating costs were down and as a consequence, Real Estate's operating profit in January-June was EUR 10.1 million (EUR 8.3 million).

In April-June Real Estate's revenue was at the previous year's level, at EUR 15.2 million (EUR 15.2 million). Net operating income from Stockmann's own properties was EUR 12.7 million (EUR 11.8 million) in the quarter. The average rent was EUR 33.84 per square metre.

Operating profit in April-June was EUR 5.5 million (EUR 4.4 million).

Stockmann owns five properties with a gross leasable area (GLA) of approximately 144 000 square metres in total, of which 42 per cent is in Finland. 74 per cent of the GLA was used by Stockmann Retail on 30 June 2015 and the rest was used by external tenants. The occupancy rate for the properties totalled 99.2 per cent at the end of the quarter.

On 1 January 2015 the fair value of Stockmann's properties amounted to EUR 908.3 million. The weighted average market yield requirement used in the fair value calculation was 6.0 per cent. At the end of the second quarter, the revalued amount was EUR 895.1 million, which is the fair value less the subsequent accumulated depreciation.

The Real Estate division is implementing the Group's strategy by bringing new tenants into the Stockmann department stores during the year in all markets. Expert started as a new tenant in Stockmann's department stores in Helsinki and Turku during the second quarter. Bonnier will rent a total of approx. 5 000 square metres of store space for the Academic Bookstore in locations currently used by Stockmann. Other new tenants which will start their operation in Stockmann's properties include Hamleys in Helsinki city centre, Euronics in Tallinn and Riga, Halti and Espresso House in Helsinki city centre, Costa Coffee in Riga, Katharienthal café and Yliopiston Apteekki in Tallinn, Kuninkaankadun Apteekki in Tampere and Intera Partners in Book Building's office premises in Helsinki.

Fashion Chains

Lindex's January-June revenue totalled EUR 301.6 million (EUR 310.6 million), down 2.9 per cent due to the weak Swedish krona and Norwegian krone. Revenue at comparable exchange rates was up 0.9 per cent.

Lindex's gross margin for the period was 62.4 per cent (62.1 per cent).

Operating costs were down by EUR 3.1 million, mainly due to currency effects. Depreciation was also somewhat down. Lindex's operating profit in January-June was EUR 7.8 million (EUR 8.5 million).

Lindex's revenue in April-June was EUR 174.6 million (EUR 178.0 million), down 1.9 per cent. Revenue at comparable exchange rates was down 0.2 per cent, despite growth in the Baltic countries and in eastern Central Europe.

Lindex's gross margin was close to the previous year's level, at 62.9 per cent (63.0 per cent). Lindex made an operating profit of EUR 18.6 million (EUR 18.7 million) in the second quarter.

The Fashion Chains' operating profit for January-June was EUR -5.3 million, which includes Seppälä's operating result of EUR -13.1 million (EUR -15.6 million). Seppälä's operations in Finland and Estonia were divested on 1 April 2015. In the second quarter, Stockmann booked non-recurring items of EUR -5.5 million for the closure of Seppälä stores under the Stockmann Group's common costs.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 10.3 million at the end of June 2015, as against EUR 20.8 million a year earlier. Cash flow from operating activities came to EUR -48.0 million (EUR -35.5 million) in January-June and EUR 17.2 million (EUR 77.5 million) in April-June.

According to the Annual General Meeting's decision, no dividends were paid in 2015 on the 2014 financial result. In the second quarter of 2014, the dividends paid were EUR 28.8 million.

In the consolidated balance sheet as from 31 December 2014, Hobby Hall's assets and liabilities are classified as assets held for sale. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR 75.9 million at the end of June, as against EUR 161.8 million a year earlier and EUR 51.3 million at the close of 2014.

Inventories amounted to EUR 216.4 million (EUR 266.6 million). The decline was partly due to the divestment of Seppälä. Stock levels were down in Stockmann Retail but up in Lindex due to currency effects, mainly the stronger US dollar.

Current receivables amounted to EUR 84.3 million (EUR 134.0 million). The decline was due to classifying Hobby Hall's current receivables as assets held for sale. Non-interest-bearing liabilities amounted to EUR 224.8 million (EUR 238.8 million).

Interest-bearing liabilities at the end of June were EUR 904.2 million (EUR 869.1 million), of which long-term debt amounted to EUR 579.3 million (EUR 609.0 million). In addition, the Group has EUR 287.3 million in undrawn, long-term committed credit facilities and EUR 354.0 million in uncommitted credit facilities.

The equity ratio was 44.6 per cent (41.1 per cent) at the end of June. Net gearing at the end of June was 85.3 per cent (104.3 per cent). At the end of 2014, the equity ratio was 39.3 per cent and net gearing was 105.4 per cent.

The return on capital employed over the past 12 months was -5.2 per cent (1.3 per cent in 2014). The Group's capital employed was EUR 1 943.2 million at the end of June, compared with EUR 1 682.1 million a year earlier.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 26.2 million (EUR 27.3 million) during the reporting period and EUR 9.7 million (17.8 million) in April-June. Depreciation was EUR 41.3 million (EUR 36.4 million) during the reporting period and EUR 20.9 million (EUR 18.2 million) in the second quarter. The increase was due to a change in the valuation of the real estate properties and an accelerated depreciation schedule for the Mega department stores in Russia.

