

STOCKMANN plc STOCK EXCHANGE RELEASE October 25, 2006, at 12.00

STOCKMANN plc INTERIM REPORT January 1 - September 30, 2006

The Stockmann Group's profit before taxes grew by 70 per cent, or EUR 32.6 million, to EUR 78.9 million (EUR 46.3 million in 2005). Profit from continuing operations before taxes was EUR 49.3 million (EUR 41.9 million). Other operating income amounted to EUR 34.0 million. As a consequence of disposals, aggregate sales decreased by 15 per cent to EUR 1 088.2 million (EUR 1 280.8 million in 2005). Sales from continuing operations increased by 8 per cent. The return on capital employed was 24.6 per cent (16.7 per cent) and earnings per share were EUR 1.23 (EUR 0.65). The earnings estimate for 2006 is unchanged.

#### Changes in the Group structure

Stockmann sold the entire shares outstanding in its subsidiary Stockmann Auto Oy Ab for a total debt-free price of EUR 67.9 million. The capital gain on the transactions was a total of EUR 7.4 million. Concurrently, Stockmann and Veho Group Oy Ab launched wide-ranging loyal customer cooperation in the area of vehicle sales and services.

Stockmann sold its subsidiary that carries on the Zara business in Russia to the owner of the Zara trademark, the Inditex Group of Spain, under an agreement signed on January 30, 2006. Pursuant to the agreement that was made, operations in Russia have been carried out for Inditex's account as from January 1, 2006. The State Antimonopoly Committee of the Russian Federation approved the sale of shares in June, and the deal closed at the end of June. The purchase price was EUR 41.5 million. The capital gain on the sale of shares, EUR 21.9 million, has been booked to the second quarter. Stockmann continues the Zara business in Finland.

#### Financial reporting

Stockmann adopted International Financial Reporting Standards (IFRS) on January 1, 2005. The accounting policies and calculation methods applied in the Interim Report are the same as those in the 2005 financial statements. In the interim reports for 2006, Stockmann Auto and the Zara business in Russia are treated as discontinued operations in accordance with IFRS 5. Contrary to previous announcements, Stockmann will adopt the accounting standard 'IFRS 7 Financial Instruments: Disclosures' in 2007. The figures are unaudited.

#### Sales and result

The Stockmann Group's sales from continuing operations grew by 8 per cent to EUR 1 013.3 million. Sales from continuing operations grew by 3 per cent in Finland and 28 per cent abroad. Sales generated by International Operations grew, accounting for 24 per cent of sales from continuing operations (20 per cent). As a consequence of disposals, the Group's aggregate sales decreased by 15 per cent to EUR 1 088.2 million (EUR 1 280.8 million). Similarly, consolidated revenue diminished by 15 per cent to EUR 911.0 million (EUR 1 066.9 million).

The gross margin on continuing operations improved by EUR 28.2 million to EUR 344.5 million. However, because the divested businesses were no longer included in the gross margin, the Group's aggregate gross margin decreased by EUR 8.7 million and was EUR 353.0 million. The relative gross margin was

38.7 per cent (33.9 per cent). The relative growth margin increased at Hobby Hall and the Department Store Division, but was down slightly at Seppälä. The change in the sales mix contributed to improving the Group's relative gross margin because the low-margin vehicle sales were discontinued from the beginning of March. Operating costs were down EUR 6.7 million and depreciation decreased by EUR 1.2 million. Operating profit was up EUR 33.3 million to EUR 79.0 million (EUR 45.7 million). Operating profit from continuing operations grew by EUR 7.8 million to EUR 49.4 million.

Other operating income, EUR 34.0 million, came from the capital gains on the disposals of Stockmann Auto and the Zara business in Russia as well as from the capital gain on the unbuilt part of a plot of land in Tallinn. The capital gain on the portion of the plot in Tallinn, EUR 4.7 million, is included in continuing operations. In the comparison period there was no other operating income.

Net financial income and expenses decreased by EUR 0.7 million and were EUR 0.1 million negative (EUR 0.6 million). Capital gains of EUR 0.8 million on sales of shares were included in net financial income and expenses, as against EUR 0.9 million a year earlier.

Profit before taxes was EUR 78.9 million, up EUR 32.6 million on the figure a year earlier. Profit from continuing operations before taxes increased by EUR 7.4 million to EUR 49.3 million. Third-quarter pre-tax profit on continuing operations was up EUR 2.2 million to EUR 20.4 million (EUR 18.2 million).

Direct taxes were EUR 12.0 million, an increase of EUR 0.2 million on the previous year. The capital gains on the sale of the shares in Stockmann Auto Oy Ab and in the company carrying on the Zara business in Russia, EUR 29.3 million, are tax-free income.

Net profit for the report period was EUR 66.9 million, compared with EUR 34.5 million a year earlier. Net profit for the report period from continuing operations increased by EUR 5.1 million to EUR 37.4 million.

Earnings per share were EUR 1.23 (EUR 0.65) and diluted for options they were EUR 1.22 (EUR 0.64). Earnings per share from continuing operations were EUR 0.69 (EUR 0.59) and diluted for options they were EUR 0.68 (EUR 0.58). Equity per share was EUR 9.54 (EUR 8.51).

