STOCKMANN

ANNUAL REPORT

2001

CONTENTS

STOCKMANN

REVIEW OF OPERATIONS

REPORT AND ACCOUNTS, DECEMBER 31, 2001

Stockmann Group's core values

PROFIT ORIENTATION

We are in business to make money; all our operations should support this goal. Healthy earnings mean a good return for investors and latitude of movement and risk-taking ability for the company. For good people who are committed to our common goals, it means a highly respected job and an opportunity for self-development.

CUSTOMER ORIENTATION

We earn money only by offering benefits which the customer perceives as real and better than those of our competitors. The sum total of these benefits is high customer satisfaction and loyalty. Competitive pricing, reliable quality and good customer service are vital elements in achieving these goals.

EFFICIENCY

By performing better than our competitors, we boost sales, secure high cost-effectiveness and use capital efficiently.

COMMITMENT

In all our activities, success calls for an understanding of the importance of Stockmann's company-wide success factors and the role of our own unit in achieving them as well as a commitment to the goals we all share together.

RESPECT FOR OUR PEOPLE

We respect and value people's capacity for commitment, taking calculated risks and producing results. We reward success.

STOCKMANN IN BRIEF

Stockmann is a Finnish listed company which was established in 1862 and is engaged in the retail trade. It now has about 13 000 shareholders. Customer satisfaction is the central objective of Stockmann's trading in all its areas of business. Stockmann's four divisions are the Department Store Division, the Vehicle Division, the Hobby Hall Division, which is specialized in mail order sales and e-commerce, and Seppälä, a chain of fashion stores. Stockmann operates in Finland, Russia, Estonia and Latvia.

KEY FIGURES

		1997	1998	1999	2000	2001
Sales	EUR millions	1 394.2	1 461.4	1 583.9	1 467.9	**1 537.6**
Net turnover	EUR millions	1 160.5	1 216.5	1 319.6	1 220.5	**1 281.9**
Staff expenses	EUR millions	147.6	161.2	166.9	164.8	**179.0**
• Share of net turnover	%	12.7	13.3	12.6	13.5	**14.0**
Profit before extraordinary items	EUR millions	69.8	61.2	86.7	41.2	**51.2**
Investment in fixed assets	EUR millions	53.0	85.8	64.1	45.1	**31.1**
• Share of net turnover	%	4.6	7.0	4.9	3.7	**2.4**
Total assets	EUR millions	654.2	752.0	773.6	746.8	**728.2**
Share capital	EUR millions	48.6	86.4	86.4	102.8	**102.8**
Market capitalization at December 31	EUR millions	846.9	970.1	777.1	559.0	**696.0**
Dividend paid	EUR millions	21.9	43.2	30.8	30.6	**30.6***
Dividend per share[1)]	EUR	0.47	0.84	0.60	0.60	**0.60***
Earnings per share[1)]	EUR	1.07	0.97	1.14	0.55	**0.68****
Equity ratio	%	55.6	65.1	65.3	67.2	**69.5**
Return on investment	%	16.6	12.9	15.8	8.4	**9.8**
Return on equity	%	14.4	11.1	11.8	5.6	**6.9**

* Board proposal to the AGM. According to the proposal, a dividend of EUR 0.60 per share will be paid.
** The dilution effect of options has been taken into account in the 2001 figures.
[1)] Adjusted for share issues.

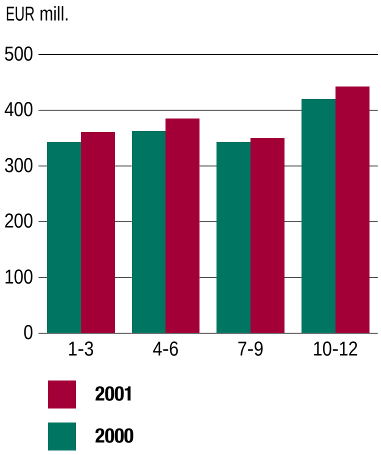
SALES BY QUARTER 2001, EUR MILLION

	1–3	4–6	7–9	10–12	TOTAL
Department Store Division	166.6	174.5	173.0	241.2	755.4
Vehicle Division	103.8	119.6	93.2	92.8	409.4
Hobby Hall	63.5	56.7	50.2	67.0	237.4
Seppälä	26.7	34.0	33.6	40.8	135.2
Real Estate + others	6.1	6.1	6.0	5.9	24.0
Eliminations	-6.0	-6.2	-5.9	-5.8	-23.9
Total	360.7	384.8	350.2	441.9	1 537.6

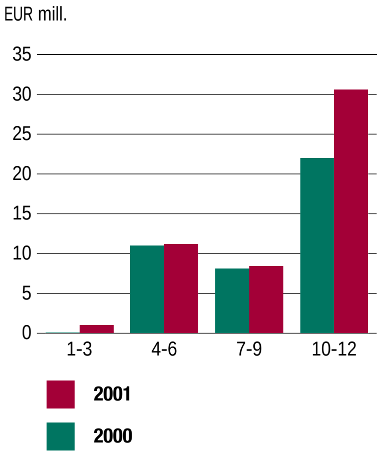
OPERATING PROFIT BY QUARTER 2001, EUR MILLION

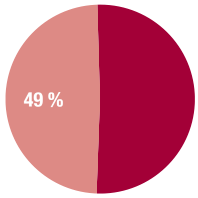
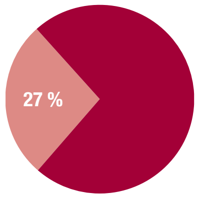
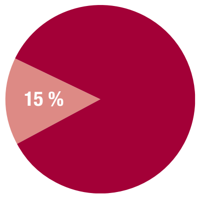
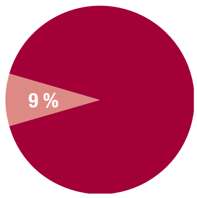
	1–3	4–6	7–9	10–12	TOTAL
Department Store Division	-0.5	8.1	4.7	21.8	34.1
Vehicle Division	0.9	0.9	1.3	0.1	3.2
Hobby Hall	-1.2	-1.4	0.3	6.7	4.4
Seppälä	-5.0	2.1	1.0	3.6	1.7
Real Estate	4.3	4.4	3.7	3.8	16.2
Other operating income	6.3	0.0	0.2	0.4	7.0
Eliminations + others	-4.6	-4.4	-3.4	-8.0	-20.4
Total	0.2	9.7	8.0	28.4	46.3

