

STOCKMANN plc STOCK EXCHANGE RELEASE October 26, 2005, at 11.45

STOCKMANN plc INTERIM REPORT January 1 - September 30, 2005

The Stockmann Group's profit before taxes improved by 46 per cent to EUR 20.4 million in the third quarter. In January - September Stockmann's consolidated sales grew by 5.1 per cent to EUR 1 280.8 million (EUR 1 219.2 million in 2004). The Department Store Division, Seppälä and Hobby Hall all reported clear growth in operating profit. Stockmann Auto recorded a decrease in operating profit. Consolidated profit before taxes showed improvement of EUR 9.6 million, amounting to EUR 46.3 million (EUR 36.6 million). The return on capital employed was 16.7 per cent. The earnings estimate for 2005 is unchanged.

IFRS reporting

Stockmann adopted International Financial Reporting Standards (IFRS) on January 1, 2005. The comparative information used in this Interim Report is the 2004 figures according to IFRS, which were published at the annual level on February 15, 2005, and at the quarterly level on April 18, 2005. The accounting policies presented in the stock exchange release of April 18, 2005 have been observed in this Interim Report. The Interim Report is unaudited.

Sales and result

Stockmann's consolidated sales during the report period were EUR 1 280.8 million, up EUR 61.6 million and 5.1 per cent on same-period sales. Net turnover was EUR 1 066.9 million, increasing by EUR 51.5 million and likewise by 5.1 per cent on the same period a year earlier. International operations accounted for an increased share of consolidated sales, rising from 13 per cent to 17 per cent.

The Group's gross operating margin grew by EUR 31.2 million to EUR 361.7 million. The relative gross margin improved further and was 33.9 per cent (32.5 per cent). The relative gross margin improved on the comparison period in the Seppälä Division and Hobby Hall and it was at the level of the comparison period in the Department Store Division and Stockmann Auto. During the report period the Group had hedged against a weakening in the value of the Russian rouble. When the rouble strengthened against all expectations, hedging dampened the positive effect on earnings by around EUR 3 million during the report period. The growth in the Group's relative gross margin was also attributable to the change in the sales mix: the proportion of low-margin Stockmann Auto's sales within consolidated sales decreased from the comparison period.

There was no other operating income in the report period, as against EUR 2.3 million in the comparison period. Operating costs were up EUR 18.0 million. Third-quarter earnings were burdened by a provision amounting to EUR 0.8 million booked for social security contributions for options still in the possession of key employees. Depreciation increased by EUR 2.5 million.

Consolidated operating profit increased by EUR 8.3 million on the comparison period to EUR 45.7 million, amounting to 4.3 per cent of net turnover. The corresponding figure in the comparison period, not including other operating income, was 3.5 per cent. Net financial income was up by EUR 1.3 million on the same period a year earlier and totalled EUR 0.6 million. Gains totalling EUR 0.9 million on the sale of securities were included in the net financial

income for the report period, whereas there were none in the comparison period. Profit before taxes rose by EUR 9.6 million to EUR 46.3 million (EUR 36.6 million). Growth in earnings continued vigorously in the third quarter, when profit before taxes rose by 46 per cent, amounting to EUR 20.4 million (EUR 13.9 million).

Direct taxes were EUR 11.8 million, an increase of EUR 4.7 million on the previous year. Deferred taxes for the comparison period diminished due to the lowering of Finland's corporate tax rate from 29 per cent to 26 per cent from the beginning of 2005. The lowering of the tax rate reduced the deferred tax liability for the comparison period by EUR 2.6 million.

Net profit for the report period was EUR 34.5 million, compared with EUR 29.6 million a year earlier.

Earnings per share were EUR 0.65 (EUR 0.55) and diluted for options they were EUR 0.64 (EUR 0.55). The above-mentioned change in the deferred tax liability improved earnings per share in 2004 by EUR 0.05. Equity per share was EUR 8.51 (EUR 9.24).

Sales and earnings trend by division

The Department Store Division's sales grew by 13 per cent to EUR 709.5 million. Sales in Finland were up 6 per cent, clearly outstripping growth in the sector. Sales by International Operations were boosted by the new department stores that were opened in Moscow in April and December 2004, the new Zara and Bestseller stores as well as by good same-store sales growth in all market areas. The Department Store Division's sales abroad grew by 42 per cent and their share of the division's sales rose to 25 per cent (20 per cent). The Department Store Division's operating profit increased by EUR 2.5 million to EUR 29.1 million (EUR 26.6 million). It was burdened by the start-up costs for new department stores and other stores abroad. When a new department store opens for business, the result on operations during the first two years generally is clearly in the red. Capital expenditures incurred in setting up smaller stores usually start yielding earnings clearly more quickly than capital expenditures for a department store. The division's operating profit in the third quarter was EUR 13.3 million, an increase of EUR 1.6 million on the figure a year earlier.

Stockmann Auto's sales fell by 8 per cent to EUR 313.4 million. The division's operating profit was EUR 2.5 million, down EUR 4.1 million on the comparison period (EUR 6.6 million). Operating profit in the comparison period includes EUR 2.3 million of compensation received from the sale of the VW-Audi dealership in Helsinki's Herttoniemi district, which was booked in the second quarter. A major factor behind the drop in both sales and operating profit was the transfer of the VW-Audi dealership in Herttoniemi to the importer as from July 1, 2004. In the third quarter Stockmann Auto's operating profit was EUR 0.8 million, on a par with the comparison period.

Hobby Hall's sales declined by 2 per cent on the same period a year earlier and were EUR 147.1 million. Sales in Finland diminished by 3 per cent owing to the cutback in the store network and the timing of the mail order catalogues which differed from the previous year. Finland's online sales continued their robust growth. Hobby Hall's sales in the Baltic countries grew by 2 per cent even though distance sales in Lithuania were wound up during the first part of the year. Hobby Hall's operating result increased by EUR 6.1 million. Operating profit was EUR 1.8 million (a loss of EUR 4.3 million). The division reported a third-quarter operating profit of EUR 0.9

million, an improvement of EUR 3.6 million on the figure a year earlier. Hobby Hall's operating profit has been in the black for four consecutive quarters already. The positive earnings trend was due to efficiently carrying through the programme aimed at improving cost-effectiveness and the gross margin.