#### Sales and earnings trend by business segment

The Department Store Division's sales grew by 11 per cent to EUR 755.6 million (EUR 679.8 million). Sales in Finland were up 6 per cent. Sales were spurred by the new department store that was opened in the Jumbo Shopping Centre in Vantaa in October 2005. The extensive enlargement and renovation work in the Helsinki department store, causing about 2 000-3 000 square metres of retail space to be continuously out of use, has not had a substantial effect on the main department store's sales, though many new shopping centres have been opened in Helsinki metropolitan area over the same period. International operations' sales were lifted by the good like-for-like retail performance by the department stores in Russia and the Baltic countries as well as by the new Bestseller stores that were opened in Russia. Sales by International operations grew by 30 per cent and its share of the division's sales rose to 26 per cent (22 per cent). The Department Store Division's operating profit increased by EUR 7.6 million to EUR 35.2 million (EUR 27.6 million). Earnings in the report period were burdened by

the start-up costs for the department store that was opened in the Jumbo Shopping Centre in Vantaa. Earnings from international operations showed a very positive trend. In Riga and Moscow in particular, the results of the department stores that were opened in 2003 and 2004 improved markedly. The Department Store Division's result was also buoyed by the EUR 4.7 million capital gain on the sale of the unbuilt portion of the department store plot that was sold in Tallinn and booked to earnings in the second quarter. The division's operating profit in the third quarter was EUR 13.1 million, an increase of EUR 1.0 million on the figure a year earlier.

Because of a development programme aiming at improving profitability, Hobby Hall's sales were down 2 per cent to EUR 144.3 million (EUR 147.1 million). The decrease in sales came in the first quarter. In the second and third quarters, sales grew by a total of 6 per cent. Sales abroad were 17 per cent of aggregate sales (17 per cent). Online sales continued their robust growth, making up 47 per cent of Hobby Hall's distance sales in Finland (35 per cent) and 32 per cent of Hobby Hall's distance sales in Estonia (20 per cent). Thanks to effective cost management and the increase in the relative gross margin that was achieved through a revamped product assortment, Hobby Hall's operating profit improved by EUR 1.9 million to EUR 3.7 million (EUR 1.8 million). The division reported a third-quarter operating profit of EUR 2.1 million, up EUR 1.2 million on the figure a year earlier. In autumn 2006, Hobby Hall conducted test marketing for mail order sales in the Moscow area, during which it tested factors such as how distance retailing logistics work in Russia. On the basis of the test marketing, Hobby Hall will take a decision on follow-up actions by the end of the year.

Seppälä's sales rose by 2 per cent on the same period a year earlier and were EUR 112.8 million (EUR 110.1 million). Sales grew strongly in the Baltic countries and Russia, where they were boosted by the new stores that were opened towards the end of 2005 and in 2006 as well as by the good like-for-like sales trend. Seppälä's sales abroad grew by 56 per cent and its share of the division's aggregate sales rose to 21 per cent (14 per cent). Sales in Finland fell by 6 per cent. Seppälä's number of stores in Finland was unchanged during a period when competition hotted up, with new shopping centres and stores opening both in the Helsinki metropolitan area and in the smaller regional centres. Furthermore, the exceptionally warm weather in August-September hampered the start-up of launching the autumn collections, particularly in Finland. Owing to the effect of larger price discounts than a year ago, Seppälä's relative gross margin decreased slightly on the comparison period but remained at a high level on an international yardstick. Due to the energetic establishment of new stores in Russia and the Baltic countries, fixed costs rose more swiftly than sales. Seppälä's operating profit was EUR 13.8 million (EUR 16.6 million). Seppälä's third-quarter operating profit was EUR 5.4 million, compared with EUR 6.9 million a year earlier.

Stockmann Auto's sales in January-February were EUR 74.8 million and it reported operating profit of EUR 7.7 million. The operating profit figure includes the EUR 7.4 million capital gain on the disposal of the Stockmann Auto businesses. Stockmann Auto was transferred to the new owners on March 1, 2006.

#### Financing and capital employed

Stockmann's financial position remained strong. Interest-bearing liabilities at the end of September were EUR 54.1 million (EUR 98.9 million), of which EUR 23.4 million consisted of long-term borrowings (EUR 13.4 million). EUR

10.0 million of new long-term borrowings was drawn down during the report period. Liquid assets amounted to EUR 17.0 million at the end of the report period, as against EUR 12.1 million a year earlier and EUR 18.4 million at the end of 2005. Gross capital expenditures during the report period came to EUR 90.1 million. The proceeds from disposals of businesses and properties generated a total of EUR 101.7 million in cash. Net working capital amounted to EUR 239.5 million at the end of September, as against EUR 251.5 million a year earlier and EUR 237.9 million at the end of 2005. Dividend payouts totalled EUR 59.5 million. Subscriptions made by exercising the 2000 share options added EUR 5.8 million to shareholders' equity. The equity ratio increased on the comparison period and was 71.7 per cent (59.6 per cent). The equity ratio at the end of 2005 was 66.4 per cent.

The return on capital employed over the past 12 months improved as a result of the higher earnings and was 24.6 per cent (19.6 per cent at the end of 2005). The Group's capital employed increased by EUR 18.5 million from September of the previous year and stood at EUR 573.4 million towards the end of the report period (EUR 552.5 million at the end of 2005).

#### Capital expenditures and current projects

Capital expenditures during the report period totalled EUR 90.1 million (EUR 39.1 million).

The construction works for the major enlargement and transformation project for the department store in the centre of Helsinki got under way in the early months of the year. The project involves expanding the department store's commercial premises by about 10 000 square metres by converting existing premises to commercial use and by building new retail space. In addition, completely new goods handling, servicing and customer parking areas will be built. After the enlargement the Helsinki department store will have a total of about 50 000 square metres of retail space. With the progress of the construction works, the cost estimate for the project has been specified and is now about EUR 145 million. The works will be carried out stage by stage and are estimated to reach completion in 2010. During the report period, the project required an investment of about EUR 31.2 million.