Sales by quarter 2000-2001

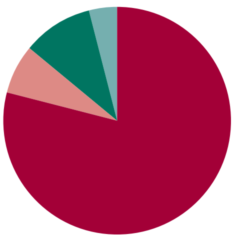


Profit before extraordinary items by quarter 2000-2001



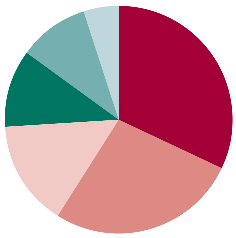
DIVISIONS AND THEIR MANAGEMENT	OFFERINGS	LOCATIONS	SHARE OF STOCKMANN'S SALES
DEPARTMENT STORE DIVISION ***Jukka Hienonen***	Offers customers a knowledgeable shopping environment and good service in a congenial atmosphere. The key to Stockmann's success is a unique and broad assortment of good products at competitive prices.	• 6 department stores and 5 Academic Bookstores in Finland • A department store in Tallinn, Estonia • A department store in Moscow • A speciality store in Moscow and 2 speciality stores in St Petersburg	**EUR 755.4 mill.** 
VEHICLE DIVISION ***Esa Mäkinen***	Offers a very wide range of high quality car makes and models. Reliable quality and customer service are especially important advantages within servicing, repair and spare parts for customers' vehicles.	• 11 outlets in the Greater Helsinki area: Ford, Volkswagen and Audi cars, a wide selection of trade-in vehicles as well as vehicle servicing and repair centres • An outlet in Turku: Ford dealership, vehicle servicing and repair centre • An outlet in Tampere: Mitsubishi and Skoda dealerships, a wide selection of trade-in vehicles as well as vehicle servicing and repair centre	**EUR 409.4 mill.** 
HOBBY HALL DIVISION ***Henri Bucht***	Hobby Hall offers an easy, reliable and pleasant alternative for buying quality products at affordable prices. Its offerings consist primarily of household and leisure articles.	• Finland's largest mail order sales company and leading online store. 4 stores in Finland: in Helsinki, Espoo, Vantaa and Tampere • Estonia's largest mail order sales company, an online store, 2 stores in Tallinn • A mail order sales company in Latvia	**EUR 237.4 mill.** 
SEPPÄLÄ DIVISION ***Heikki Väänänen***	Offers customers women's, men's and children's apparel as well as cosmetics at reasonable prices. The collections are based on Seppälä's own product design and own brands. Seppälä's expertise rests on the correct combination of basic and trendy products.	• Finland's and Estonia's largest chain of fashion stores • 129 stores in Finland • 11 stores in Estonia	**EUR 135.2 mill.** 

Distribution of operating profit by division



- **79 % Department Store Division**
- **7 % Vehicle Division**
- **10 % Hobby Hall**
- **4 % Seppälä**

Sales by sector



- **32 % Fashion**
- **27 % Motor vehicles**
- **15 % Home**
- **11 % Food**
- **10 % Leisure**
- **5 % Books, publications, stationery**

JANUARY

• Stockmann and Rautakirja Oyj signed a memorandum of intent with a Latvian company on the transfer of tenancy rights to a plot of land located in the centre of Riga to a company owned by Stockmann and Rautakirja Oyj. The plot, which is owned by the city of Riga, will be the site of a new building that will house a full-sized Stockmann department store with about 11 000 square metres of retail space and, among other attractions, a film centre operated by a Latvian company belonging to the Rautakirja Group. According to plans, the building will be completed in autumn 2003.

FEBRUARY

• The company's deputy managing director, Stig-Erik Bergström, D.Sc.(Econ.), retired on February 1, 2001. The director of the Hobby Hall Division, Henri Bucht, M.Sc.(Econ.), is now Stockmann's deputy managing director as from the same date. Mr Bergström's successor as the company's Chief Financial Officer is Pekka Vähähyyppä, M.Sc.(Econ.).
• Loyal Customer marketing got started in the Moscow department store.
• In Tampere, Hobby Hall opened a store that has about 1 400 square metres of retail space.

MARCH

• Stockmann's managing director, Ari Heiniö, LL.M., retired on March 1, 2001. The Board of Directors appointed Stockmann's deputy managing director, Hannu Penttilä, LL.M., as the company's new managing director effective from the same date. As his successor in the position of director of the Department Store Division, the Board of Directors appointed Jukka Hienonen, M.Sc.(Econ.). Karl Stockmann, M.Sc.(Econ.), was appointed by the Board to take over from Mr Hienonen as director of the department stores in Finland and the Helsinki department store.
• Esa Mäkinen, M.Sc.(Econ.), was appointed as the new director of the Vehicle Division effective August 1, 2001.
• Hobby Hall started mail order sales in Latvia.
• In Tampere, the Vehicle Division opened a full-service Mitsubishi-Skoda dealership with a total of about 3 300 square metres of floor space.

APRIL

• The Annual General Meeting elected Erik Anderson, LL.M., the managing director of Aktia Savings Bank plc, as a new member of the Board of Directors.
• The refurbishing works on the Delicatessen Department in the Tallinn department store were completed.

MAY

• Heikki Väänänen, M.Sc.(Econ.), was appointed as Seppälä Oy's new managing director effective August 1, 2001.

JUNE

• Stockmann and the Inditex Group of Spain signed a franchise agreement under which Stockmann will open, in April 2002, Finland's first Zara fashion store in the centre of Helsinki. Based on the results of this pilot launch, a decision on expanding the chain in Finland will be taken.

AUGUST

• The Board of Directors confirmed Stockmann's long-term financial objectives. They are presented in the Board Report on Operations on page 39 of the Annual Report.
• Stockmann sold the business operations, including property, of the Mitsubishi-Skoda outlet in Turku to Rauno Rinta-Jouppi Oy.
• The enlargement and refurbishing works in the department store in the Itäkeskus shopping centre in eastern Helsinki reached completion. The department store's retail space grew by about 1 400 square metres, to about 11 000 square metres.
• The refurbishing and enlargement works on Hobby Hall's store located in Hämeentie, Helsinki, were completed. The retail space increased by 300 square metres and now totals about 1 650 square metres.

SEPTEMBER

• Stockmann opened a new full-scale department store in the centre of Oulu. Centrally located alongside the Rotuaari pedestrian street, the department store has about 12 000 square metres of retail sales area. In addition, a two-storey Seppälä store was opened adjacent to the department store.
• Stockmann opened a new One Way youth fashion store in the Rautatalo building in Helsinki, across the street from the Helsinki department store. From the One Way customers can get to both the Academic Book Store next door and, passing under Keskuskatu, to the department store. This new enlargement adds about 1 100 square metres of retail space to the Helsinki department store.
• The expansion of the Delicatessen Department in the Turku department store was completed. This second stage of the department store's enlargement boosted its retail space by about 600 square metres, and it now totals 11 500 square metres.
• The Department Store Division decided to establish in Finland a Stockmann Beauty chain of cosmetics boutiques. According to plans the first units will be opened during the year 2002. The chain will have a total of about 20 stores in different parts of Finland.
• The enlargement and refurbishing works on Hobby Hall's store located in Tallinn's Maakri Street were completed.
• Stockmann sold the business operations of the Mitsubishi-Skoda outlets in the Tikkurila district of Vantaa and in Herttoniemi in Helsinki to Oy Metro-Auto Ab.

OCTOBER

• Stockmann decided to wind up the operations of its Swedish subsidiary SPL Seppälä AB by the end of January 2002.
• The expansion of the cosmetics department in the Helsinki department store was completed.

NOVEMBER

• Stockmann and a group of other major Finnish companies signed a document in which they gave their commitment to observe ethical principles in their import operations. At the same time the signatory companies undertook to engage in cooperation to promote the application of these ethical principles.
• With the fulfilment of the terms and conditions of the memorandum of intent that was signed in January, Stockmann and Rautakirja signed the final agreement concerning the plot for the department store and cinema in Riga.
• Hobby Hall's customer service outlet in Kuopio started up its operations.
• The refurbishing and expansion works on Hobby Hall's store in Espoo were completed. The store's retail space increased by about 400 square metres to about 1 450 square metres.