Seppälä's sales increased by 10 per cent on the same period of last year and were EUR 110.1 million. The growth was especially strong abroad, where sales were lifted by the stores opened in the Baltic countries and Russia in 2004 and 2005 as well as the good trend in like-for-like sales. The number of stores in Finland remained unchanged and sales rose by 5 per cent. Thanks to higher sales and an improved relative gross margin, Seppälä's operating profit increased by a hefty EUR 7.5 million and was EUR 16.6 million (EUR 9.1 million). Seppälä's third-quarter operating profit was EUR 6.9 million, or EUR 1.6 million higher than a year ago.

Financing and invested capital

The amount of liquid assets has been lowered as planned. Liquid assets amounted to EUR 12.1 million at the end of the report period, as against EUR 53.2 million a year earlier and EUR 41.4 million at the end of 2004.

Loan repayments were not made during the report period, nor have new long-term loans been drawn down. Interest-bearing liabilities at the end of September were EUR 98.9 million (EUR 67.8 million), of which EUR 13.4 million consisted of long-term borrowings. Share subscriptions made through the exercise of Loyal Customer share options and the options for the year 2000 added EUR 9.1 million to shareholders' equity. Capital expenditures amounted to EUR 39.1 million. Net working capital totalled EUR 251.5 million and was up by EUR 17.4 million on the comparison period. The equity ratio was 59.6 per cent (64.0 per cent) in the report period. The equity ratio at the end of 2004 was 62.5 per cent.

Over the past 12 months the return on capital employed improved in line with higher earnings and the decrease in the amount of capital employed and was 16.7 per cent (14.8 per cent at the end of 2004). The Group's ROCE diminished by EUR 1.4 million from September of the previous year and stood at EUR 554.9 million towards the end of the report period (EUR 535.9 million at the end of 2004).

New long-term financial targets

According to the estimate drawn up by Stockmann's Board of Directors, in 2005 the Group will achieve the long-term financial targets that were set in 2001: a 15 per cent return on capital employed and an operating profit margin of at least 5 per cent. Accordingly, in June the Board of Directors confirmed the Group's new financial targets up to 2010. The objective is for the Group's return on capital employed to reach 20 per cent in 2010, with an operating profit margin of at least 8 per cent. The target for Group sales is to outpace the market. The equity ratio target has been set at a level of at least 50 per cent. The dividend policy will remain unchanged, the target being to pay dividends of at least 50 per cent of the profit on ordinary operations, nevertheless taking into account the financing required to grow the business.

Organisational changes

On June 17, 2005 Stockmann's Board of Directors appointed Seppälä Oy's managing director, Heikki Väänänen, B.Sc. (Econ.), as director of the Department Store Division and Group executive vice president, effective November 1, 2005. Mr Väänänen will also act as the alternate to Group CEO Hannu Penttilä. The Department Store Division's present head, Stockmann's executive vice president Jukka Hienonen will resign from Stockmann's employ to become president and CEO of Finnair.

On August 11, 2005 Stockmann's Board of Directors appointed the sales director of Stockmann's Helsinki department store, Terhi Okkonen, eMBA, as managing director of Seppälä Oy and a member of the Stockmann Group's Management Committee, effective November 1, 2005.

Capital expenditures

Capital expenditures during the report period totalled EUR 39.1 million (EUR 40.4 million).

The single largest capital expenditure for the Department Store Division in 2005 is the department store to be opened in leased premises in the new section of the Jumbo Shopping Centre in Vantaa. The department store will have about 11 000 square metres of retail space and it will open for business at the end of October. Stockmann's share of the total costs for the project comes to about EUR 7.5 million.

A large-scale project for enlarging and modifying the department store in the centre of Helsinki has got under way. The alterations to the town plan necessitated by the project were approved by the Helsinki City Council in June. According to the plan, the department store's commercial premises will be extended by about 10 000 square metres by converting existing premises to commercial use and by building new retail space. In addition, completely new goods handling and maintenance areas will be built for the department store as well as access passages to the new customer car park. After the enlargement the Helsinki department store will have about 50 000 square metres of retail space in all. The total cost estimate for the project is approximately EUR 115 million. The work is estimated to be completed in phases by the end of 2009.

New Stockmann Beauty stores have been opened in Jyväskylä and at the Sello Shopping Centre in Espoo. Finland's fourth Zara store opens for business at the Jumbo Shopping Centre in Vantaa in October. In early 2006, a Stockmann Beauty store will be opened in the Kamppi Shopping Mall in Helsinki.

The first Bestseller store operating on the franchising principle was opened in Moscow in February and a second store opened in September. A further five Bestseller stores will be opened in Russia during 2005, in Moscow, Kazan and St Petersburg. The flagship Zara store in Russia was opened in the heart of Moscow in June, and two other Zara stores opened for business in Moscow in August. A further new Zara store will be opened in Moscow during 2005. This will mean that there are seven Zara stores operating in Moscow.

The Department Store Division's capital expenditures came to EUR 32.0 million.

Stockmann Auto's capital expenditures amounted to EUR 2.8 million, of which an outlay of EUR 1.8 million was made on vehicles included in capital assets. Stockmann Auto expanded its operations at its current premises in Tampere in October with the launch of a Ford dealership there. Apart from

the Helsinki metropolitan area and Turku, branching out Ford sales to Tampere became timely when the location-limiting clause in the Block Exemption decree that regulates vehicle sales at EU level was removed as from October 1, 2005.

Hobby Hall's capital expenditures amounted to EUR 0.8 million.