The twelfth Stockmann Beauty store was opened in Helsinki in March. During 2006, four Bestseller stores were opened in Russia: two in St Petersburg and one each in Kazan and Moscow. So far, a total of eight Bestseller stores have been opened in Russia. Plans call for opening another five new Bestseller stores in Russia during the last quarter of 2006.

In February 2007, the Department Store Division will open a fourth department store in Moscow in the Mega Shopping Centre that is to be built on the southeast side. The cost estimate for the department store - to be built in leased premises - is about EUR 16 million for Stockmann's part of the investment.

Under an agreement signed in 2005, Stockmann purchased a 10 000-odd square metre commercial plot on Nevsky Prospect, St Petersburg's high street. The plot is located next to the Vosstaniya Square underground station, in the immediate vicinity of Moscow Station. On this plot, Stockmann will erect the Nevsky Centre shopping centre that will have about 100 000 square metres of gross floor space, of which about 50 000 square metres will be store and office space. A full-scale Stockmann department store with about 20 000 square metres of retail space has been planned for the shopping centre, along with other retail stores, office premises and an underground car park.

The department store and shopping centre investment will have a price tag of about EUR 120 million. Demolition and other preparatory construction works have already been carried out at the Nevsky Centre site, and the main construction works will get started at the end of October. An agreement on the general contract was signed at the beginning of October. Stockmann's objective is to open the department store and commercial centre in autumn 2008. The purchase and development of the property called for an outlay of EUR 31.0 million during the report period.

At the beginning of August, Stockmann signed a preliminary agreement on opening Moscow's fifth Stockmann department store in leased premises in the Metropolis Shopping Centre that is to be built in the vicinity of the city's centre. The department store will have a total of more than 8 000 square metres of retail space, and Stockmann's investment in the project will be about EUR 12 million. The objective is to open the department store in 2008.

In August, Stockmann and Nike concluded a franchising agreement on establishing Stockmann-operated Nike stores in Russia. The objective is to achieve a substantial increase in sales of Nike sports products in the area of the Russian Federation. Stockmann is planning to open a number of new Nike stores in Russia every year. The first Stockmann-operated Nike store will open in St Petersburg at the beginning of 2007, and agreements have been signed on opening three other stores during 2007.

The Department Store Division's capital expenditures totalled EUR 84.4 million.

Hobby Hall's capital expenditures amounted to EUR 2.3 million. Hobby Hall will begin distributing catalogues and launch online sales in the Lithuanian market in early 2007. Online sales will get under way in Latvia before the end of 2006.

Seppälä's capital expenditures came to EUR 2.5 million. In Russia, Seppälä opened two stores in St Petersburg during the report period and one in Kazan as well as one store in Riga, Latvia. By the end of 2006, Seppälä intends to open two stores in Finland and altogether eleven stores in Russia and Lithuania.

Other capital expenditures in the report period amounted to EUR 0.9 million.

#### Shares and shareholders

The company's market capitalization at the end of September was EUR 1 803.9 million (EUR 1 820.0 million). At the end of 2005 the market capitalization was EUR 1 761.3 million.

Stockmann's share prices underperformed both the OMX Helsinki index and the OMX Helsinki Cap index during the report period. At the end of September the stock exchange price of the Series A share was EUR 32.65, compared with EUR 32.11 at the end of 2005, and the Series B share was selling at EUR 33.13, as against EUR 32.53 at the end of 2005.

The 23 350 Stockmann shares subscribed for in December 2005 with the share options for 2000 were entered in the Trade Register on February 28, 2006, and they were admitted to public trading on the Helsinki Stock Exchange together with existing shares on March 1, 2006.

In the report period, the Year 2000 Stockmann share options were exercised to subscribe for a total of 404 500 Stockmann plc Series B shares with a par value of 2 euros, of which 119 350 shares were subscribed for in the third quarter. As a consequence of the subscriptions, the share capital was increased by a total of EUR 809 000. Of the shares subscribed for in the third quarter, 36 150 shares were entered in the Trade Register on August 25, 2006 and 83 200 shares were entered on October 10, 2006. They were admitted to public trading on the Helsinki Stock Exchange together with the old shares on August 28, 2006, and October 11, 2006. Following the increases the share capital is 109 775 084 euros and Stockmann had 24 564 243 Series A shares and 30 323 299 Series B shares. The Year 2000 share options can still be exercised to subscribe for a total of 1 206 270 Stockmann plc Series B shares.

The 2006 Annual General Meeting approved the Board of Directors' proposal on the granting of share options to Stockmann's Loyal Customers. A total maximum of 2 500 000 share options will be granted without consideration to Stockmann's Loyal Customers in disapplication of shareholders' pre-emptive subscription rights. The subscription rights are to be disappplied because by granting the share options, Stockmann will offer Loyal Customers a benefit that rewards them for their continued patronage and at the same time improves Stockmann's competitive position. The stock options will be granted to Loyal Customers whose purchases during January 1, 2006 - December 31, 2007, together with purchases made on parallel cards for the same account, are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full 500 euros by which the purchases exceed EUR 6 000, the Loyal Customer will receive an additional two share options. Each share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price is the volume-weighted average price of the Series B share on the Helsinki Stock Exchange during the period February 1 - February 28, 2006, which is EUR 33.35. On the record date for each dividend payout, the subscription price of a share subscribed for with the share options will be lowered by the amount of the dividends that may be declared after March 21, 2006, and prior to the share subscription. After the dividends paid in 2006, the subscription price is EUR 32.25. The subscription periods for the shares are May 2, 2008 - May 31, 2008, May 2, 2009 - May 31, 2009 and May 2, 2010 - May 31, 2010. As a consequence of the subscriptions, the company's share capital can be increased by a maximum of EUR 5 000 000.