DECEMBER

• The marketing of the Stockmann Dial service package got under way. Stockmann Dial offers customers a Radiolinja mobile phone connection whose special benefits include a ready service menu, a maintenance guarantee, billing via a Stockmann account and special product offers. The service package is sold by Stockmann department stores, the Vehicle Division's outlets as well as Hobby Hall's stores, online store and mail order sales network.
• Hobby Hall launched an online store in Estonia.

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The 2002 Annual General Meeting of the shareholders of Stockmann plc will be held on Tuesday, April 2, 2002, at 4.00 p.m. in the Concert Hall of Finlandia Hall at the address Karamzininkatu 4, Helsinki.

Registrations for the meeting must be received no later than on March 28, 2002, at 4.00 p.m., telephone +358 9 121 3486, +358 9 121 3327, +358 9 121 3886 or +358 9 121 3802.

Those shareholders are entitled to participate in the Annual General Meeting, who have been entered, no later than on March 22, 2002, as shareholders in the Shareholder Register kept by Finnish Central Securities Depository Ltd.

Also a shareholder whose shares have not been transferred to the book-entry system has the right to participate in the Annual General Meeting if that shareholder has been registered in the company's Share Register before September 28, 1994. In this case the shareholder must present, at the Annual General Meeting, his share(s) or other documentation indicating that title to the shares has not been transferred to the book-entry system.

PAYMENT OF DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.60 per share be paid for the 2001 financial year. The dividend decided by the Annual General Meeting will be paid to a shareholder who on the record date for dividend payment, April 5, 2002, has been entered in the Shareholder Register kept by Finnish Central Securities Depository Ltd. The Board proposes to the Annual General Meeting that the dividend be paid on April 12, 2002, upon termination of the record period.

CHANGES IN NAME AND ADDRESS

We kindly request shareholders to report changes of address to the bank or to Finnish Central Securities Depository Ltd in accordance with the place where the shareholder's book-entry account is kept.

FINANCIAL INFORMATION ON STOCKMANN

Stockmann will publish the following financial reports in 2002:

- January-March Interim Report May 7, 2002
- January-June Interim Report August 20, 2002
- January-September Interim Report November 7, 2002

In addition to these reports, we will release a monthly report on the sales of the units.

Financial reports and bulletins are published in Finnish, Swedish and English.

All of Stockmann's stock exchange bulletins will be available on the Internet on their date of publication.
Address: http://www.stockmann.fi

REPORT AND BULLETIN REQUESTS:
STOCKMANN,Corporate Communications,
P.O.Box 220, FIN-00101 Helsinki, Finland
Telephone +358 9 121 3089
Fax +358 9 121 3153
e-mail info@stockmann.fi

INFORMATION ON STOCKMANN FOR INVESTORS

According to information we have received, the analysts mentioned below follow Stockmann on their own initiative. The list may be incomplete. Stockmann does not assume responsibility for analysts' assessments.

AKTIA SECURITIES
Sabah Samaletdin
Mannerheimintie 14
FIN-00100 Helsinki
Tel. +358 10 247 5000

ALFRED BERG/ABN AMRO
Tia Lehto
Kluuvikatu 3
FIN-00100 Helsinki
Tel. +358 9 228 321

D.CARNEGIE AB FINLAND BRANCH
Kim Nummelin
Eteläesplanadi 12
FIN-00130 Helsinki
Tel. +358 9 618 711

CONVENTUM SECURITIES
Hannu Nyman
Kaivokatu 12 A
FIN-00100 Helsinki
Tel. +358 9 231 231

CREDIT AGRICOLE INDOSUEZ CHEUVREUX
Frans Hoyer
St Helen's, 1 Undershaft
London EC3P3DQ
Tel.+44 (0) 207 621 5100

ENSKILDA SECURITIES AB
Anders Antas
Eteläesplanadi 12
FIN-00130 Helsinki
Tel. +358 9 616 287

EVLI BANK PLC
Robert Liljequist
Aleksanterinkatu 19 A
FIN-00100 Helsinki
Tel. +358 9 476 690

FIM SECURITIES LTD
Jari Westerberg
Pohjoisesplanadi 33 A
FIN-00100 Helsinki
Tel. +358 9 6134 6217

HANDELSBANKEN INVESTMENT BANKING
Tom Skogman
Eteläranta 8
FIN-00130 Helsinki
Tel. +358 10 44 411

MANDATUM STOCKBROKERS LTD
Ari Laakso
Eteläesplanadi 8
FIN-00130 Helsinki
Tel. +358 10 236 4710

NORDEA SECURITIES
Juha Iso-Herttua
Timo Jaakkola
Fabianinkatu 29 B
FIN-00100 Helsinki
Tel. +358 9 12 341

OPSTOCK LTD
Jari Räisänen
Teollisuuskatu 1 B
FIN-00510 Helsinki
Tel. +358 9 404 739

Upswing in earnings

2001 opened on a very challenging note. The Stockmann Group's result and return on investment had weakened markedly in 2000, particularly in the Seppälä, Hobby Hall and Vehicle Divisions. The main target that was set for Stockmann was to get the Group's profitability heading upward again. Now that the year has come to an end, we can observe that we succeeded in achieving these objectives. This was also reflected in the clear rise in the market value of the company's shares during the latter part of the year. The company's market capitalization at the end of the year was EUR 696 million, an increase of nearly 25 per cent on the previous year, whereas the Helsinki Exchanges' HEX Portfolio Index declined 22 per cent in the same period.

2001 was a year of great changes. The Group's top management got an almost completely new slate when during the year the company changed its managing director, chief financial officer, director of the Department Store Division, managing director of Seppälä and director of the Vehicle Division. The divisions carried out a good deal of structural changes, the most important of which were the decision that was taken in October to wind up Seppälä's operations in Sweden as well as the Vehicle Division's disposal of three outlets in its Mitsubishi-Skoda product line.

The Stockmann Group's sales last year totalled EUR 1.54 billion, representing an increase of EUR 70 million, or 4.7 per cent.

ENTERING NEW MARKET AREAS

The Department Store Division's sales grew both in Finland and abroad, and the division's operating profit was its best result ever. In Finland operations expanded to a new market area when a new department store was opened in Oulu in September. Operations have also developed positively in Estonia, and particularly in Russia, where the revival in the economy and the growth in consumption showed up clearly in Stockmann's operations.

Hobby Hall also reported strong sales growth. A new market area was opened when mail order sales got under way in Latvia in March. The trend in this new market area has been better than forecast. The target set for online sales was topped by a good margin and Hobby Hall reinforced its position as Finland's largest Internet store. Two thirds of the Internet sales registered represent a migration from traditional mail order sales, whereas one third are orders from new customers. I believe that in the long term the investments made in online sales have been the correct strategy. In coming years, distance retailing will increasingly involve making available to customers a number of channels for placing orders: the Internet, the telephone as well as traditional coupon orders, which will represent a gradually diminishing proportion of orders. It has been a strategic lesson for us that in order to maintain profitability, all this must be assessed as a single business entity and not as independent areas. Boosted by the last two quarters of the year, Hobby Hall's earnings improved markedly. Factors contributing to the improvement in profits were the higher gross margin, efficient cost management and the return on value added tax that will be received for the years 1998-2000.