Seppälä's capital expenditures came to EUR 1.7 million. Seppälä opened its first store in Vilnius, Lithuania, in April and its first store in St Petersburg in September. Two Seppälä stores were opened in Latvia during the report period. Seppälä will open further stores in Moscow and St Petersburg during 2005, so there will be seven stores operating in Russia by year's end. Furthermore, a total of three new stores will be opening in Latvia and Lithuania by the end of the year.

Other capital expenditures in the report period amounted to EUR 1.8 million.

Current projects

In May 2005 Stockmann made an agreement on building a department store and shopping centre on Nevsky Prospekt in the heart of St Petersburg. The approximately 10 000 square metre plot that will be obtained for this purpose is located beside the Vosstaniya Square underground station and in the immediate vicinity of the Moscow Station.

The planned shopping centre will have total floor space of at least 45 000 square metres and in addition to the full-scale Stockmann department store, plans include other retail shops, a hotel and underground parking facilities.

The department store and shopping centre investment will have a price tag of about EUR 80-110 million, depending on the final amount of floor space. Stockmann will carry out and finance the construction project either independently or in cooperation with suitable investors. Plans call for opening the department store and shopping centre at the end of 2008.

Shares and shareholders

The company's market capitalization at the end of September was EUR 1 820.0 million (EUR 1 073.8 million). At the end of 2004 the market capitalization was EUR 1 140.8 million.

Stockmann's shares outperformed both the OMX Helsinki Index (the former HEX General Index) and the OMX Helsinki Cap Index (the former HEX Portfolio Index) during the report period. At the end of September the stock exchange price of the Series A share was EUR 33.70, compared with EUR 21.10 at the end of 2004, and the Series B share was selling at EUR 33.71, as against EUR 21.70 at the end of 2004.

The Helsinki Stock Exchange decided on reducing the trading lot for Stockmann shares from 50 shares to 20 as from July 1, 2005.

The 4 900 Stockmann plc Series B shares with a par value of 2 euros subscribed for in December 2004 with the share options for 2000 were entered in the Trade Register on March 16, 2005 and they were admitted for public trading on the Helsinki Stock Exchange together with existing shares on March 17, 2005.

In the report period, the Stockmann share options for the year 2000 were exercised to subscribe for 410 930 Stockmann plc Series B shares with a par value of 2 euros, of which 332 080 shares were subscribed for in the third quarter. As a consequence of the subscriptions the share capital was increased by a total of EUR 821 860. Of the shares subscribed for in the third quarter 148 780 shares were entered in the Trade Register on August 26, 2005 and 183 300 shares were entered on October 6, 2005. They were accepted for public trading on the Helsinki Stock Exchange together with the existing shares on August 29, 2005 and October 7, 2005, respectively.

By exercising the A, B and C share options for 2000, which are quoted on the Helsinki Stock Exchange, further subscriptions can be made for a total of 1 914 020 new Series B shares with a par value of 2 euros. The subscription price for shares to be subscribed for by exercising the A options is now EUR 13.95, the price through exercise of the B options is EUR 14.95 and the price through exercise of the C options is EUR 15.95. The dividends payable annually are deducted from the subscription price. The subscription period for shares to be subscribed for by exercising the share options for 2000 ends on April 1, 2007.

A total of 343 902 Stockmann plc Series B shares with a par value of 2 euros were subscribed for with Stockmann Loyal Customer share options during the subscription period from May 2, 2005 to May 31, 2005. The subscription rights were exercised by 12 851 Stockmann Loyal Customers. As a consequence of the subscriptions the share capital was increased by EUR 687 804. The subscription price was EUR 8.81 per share. The shares were entered in the Trade Register on June 29, 2005 and they became available for public trading, together with the existing shares, on the Helsinki Stock Exchange on June 30, 2005. A total of 950 835 Stockmann Series B shares were subscribed for with Loyal Customer share options during 2001-2005. The subscription period ended on May 31, 2005.

Following the above-mentioned increases, the share capital is 108 359 584 euros and the total number of Series B shares is 29 615 549.

Stockmann held 396 876 of its own Series B shares (treasury shares) at the end of September 2005, and they represented 0.7 per cent of all the shares outstanding and 0.1 per cent of all the votes. Their acquisition cost was a total of EUR 6.0 million.

The company's Board of Directors does not have valid authorisations to increase the share capital or to float issues of convertible bonds or bonds with warrants or to buy back own shares.

Personnel strength

During the report period the Stockmann Group had an average payroll of 10 191 employees, or 908 more than in the comparison period. The growth in the number of employees was attributable mainly to the new department stores and other stores in Moscow as well as to the new department store at the Jumbo Shopping Centre in Vantaa. Converted to full-time staff, the average number of employees increased by 716 and was 8 275.

At the end of September 2005 the number of staff working abroad was 3 533 people. At the end of September last year Stockmann had 2 463 people working abroad. The proportion of the total personnel who were working abroad increased from 27 per cent in the comparison period to 35 per cent.

Full-year outlook

Retail sales excluding the motor trade are estimated to increase by about 3 per cent in Finland in 2005. The volume of new-car sales is estimated to increase on the previous year. The economies of Russia and the Baltic countries are anticipated to continue growing at a faster rate than the Finnish market. The Stockmann Group's sales in 2005 are expected to come in at about EUR 1.85 billion.

The Group's fourth-quarter earnings are anticipated to improve on the previous year's figure.

The Department Store Division's full-year operating profit is estimated to improve. Hobby Hall's operating profit is estimated to pick up and to be clearly in the black. Seppälä's operating profit will be significantly up on the previous year. Stockmann Auto's operating profit will fall short of the figure reported last year. The Group's earnings estimate for the full year is unchanged: Stockmann will post even better earnings in 2005 than in 2004.