The Annual General Meeting also passed the Board of Directors' proposal on the granting of share options to key employees of the Stockmann Group. A total of 1 500 000 share options will be granted to key employees belonging to the senior and middle management of the Stockmann Group and to a wholly-owned subsidiary of Stockmann in disapplication of shareholders' pre-emptive subscription rights. The disapplication of the subscription right is made because the share options are part of the Group's incentive and commitment-building scheme for key employees and are an important element in maintaining the company's competitiveness in the international recruitment market. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period for shares with share option 2006A is March 1, 2008 - March 31, 2010; with share option 2006B, March 1, 2009 - March 31, 2011; with share option 2006C, March 1, 2010 - March 31, 2012; and with share option 2006D, March 1, 2011 - March 31, 2013. The subscription period for shares will not, however, commence with the 2006B and 2006D share options unless the Group's financial targets criteria as determined separately by

the Board of Directors have been met. Those share options 2006B and 2006D in respect of which the criteria determined separately by the Board of Directors have not been met shall lapse in the manner decided by the Board of Directors. Each share option will entitle its holder to subscribe for one Stockmann plc Series B share, whereby a total maximum of 1 500 000 shares can be subscribed for with the share options. The subscription price for each share through the exercise of the 2006A and 2006B share options is the volume-weighted average price of the company's Series B share on the Helsinki Stock Exchange during the period February 1 - February 28, 2006, plus 10 per cent, amounting to EUR 36.69 per share. The subscription price with the 2006C and 2006D share options is the volume-weighted average price of the company's Series B share on the Helsinki Stock Exchange during the period February 1 - February 29, 2008, plus 10 per cent. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. As a consequence of the subscriptions, the company's share capital can be increased by a maximum of EUR 3 000 000.

In accordance with the share option programme for key employees that was passed as a resolution of the Annual General Meeting, Stockmann's Board of Directors granted 2006A and 2006B share options to key employees and to Stockmann's wholly-owned subsidiary. Under the terms and conditions of the share options, Stockmann's Board of Directors will decide on the distribution of the C and D share options at a later date.

Stockmann held 382 903 of its own Series B shares (treasury shares) at the end of September 2006. They comprised 0.7 per cent of all the shares outstanding and 0.1 per cent of all the votes. The shares were bought back at a total price of EUR 5.8 million.

The Annual General Meeting in 2006 granted to the Board of Directors one-year authorizations to decide on the transfer of the company's treasury shares. The company's Board of Directors does not have valid authorizations to increase the share capital, to float issues of convertible bonds or bonds with warrants, or to buy back its own shares.

#### Personnel strength

During the report period the Stockmann Group had an average payroll of 9 897 employees, or 296 less than in the comparison period. The department store in the Jumbo Shopping Centre and the new Bestseller and Seppälä stores brought an increase in the number of employees, but the personnel strength was reduced by the disposals of the Zara business in Russia at the beginning of 2006 and Stockmann Auto at the beginning of March. The personnel of Zara in Russia and Stockmann Auto transferred to the new owners' employ under the terms of their current employment contracts. Stockmann's average number of employees, converted to full-time staff, decreased by 322 and was 7 955.

At the end of September 2006 the number of staff working abroad was 3 155 employees. At the end of September of last year Stockmann had 3 533 people working abroad. The proportion of the total personnel who were working abroad was 33 per cent (34 per cent).

#### Full-year outlook

Retail sales excluding the motor trade are estimated to increase by 3-4 per cent in Finland in 2006. The markets in Russia and the Baltic countries are set to continue growing faster than the Finnish market. Because of the divestment of the vehicle business and the Zara business in Russia, Stockmann's sales in 2006 will be lower and are estimated to come in at about EUR 1.6 billion. Sales from continuing operations are estimated to grow.

In the fourth quarter, earnings from continuing operations are expected to improve on the previous year. The Department Store Division's and Hobby Hall's full-year operating profit is estimated to improve. Seppälä's operating profit, excluding non-recurring items, will fall slightly short of the previous year's figure but remains at a high level.

Stockmann's target is for the Group to post markedly higher profit before taxes in 2006 than it did in 2005.

Balance sheet, Group EUR millions	30.9.06	30.9.05	31.12.05
<b>ASSETS</b>			
Non-current assets			
Intangible assets	5.5	8.2	7.6
Property, plant and equipment	328.8	297.7	303.1
Available-for-sale investments	6.1	6.5	6.0
Non-current receivables, interest-bearing		4.9	4.3
Deferred tax assets	3.4	2.8	3.5
Non-current assets, total	343.9	320.2	324.5
Current assets			
Inventories	182.9	242.1	212.0
Receivables, interest-bearing	104.8	100.9	107.5
Receivables, non interest-bearing	75.6	89.2	99.2
Cash and cash equivalents	17.0	12.1	18.4
Current assets, total	380.3	444.3	437.0
Assets, total	724.2	764.5	761.5
<b>EQUITY AND LIABILITIES</b>			
Equity	519.2	456.0	505.3
Minority interest	0.0	0.0	0.0
Equity, total	519.2	456.0	505.3
Non-current liabilities, interest-bearing	23.4	13.4	13.7
Deferred taxes liabilities	27.0	28.9	28.2
Current liabilities			
Current liabilities, interest-bearing	30.7	85.5	33.6
Current liabilities, non interest-bearing	123.9	180.7	180.7
Current liabilities, total	154.6	266.2	214.3
Equity and liabilities, total	724.2	764.5	761.5
Equity ratio, per cent	71.7	59.6	66.4
Gearing, per cent	7.2	19.0	5.7
Cash flow from operations per share, EUR	0.61	0.41	1.53
Interest-bearing net debt, EUR mill.	-67.7	-19.1	-83.3
Number of shares at September 30, thousands	54 804	53 996	54 460
Weighted average number of shares, thousands	54 208	53 017	53 350
Weighted average number of shares, diluted, thousands	55 053	53 964	54 129