MEASURES TO IMPROVE PROFITABILITY

The new car market declined by nearly 20 per cent in Finland during the year. Nonetheless, the Stockmann Vehicle Division's sales grew. This accomplishment is all the more notable in view of the fact that the division peeled off three outlets of its Mitsubishi-Skoda product line, as mentioned above. Profitability was improved by carrying out forceful measures, such as a reduction in the capital tied up in stocks. Owing to the weak market situation, the Vehicle Division's earnings declined somewhat compared with the previous year.

The first part of the year was difficult for Seppälä. Because of large reduced-price sales, the first-quarter operating result was very poor, but from the second quarter on, earnings were put back on track. The improvement was led by the good sales trend of the stores in Finland and Estonia. The stores in Sweden fell markedly short of the forecast trend and turned a loss month after month. In October a decision was taken to withdraw completely from Sweden by the end of January and to book the accumulated operational losses and the one-off provision for winding up operations as a total charge to earnings in 2001. Concurrently, Seppälä brought its stock management under control and achieved a significant improvement in its gross margin compared with the previous year. It also carried out strong measures to lower the level of costs. Accordingly, the full-year result was an improvement on the year-ago figure despite the losses incurred in winding up the operations in Sweden and even in the face of a slight drop in total sales.

As a consequence of the above-described developments, the Group's ordinary operational result improved substantially. Since somewhat more capital gains on sales of shares were booked than in the previous year, the Group's profit before extraordinary items improved by EUR 10 million, or a quarter, on 2000.

LONG-TERM FINANCIAL TARGETS

In August the Group announced the long-term financial targets it had set, which are a return on investment of at least 15 per cent, a 5 per cent operating profit margin and sales growth that outpaces the sector. Stockmann's dividend policy is to pay out a dividend that is at least half of the profit derived from mainline operations. The financing required to grow operations is nevertheless taken into account in determining the dividend.

During the financial year now ended, the return on investment rose from 8.4 per cent in the previous year to 9.8 per cent, and operating profit on net turnover from 2.9 per cent to 3.6 per cent. The 4.7 per cent growth in sales was faster than the sector average. Within the Vehicle and Hobby Hall Divisions in particular, Stockmann's sales stood out from the general trend in their sectors. The key figure trends headed back upward, and we can realistically expect to achieve all the targets in 2004.

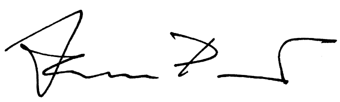
GOING FOR IMPROVED EARNINGS DURING THE 140TH JUBILEE YEAR

Stockmann marked 140 years in business on February 1, 2002. The event was celebrated by putting in a good day's work. The company has set the objective of achieving an improvement in earnings this year too. This time Hobby Hall and Seppälä can be expected to turn in an especially good performance to lift profits. Both divisions are embarking on the new business year in significantly better shape than they were in a year ago. The Department Store Division has launched construction works with the aim of opening a department store in Riga, Latvia's capital, in the latter part of 2003, and during the year it will open its first Zara store and the first shops in its Stockmann Beauty cosmetics chain.

The positive economic development in Russia is confronting the Group with the major strategic challenge of evaluating the kind of timetable that can be adopted in order to step up investments in Russia so as to capitalize on the experience the company has built up in that market and to realize its first-mover advantage.

I believe that bolstered by its skilled and service-minded staff the Stockmann Group is well poised to continue the positive development that got under way in the latter half of 2001. For my own part and on behalf of the entire management, I wish to thank all the Group's team members for the good, disciplined and result-yielding joint performance you have put in during 2001.

Helsinki, February 26, 2002
Hannu Penttilä




Lasse Koivu


Erkki Etola


Erik Anderson


Eva Liljeblom


Kari Niemistö


Christoffer Taxell


Henry Wiklund


Anna-Liisa Heinsalmi


Pirkko Laisi

BOARD OF DIRECTORS

CHAIRMAN
Lasse Koivu
(b. 1943), B.Sc.(Econ.), managing director, Föreningen Konstsamfundet rf. Member of the Board since 1991, due to resign in the spring 2003.

VICE CHAIRMAN
Erkki Etola
(b. 1945), M.Sc.(Eng.), managing director, Oy Etola Ab. Member of the Board since 1981, due to resign in the spring 2002.

Erik Anderson
(b. 1943), LL.M., managing director, Aktia Savings Bank plc. Member of the Board since 2001, due to resign in the spring 2004.

Eva Liljeblom
(b. 1958), D.Sc.(Econ.), professor, Svenska Handelshögskolan. Member of the Board since 2000, due to resign in the spring 2003.

Kari Niemistö
(b. 1962), M.Sc.(Econ.), managing director, Selective Investor Oy Ab. Member of the Board since 1998, due to resign in the spring 2004.

Christoffer Taxell
(b. 1948), ministeri*, president and CEO, Partek Group. Member of the Board since 1985, due to resign in the spring 2003.

Henry Wiklund
(b. 1948), kamarineuvos*, managing director, Svenska litteratursällskapet i Finland rf. Member of the Board since 1993, due to resign in the spring 2002.

PERSONNEL REPRESENTATIVES ON THE BOARD, APRIL 1, 2001 - MARCH 31, 2002

Anna-Liisa Heinsalmi
(b. 1946), senior occupational health nurse. Personnel representative on the Board, elected by Stockmann's senior salaried employees.

Pirkko Laisi
(b. 1942), chief shop steward. Personnel representative on the Board, elected by the Group Council.

AUDITORS

Krister Hamberg
(b. 1943), B.Sc.(Econ.), Authorized Public Accountant. Stockmann's deputy auditor since 1988 and regular auditor since 1995.

Wilhelm Holmberg
(b. 1950), M.Sc.(Econ.), Authorized Public Accountant. Stockmann's regular auditor since 2000.

Deputy auditor
KPMG Wideri Oy Ab

* a Finnish title

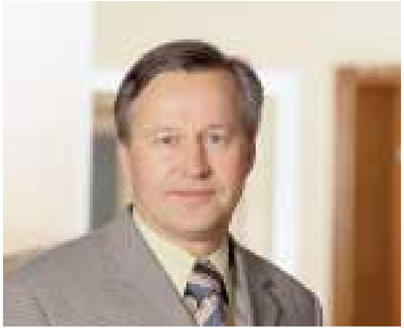
Hannu Penttilä

Henri Bucht

Pekka Vähähyyppä

Jukka Hienonen

Esa Mäkinen



Heikki Väänänen

Jukka Naulapää

MANAGEMENT COMMITTEE

Hannu Penttilä
(b. 1953), LL.M., managing director.

Henri Bucht
(b. 1951), M.Sc.(Econ.), deputy managing director with responsibility for the Hobby Hall Division.

Pekka Vähähyyppä
(b. 1960), M.Sc.(Econ.), chief financial officer.

Jukka Hienonen
(b. 1961), M.Sc.(Econ.), director with responsibility for the Department Store Division.

Esa Mäkinen
(b. 1959), M.Sc.(Econ.), director with responsibility for the Vehicle Division.

Heikki Väänänen
(b. 1958), M.Sc.(Econ.), managing director, Seppälä Oy.

Jukka Naulapää
(b. 1966) LL.M., company lawyer, secretary of the Management Committee.

The corporate bodies of the parent company Stockmann plc which are responsible for the Group's administration and operations are the general meeting of shareholders, the Board of Directors and the managing director.