Stockmann Retail's capital expenditure for the reporting period totalled EUR 12.8 million (EUR 13.7 million). A major part of this was used for the new distribution centre. The remaining nine Stockmann Beauty stores were closed during the second quarter.

Real Estate's capital expenditure for the reporting period totalled EUR 0.9 million (EUR 0.8 million), which was for property maintenance and refurbishments for new tenants.

Lindex's capital expenditure for January-June was EUR 11.7 million (EUR 11.3 million). Lindex opened two stores during the second quarter: one in Sweden and one in the Czech Republic. Four stores were closed in the quarter: three in Sweden and one franchising store in Croatia.

The Group's other capital expenditure came to a total of EUR 0.7 million (EUR 2.2 million).

STORE NETWORK

Stockmann Group	Total 31.12.2014	Total 31.3.2015	New stores in Q2 2015	Closed stores in Q2 2015	**Total 30.6.2015**
Department stores*	16	16			**16**
Stockmann Beauty stores	11	9		9	**0**
Outlet stores	1	1			**1**
Hobby Hall stores	1	1			**1**
Lindex stores	491	494	2	4	**492**
of which franchising	36	38	0	1	**37**
of which own stores	455	456	2	3	**455**

* Academic Bookstores are included in the department stores in Finland.

NEW PROJECTS

Capital expenditure for 2015 is estimated to be approximately EUR 70 million, mostly for the expansion and refurbishment of Lindex's stores, automation technology in Stockmann's new distribution centre, IT system renewals as well as property and store concept renewals. Construction for the new Tapiola department store property has started.

Depreciation for 2015 is estimated to total over EUR 80 million (EUR 71 million). The increase will be due to the fair market valuation of the real estate.

Lindex will continue to open new stores in 2015, including franchising stores. In Russia, the fashion chain will close down all its stores during 2015 and 2016. Therefore the total number of stores at the end of 2015 is estimated to remain on a par with 2014.

SHARES AND SHARE CAPITAL

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

As of the end of June 2015, Stockmann had 30 595 765 Series A shares and 41 452 918 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 347 410 568.

The share capital totalled EUR 144.1 million at the end of the period (EUR 144.1 million). The market capitalization was EUR 447.1 million (EUR 794.4 million). At the end of 2014 the market capitalization stood at EUR 460.1 million.

At the end of June, the price of Stockmann's Series A shares was EUR 6.20, compared with EUR 6.42 at the end of 2014, and the Series B shares were selling at EUR 6.21, as against EUR 6.36 at the end of 2014. A total of 0.8 million (0.4 million) Series A shares and 8.8 million (8.9 million) Series B shares were traded on Nasdaq OMX Helsinki during the reporting period. This corresponds to 2.6 per cent of the average number of Series A shares and 21.1 per cent of the average number of Series B shares.

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

At the end of June 2015, Stockmann had 54 067 shareholders, compared with 56 755 a year earlier. Stockmann received a flagging announcement in June, when the holdings of Varma Mutual Pension Insurance Company in Stockmann's shares rose above 5 per cent.

PERSONNEL

The Group's average number of personnel in the reporting period was 13 383, which is 1 201 less than in the same period in 2014 (14 584). The number was down mainly due to the divestment of Seppälä. In terms of full-time equivalents, the average number of employees decreased by 1 168 to a total of 9 991 (11 159).

At the end of June, the Group had 12 747 employees (14 484). The number of personnel working outside Finland was 7 842 (8 419), which was 61.5 per cent (58.1 per cent) of the total.

The Group's wages and salaries amounted to EUR 139.6 million, compared with EUR 154.9 million a year earlier. The total of employee benefits expenses was EUR 178.8 million (EUR 196.4 million) which is equivalent to 22.7 per cent (22.0 per cent) of revenue.

CHANGES IN MANAGEMENT

Lauri Veijalainen, B.Sc., MBA (born 1968) has been appointed Chief Financial Officer of the Stockmann Group as of 12 August 2015. He is currently Deputy Director for Stockmann's Real Estate division and Development Director for the Group's international operations. He will continue as a member of the Stockmann Management Team. Lauri Veijalainen will succeed CFO Pekka Vähähyyppä, who will leave Stockmann on 14 August 2015.

RISK FACTORS

Stockmann is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The general economic situation is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in the markets may influence the behaviour of both the financial actors and consumers. Uncertainties related to the general economic situation, particularly those related to consumers' purchasing power, and currency fluctuations are considered to be the principal risks that will continue to affect Stockmann during 2015. A weak operating environment may also cause a decline in rental income from tenants and in the occupancy rate of properties. These may have an effect on the fair value of the real estate.

The Stockmann Group entities are subject to tax audits which may lead to reassessment of taxes. In June 2015, Stockmann plc received a tax audit report proposing an increase in taxable income in Finland. The tax authorities will make the decision on the matter in due course after Stockmann's reply to the audit report. According to Stockmann's management, the taxes have been paid correctly and no increase in taxable income should be made. The proposed increase would result in a negative effect on Stockmann's result of approximately EUR 8 million, excluding interest. Also Stockmann Sverige AB is currently in a tax audit process carried out by the Swedish tax authorities but the company has not yet received the tax audit report.