Cash flow statement, Group EUR millions	1-9/2006	1-9/2005	1-12/2005
Cash flows from operating activities			
Net profit for the financial year	66.9	34.5	76.9
Adjustments:			
Depreciation	24.2	26.1	35.8
Other operating income	-34.0		-7.0
Interest paid and other financial expenses	1.7	2.4	3.7
Interest received	-1.6	-2.9	-2.8
Taxes paid	12.0	11.8	28.2
Changes in working capital:			
Change in trade and other receivables	-11.2	14.7	-2.6
Change in inventories	-0.1	-47.2	-17.1
Change in trade payables and other liabilities	-4.3	7.3	0.9
Interest paid	-1.7	-1.8	-3.9
Interest received	1.8	3.7	1.2
Taxes paid	-20.9	-27.0	-31.3
Net cash from operating activities	32.8	21.5	81.9
Cash flows from investing activities			
Investments in tangible and intangible assets	-90.7	-40.7	-58.1
Group companies divested	101.7		11.7
Capital expenditures on other investments	-0.1		0.0
Cash from other investments	0.8	1.6	1.5
Dividends received	0.1	0.2	0.2
Net cash used in investing activities	11.8	-38.9	-44.7
Cash flows from financing activities			
Proceeds from issue of share capital	5.8	9.1	13.9
Borrowings of long-term loans	10.0		
Repayments of long-term loans			-36.6
Change in short-term loans, increase (+), decrease (-)	-2.5	32.3	15.8
Dividends paid	-59.3	-53.4	-53.3
Net cash used in financing activities	-46.0	-12.0	-60.2
Change in cash and cash equivalents	-1.4	-29.3	-23.0
Cash and cash equivalents at start of the financial year	18.4	41.4	41.4
Cash and cash equivalents at end of the financial year	17.0	12.1	18.4

Income statement, Group, EUR millions	1-9/2006		Total
	Continuing operations	Discontinued operations	
Revenue	850.0	61.1	911.0
Other operating income	4.7	29.3	34.0
Materials and consumables	-505.5	-52.5	-558.0
Wages, salaries and employee benefits expenses	-141.4	-5.4	-146.8
Depreciation	-23.9	-0.3	-24.2
Other operating expenses	-134.4	-2.6	-137.0
Operating profit	49.4	29.6	79.0
Finance income and expenses	-0.1	0.0	-0.1
Profit before tax	49.3	29.6	78.9
Income taxes	-11.9	-0.1	-12.0

Profit for the period	37.4	29.5	66.9
Earnings per share, EUR	0.69	0.54	1.23
Earnings per share, diluted, EUR	0.68	0.54	1.22
Operating profit, per cent	5.8	48.4	8.7
Equity per share, EUR			9.54
Return on equity, per cent, moving 12 months			22.4
Return on capital employed, per cent, moving 12 months			24.6
Average number of employees, converted to full-time staff	7 803	152	7 955
Investments	90.1		90.1

Income statement, Group, EUR millions	1-9/2005		Total
	Continuing operations	Discontinued operations	
Revenue	785.5	281.4	1 066.9
Other operating income	0.0	0.0	0.0
Materials and consumables	-469.2	-236.0	-705.2
Wages, salaries and employee benefits expenses	-131.1	-22.1	-153.2
Depreciation	-21.2	-4.2	-25.4
Other operating expenses	-122.4	-14.9	-137.3
Operating profit	41.7	4.0	45.7
Finance income and expenses	0.4	0.2	0.6
Profit before tax	41.9	4.4	46.3
Income taxes	-10.6	-1.1	-11.8
Profit for the period	31.3	3.2	34.5

Earnings per share, EUR	0.59	0.06	0.65
Earnings per share, diluted, EUR	0.58	0.06	0.64
Operating profit, per cent	5.3	1.4	4.3
Equity per share, EUR			8.51
Return on equity, per cent, moving 12 months			13.6
Return on capital employed, per cent, moving 12 months			16.7
Average number of employees, converted to full-time staff	7 175	1 102	8 277
Investments	29.4	9.7	39.1

Income statement, Group, EUR millions	1-12/2005		Total
	Continuing operations	Discontinued operations	
Revenue	1 164.9	377.7	1 542.6
Other operating income	7.0	0.0	7.0
Materials and consumables	-683.6	-311.9	-995.5
Wages, salaries and employee benefits expenses	-187.6	-30.4	-218.0
Depreciation	-29.9	-5.8	-35.8
Other operating expenses	-175.2	-21.5	-196.7
Operating profit	95.6	8.1	103.7
Finance income and expenses	-1.7	0.8	-0.9
Profit before tax	93.9	8.9	102.8
Income taxes	-24.0	-2.0	-26.0

Profit for the period	69.9	6.9	76.9
Earnings per share, EUR	1.31	0.13	1.44
Earnings per share, diluted, EUR	1.29	0.13	1.42
Operating profit, per cent	8.2	2.2	6.7
Equity per share, EUR			9.34
Return on equity, per cent, moving 12 months			15.8
Return on capital employed, per cent, moving 12 months			19.6
Average number of employees, converted to full-time staff	7 503	1 034	8 537
Investments	54.3	2.7	57.0