ANNUAL GENERAL MEETING

The highest decision-making body of Stockmann plc is the general meeting of shareholders. The Annual General Meeting shall be held each year before the end of June. Stockmann has two series of shares, of which each Series A share confers ten votes at a general meeting and each Series B share one vote. No one, however, can cast more than one fifth of the votes represented at the general meeting except in situations in which the Companies Act calls for passing a resolution with a majority of the votes cast. Information on share ownership is given on page 42 of the Annual Report.

A Series A share can be converted to a Series B share upon a demand of a shareholder provided that the conversion can take place within the limits of the minimum and maximum amounts of the share series.

A two-tier provision concerning the obligation to exercise a pre-emptive purchase of shares is written into the Articles of Association. A shareholder whose proportion of all the Company's shares or the number of votes conferred by the shares reaches or exceeds 33 1/3 per cent is liable, at the demand of the other shareholders, to purchase their shares and the securities which according to the Companies Act give title to them. If a previous pre-emptive purchase offer has not led to the pre-emptive purchase of all the company's shares, the shareholder shall make a new pre-emptive purchase offer when the shareholder's proportion of all the company's shares or the votes conferred by the shares reaches or exceeds 50 per cent.

The business of the Annual General Meeting includes approval of the company's annual financial statements and the passing of resolutions on the dividend and the election of members of the Board of Directors.

BOARD OF DIRECTORS

The Company's Board of Directors shall have a minimum of five and a maximum of nine members. The members of the Board of Directors shall be elected to a three-year term of office such that, as far as possible, one third of them will be due to retire each year. To arrive at a distribution of this type, part of the members can be elected for one or two years. A person who has reached the age of 65 years cannot be elected a member of the Board of Directors. At present, the Board of Directors has seven members, none of whom are full-time members.

The Board of Directors shall elect from amongst its number a chairman and a vice chairman for one year at a time.

The company's officers who participate regularly in meetings of the Board of Directors are the managing director, the deputy managing director, the chief financial officer, the director of the Department Store Division and the company lawyer, all of whom are not members of the Board of Directors. The company lawyer acts as secretary to the Board of Directors. Two employee representatives also participate in meetings of the Board of Directors, and they likewise are not members of the Board of Directors. One of the employee representatives is elected by Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees.

The Board of Directors attends to the due organization of the company's administration and operations. In addition to the duties defined separately in law and in the Articles of Association, the Board of Directors, among other things, confirms the company's long-term strategic and financial objectives, approves the budget and decides on major individual capital expenditures, acquisitions, divestments and real-estate deals and other projects of strategic importance. The Board of Directors furthermore approves the guidelines setting forth the principles of financial risk management.

In recent years the Board of Directors has met 8 to 9 times a year.

MANAGING DIRECTOR

The Board of Directors appoints the company's managing director and decides on the terms and conditions of his employment relationship, which are set forth in a written managing director agreement. The managing director is in charge of the company's line operations in accordance with the instructions and regulations issued by the Board of Directors. Hannu Penttilä has been the company's managing director since March 1, 2001.

THE GROUP'S LINE ORGANIZATION

Apart from the managing director, the Board of Directors appoints a deputy managing director, chief financial officer and the directors of the divisions. Henri Bucht, director of the Hobby Hall Division, has also acted as the company's deputy managing director as from February 1, 2001, and, when necessary, as the managing director's substitute.

Corporate Administration oversees the entire Stockmann Group. Commercial operations are organized into four divisions, which are the Department Store Division, the Vehicle Division, the Hobby Hall Division and the Seppälä Division.

MANAGEMENT COMMITTEE

The Group's Management Committee comprises the managing director, the deputy managing director and the other directors of the divisions, the chief financial officer as well as the company lawyer, who acts as secretary to the Management Committee.

Headed by the managing director, the Management Committee is responsible for directing line operations and for preparing strategic and financial plans.

OVERSIGHT

The Internal Audit reports to the company's managing director and assists management in the control and oversight of the organization's operations. It ensures for its own part that the Group observes the relevant laws, guidelines and the company's operational principles. The Internal Audit examines and assesses the adequacy and effectiveness of the internal control system as well as the level of performance in carrying out operational tasks. In addition, the Internal Audit assists management by producing analyses, estimates, recommendations, statements of advice and information on the organization's internal control and operations.

The Company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies. At present the company has two auditors and a deputy auditor which is a firm of independent public accountants authorized by the Central Chamber of Commerce.

MANAGEMENT'S REMUNERATION AND OTHER BENEFITS

The Annual General Meeting passes resolutions on the remuneration paid to the members of the Board of Directors. In 2001 the members of the Board of Directors and the managing directors were paid salaries and emoluments as well as fringe benefits amounting to a total of 0.4 million euros.

INCENTIVE SYSTEMS

Achievement of the company's long-term objectives is supported by two share option schemes for key employees, which were approved through resolutions passed at the Annual General Meetings in 1997 and 2000. Information on these share option schemes is given in the table "Changes in the share capital as from January 1, 1997" on page 41 of the Annual Report.

The Group makes use of annual performance-based systems of rewards and incentives to promote the achievement of short-term objectives. The basis of determining the performance-based bonuses paid to the managing director and the other members of the Management Committee are confirmed annually by the Board of Directors.

INSIDERS

Stockmann complies with the insider guidelines approved by Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Counted as permanent insiders of Stockmann plc under the relevant act are the members of the Board of Directors, the managing director, deputy managing director and the auditors. In addition, permanent insiders include persons who act in occupations defined by the managing director, said persons including the members of the Group's Management Committee. The company makes use of the Insider Register service kept by Finnish Central Securities Depository Ltd, which makes available for public scrutiny the up-to-date share and share option ownership data on insiders.

G.F. Stockmann.

Stockmann's first place of business, the Lampa building flanking Helsinki's Market Square.

The store situated along Senate Square was already known as a "continental department store".

Stockmann through the years

1852

G.F. Stockmann of Lübeck arrived in Finland to work as a bookkeeper and cashier at the Nuutajärvi Glassworks.

1858

The Nuutajärvi Glassworks opened a shop in Helsinki. The premises were leased in a brick house along Market Square. The house belonged to Mrs Lampa, the wife of a magistrate, and the shop manager was G.F. Stockmann. The shop stocked a wide range of goods and the metal nameplate on the outside bore the name: G.F. Stockmann.

1862

Stockmann was founded on February 1, 1862. At that time, G.F. Stockmann took control of the business which, from the outset, he had managed in his own name.

1880

Stockmann opened his grand new business premises – the "continental department store" – in a building that he had purchased along Senate Square.

1897

Stockmann opened a branch in the Kallio district of Helsinki. The business began as an ironmonger's but later, the range was expanded. The premises were also extended on several occasions, and the store did not close until 1960.

1902

The one-man business became a limited company, G.F. Stockmann Aktiebolag. The shareholders were G.F. Stockmann and his sons Karl and Frans.

1904

Stockmann made the first car sale ever in Finland by selling a Model-T Ford to Walter Lampén, an assistant vicar.

1918

A new limited company, Aktiebolaget Stockmann Osakeyhtiö, which had a wider shareholder base, was established at the end of the year. Its share capital was subscribed for in one week. The business, warehouses, real estate etc. belonging to G.F. Stockmann Aktiebolaget were transferred to the ownership of the new company the following year.

1919

Keravan Puusepäntehdas, a carpentry shop, became a subsidiary of Stockmann. It was sold in 1985.