The company does not consider any other material changes to have taken place in its risk factors presented in the 2014 financial statements.

OUTLOOK FOR 2015

The Russian rouble has weakened considerably and economic growth in Russia is expected to remain at a low level in 2015, having a continuously negative impact on consumers' purchasing power. The weak purchasing power is also expected to decrease the number of Russian shoppers in Finland and in the Baltic countries. The crisis in Ukraine, sanctions against Russia and their counter-measures may further affect the Russian economy during the year. As a consequence, the outlook for the Russian retail market remains very uncertain.

In Finland, no growth is expected in the retail market in 2015. The demand for non-food products, in particular, remains uncertain. Purchasing power is expected to remain low, which will have a negative effect on consumer purchasing behaviour.

The affordable fashion market in Sweden and the retail market in the Baltic countries are expected to remain relatively stable. Low consumer confidence may, however, affect consumers' willingness to make purchases in all market areas.

Stockmann's strategy aims at improving the Group's long-term competitiveness and profitability. An efficiency programme was launched in February 2015 with an annual cost savings target of EUR 50 million. The effects will start to be reflected in Stockmann's performance mainly from 2016 onwards.

Capital expenditure for 2015 is estimated to be approximately EUR 70 million. The operating result will be adversely affected by the increase in depreciation as a result of the fair market valuation of the real estate. Depreciation for 2015 is estimated to total over EUR 80 million.

Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. The operating result excluding non-recurring items is expected to improve, but to remain negative in 2015 due to the performance of the Stockmann Retail division. Operating results for the Real Estate and Fashion Chains divisions are expected to be positive.

Helsinki, Finland, 12 August 2015

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. Since 1 January 2015, Stockmann's new divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains. Previously, Stockmann Retail and Real Estate were reported together as the Department Store Division. The previous year's segment reporting figures used for comparison have been adjusted accordingly.

As of 1 January 2015, Stockmann has applied the revaluation model as prescribed by the IAS 16 standard to its properties, replacing the previously applied cost model. The properties are carried at their revalued amount, which is the fair value at the date of revaluation less accumulated depreciation. The increase in the carrying amount as a result of revaluation, net of tax liability, is recognised in the revaluation reserve in equity. Revaluation is not applied retrospectively but the figures used for comparison in the segment reporting have been adjusted accordingly for illustrative purposes.

The comparison also illustrates the key figures if Stockmann Retail had paid rent to the Real Estate division on the facilities in its use in the properties in the centre of Helsinki in 2014. The comparison figures include the actual rent paid in 2014 on properties in St Petersburg, Tallinn and Riga.

In all other respects, the accounting policies and calculation methods applied are the same as those in the 2014 financial statements. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–30.6.2015**	1.1.–30.6.2014	1.1.–31.12.2014
REVENUE	**786.2**	890.9	1 844.5
Other operating income	**0.2**	−0.0	−0.0
Materials and consumables	**−407.0**	−472.3	−984.6
Wages, salaries and employee benefits expenses	**−180.6**	−196.4	−383.3
Deprecation, amortisation and impairment losses	**−41.3**	−36.4	−71.0
Other operating expenses	**−211.5**	−226.1	−487.8
Total expenses	**−840.4**	−931.3	−1 926.7
OPERATING PROFIT/LOSS	**−54.0**	−40.3	−82.2
Financial income	**0.3**	0.3	1.3
Financial expenses	**−10.4**	−13.0	−22.7
Total financial income and expenses	**−10.1**	−12.7	−21.4
PROFIT/LOSS BEFORE TAX	**−64.0**	−53.1	−103.6
Income taxes	**−4.0**	4.9	3.8
PROFIT/LOSS FOR THE PERIOD	**−68.0**	−48.2	−99.8
Profit/loss for the period attributable to:			
Equity holders of the parent company	**−68.0**	−48.2	−99.8
Non-controlling interest	**−0.0**	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	**−0.94**	−0.67	−1.39
EPS, diluted, adjusted for share issue, EUR	**−0.94**	−0.67	−1.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.6.2015**	1.1.–30.6.2014	1.1.–31.12.2014
PROFIT/LOSS FOR THE PERIOD	**−68.0**	−48.2	−99.8
Net other comprehensive income which will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/losses on defined benefit pension liability, before-tax	**−0.0**		−0.0
Remeasurement gains/losses on defined benefit pension liability, tax	**0.0**		0.0
Remeasurement gains/losses on defined benefit pension liability, net-of-tax	**−0.0**		−0.0
Changes in revaluation surplus (IAS 16), before-tax	**438.1**		
Changes in revaluation surplus (IAS 16), tax	**−88.8**		
Changes in revaluation surplus (IAS 16), net-of-tax	**349.3**		
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods			
Exchange differences on translating foreign operations, before-tax	**1.6**	−6.0	−9.3
Exchange differences on translating foreign operations, tax	**0.1**	−0.5	−0.8
Exchange differences on translating foreign operations, net-of-tax	**1.7**	−6.5	−10.1
Cash flow hedges, before-tax	**−5.4**	1.9	5.1
Cash flow hedges, tax	**1.2**	−0.4	−1.1
Cash flow hedges, net-of-tax	**−4.2**	1.5	4.0
Other comprehensive income for the period, net of tax	**346.7**	−5.0	−6.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**278.7**	−53.2	−105.9
Total comprehensive income attributable to:			
Equity holders of the parent company	**278.7**	−53.2	−105.9
Non-controlling interest	**−0.0**	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.6.2015	30.6.2014	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**98.7**	99.1	96.8
Intangible rights	**57.1**	62.0	60.0
Other intangible assets	**3.9**	4.2	3.9
Advance payments and construction in progress	**1.3**	4.9	3.3
Goodwill	**762.6**	765.8	748.1
Intangible assets, total	**923.6**	936.0	912.2
Property, plant and equipment			
Land and water	**139.1**	42.1	43.1
Buildings and constructions	**756.0**	432.9	426.9
Machinery and equipment	**78.6**	85.4	80.9
Modification and renovation expenses for leased premises	**22.1**	29.4	26.5
Advance payments and construction in progress	**16.5**	10.4	13.2
Property, plant and equipment, total	**1 012.3**	600.3	590.5
Non-current receivables	**8.5**	0.6	3.4
Available-for-sale investments	**7.7**	7.8	7.8
Deferred tax asset	**24.3**	16.8	25.9
NON-CURRENT ASSETS, TOTAL	**1 976.3**	1 561.4	1 539.7
CURRENT ASSETS			
Inventories	**216.4**	266.6	239.3
Current receivables			
Interest-bearing receivables	**1.8**	38.0	2.4
Income tax receivables	**5.7**	10.1	2.0
Non-interest-bearing receivables	**76.8**	85.9	75.7
Current receivables, total	**84.3**	134.0	80.1
Cash and cash equivalents	**10.3**	20.8	29.3
CURRENT ASSETS, TOTAL	**311.0**	421.4	348.8
ASSETS CLASSIFIED AS HELD FOR SALE	**46.6**		48.0
ASSETS, TOTAL	**2 333.9**	1 982.8	1 936.5