#### SEGMENT INFORMATION

##### Segments

Sales, EUR millions	1-9/2006	1-9/2005	Change per cent	1-12/2005
Department Store Division	755.6	679.8	11	1 024.1
Hobby Hall	144.3	147.1	-2	210.5
Seppälä	112.8	110.1	2	155.2
Shared	0.7	0.7	2	0.9
Continuing operations, total	1 013.3	937.6	8	1 390.7
Discontinued operations	74.8	343.2	-78	460.6
Group	1 088.2	1 280.8	-15	1 851.3

Revenue, EUR millions	1-9/2006	1-9/2005	Change per cent	1-12/2005
Department Store Division	635.7	571.0	11	860.0
Hobby Hall	119.8	122.1	-2	174.7
Seppälä	93.3	90.8	3	128.1
Shared	1.1	1.6	-30	2.1
Continuing operations, total	850.0	785.6	8	1 164.9
Discontinued operations	61.1	281.3	-78	377.7
Group	911.0	1 066.9	-15	1 542.6

Operating profit, EUR millions	1-9/2006	1-9/2005	Change per cent	1-12/2005
Department Store Division	35.2	27.6	28	65.4
Hobby Hall	3.7	1.8	107	6.1
Seppälä	13.8	16.6	-17	31.1
Shared	-4.2	-4.0		-7.3
Eliminations	0.9	-0.3		0.3
Continuing operations, total	49.4	41.7	19	95.6
Discontinued operations	29.6	4.0		8.1
Group	79.0	45.7	73	103.7

Investments, gross, EUR millions	30.9.06	30.9.05	Change per cent	31.12.05
Department Store Division	84.4	25.1	237	42.1
Hobby Hall	2.3	0.8	177	1.3
Seppälä	2.5	1.7	48	3.4
Shared	0.9	1.8	-49	2.3
Continuing operations, total	90.1	29.4	207	49.1
Discontinued operations		9.7		7.9

Group	90.1	39.1	131	57.0
Assets, EUR millions	30.9.06	30.9.05	Change per cent	31.12.05
Department Store Division	481.9	460.8	5	463.7
Hobby Hall	107.0	104.1	3	106.3
Seppälä	31.7	28.5	11	31.2
Shared	103.6	55.6	87	39.3
Continuing operations, total	724.2	649.0	12	640.5
Discontinued operations		115.5		121.1
Group	724.2	764.5	-5	761.5

Non-interest-bearing liabilities, EUR millions	30.9.06	30.9.05	Change per cent	31.12.05
Department Store Division	97.9	100.5	-3	110.4
Hobby Hall	17.8	19.1	-7	15.3
Seppälä	7.6	8.9	-15	10.9
Shared	27.5	41.0	-33	32.9
Continuing operations, total	150.9	169.5	-11	169.4
Discontinued operations		40.1		39.6
Group	150.9	209.6	-28	209.0

Market areas		1-9/2006		
		Continuing operations	Discontinued operations	Total
Sales, EUR millions				
Finland 1)		770.7	74.8	845.5
Baltic states 2)		114.2		114.2
Russia 3)		128.5		128.5
Group		1 013.3	74.8	1 088.2
Finland, per cent		76.1		77.7
International operations, per cent		23.9		22.3

		Continuing operations	Discontinued operations	Total
Revenue, EUR millions				
Finland 1)		642.8	61.1	703.9
Baltic states 2)		97.1		97.1
Russia 3)		110.1		110.1
Group		850.0	61.1	911.0
Finland, per cent		75.6		77.3
International operations, per cent		24.4		22.7

		Continuing operations	Discontinued operations	Total
Operating profit, EUR millions				
Finland 1)		35.5	7.7	43.2
Baltic states 2)		13.4		13.4
Russia 3)		0.6	21.9	22.5
Group		49.4	29.6	79.0
Finland, per cent		71.8		54.7
International operations, per cent		28.2		45.3

Investments, gross, EUR millions		30.9.2006		
		Continuing operations	Discontinued operations	Total
Finland 1)		44.6		44.6
Baltic states 2)		0.8		0.8

Russia 3)	44.7	44.7
Group	90.1	90.1
Finland, per cent	49.5	49.5
International operations, per cent	50.5	50.5

	Continuing operations	Discontinued operations	Total
Assets, EUR millions			
Finland 1)	561.9		561.9
Baltic states 2)	71.6		71.6
Russia 3)	90.7		90.7
Group	724.2		724.2
Finland, per cent	77.6		77.6
International operations, per cent	22.4		22.4
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			

		1-9/2005	
	Continuing operations	Discontinued operations	Total
Market areas			
Sales, EUR millions			
Finland 1)	747.6	313.4	1 061.1
Baltic states 2)	95.8		95.8
Russia 3)	94.2	29.7	123.9
Group	937.6	343.2	1 280.8
Finland, per cent	79.7	91.3	82.8
International operations, per cent	20.3	8.7	17.2

	Continuing operations	Discontinued operations	Total
Revenue, EUR millions			
Finland 1)	623.7	256.1	879.8
Baltic states 2)	81.5		81.5
Russia 3)	80.4	25.2	105.7
Group	785.6	281.3	1 066.9
Finland, per cent	79.4	91.0	82.5
International operations, per cent	20.6	9.0	17.5

	Continuing operations	Discontinued operations	Total
Operating profit, EUR millions			
Finland 1)	44.9	2.5	47.3
Baltic states 2)	3.0		3.0
Russia 3)	-6.2	1.6	-4.6
Group	41.7	4.0	45.7
Finland, per cent	107.7	60.7	103.6
International operations, per cent	-7.7	39.3	-3.6

		30.9.2005	
	Continuing operations	Discontinued operations	Total
Investments, gross, EUR millions			
Finland 1)	19.9	2.8	22.7
Baltic states 2)	1.0		1.0
Russia 3)	8.5	6.9	15.4
Group	29.4	9.7	39.1
Finland, per cent	67.7	29.0	58.0