Helsinki, October 26, 2005

STOCKMANN plc

| Balance sheet, Group EUR millions | 30.9.05 | 30.9.04 | 31.12.04 |
|--|---------|---------|----------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 27.8 | 36.3 | 24.4 |
| Property, plant and equipment | 278.1 | 247.3 | 268.4 |
| Long-term investments | 6.5 | 7.1 | 7.1 |
| Long-term receivables, interest-bearing | 4.9 | 6.3 | 8.5 |
| Deferred tax assets | 2.8 | 1.1 | 2.0 |
| Total non-current assets | 320.2 | 298.0 | 310.3 |
| Current assets | | | |
| Inventories | 242.1 | 237.1 | 195.0 |
| Interest-bearing receivables | 100.9 | 98.2 | 108.1 |
| Non interest-bearing receivables | 89.2 | 75.3 | 94.2 |
| Available-for-sale investments | 0.0 | 1.3 | 0.0 |
| Securities held in current assets | 1.4 | 39.7 | 28.7 |
| Cash and cash equivalents | 10.7 | 13.5 | 12.7 |
| Total current assets | 444.3 | 465.1 | 438.7 |
| Total assets | 764.5 | 763.1 | 749.0 |
| EQUITY AND LIABILITIES | | | |
| Equity | 456.0 | 488.5 | 467.8 |
| Minority interest | 0.0 | 0.0 | 0.0 |
| Total equity | 456.0 | 488.5 | 467.9 |
| Long-term borrowings, interest-bearing | 13.4 | 50.9 | 15.3 |
| Deferred tax liabilities | 28.9 | 30.3 | 29.2 |
| Current liabilities | | | |
| Interest-bearing short-term debt | 85.5 | 16.9 | 52.7 |
| Non interest-bearing short-term debt | 180.7 | 176.5 | 183.8 |
| Total current liabilities | 266.2 | 193.5 | 236.6 |
| Total equity and liabilities | 764.5 | 763.1 | 749.0 |

| | | | |
|---|--------|--------|--------|
| Equity ratio, per cent | 59.6 | 64.0 | 62.5 |
| Gearing, per cent | 19.0 | 3.0 | 5.7 |
| Cash flow from operations per share, EUR | 0.41 | 0.60 | 1.62 |
| Interest-bearing net debt, EUR mill.* | -19.1 | -89.9 | -90.0 |
| Number of shares at September 30, 2005, thousands | 53.996 | 53.250 | 53.420 |
| Weighted average number of shares, thousands | 53.017 | 52.442 | 52.544 |
| Weighted average number of shares, diluted, thousands | 53.964 | 52.999 | 53.509 |

*Interest-bearing liabilities less cash in hand and at banks less securities held in current assets less interest-bearing debtors

| | | | |
|--|--------|--------|---------|
| Funds statement, Group EUR millions | 1-9/05 | 1-9/04 | 1-12/04 |
| Cash flow from operations | 21.5 | 31.9 | 86.4 |
| Cash flow into and from investments | | | |
| Capital expenditures | -40.7 | -40.2 | -57.1 |
| Cash from non-current assets | 1.8 | 2.8 | 2.4 |
| Cash flow into and from investments, total | -38.9 | -37.4 | -54.7 |
| Financial cash flow | | | |
| Subscriptions with options | 9.1 | 6.7 | 9.5 |
| Dividend paid | -53.4 | -70.4 | -123.0 |
| Change in short-term loans, increase (+), decrease (-) | 32.3 | 1.1 | 1.8 |
| Financial cash flow, total | -12.0 | -62.7 | -111.7 |
| Change in cash funds | -29.3 | -68.1 | -79.9 |
| Cash funds at start of the period | 41.4 | 121.3 | 121.3 |
| Cash funds at end of the period | 12.1 | 53.2 | 41.4 |

| | | | | |
|--|---------|---------|--------------------|---------|
| Income statement, Group, EUR millions | 1-9/05 | 1-9/04 | Change per cent | 1-12/04 |
| Revenue | 1 066.9 | 1 015.4 | 5 | 1 445.0 |
| Other operating income | | 2.3 | -100 | 2.4 |
| Materials and consumables | -705.2 | -684.9 | 3 | -951.5 |
| Salaries and employee benefits | -153.2 | -143.2 | 7 | -202.2 |
| Depreciation | -25.4 | -22.9 | 11 | -30.7 |
| Other operating expenses | -137.3 | -129.3 | 6 | -183.3 |
| Operating profit | 45.7 | 37.4 | 22 | 79.8 |
| Finance income and costs | 0.6 | -0.7 | | -0.9 |
| Profit before tax | 46.3 | 36.6 | 26 | 78.9 |
| Income taxes* | -11.8 | -7.0 | 67 | -19.6 |
| Profit for the period | 34.5 | 29.6 | 17 | 59.3 |
| Minority interest | 0.0 | 0.0 | -1 | 0.0 |
| Net profit for the period | 34.5 | 29.6 | 17 | 59.3 |

* The effect of the reduction of tax rate in Finland on the deferred tax liability in 2004 was EUR - 2.6 million.

| | | | | |
|---|-------|-------|----|-------|
| Earnings per share, EUR | 0.65 | 0.55 | 18 | 1.13 |
| Earnings per share, diluted, EUR | 0.64 | 0.55 | 16 | 1.11 |
| Operating profit, per cent | 4.3 | 3.7 | 16 | 5.5 |
| Equity per share, EUR | 8.51 | 9.24 | -8 | 8.83 |
| Return on equity, per cent, moving 12 months | 13.6 | * | | 12.2 |
| Return on capital employed, per cent, moving 12 months | 16.7 | * | | 14.8 |
| Average number of employees, converted to full-time staff | 8 277 | 7.559 | 9 | 7 812 |