EUR mill.	30.6.2015	30.6.2014	31.12.2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	144.1	144.1
Share premium fund	**186.1**	186.1	186.1
Revaluation surplus	**349.3**		
Invested unrestricted equity fund	**250.4**	250.4	250.4
Other funds	**43.1**	44.9	47.4
Translation reserve	**−4.2**	−2.4	−5.9
Retained earnings	**70.2**	189.9	138.3
Equity attributable to equity holders of the parent company	**1 039.0**	813.0	760.4
Non-controlling interest		0.0	0.0
EQUITY, TOTAL	**1 039.0**	813.0	760.4
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**149.3**	61.4	62.0
Non-current interest-bearing financing liabilities	**579.3**	609.0	613.2
Provisions for pensions	**0.0**	0.1	0.0
Non-current non-interest-bearing liabilities and provisions	**11.6**	0.4	0.3
NON-CURRENT LIABILITIES, TOTAL	**740.2**	671.0	675.5
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	**325.0**	260.1	220.7
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**213.2**	236.1	237.2
Income tax liabilities	**3.2**	2.5	0.0
Current provisions	**8.3**	0.2	30.8
Current non-interest-bearing liabilities, total	**224.8**	238.8	268.1
CURRENT LIABILITIES, TOTAL	**549.7**	498.8	488.8
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**4.9**		11.8
LIABILITIES, TOTAL	**1 294.9**	1 169.8	1 176.1
EQUITY AND LIABILITIES, TOTAL	**2 333.9**	1 982.8	1 936.5