1922

Beginning in 1911, Stockmann gradually acquired ownership of its present department store block in the centre of Helsinki. Initially, a two-storey brick building designed by Sigurd Frosterus was constructed on the cor-

Assistant vicar Walter Lampén made Finland's first car purchase at Stockmann's.

The handsome department store designed by Sigurd Frosterus was the town's pride and joy right from its completion, as it still is today.

A war-time display window.

ner of Pohjoisesplanadi and Keskuskatu. The Stockmann Sports Department and some other operations moved into the building.

1926

A new department store building designed by Sigurd Frosterus was opened on four floors in the presence of Lauri Kristian Relander, the President of the Republic. The Senate Square store still remained the main branch.

1930

Stockmann purchased Academic Bookstore. Nowadays, Academic Bookstore has five sales outlets adjacent to the department stores in different localities.

The new department store that is still beyond compare was completed and opened its doors to the public.

1936

Stockmann purchased Taidetakomo Orno, which made artistic wrought iron articles and lamps. In the long run Orno became a famous lamp manufacturer. The company was sold in 1985.

1942

Stockmann's shares were listed on the Helsinki Stock Exchange.

1944

Two bombs hit the department store during the heavy bombardment in February. The glass roof in the atrium shattered and the archives burst into flames. The threatening fire was quickly extinguished but the department store was closed for a week for repairs.

1950

Finland's first television broadcast was made in the Stockmann department store. It was broadcast by cable.

1955

Stockmann became a Ford dealer. In 1993, the range expanded to include Volkswagen and Audi dealerships. Since 1997, the current range has also included Mitsubishi and Skoda.

1957

Stockmann's first local department store was opened in Tampere. It was noticeably extended in 1965.

1962

Oy Sesto Ab, a retail subsidiary dealing in supermarket goods, was established during Stockmann's hundredth anniversary year. When Sesto was divested in 1999, the chain included 13 supermarkets and six hypermarkets.

Stockmann has been a part of the Tampere street scene since the 1950s. The company's first local department store was originally at the other end of Hämeenkatu compared with its present site.

Stockmann acquired Hobby Hall in 1985. The new warehouse had been completed along Vantaa's Pakkalantie the year before.

1967

The department store in Pietarsaari was opened. It wound up operations in 1982.

1969

Academic Bookstore moved from the department store to the new "Book Palace" designed by Alvar Aalto.

1976

The department store in Kouvola was opened. It operated only until 1982.

1981

The department store in Tampere moved into new, considerably larger premises at the other end of Hämeenkatu. The department store was significantly enlarged in 1999-2000 when, among other refurbishing works, an entire new floor was built.

The department store in Tapiola, Espoo, was opened. It was enlarged in 1987 and considerably so in 1990. Additional, large-scale expansion work that significantly improved the pleasant atmosphere in the centre of Tapiola was completed in 1998.

1982

Tenancy of the Turku City-Sokos premises was transferred to Stockmann, which opened a department store in them. The store was enlarged in 1986 and 2000-2001, when an additional floor was added.

The legendary liftgirls at the Helsinki department store served customers for the last time.

1985

Stockmann purchased Oy Hobby Hall Ab, a mail-order company.

1986

Stockmann pioneered modern Loyal Customer marketing. Another first was a cash card, which was introduced for the first time in Finland. Stockmann had already had account customers for several decades.

The first "Crazy Days" were held in April, and they have been a giant success time and again.

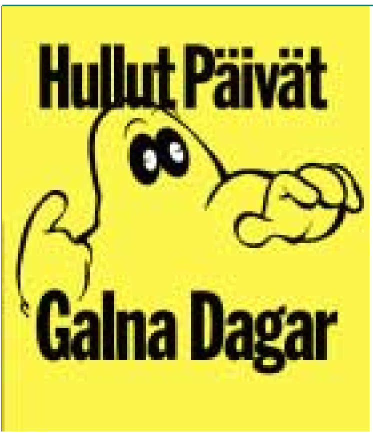
1988

Stockmann purchased the Seppälä companies, which run a chain of fashion stores.

1989

Mauno Koivisto, the President of the Republic, and Mrs Tellervo Koivisto were present at the opening of the Argos extension to the Helsinki department store. The dream of a department store building spanning the entire block had finally been realized. Subsequently, major enlargements have been completed in 1991, 1997, 1999 and 2001.

The first Stockmann stores in Russia were opened in Moscow.



Crazy Days have broken sales records time after time.

The cover of Seppälä's Smash customer magazine in 1988, when Seppälä became a part of the Stockmann Group.

Stockmann has purposefully expanded its operations abroad for over a decade now. The Tallinn department store is the largest in the Baltic countries.

1990

Stockmann got out of the wholesale trade, which the company had engaged in ever since it was founded.

1991

Stockmann's core values were confirmed to be: profit orientation, customer orientation, efficiency, commitment and respect for our people.

1992

The department store in Helsinki's Itäkeskus shopping centre opened for business. It has been enlarged in 1997 as well as in 2000-2001.

Hobby Hall began operations in Estonia. Hobby Hall's mail order sales started up in Latvia in 2001.

1993

Stockmann opened a store in Tallinn, Estonia.

1996

The Tallinn department store was opened. It was enlarged from two storeys to five storeys, becoming the largest department store in the Baltic countries in 2000, when an indoor car park was also built for it.

1998

The Annual General Meeting approved the change in the company's legal form to that of a public limited company and the company's business name changed to Stockmann Oyj Abp, and Stockmann plc in English.

Stockmann opened a full-scale department store in Moscow. It was enlarged in 2002.

1999

Academic Bookstore opened an Internet store for consumers. Academic Bookstore has had an order service for institutional customers on the Internet ever since 1994.

Seppälä established a chain of stores in Estonia.

2000

Hobby Hall Online was opened and it quickly developed into Finland's leading online site for consumers. Hobby Hall Online's operations in Estonia got started towards the end of 2001.

2001

Stockmann opened a new full-scale department store in a prime location in Oulu.

A record year for the department stores

The Department Store Division's sales inclusive of VAT were EUR 755.4 million, up 6 per cent. Net turnover was EUR 633.5 million.

Consumption demand held up well in Finland throughout the year. Not even the ever-gloomier economic outlook as the year wore on or the tragic world events were able to shake consumers' strong belief in their own finances. Sales by the department stores in Finland and the Academic Bookstores were EUR 647.5 million, an increase of EUR 34.7 million, or 6 per cent.

During the year a series of enlargement projects have been completed in Finland, after which all the Stockmann department stores have retail sales space of at least 11 000 square metres. The Oulu department store that was opened in September was already in this size class when it was completed.

The strongest sales growth was reported by the department stores in the Itäkeskus shopping centre and in Tampere. The Turku department store was hampered by enlargement and street works up to September. The sales trend of the Helsinki and Tapiola department stores was less buoyant but, for example, the impact on their sales of a large shopping centre that was completed in Espoo was nevertheless less than expected. The large new shopping centre in the Turku economic area did not have a mentionable effect on the sales of the Turku Stockmann, either.

Sales by the International Operations units amounted to EUR 107.9 million, an increase of EUR 8 million and 8 per cent on the previous year. Sales in Russia totalled EUR 69.2 million last year. Disposable income in Russia has recovered rapidly to the level prevailing before the economic crisis, and the growth in sales there was 8 per cent. In Estonia, despite substantial increased competition, sales grew by 7 per cent and totalled EUR 38.7 million.