International operations, per cent	32.3	71.0	42.0
	Continuing operations	Discontinued operations	Total
Assets, EUR millions			Total
Finland 1)	496.4	96.0	592.3
Baltic states 2)	72.9		72.9
Russia 3)	79.7	19.6	99.3
Group	649.0	115.5	764.5
Finland, per cent	76.5	83.1	77.5
International operations, per cent	23.5	16.9	22.5
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			
Market areas		1-12/2005	
	Continuing operations	Discontinued operations	Total
Sales, EUR millions			
Finland 1)	1 106.8	414.1	1 520.9
Baltic states 2)	140.8		140.8
Russia 3)	143.1	46.5	189.6
Group	1 390.7	460.6	1 851.3
Finland, per cent	79.6	89.9	82.2
International operations, per cent	20.4	10.1	17.8
	Continuing operations	Discontinued operations	Total
Revenue, EUR millions			
Finland 1)	923.2	338.3	1 261.5
Baltic states 2)	119.7		119.7
Russia 3)	122.0	39.4	161.4
Group	1 164.9	377.7	1 542.6
Finland, per cent	79.3	89.6	81.8
International operations, per cent	20.7	10.4	18.2
	Continuing operations	Discontinued operations	Total
Operating profit, EUR millions			
Finland 1)	92.2	3.1	95.4
Baltic states 2)	7.3		7.3
Russia 3)	-4.0	5.0	1.0
Group	95.6	8.1	103.7
Finland, per cent	96.5	38.6	92.0
International operations, per cent	3.5	61.4	8.0
Investments, gross, EUR millions		31.12.2005	
	Continuing operations	Discontinued operations	Total
Finland 1)	31.8	2.7	34.6
Baltic states 2)	1.7		1.7
Russia 3)	15.6	5.1	20.7
Group	49.1	7.9	57.0
Finland, per cent	64.8	34.9	60.7
International operations, per cent	35.2	65.1	39.3
	Continuing operations	Discontinued operations	Total

Assets, EUR millions	operations	operations	
Finland 1)	489.3	98.2	587.4
Baltic states 2)	72.2		72.2
Russia 3)	79.0	22.9	101.9
Group	640.5	121.1	761.5
Finland, per cent	76.4	81.1	77.1
International operations, per cent	23.6	18.9	22.9
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		Share premium fund	Treasury share fund
Group, EUR millions	Equity		
Equity December 31, 2004	106.8	154.8	0.0
Options exercised	3.9	5.2	
Transfer to other funds		0.1	
Cash flow hedges			
Dividends			
Translation differences			
Profit for the period			
Equity September 30, 2005	110.7	160.1	0.0
Equity Dec. 31, 2005	109.0	166.5	0.0
Options exercised	1.8	3.9	
Share bonus		0.2	
Cost of share issue			
Dividends			
Translation differences			
Profit for the period			
Equity September 30, 2006	110.8	170.6	0.0
* excluding deferred tax liability			

Statement of changes in equity		Legal reserve	Other funds*	Trans- lation reserve
Group, EUR millions				
Equity December 31, 2004		0.2	44.4	-0.1
Options exercised				
Transfer to other funds			0.1	
Cash flow hedges			-2.8	
Dividends				
Translation differences				0.0
Profit for the period				
Equity September 30, 2005		0.2	41.7	-0.1
Equity Dec. 31, 2005		0.2	43.9	0.0
Options exercised				
Share bonus				
Cost of share issue			0.0	
Dividends				
Translation differences				0.0
Profit for the period				
Equity September 30, 2006		0.2	43.9	0.0
* excluding deferred tax liability				

Statement of changes in equity Group, EUR millions	Retained earnings	Total	Minority interest	Total
Equity December 31, 2004	161.9	467.9	0.0	467.9
Options exercised		9.1		9.1
Transfer to other funds	0.0	0.2		0.2
Cash flow hedges		-2.8		-2.8
Dividends	-53.0	-53.0		-53.0
Translation differences		0.0		0.0
Profit for the period	34.5	34.5	0.0	34.5
Equity September 30, 2005	143.4	456.0	0.0	456.0
Equity Dec. 31, 2005	185.7	505.3	0.0	505.3
Options exercised		5.8		5.8
Share bonus	0.5	0.7		0.7
Cost of share issue		0.0		0.0
Dividends	-59.5	-59.5		-59.5
Translation differences		0.0		0.0
Profit for the period	66.9	66.9	0.0	66.9
Equity September 30, 2006	193.6	519.2	0.0	519.2
* excluding deferred tax liability				

Contingent liabilities, Group EUR millions	30.9.06	30.9.05	31.12.05
Mortgages on land and buildings	1.7	1.7	1.7
Pledges	0.1	0.1	0.1
Other commitments	2.0	21.0	15.5
Total	3.7	22.8	17.3

Lease agreements on business premises, EUR millions			
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	63.9	48.4	66.0
After one year	329.2	351.6	383.4
Total	393.0	400.0	449.5

Derivative instruments			
Nominal value			
Foreign exchange derivatives	5.3	80.2	10.4
Interest rate derivatives		35.0	

Exchange rates				
Country	Currency	30.9.06	30.9.05	31.12.05
Russia	RUB	33.9420	34.3340	33.9200
Estonia	EEK	15.6466	15.6466	15.6466
Latvia	LVL	0.6960	0.6960	0.6962
Lithuania	LTL	3.4528	3.4528	3.4528