* No information according to IFRS for the year 2003

SEGMENT INFORMATION

| Segments | 1-9/05 | 1-9/04 | Change per cent | 1-12/04 |
|-------------------------------------|---------|---------|--------------------|----------|
| Sales, EUR millions | | | | |
| Department Store Division | 709.5 | 628.7 | 13 | 938.8 |
| Stockmann Auto | 313.4 | 339.8 | -8 | 437.1 |
| Hobby Hall | 147.1 | 149.8 | -2 | 214.4 |
| Seppälä | 110.1 | 100.2 | 10 | 143.7 |
| Eliminations + shared | 0.7 | 0.7 | | 0.9 |
| Group | 1 280.8 | 1 219.2 | 5 | 1 735.0 |
| Revenue, EUR millions | | | | |
| Department Store Division | 596.2 | 528.5 | 13 | 789.3 |
| Stockmann Auto | 256.1 | 278.4 | -8 | 358.0 |
| Hobby Hall | 122.1 | 124.5 | -2 | 177.9 |
| Seppälä | 90.8 | 82.6 | 10 | 118.4 |
| Eliminations + shared | 1.6 | 1.3 | | 1.5 |
| Group | 1 066.9 | 1 015.4 | 5 | 1 445.0 |
| Operating profit, EUR millions | | | | |
| Department Store Division | 29.1 | 26.6 | 10 | 63.7 |
| Stockmann Auto | 2.5 | 6.6 | -62 | 7.0 |
| Hobby Hall | 1.8 | -4.3 | | -2.9 |
| Seppälä | 16.6 | 9.1 | 82 | 17.1 |
| Eliminations | -0.3 | 0.7 | | -1.7 |
| Shared | -4.0 | -1.3 | | -3.5 |
| Group | 45.7 | 37.4 | 22 | 79.8 |
| Investments, gross, EUR millions | | | | |
| Department Store Division | 32.0 | 33.1 | -3 | 48.8 |
| Stockmann Auto | 2.8 | 3.5 | -20 | 4.4 |
| Hobby Hall | 0.8 | 0.9 | -10 | 1.2 |
| Seppälä | 1.7 | 1.0 | 76 | 1.2 |
| Shared | 1.8 | 1.9 | -4 | 3.3 |
| Group | 39.1 | 40.4 | -3 | 58.9 |
| Assets, EUR millions | | | | |
| | 30.9.05 | 30.9.04 | Change per cent | 31.12.04 |
| Department Store Division | 480.4 | 453.7 | 6 | 443.1 |
| Stockmann Auto | 96.0 | 97.7 | -2 | 113.1 |
| Hobby Hall | 104.1 | 98.9 | 5 | 102.2 |

| | | | | |
|--|---------|---------|-----------------|----------|
| Seppälä | 28.5 | 28.2 | 1 | 29.2 |
| Shared | 55.6 | 84.6 | -34 | 61.3 |
| Group | 764.5 | 763.1 | 0 | 749.0 |
| Non-interest-bearing liabilities, EUR millions | 30.9.05 | 30.9.04 | Change per cent | 31.12.04 |
| Department Store Division | 108.6 | 89.3 | 22 | 96.5 |
| Stockmann Auto | 31.9 | 44.3 | -28 | 45.1 |
| Hobby Hall | 19.1 | 18.4 | 4 | 17.0 |
| Seppälä | 8.9 | 7.4 | 20 | 10.4 |
| Shared | 41.0 | 47.4 | -14 | 44.1 |
| Group | 209.6 | 206.8 | 1 | 213.1 |
| Market areas | | | Change per cent | |
| | 1-9/05 | 1-9/04 | | 1-12/04 |
| Sales, EUR millions | | | | |
| Finland 1) | 1 061.1 | 1 058.2 | 0 | 1 492.9 |
| Baltic states 2) | 95.8 | 82.0 | 17 | 119.5 |
| Russia 3) | 123.9 | 79.0 | 57 | 122.5 |
| Group | 1 280.8 | 1 219.2 | 5 | 1 735.0 |
| Finland, per cent | 82.8 | 86.8 | | 86.0 |
| International operations, per cent | 17.2 | 13.2 | | 14.0 |
| Revenue, EUR millions | | | | |
| Finland 1) | 879.8 | 877.7 | 0 | 1.237.9 |
| Baltic states 2) | 81.5 | 70.0 | 16 | 102.0 |
| Russia 3) | 105.7 | 67.8 | 56 | 105.1 |
| Group | 1 066.9 | 1 015.4 | 5 | 1 445.0 |
| Finland, per cent | 82.5 | 86.4 | | 85.7 |
| International operations, per cent | 17.5 | 13.6 | | 14.3 |
| Operating profit, EUR millions | | | | |
| Finland 1) | 47.3 | 39.9 | 19 | 76.9 |
| Baltic states 2) | 3.0 | -2.6 | | 0.2 |
| Russia 3) | -4.6 | 0.1 | | 2.7 |
| Group | 45.7 | 37.4 | 22 | 79.8 |
| Investments, gross, million euros | | | | |
| Finland 1) | 22.7 | 14.4 | 58 | 22.3 |
| Baltic states 2) | 1.0 | 2.4 | -55 | 3.1 |
| Russia 3) | 15.4 | 23.6 | -35 | 33.5 |
| Group | 39.1 | 40.4 | -3 | 58.9 |
| Finland, per cent | 58.0 | 35.7 | | 37.8 |
| International operations, per cent | 42.0 | 64.3 | | 62.2 |
| Assets, EUR millions | | | Change per cent | |
| | 30.9.05 | 30.9.04 | | 31.12.04 |
| Finland 1) | 592.3 | 615.1 | -4 | 602.2 |
| Baltic states 2) | 72.9 | 75.6 | -4 | 70.9 |
| Russia 3) | 99.3 | 72.4 | 37 | 75.9 |
| Group | 764.5 | 763.1 | 0 | 749.0 |
| Finland, per cent | 77.5 | 80.6 | | 80.4 |
| International operations, per cent | 22.5 | 19.4 | | 19.6 |

per cent

- 1) Department Store Divisions, Stockmann Auto, Hobby Hall and Seppälä
- 2) Department Store Divisions, Stockmann Auto, Hobby Hall and Seppälä
- 3) Department Store Divisions and Seppälä