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.6.2015**	1.1.–30.6.2014	1.1.–31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**−68.0**	−48.2	−99.8
Adjustments for:			
Depreciation, amortisation and impairment losses	**41.3**	36.4	71.0
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.1**	0.8	4.8
Interest and other financial expenses	**10.4**	13.0	22.7
Interest income	**−0.3**	−0.3	−1.3
Income taxes	**4.0**	−4.9	−3.8
Other adjustments	**−11.3**	0.1	30.8
Working capital changes:			
Increase (-) /decrease (+) in inventories	**24.8**	19.2	13.7
Increase (-) / decrease (+) in trade and other current receivables	**−2.8**	−4.4	42.5
Increase (+) / decrease (-) in current liabilities	**−29.9**	−28.4	−19.7
Interest expenses paid	**−12.1**	−12.6	−20.9
Interest received from operating activities	**0.2**	0.1	0.2
Other financing items from operating activities		−1.6	−1.6
Income taxes paid from operating activities	**−4.3**	−4.8	−9.0
Net cash from operating activities	**−48.0**	−35.5	29.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**−27.0**	−21.9	−55.1
Proceeds from sale of tangible and intangible assets	**0.7**		
Proceeds from sale of investments			0.0
Loans granted	**−5.0**		
Dividends received from investing activities	**0.1**	0.1	0.1
Net cash used in investing activities	**−31.2**	−21.8	−55.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	**262.9**	244.5	207.4
Repayment of current liabilities	**−207.4**	−324.0	−332.9
Proceeds from non-current liabilities	**41.0**	419.1	478.2
Repayment of non-current liabilities	**−35.3**	−260.7	−298.9
Payment of finance lease liabilities	**−0.8**	−2.2	−0.5
Dividends paid	**0.0**	−28.8	−28.8
Net cash used in financing activities	**60.4**	47.9	24.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−18.8**	−9.4	−0.9
Cash and cash equivalents at the beginning of the period	**29.3**	33.9	33.9
Cheque account with overdraft facility	**−4.1**	−6.1	−6.1
Cash and cash equivalents at the beginning of the period	**25.3**	27.8	27.8
Net increase/decrease in cash and cash equivalents	**−18.8**	−9.4	−0.9
Effects of exchange rate fluctuations on cash held	**0.0**	−0.3	−1.7
Cash and cash equivalents at the end of the period	**10.3**	20.8	29.3
Cheque account with overdraft facility	**−3.8**	−2.6	−4.1
Cash and cash equivalents at the end of the period	**6.5**	18.1	25.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2014	144.1	186.1		−0.5	250.5	43.9	4.1	266.8	**894.9**	0.0	**894.9**
Dividend distribution								−28.8	**−28.8**		**−28.8**
Options exercised								0.1	**0.1**		**0.1**
Share premium					−0.0				**−0.0**		**−0.0**
Other changes								0.0	**0.0**		**0.0**
Comprehensive income for the period											
Profit/loss for the period								−48.2	**−48.2**		**−48.2**
Changes in revaluation surplus (IAS 16)											
Exchange differences on translating foreign operations							−6.5		**−6.5**		**−6.5**
Cash flow hedges				1.5					**1.5**		**1.5**
Total comprehensive income for the period*				1.5			−6.5	−48.2	**−53.2**		**−53.2**
SHAREHOLDERS' EQUITY 30.6.2014	144.1	186.1		0.9	250.4	43.9	−2.4	189.9	**813.0**	0.0	**813.0**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2014	144.1	186.1		−0.5	250.5	43.9	4.1	266.8	**894.9**	0.0	**894.9**
Dividend distribution								−28.8	**−28.8**		**−28.8**
Options exercised								0.2	**0.2**		**0.2**
Share premium					−0.0				**−0.0**		**−0.0**
Other changes								0.0	**0.0**		**0.0**
Comprehensive income for the period											
Profit/loss for the period								−99.8	**−99.8**		**−99.8**
Changes in revaluation surplus (IAS 16)											
Remeasurement gains/losses on defined benefit pension liability								−0.0	**−0.0**		**−0.0**
Exchange differences on translating foreign operations							−10.1		**−10.1**		**−10.1**
Cash flow hedges				4.0					**4.0**		**4.0**
Total comprehensive income for the period*				4.0			−10.1	−99.8	**−105.9**		**−105.9**
SHAREHOLDERS' EQUITY 31.12.2014	144.1	186.1		3.4	250.4	43.9	−5.9	138.3	**760.4**	0.0	**760.4**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2015	144.1	186.1		3.4	250.4	43.9	−5.9	138.3	**760.4**	0.0	**760.4**
Comprehensive income for the period											
Profit/loss for the period								−68.0	**−68.0**	−0.0	**−68.0**
Changes in revaluation surplus (IAS 16)			349.3						**349.3**		**349.3**
Remeasurement gains/losses on defined benefit pension liability								−0.0	**−0.0**		**−0.0**
Exchange differences on translating foreign operations							1.7		**1.7**		**1.7**
Cash flow hedges				−4.2					**−4.2**		**−4.2**
Total comprehensive income for the period*			349.3	−4.2			1.7	−68.1	**278.7**		**278.7**
SHAREHOLDERS' EQUITY 30.6.2015	144.1	186.1	349.3	−0.8	250.4	43.9	−4.2	70.3	**1 039.0**		**1 039.0**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS*

Operating segments

Revenue, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Stockmann Retail	**456.6**	522.2	1 075.3
Fashion Chains	**317.5**	355.4	743.2
Real Estate	**29.8**	30.0	59.4
Segments, total	**803.9**	907.6	1 877.9
Unallocated	**0.1**	0.1	0.1
Eliminations	**−17.8**	−16.8	−33.6
Group total	**786.2**	890.9	1 844.5

Operating profit/loss, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Stockmann Retail	**−52.2**	−43.1	−68.6
Fashion Chains	**−5.3**	−7.1	0.0
Real Estate	**10.1**	8.3	15.9
Segments, total	**−47.4**	−41.8	−52.6
Unallocated	**−6.6**	−4.3	−41.3
Group total	**−54.0**	−46.1	−93.9
Reconciliation to reported operating profit/loss:			
Change in depreciation (IAS 16)		5.8	11.7
Reported Group total	**−54.0**	−40.3	−82.2
Reconciliation to the item profit/loss before tax:			
Financial income	**0.3**	0.3	1.3
Financial expenses	**−10.4**	−13.0	−22.7
Consolidated profit/loss before taxes	**−64.0**	−53.1	−103.6