OPERATIONAL DISCIPLINE LEADS TO RECORD EARNINGS

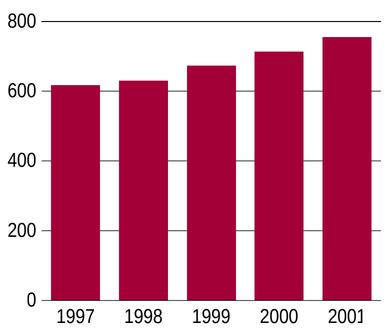
The Department Store Division's gross margin again improved markedly on the previous year, spurred by increasingly pennywise buying and precision stock management.

Because the earnings from international operations are buffeted about by changes in the exchange rate of the US dollar, it has been hedged against this effect by taking out forward contracts on the cash flow repatriated from Russia.

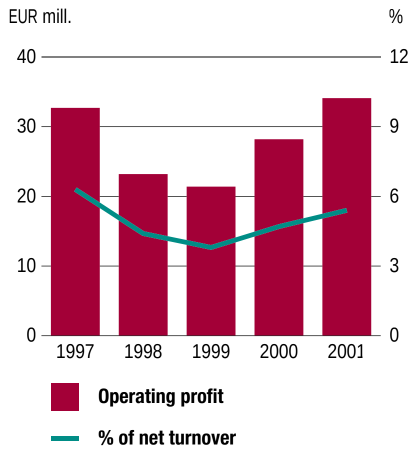
Now that the Department Store Division's increase in expenses was markedly lower than the growth in the gross margin, the division achieved the best operating profit in its history, EUR 34.1 million, representing a whopping 21 per cent growth on the previous year. The previous record result was reported in 1997. Factors contributing to the division's good result were the again record-setting

Stockmann's department stores and Academic Bookstores in the centre of Helsinki and in the Itäkeskus Shopping Centre in eastern Helsinki, Tapiola in Espoo, Tampere and Turku as well as the new Stockmann department store that was opened in Oulu offer customers a knowledgeable shopping environment and good service in a congenial atmosphere. The key to Stockmann's success is a unique and broad assortment of good products at competitive prices. The International Operations units comprise department stores in Tallinn and Moscow together with one speciality store in Moscow and two in St Petersburg.

Development of the Department Store Division's sales 1997-2001



Development of the Department Store Division's operating profit 1997-2001



KEY FIGURES

DEPARTMENT STORE DIVISION	2001	2000	change %
Sales, EUR million	**755.4**	712.7	6
Proportion of Group Sales, %	**49.1**	48.6	
Operating profit, EUR million	**34.1**	28.2	21
Return on investment, %	**19.0**	16.3	
Capital invested, EUR million	**179.2**	173.6	3
Investments, EUR million	**19.0**	14.7	
Staff, December 31	**6 120**	5 625	9

For guests at the opening in Oulu, Stockmann's fashion show was a feast for the eyes.

The Oulu department store spans the block and opens on to four streets. This is the stylish view on the Kauppurienkatu side.

The expanded and renewed cheese counter in the Delicatessen in the Turku department store is a big attraction.

Crazy Days together with good sales of Loyal Customer products all year long.

FINNISH RETAIL TRADE IN THE GRIPS OF CHANGE

The competitive line-up of the retail trade in Finland has continued to change rapidly. The invasion of foreign chains has intensified further within fashion, home furnishings and consumer electronics and home appliances. More big retail units have been built at a fast clip, especially in the country's growth centres. Retailers are flocking to giant shopping centres that have sprung up alongside traffic arteries. This trend has played a part in lifting the size class requirement for the department stores, too. Stockmann is well poised to respond to this challenge, thanks to its ability to undertake investments and its strong concept. To achieve success, a department store must be able to compete, in its chosen sectors, with the best speciality stores in the field – through its product assortment and pricing as well as by providing knowledgeable service.

For years Stockmann has made an energetic commitment to creating a vibrant and event-packed department store environment. Whereas the supermarket trade, say, is shifting ever more towards self-service prepackaged foods, Stockmann has invested in building within its department stores a high-quality international food world where service is a key element. This investment programme has also showed up in the strong sales trend of foods, furnishing an excellent complement to the department store operations as a whole by ensuring the necessary customer flow each day. During the year, three Alko wines and spirits shops have also been opened in Stockmann department stores. When the refurbishing which starts this spring in the food department of the Itäkeskus department store is completed in autumn 2002, the Stockmann Delicatessens in all the department stores will be of the same high calibre.

The department store's business idea of "everything under the same roof" is an unmatched formula for satisfying the customer's needs for both fast service and an ambiance rich in experiences. Consumers are more and more demanding about the way they spend their time. Department stores have no rival in answering this demand. In Stockmann's operations, this trend was reflected clearly in the sales growth of two fast-developing merchandise areas: the Stockmann Delicatessens lifted their sales by 10 per cent and the groups selling leisure goods turned in a 9 per cent increase.

A DISTINCTIVE SPOT FOR YOUTH

Of the individual product areas, cosmetics achieved the strongest growth, up a hefty 15 per cent. The growing consumption of cosmetics has been reflected in the increased retail sales space devoted to the product group in department stores. The One Way youth shop in the Helsinki department store moved into its own 1 100 square metre store on Keskuskatu in September, freeing up additional space for cosmetics in the department store's best sales spot. This translated into strong sales growth when the new cosmetics department was completed in time for the Christmas market.

The requirements for a purchasing environment tailored to youth differ from the needs of other customer groups. This is why Stockmann has continued to build up its One Way youth fashion concept. Young people want not only a central location but also a store environment that offers experiences along the lines of bold interior decoration solutions, music, events, a cyber café as well as, of course, the latest in fashion. Stockmann has created for young customers a distinctive meeting place with a profile that sets it clearly apart from the department store's overall look and feel. The One Way concept has reached young consumers well. This will be strategically important for Stockmann as the young people reach adulthood and become customers of the department store.

With the completion of the extension to the Itäkeskus shopping centre in October, Stockmann got about 1 400 square metres of additional space. A rearrangement of the departments was carried out at the same time. In addition, Stockmann's location in the shopping centre became more central. This has brought a new customer flow to the department store. Following the opening of the extension, the growth in sales by the Itäkeskus Stockmann has been the strongest of the chain's department stores in Finland.

With their fashion sales of over EUR 350 million, Stockmann department stores are the leading company in this

A real wedding held in the Argos Hall of the Helsinki department store was an event that attracted notice not only in Finland but in countries far away.

Naomi Klein, world famous author of the book No logo, was one of the drawing cards at Academic Bookstore's "Encounters".

field in Finland. Especially strong development has been shown by the so-called private label product families that have sprung from Stockmann's own product development: Global Essentials, Global Sport, Cap Horn and others.

RETAILERS GO WITH THE TECHNOLOGY FLOW

The advances made in information technology open up new possibilities to manage retail goods flows and reduce the volume of stocks in the distribution chain. The Department Store Division's information systems have now been upgraded to the stage where they are capable of handling, fully electronically, the main business processes from order entry all the way to payment transfers. Sales data on products can be relayed quickly so that suppliers too are able to make use of them. This brings improved potential for managing the goods assortment and responding quickly to changes in demand. Placing business processes on an electronic basis is a way of boosting sales, stepping up stock turnover rates, lowering costs, freeing up capital that is tied up in stocks and reducing the risk of non-saleable goods held in stock. This likewise yields a significant increase in the return on invested capital.