Statement of changes in equity

| Group, EUR millions | Equity | Share premium fund | Treasury share fund | Legal reserve | Other funds* |
|---------------------------------|--------|--------------------|---------------------|---------------|--------------|
| Equity December 31, 2003 | 105.3 | 147.1 | 6.2 | 0.2 | 43.7 |
| Translation differences | | | | | |
| Deferred tax liabilities/assets | | | | | |
| Depreciation | | | | | |
| Own shares | | | -6.2 | | |
| Financial instruments | | | | | 0.3 |
| Adjusted equity | 105.3 | 147.1 | 0.0 | 0.2 | 44.1 |
| January 1, 2004 | | | | | |
| Options exercised | 1.2 | 5.5 | | | |
| Transfer to other funds | | -0.2 | | | |
| Cash flow hedges | | | | | |
| Financial instruments | | | | | 0.5 |
| Dividends | | | | | |
| Translation differences | | | | | |
| Profit for the period | | | | | |
| Equity September 30, 2004 | 106.5 | 152.4 | 0.0 | 0.2 | 44.6 |
| Equity December 31, 2004 | 106.8 | 154.8 | 0.0 | 0.2 | 44.4 |
| Options exercised | 3.9 | 5.2 | | | |
| Transfer to other funds | | 0.1 | | | 0.1 |
| Cash flow hedges | | | | | -2.8 |
| Dividends | | | | | |
| Translation differences | | | | | |
| Profit for the period | | | | | |
| Equity September 30, 2005 | 110.7 | 160.1 | 0.0 | 0.2 | 41.7 |

* Excluding deferred tax liability

Statement of changes in equity

| Group, EUR millions | Minority interest | Trans-lation reserve | Retained earnings | Total |
|---------------------------------|-------------------|----------------------|-------------------|-------|
| Equity December 31, 2003 | 0.0 | -0.1 | 244.7 | 547.1 |
| Translation differences | | 0.1 | -0.1 | 0.0 |
| Deferred tax liabilities/assets | | | -7.5 | -7.5 |
| Depreciation | | | -10.8 | -10.8 |
| Own shares | | | | -6.2 |
| Financial instruments | | | -0.9 | -0.6 |
| Adjusted equity | 0.0 | 0.0 | 225.4 | 522.0 |
| January 1, 2004 | | | | |
| Options exercised | | | | 6.8 |
| Transfer to other funds | | | 0.2 | 0.0 |
| Cash flow hedges | | | | 0.0 |
| Financial instruments | | | | 0.5 |
| Dividends | | | -70.5 | -70.5 |
| Translation differences | | 0.0 | | 0.0 |
| Profit for the period | 0.0 | | 29.6 | 29.6 |
| Equity September 30, 2004 | 0.0 | 0.0 | 184.7 | 488.5 |

| | | | | |
|---------------------------|-----|------|-------|-------|
| Equity December 31, 2004 | 0.0 | -0.1 | 161.9 | 467.9 |
| Options exercised | | | | 9.1 |
| Transfer to other funds | | | 0.0 | 0.2 |
| Cash flow hedges | | | | -2.8 |
| Dividends | | | -53.0 | -53.0 |
| Translation differences | | 0.0 | | 0.0 |
| Profit for the period | 0.0 | | 34.5 | 34.5 |
| Equity September 30, 2005 | 0.0 | -0.1 | 143.4 | 456.0 |

| | | | |
|---|---------|---------|----------|
| Contingent liabilities, Group EUR millions | 30.9.05 | 30.9.04 | 31.12.04 |
| Mortgages on land and buildings | 1.7 | 1.7 | 1.7 |
| Pledges | 0.1 | 0.2 | 0.2 |
| Other commitments | 21.0 | 44.1 | 24.4 |
| Total | 22.8 | 46.0 | 26.3 |

| | | | |
|---|-------|-------|-------|
| Lease agreements on business premises, EUR millions | | | |
| Minimum rents payable on the basis of binding lease agreements on business premises | | | |
| Within one year | 48.4 | 69.2 | 59.3 |
| After one year | 351.6 | 363.5 | 397.5 |
| Total | 400.0 | 432.6 | 456.8 |

| | | | |
|------------------------------|------|------|------|
| Derivative instruments | | | |
| Nominal value | | | |
| Foreign exchange derivatives | 80.2 | 75.3 | 86.9 |
| Interest rate derivatives | 35.0 | 35.0 | 35.0 |

| | | | | |
|----------------|----------|---------|---------|----------|
| Exchange rates | | | | |
| Country | Currency | 30.9.05 | 30.9.04 | 31.12.04 |
| Russia | RUB | 34,3340 | 36,2540 | 37,7570 |
| Estonia | EEK | 15,6466 | 15,6466 | 15,666 |
| Latvia | LVL | 0,6960 | 0,6677 | 0,6979 |
| Lithuania | LTL | 3,4528 | 3,4528 | 3,4528 |

| | | | |
|---------------------------------------|--------|--------|--------|
| Income statement, Group, EUR millions | | | |
| quarterly, EUR millions | Q3/05 | Q2/05 | Q1/05 |
| Revenue | 351.8 | 380.9 | 334.1 |
| Other operating income | 0.0 | 0.0 | 0.0 |
| Materials and consumables | -229.9 | -247.3 | -228.1 |
| Salaries and employee benefits | -48.6 | -53.6 | -51.0 |
| Depreciation | -8.9 | -8.0 | -8.5 |
| Other operating expenses | -45.0 | -47.3 | -45.0 |
| Operating profit | 19.5 | 24.6 | 1.6 |
| Finance income and costs | 0.9 | -0.5 | 0.1 |
| Profit before tax | 20.4 | 24.2 | 1.7 |
| Income taxes* | -5.0 | -6.3 | -0.5 |
| Profit for the period | 15.4 | 17.9 | 1.2 |
| Minority interest | 0.0 | 0.0 | 0.0 |

| | | | |
|---------------------------|------|------|-----|
| Net profit for the period | 15.4 | 17.9 | 1.2 |
|---------------------------|------|------|-----|