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Stockmann Retail	**13.2**	13.1	25.3
Fashion Chains	**12.1**	13.8	26.7
Real Estate	**14.8**	13.9	27.8
Segments, total	**40.1**	40.8	79.9
Unallocated	**1.2**	1.4	2.8
Group total	**41.3**	42.2	82.6

Capital expenditure, gross, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Stockmann Retail	**12.8**	12.9	27.2
Fashion Chains	**11.7**	11.3	21.4
Real Estate	**0.9**	0.8	1.7
Segments, total	**25.5**	25.0	50.3
Unallocated	**0.7**	2.2	3.5
Group total	**26.2**	27.3	53.8

Assets, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Stockmann Retail	**278.8**	368.4	316.6
Fashion Chains	**1 052.3**	1 077.2	1 050.2
Real Estate	**905.5**	921.5	908.3
Segments, total	**2 236.6**	2 367.1	2 275.1
Unallocated	**50.7**	62.2	51.7
Assets classified as held for sale	**46.6**		48.0
Group total	**2 333.9**	2 429.3	2 374.8

* Segment information for 2014 is adjusted for comparison purposes

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Finland 1)	**371.3**	422.0	882.8
Sweden and Norway 2)	**236.9**	246.9	513.7
Baltic countries and Central Europe 1) *	**72.2**	76.5	161.0
Russia 1)	**105.8**	145.5	286.9
Group total	**786.2**	890.9	1 844.5
Finland %	**47.2%**	47.4%	47.9%
International operations %	**52.8%**	52.6%	52.1%

Operating profit/loss, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Finland 1)	**–43.8**	–38.8	–95.7
Sweden and Norway 2)	**14.2**	15.4	38.6
Baltic countries and Central Europe 1) *	**–6.8**	–2.3	–1.1
Russia 1)	**–17.6**	–20.5	–35.8
Group total	**–54.0**	–46.2	–93.9
Finland %	**81.1%**	84.0%	
International operations %	**18.9%**	16.0%	

Non-current assets, EUR mill.	1.1.–30.6.2015	1.1.–30.6.2014	1.1.–31.12.2014
Finland 1)	**723.8**	793.5	825.5
Sweden and Norway 2)	**878.2**	817.3	796.5
Baltic countries and Central Europe 1) *	**127.3**	121.7	124.6
Russia 1)	**223.5**	258.6	303.1
Group total	**1 952.7**	1 991.2	2 049.8
Finland %	**37.1%**	39.9%	40.3%
International operations %	**62.9%**	60.1%	59.7%

1) Stockmann Retail, Real Estate, Fashion Chains
2) Fashion Chains
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, the United Kingdom

EXCHANGE RATES OF EURO

Closing rate for the period	30.6.2015	30.6.2014	31.12.2014
RUB	**62.3550**	46.3779	72.3370
NOK	**8.7910**	8.4035	9.0420
SEK	**9.2150**	9.1762	9.3930
Average rate for the period	**1.1.–30.6.2015**	1.1.–30.6.2014	1.1.–31.12.2014
RUB	**64.5211**	48.0165	51.0421
NOK	**8.6444**	8.2752	8.3561
SEK	**9.3396**	8.9546	9.0980

KEY FIGURES OF THE GROUP

	30.6.2015	30.6.2014	31.12.2014
Equity ratio, per cent	**44.6**	41.1	39.3
Net gearing, per cent	**85.3**	104.3	105.4
Cash flow from operating activities per share, EUR	**−0.74**	−0.49	0.41
Interest-bearing net debt, EUR mill.	**884.2**	810.4	799.4
Number of shares at the end of the period, thousands	**72 049**	72 049	72 049
Weighted average number of shares, thousands	**72 049**	72 049	72 049
Weighted average number of shares, diluted, thousands	**72 049**	72 049	72 049
Market capitalization, EUR mill.	**447.1**	794.4	460.1
Operating profit/loss, per cent of turnover	**−6.9**	−4.5	−4.5
Equity per share, EUR	**14.42**	11.28	10.55
Return on equity, rolling 12 months, per cent	**−12.9**	2.1	−12.1
Return on capital employed, rolling 12 months, per cent	**−5.2**	1.3	−4.9
Average number of employees, converted to full-time equivalents	**9 991**	11 159	11 094
Capital expenditure, EUR mill.	**26.2**	27.3	53.8

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent $= 100 \times \dfrac{\text{Equity + non-controlling interest}}{\text{Total assets – advance payments received}}$

Net gearing, per cent $= 100 \times \dfrac{\text{Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables}}{\text{Equity total}}$

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Market capitalization = Number of shares multiplied by the quotation for the respective share series on the balance sheet day

Earnings per share, adjusted for share issue $= \dfrac{\text{Profit before taxes – non-controlling interest – income taxes}}{\text{Average number of shares, adjusted for share issue}}$

Return on equity, per cent, rolling 12 months $= 100 \times \dfrac{\text{Profit for the period (12 months)}}{\text{Equity + non-controlling interest (average over 12 months)}}$