Income statement				
quarterly,	Q3	Q2	Q1	Q4
Group, EUR millions	2006	2006	2006	2005
Continuing operations				
Revenue	281.1	299.5	269.4	379.3
Other operating income	0.0	4.7	0.0	7.0
Materials and consumables	-166.1	-170.8	-168.7	-214.3
Wages, salaries and employee benefits expenses	-44.2	-48.9	-48.3	-56.5
Depreciation	-7.9	-8.1	-8.0	-8.7
Other operating expenses	-43.0	-47.7	-43.7	-52.8
Operating profit	19.8	28.7	0.8	53.9
Finance income and expenses	0.5	-0.9	0.2	-2.0
Profit before tax	20.4	27.9	1.1	52.0
Income taxes	-5.0	-6.6	-0.3	-14.4
Profit for the period, continuing operations	15.4	21.2	0.8	37.6
Discontinued operations				
Profit for the period, discontinued operations	0.0	21.9	7.6	4.8
Profit for the period	15.4	43.1	8.4	42.4
Earnings per share, continuing operations, EUR				
Basic	0.29	0.39	0.01	0.70
Diluted	0.28	0.39	0.01	0.69
Earnings per share, discontinued operations, EUR				
Basic	-0.01	0.41	0.14	0.09
Diluted	0.00	0.40	0.14	0.09
Earnings per share, total, EUR				
Basic	0.28	0.80	0.15	0.79
Diluted	0.28	0.79	0.15	0.78
	Q3	Q2	Q1	Q4
Sales, EUR millions	2006	2006	2006	2005
Department Store Division	249.0	270.8	235.8	344.3
Hobby Hall	45.5	46.2	52.6	63.4
Seppälä	40.2	40.2	32.4	45.1
Shared	0.2	0.3	0.2	0.2
Continuing operations, total	334.9	357.6	320.9	453.1
Discontinued operations			74.8	117.4
Group	334.9	357.6	395.7	570.5
Revenue, EUR millions				
Department Store Division	209.8	227.4	198.5	289.0
Hobby Hall	37.8	38.4	43.6	52.6
Seppälä	33.2	33.3	26.8	37.3
Shared	0.2	0.4	0.5	0.5
Continuing operations, total	281.1	299.5	269.4	379.3
Discontinued operations			61.1	96.4
Group	281.1	299.5	330.5	475.7
Operating profit, EUR				

millions				
Department Store Division	13.1	22.2	-0.1	37.8
Hobby Hall	2.1	0.6	1.0	4.3
Seppälä	5.4	7.6	0.8	14.5
Shared	-0.9	-1.9	-1.4	-3.3
Eliminations	0.1	0.2	0.6	0.6
Continuing operations, total	19.8	28.7	0.8	53.9
Discontinued operations		21.9	7.7	4.1
Group	19.8	50.6	8.5	58.0

#### Income statement

quarterly,	Q3	Q2	Q1	Q4
Group, EUR millions	2005	2005	2005	2004
Continuing operations				
Revenue	262.0	274.0	249.5	344.2
Other operating income	0.0	0.0	0.0	0.1
Materials and consumables	-155.7	-156.6	-157.0	-192.5
Wages, salaries and employee benefits expenses	-41.8	-45.6	-43.6	-53.9
Depreciation	-6.7	-7.3	-7.3	-7.8
Other operating expenses	-40.2	-41.7	-40.6	-48.7
Operating profit	17.5	23.1	1.0	41.3
Finance income and expenses	0.6	-0.5	0.2	-0.2
Profit before tax	18.2	22.5	1.3	41.1
Income taxes	-4.7	-5.6	-0.4	-12.4
Profit for the period, continuing operations	13.5	16.9	0.9	28.8
Discontinued operations				
Profit for the period, discontinued operations	2.0	1.0	0.3	1.0
Profit for the period	15.4	17.9	1.2	29.7

#### Earnings per share, continuing operations, EUR

Basic	0.25	0.32	0.02	0.56
Diluted	0.25	0.31	0.02	0.54

#### Earnings per share, discontinued operations, EUR

Basic	0.04	0.02	0.00	0.02
Diluted	0.04	0.02	0.00	0.02

#### Earnings per share, total, EUR

Basic	0.29	0.34	0.02	0.58
Diluted	0.29	0.33	0.02	0.56

	Q3	Q2	Q1	Q4
Sales, EUR millions	2005	2005	2005	2004
Department Store Division	228.4	244.4	207.0	303.1
Hobby Hall	43.9	42.7	60.5	64.6
Seppälä	40.1	39.9	30.0	43.5
Shared	0.2	0.2	0.2	0.2
Continuing operations, total	312.6	327.3	297.7	411.4
Discontinued operations	109.6	130.6	102.9	104.3
Group	422.3	457.9	400.6	515.8

Revenue, EUR millions				
Department Store Division	191.9	204.8	174.3	254.8
Hobby Hall	36.4	35.5	50.2	53.4
Seppälä	33.1	32.9	24.8	35.8
Shared	0.6	0.8	0.2	0.2
Continuing operations, total	262.0	274.0	249.5	344.2
Discontinued operations	89.9	106.8	84.6	85.5
Group	351.9	380.9	334.1	429.7

Operating profit, EUR millions				
Department Store Division	12.1	15.2	0.2	36.5
Hobby Hall	0.9	0.2	0.7	1.5
Seppälä	6.9	8.4	1.3	8.0
Shared	-1.4	-1.5	-1.1	-1.2
Eliminations	-0.9	0.7	-0.1	-3.5
Continuing operations, total	17.5	23.1	1.0	41.3
Discontinued operations	1.9	1.5	0.6	1.1
Group	19.5	24.6	1.6	42.4

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A press and analyst conference will be held today, October 25, 2006, at 14.00 at the World Trade Center, Aleksanterinkatu 17, Helsinki.