* The effect of the reduction of tax rate in Finland on the deferred tax liability in the second quarter 2004 was EUR -2.6 million.

| | | | |
|-------------------------|------|------|------|
| Earnings per share, EUR | | | |
| Basic | 0.29 | 0.34 | 0.02 |
| Diluted | 0.29 | 0.33 | 0.02 |

| | | | |
|---------------------------|-------|-------|-------|
| Sales, EUR millions | | | |
| Department Store Division | 242.6 | 253.5 | 213.4 |
| Stockmann Auto | 95.4 | 121.6 | 96.5 |
| Hobby Hall | 43.9 | 42.7 | 60.5 |
| Seppälä | 40.1 | 39.9 | 30.0 |
| Eliminations + shared | 0.2 | 0.2 | 0.2 |
| Group | 422.3 | 457.9 | 400.6 |

| | | | |
|---------------------------|-------|-------|-------|
| Revenue, EUR millions | | | |
| Department Store Division | 204.0 | 212.5 | 179.8 |
| Stockmann Auto | 77.8 | 99.2 | 79.1 |
| Hobby Hall | 36.4 | 35.5 | 50.2 |
| Seppälä | 33.1 | 32.9 | 24.8 |
| Eliminations + shared | 0.6 | 0.8 | 0.2 |
| Group | 351.9 | 380.9 | 334.1 |

| | | | |
|--------------------------------|------|------|------|
| Operating profit, EUR millions | | | |
| Department Store Division | 13.3 | 15.2 | 0.6 |
| Stockmann Auto | 0.8 | 1.5 | 0.2 |
| Hobby Hall | 0.9 | 0.2 | 0.7 |
| Seppälä | 6.9 | 8.4 | 1.3 |
| Eliminations | -0.9 | 0.7 | -0.1 |
| Shared | -1.4 | -1.5 | -1.1 |
| Group | 19.5 | 24.6 | 1.6 |

Income statement, Group, EUR millions

| | Q4/04 | Q3/04 | Q2/04 | Q1/04 |
|--------------------------------|--------|--------|--------|--------|
| quarterly, EUR millions | | | | |
| Revenue | 429.7 | 330.6 | 348.8 | 336.0 |
| Other operating income | 0.1 | 0.0 | 2.3 | 0.0 |
| Materials and consumables | -266.6 | -221.8 | -230.2 | -232.9 |
| Salaries and employee benefits | -58.9 | -44.2 | -51.2 | -47.8 |
| Depreciation | -7.8 | -7.7 | -7.7 | -7.5 |
| Other operating expenses | -54.0 | -42.1 | -43.3 | -43.9 |
| Operating profit | 42.4 | 14.8 | 18.6 | 4.0 |
| Finance income and costs | -0.1 | -0.8 | -0.4 | 0.5 |
| Profit before tax | 42.2 | 13.9 | 18.2 | 4.5 |
| Income taxes* | -12.6 | -3.9 | -1.9 | -1.2 |
| Profit for the period | 29.7 | 10.0 | 16.4 | 3.2 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit for the period | 29.7 | 10.0 | 16.4 | 3.2 |

* The effect of the reduction of tax rate in Finland on the deferred tax liability in the second quarter 2004 was EUR -2.6 million.

Earnings per share, EUR

| | | | | |
|-----------------------------------|-------|-------|-------|-------|
| Basic | 0.58 | 0.18 | 0.32 | 0.05 |
| Diluted | 0.56 | 0.19 | 0.31 | 0.05 |
| Sales, EUR millions | | | | |
| Department Store Division | 310.2 | 216.6 | 212.4 | 199.6 |
| Stockmann Auto | 97.3 | 95.5 | 126.4 | 117.9 |
| Hobby Hall | 64.6 | 46.2 | 47.0 | 56.6 |
| Seppälä | 43.5 | 38.1 | 33.5 | 28.6 |
| Eliminations + shared | 0.2 | 0.2 | 0.3 | 0.2 |
| Group | 515.8 | 396.7 | 419.6 | 402.9 |
| Revenue, EUR millions | | | | |
| Department Store Division | 260.8 | 182.4 | 178.4 | 167.8 |
| Stockmann Auto | 79.5 | 78.2 | 103.4 | 96.8 |
| Hobby Hall | 53.4 | 38.3 | 38.9 | 47.3 |
| Seppälä | 35.8 | 31.4 | 27.6 | 23.6 |
| Eliminations + shared | 0.2 | 0.4 | 0.5 | 0.5 |
| Group | 429.7 | 330.6 | 348.8 | 336.0 |
| Operating profit, EUR millions | | | | |
| Department Store Division | 37.1 | 11.7 | 11.5 | 3.4 |
| Stockmann Auto | 0.5 | 0.9 | 3.6 | 2.1 |
| Hobby Hall | 1.5 | -2.7 | -0.9 | -0.7 |
| Seppälä | 8.0 | 5.3 | 4.4 | -0.6 |
| Eliminations | -3.5 | 0.7 | 0.5 | 0.5 |
| Shared | -1.2 | -1.1 | -0.4 | -0.8 |
| Group | 42.4 | 14.8 | 18.6 | 4.0 |

This Interim Report is unaudited.