Return on capital employed, per cent, rolling 12 months $= 100 \times \dfrac{\text{Profit before taxes + interest and other financial expenses (12 months)}}{\text{Capital employed (average over 12 months)}}$

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue	**405.8**	380.4	548.5	405.0	495.3	395.6	607.8	454.4
Other operating income	**0.2**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and consumables	**-198.2**	-208.7	-308.3	-203.9	-256.8	-215.5	-307.1	-229.6
Wages, salaries and employee benefits expenses	**-88.4**	-92.2	-99.7	-87.3	-98.9	-97.5	-106.2	-89.6
Depreciation, amortisation and impairment losses	**-20.9**	-20.4	-17.3	-17.2	-18.2	-18.2	-19.2	-18.4
Other operating expenses	**-102.5**	-109.0	-150.3	-111.4	-117.8	-108.3	-127.0	-106.2
Operating profit/loss, EUR mill.	**-4.1**	-49.9	-27.1	-14.8	3.5	-43.9	48.3	10.7
Financial income	**0.2**	0.1	0.8	0.2	0.1	0.1	0.3	3.8
Financial expenses	**-5.0**	-5.4	-4.8	-4.9	-7.4	-5.6	-9.3	-7.9
Total financial income and expenses	**-4.8**	-5.3	-4.0	-4.7	-7.3	-5.5	-9.0	-4.1
Profit/loss before tax	**-8.9**	-55.1	-31.1	-19.5	-3.8	-49.3	39.3	6.5
Income taxes	**-3.0**	-1.0	-7.0	5.9	-4.3	9.2	-2.8	22.4
Profit/loss for the period	**-11.9**	-56.2	-38.1	-13.6	-8.1	-40.1	36.5	28.9

Earnings per share per quarter

EUR	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Undiluted	**-0.16**	-0.78	-0.53	-0.19	-0.11	-0.56	0.51	0.40
Diluted	**-0.16**	-0.78	-0.53	-0.19	-0.11	-0.56	0.51	0.40

Segment information per quarter **

EUR mill.	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue								
Stockmann Retail	**224.0**	232.6	345.5	207.5	287.0	235.2	392.1	245.2
Fashion Chains	**175.2**	142.3	196.9	190.9	201.6	153.8	215.9	209.4
Real Estate	**15.2**	14.6	15.0	14.8	15.2	14.9	0.0	0.0
Unallocated	**0.1**	0.0	-0.1	0.1	0.1	0.1	-0.1	-0.2
Eliminations	**-8.8**	-9.0	-8.8	-8.3	-8.5	-8.4	0.0	0.0
Group total	**405.8**	380.4	548.5	405.0	495.3	395.6	607.8	454.4
Operating profit/loss, EUR mill.								
Stockmann Retail	**-21.7**	-30.5	-1.8	-23.6	-14.2	-28.9	34.0	-3.6
Fashion Chains	**17.7**	-23.0	2.9	4.2	13.2	-20.3	17.6	16.1
Real Estate	**5.5**	4.6	3.9	3.6	4.4	3.9	0.0	0.0
Unallocated	**-5.5**	-1.0	-34.9	-2.1	-2.8	-1.5	-3.3	-1.8
Group total	**-4.1**	-49.9	-29.9	-17.9	0.6	-46.7	48.3	10.7
Reconciliation to reported operating profit/loss:								
Change in depreciation (IAS 16)			2.9	3.1	2.9	2.9	0.0	0.0
Reported Group total	**-4.1**	-49.9	-27.1	-14.8	3.5	-43.9	48.3	10.7

Information on market areas

EUR mill.	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue								
Finland 1)	**166.2**	205.1	280.8	179.9	231.4	190.6	307.5	206.0
Sweden and Norway 2)	**137.4**	99.6	137.8	129.0	142.4	104.5	149.7	140.1
Baltic countries and Central Europe 1) *	**38.5**	33.7	48.1	36.5	41.5	35.0	48.1	37.1
Russia 1)	**63.7**	42.1	81.9	59.6	80.0	65.4	102.5	71.3
Group total	**405.8**	380.4	548.5	405.0	495.3	395.6	607.8	454.4
Finland %	**41.0%**	53.9%	51.2%	44.4%	46.7%	48.2%	50.6%	45.3%
International operations %	**59.0%**	46.1%	48.8%	55.6%	53.3%	51.8%	49.4%	54.7%
Operating profit/loss								
Finland 1)	**-18.5**	-25.3	-39.3	-17.6	-14.5	-24.2	16.5	-1.0
Sweden and Norway 2)	**18.7**	-4.5	12.9	10.2	19.9	-4.5	22.4	17.3
Baltic countries and Central Europe 1) *	**-0.6**	-6.2	1.0	0.2	0.7	-3.0	4.5	0.7
Russia 1)	**-3.7**	-13.9	-4.5	-10.8	-5.5	-15.1	4.9	-6.2
Group total	**-4.1**	-49.9	-29.9	-17.9	0.6	-46.7	48.3	10.7

1) Stockmann Retail, Real Estate, Fashion Chains
2) Fashion Chains Division
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, the United Kingdom
** Segment information for 2014 is adjusted for comparison purposes

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS OFF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Contingent liabilities of the Group, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Mortages on land and buildings	**1.7**	1.7	1.7
Pledges and guarantees	**8.5**	7.9	7.9
Liabilities of adjustments of VAT deductions made on investments to immovable property	**16.8**	19.9	19.9
Total	**27.0**	29.5	29.5

Lease agreements on the Group's business premises, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**164.9**	173.1	180.1
After one year	**718.7**	668.5	758.9
Total	**883.6**	841.6	939.0

Group's lease payments, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Within one year	**0.6**	0.5	0.6
After one year	**1.1**	1.4	1.3
Total	**1.7**	2.0	1.9

Group's derivate contracts, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Nominal value			
Currency derivatives	**486.0**	401.6	432.5
Electricity derivates	**1.4**	0.2	1.5
Total	**487.5**	401.8	434.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Acquisition cost at the beginning of the period	**1 960.6**	2 060.6	2 060.6
Fair value valuation of the real estate	**438.3**		
Acquisition cost at the beginning of the period total	**2 398.9**	2 060.6	2 060.6
Translation difference +/-	**19.8**	-34.8	-59.8
Increases during the period	**26.2**	27.3	53.8
Decreases during the period	**-24.2**	-5.8	-92.6
Transfers to non-current assets classified as held for sale	**-0.6**		-1.5
Acquisition cost at the end of the period	**2 420.2**	2 047.3	1 960.6
Accumulated depreciation and impairment losses at the beginning of the period	**-457.9**	-482.3	-482.3
Translation difference +/-	**-2.6**	2.7	6.9
Depreciation on reductions during the period	**16.8**	5.0	87.7
Accumulated depreciation on transfers to non-current assets classified as held for sale	**0.7**		0.6
Depreciation, amortisation and impairment losses during the period	**-41.3**	-36.4	-71.0
Accumulated depreciation and impairment losses at the end of the period	**-484.3**	-511.0	-457.9
Carrying amount at the beginning of the period	**1 502.7**	1 578.3	1 578.3
Carrying amount at the end of the period	**1 935.9**	1 536.3	1 502.7

The calculation of consolidated assets includes following changes in consolidated goodwill:

Goodwill, EUR mill.	30.6.2015	30.6.2014	31.12.2014
Acquisition cost at the beginning of the period	**748.1**	793.2	793.2
Translation difference +/-	**14.5**	-27.4	-45.1
Acquisition cost at the end of the period	**762.6**	765.8	748.1
Carrying amount at the beginning of the period	**748.1**	793.2	793.2
Carrying amount at the end of the period	**762.6**	765.8	748.1

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED ACCORDING TO IAS 39, AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets, EUR mill.	Level	**Carrying amount 30.6.2015**	**Fair value 30.6.2015**	Carrying amount 30.6.2014	Fair value 30.6.2014	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	**2**	**0.5**	**0.5**	1.2	1.2	4.4	4.4
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	**2**	**0.5**	**0.5**	8.7	8.7	6.6	6.6
Electricity derivatives	**1**						
Financial assets at amortized cost							
Non-current receivables		**8.5**	**8.5**	0.6	0.6	3.4	3.4
Current receivables, interest-bearing		**1.8**	**1.8**	38.0	38.0	2.4	2.4
Current receivables, non-interest-bearing		**75.8**	**75.8**	76.0	76.0	64.7	64.7
Cash and cash equivalents		**10.3**	**10.3**	20.8	20.8	29.3	29.3
Available-for-sale financial assets	**3**	**7.7**	**7.7**	7.8	7.8	7.8	7.8
Financial assets, total		**105.1**	**105.1**	153.1	153.1	118.6	118.6

Financial liabilities, EUR mill.	Level	**Carrying amount 30.6.2015**	**Fair value 30.6.2015**	Carrying amount 30.6.2014	Fair value 30.6.2014	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	**2**	**1.2**	**1.2**	0.1	0.1		
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	**2**	**4.7**	**4.7**	0.7	0.7	0.4	0.4
Electricity derivatives	**1**	**0.2**	**0.2**	0.2	0.2	0.2	0.2
Financial liabilities at amortized cost							
Non-current interest-bearing liabilities	**2**	**579.3**	**578.7**	609.0	607.6	613.2	607.2
Current liabilities, interest-bearing	**2**	**325.0**	**325.4**	260.1	260.8	220.7	221.0
Current liabilities, non-interest-bearing		**207.3**	**207.3**	235.2	235.2	236.7	236.7
Financial liabilities, total		**1 117.6**	**1 117.4**	1 105.3	1 104.5	1 071.2	1 065.6

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.
Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are over-the-counter (OTC) derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments.
Level 3: Techniques, which require most management's judgment.

There haven't been any transfers between the levels during the financial year.

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

Change in fair value of available-for-sale financial assets, EUR mill.	**30.6.2015**	30.6.2014	31.12.2014
Carrying amount Jan. 1	**7.8**	7.9	7.9
Translation difference +/-	**0.0**	0.0	0.0
Sale of shares	**−0.1**	0.0	0.0
Total	**7.7**	7.8	7.8

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