Reconciliation of Balance Sheet in the comparative period

| Balance Sheet, IFRS September 30, 2004, Group, EUR millions | FAS | Adjust- ments | IFRS |
|--|-------|------------------|-------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 36.3 | | 36.3 |
| Property, plant and equipment | 241.5 | 5.8 | 247.3 |
| Long-term investments | 28.6 | -21.5 | 7.1 |
| Long-term receivables, interest-bearing | 0.8 | 5.5 | 6.3 |
| Deferred tax assets | 0.8 | 0.2 | 1.1 |
| Total non-current assets | 308.0 | -9.9 | 298.0 |
| Current assets | | | |
| Inventories | 237.1 | | 237.1 |
| Interest-bearing receivables | 97.8 | 0.4 | 98.2 |
| Non interest-bearing receivables | 71.3 | 4.1 | 75.3 |
| Available-for-sale investments | | 1.3 | 1.3 |
| Securities held in current assets | 39.7 | | 39.7 |
| Cash and cash equivalents | 13.5 | | 13.5 |
| Total current assets | 459.3 | 5.7 | 465.1 |
| Total assets | 767.3 | -4.2 | 763.1 |
| EQUITY AND LIABILITIES | | | |
| Equity | 512.2 | -23.7 | 488.5 |
| Minority interest | 0.0 | | 0.0 |
| Total equity | 512.2 | -23.7 | 488.5 |
| Long-term borrowings, interest-bearing | 48.7 | 2.2 | 50.9 |
| Deferred tax liabilities | 23.4 | 6.8 | 30.3 |

| | | | |
|--------------------------------------|-------|------|-------|
| Current liabilities | | | |
| Interest-bearing short-term debt | 16.9 | | 16.9 |
| Non interest-bearing short-term debt | 166.1 | 10.5 | 176.5 |
| Total current liabilities | 183.0 | 10.5 | 193.5 |
| Total equity and liabilities | 767,3 | -4,2 | 763,1 |

Raconciliation of income statement in the comparative period

| Income statement, Group, EUR millions | FAS | Adjust- | IFRS |
|---|---------|---------|---------|
| Income statement January 1 - September 30, 2004 | 1-9/04 | ments | 1-9/04 |
| Revenue | 1 015.4 | | 1 015.4 |
| Other operating income | 2.3 | | 2.3 |
| Materials and consumables | -684.9 | 0.0 | -684.9 |
| Salaries and employee benefits | -143.2 | | -143.2 |
| Depreciation | -22.5 | -0.4 | -22.9 |
| Other operating expenses | -136.7 | 7.5 | -129.3 |
| Operating profit | 30.3 | 7.1 | 37.4 |
| Finance income and costs | 6.4 | -7.2 | -0.7 |
| Profit before tax | 36.7 | -0.1 | 36.6 |
| Income taxes | -8.0 | 1.0 | -7.0 |
| Profit for the period | 28.7 | 0.9 | 29.6 |
| Minority interest | 0.0 | | 0.0 |
| Net profit for the period | 28.7 | 0.9 | 29.6 |

Raconciliation of income statement in the comparative period

| Income statement, Group, EUR millions | FAS | Adjust- | IFRS |
|---|--------|---------|--------|
| Income statement January 1 - September 30, 2004 | 7-9/04 | ments | 7-9/04 |
| Revenue | 330.6 | | 330.6 |
| Other operating income | 0.0 | | 0.0 |
| Materials and consumables | -221.8 | 0.0 | -221.8 |
| Salaries and employee benefits | -44.2 | | -44.2 |
| Depreciation | -7.6 | -0.1 | -7.7 |
| Other operating expenses | -44.3 | 2.2 | -42.1 |
| Operating profit | 12.7 | 2.1 | 14.8 |
| Finance income and costs | 1.3 | -2.1 | -0.8 |
| Profit before tax | 14.0 | -0.1 | 13.9 |
| Income taxes | -4.1 | 0.2 | -3.9 |
| Profit for the period | 10.0 | 0.1 | 10.0 |
| Minority interest | 0.0 | | 0.0 |
| Net profit for the period | 10.0 | 0.1 | 10.0 |

Reconciliation of net profit in the comparative period

| EUR millions | 7-9/04 | 1-9/04 | 1-12/04 |
|---|--------|--------|---------|
| Net profit for the period before minority interest according to FAS | 10.0 | 28.7 | 58.2 |
| Effects of adopting IFRS | | | |
| Depreciation | -0.1 | -0.4 | -0.5 |
| Costs of share issue | 0.0 | 0.2 | 0.2 |
| Finance income | -0.1 | -0.2 | -0.3 |
| Financial instruments | 0.1 | 0.3 | 0.4 |
| Income taxes | 0.2 | 1.0 | 1.3 |
| IFRS adjustments, total | 0.0 | 0.9 | 1.1 |
| Net profit for the period according to IFRS | 10.0 | 29.6 | 59.3 |

Attributable to

| | | | |
|---------------------------------|------|------|------|
| To equity holders of the parent | 10.0 | 29.6 | 59.3 |
| To minority interest | 0.0 | 0.0 | 0.0 |

Reconciliation of shareholders' equity in the comparative period

| | | | |
|--------------------------------|--------|---------|----------|
| EUR millions | 1.1.04 | 30.9.04 | 31.12.04 |
| Total equity according to FAS | 547.1 | 512.2 | 491.7 |
| Effects of adopting IFRS | | | |
| Depreciation | -10.8 | -11.2 | -11.3 |
| Finance income | 0.0 | -0.2 | -0.3 |
| Financial instruments | -0.6 | 0.3 | 0.2 |
| Income taxes | -7.5 | -6.5 | -6.2 |
| Fund for own shares | -6.2 | -6.0 | -6.1 |
| IFRS adjustments, total | -25.1 | -23.7 | -23.7 |
| Total equity according to IFRS | 522.0 | 488.5 | 467.9 |
| Attributable to | | | |
| Equity holders of the parent | 522.0 | 488.5 | 467.9 |
| Minority interest | 0.0 | 0.0 | 0.0 |

STOCKMANN plc

Hannu Penttilä
CEO

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A press and analyst conference will be held today, October 26, 2005, at 14.00 at the World Trade Center, Aleksanterinkatu 17, Helsinki.