In recent years the Department Store Division has expanded the scope of the staff's job descriptions and lowered the boundaries between different functions by shifting over to working in teams. This has brought an increase in people's responsibility and given them a greater say in performing their individual tasks. In unison with information technology development, this process is raising the feeling of accomplishment derived from work, whilst improving productivity.

It is increasingly difficult to forecast consumers' changing needs and the commercial consequences of technology-driven innovations. The shopping experience at a department store or the reassurance that customers get from being able to look over and "feel" the goods are aspects that will be difficult to replace, at least in e-commerce applications in their present form.

Through electronic commerce it is in principle possible to free up part of today's costs of operating a fixed commercial site. This would nevertheless inevitably bring in its wake a host of new cost items connected with the collection and home delivery of goods – expenses borne by the customers themselves in present-day retail trade. Replacing this work input of the customer with expensively taxed labour is the greatest obstacle to the spread of electronic commerce in the department store trade. The Department Store Division has so far seen that the biggest opportunities for electronic consumer trade lie, on the one hand, within product groups that are particularly suited to it – books, for instance – and, on the other hand, that e-commerce offers an efficient means of getting in touch when customers themselves want to take an active part in obtaining information on the department store's services.

For years now, Stockmann has played an important role as a seller of mobile phones and their subscriptions. Because soon more than 80 per cent of Finns will have a mobile phone, it is inevitable that sales of subscriptions will tail off over the next few years. The technical development of mobile phones and the forms of service they make possible will also change the way selling is done in the retail trade. In December Stockmann and Radiolinja launched a new mobile service package – Stockmann Dial – whose number of subscribers exceeded the targets set. In the initial phase the customer receives along with Dial all the newest mobile services provided by Radiolinja as well as separate offers beamed at Dial customers, a free replacement phone while one's own phone may be in for servicing and all phone bills to one's own Stockmann account. Technical development and users' uptake of the new services will point the way to the development of the Dial service package in future.

THE STOCKMANN EXCLUSIVE CARD

The number of Loyal Customers in Finland grew by nearly 11 per cent to 705 000. For example, there were nearly 13 000 Stockmann Loyal Customers in Oulu even before the department store opened for business. Loyal Customer marketing also got under way in Moscow in March 2001 with the result that more than 21 000 Muscovites had a Stockmann card in their wallet at the end of the year.

A new class of card, Stockmann Exclusive, was launched in Finland in February 2002. Its holders receive a platinum-coloured card that offers special benefits, such as an Exclusive shopping

The new Stockmann Dial mobile service package came out on the market in December and its number of subscribers exceeded the targets set.

One Way is a distinctive shopping spot for young people. Setting the beat at the opening of the new One Way in Helsinki were celebrity appearances such as this by The Rasmus.

day that is offered twice a year and during which they receive an additional discount on all the goods offered by the department store.

In Stockmann's traditional department store localities in Finland, Loyal Customers already make up a very large part of the population. This means that in future the most efficient way of supporting earnings is to seek to strengthen present Loyal Customers' transaction frequency and average purchase size.

ALL INTERNATIONAL OPERATIONS UNITS IN GOOD EARNINGS SHAPE

The growth in Russia's gross domestic product slowed down from the previous year's 8 per cent level to about 5 per cent. The exchange rate of the rouble remained stable, and consumers' disposable income developed well. Stockmann's business operations also enjoyed strong growth. Unlike everywhere else in the western world, in Russia there were no signs of a slowdown in consumers' buying behaviour even as a consequence of the September events in the United States. The economic trend in Estonia has remained stable too.

Thanks to increased sales and an improved gross margin as well as good cost control, all the International Operations units clearly exceeded their previous year's results. The pick-up in growth towards the end of the year bodes well for International Operations' near-term performance.

The most recent improvement to the Tallinn department store – the expanded Food Department that went into use in April – also had a positive effect on the department store's other sales. In Moscow, construction work was started on a fourth floor that will be added to the Smolenskaya department store. The new facilities will be ready for commercial use in March 2002, widening the retail sales space of the department store to more than 6 500 square metres. Building of a department store has been started in Riga, Latvia's capital. It is expected to be completed in time for the Christmas season in 2003.

During the Russian economic crisis in autumn 1998, the rouble lost more than 70 per cent of its value in three weeks. As a consequence of this, the country virtually lost its nascent middle class, whose projected growth was an important element on which Stockmann, like others, was building its future. Three years later, it can be estimated that the Russian economy and consumers' disposable income have recovered nearly completely from this blow. The competitive situation too has changed now that other western department store companies have withdrawn from the country. On the other hand, certain European hypermarket and speciality retail chains have announced ambitious plans to expand into Russia.

Stockmann is superbly positioned to continue its growth and to capitalize on the experience and reputation which it has achieved in Russia through twelve years of uninterrupted operations there.

BUILDING FOR THE FUTURE

In autumn 2000, Stockmann's Helsinki department store celebrated 70 years in business, and it has served its original purpose excellently. Nonetheless, evolving technology as well as the requirements of commercial operations and good customer service call for changes that will enable the department store's life cycle to be extended far into the future. The objective is to increase the commercial space by about 10 000 square metres, notably, by converting premises that are in other use to commercial purposes, building new goods handling facilities and an entirely new Delicatessen department as well as by creating on the top floors new "Beauty and Well-being" and "International Culinary Delights" worlds. In connection with the project, delivery truck and car traffic could also be moved away from Keskuskatu, thereby significantly enhancing Helsinki's downtown business district. Carrying out the project is contingent on a change in the town plan, which will be negotiated in the course of spring 2002.

Sales of the cosmetics field have outpaced the rest of the retail trade in Finland, growing at a rate of about 10 per cent annually over the past years. Nevertheless, consumption of cosmetics per capita in Finland is one of the lowest in the EU area. Outside Finland the sector is already to a large extent in the hands of chains, but a cosmetics chain has been lacking in Finland. Suppliers of branded cosmetics products have felt that the lack of a nationwide chain is a major obstacle to growth. Stockmann decided in August to establish a separate Stockmann Beauty cosmetics chain. It will fan out from the present department store localities to

The refurbished and expanded Food Department in the Tallinn department store is now a genuine Stockmann Delicatessen.

Stockmann is banking on cosmetics, last year's fastest growing product area. A view of the renewed Cosmetics Department in the Itäkeskus department store.

Loyal Customer marketing got off to a successful start in Moscow. The campaign was also highly visible on the department store's facade.

about ten localities in Finland. The target is to open the first stores during 2002. Because the location of a cosmetics store is decisively important for its success, gaining a prime location for the stores will be more important than the speed of building out the chain.

A NEW STEP IN FASHION SALES TOO

The same kind of lag in consumption can also be seen in Finland's fashion trade. The consumption of fashion products per capita in Finland is the EU's lowest, even though seasonal changes in themselves place big requirements on attire in Finland. Stockmann took a new step as a fashion retailer in June by entering into a franchising agreement whereby it brought the Zara chain of the Spanish Inditex Group – Europe's fastest-growing chain – to Finland. The first store will be opened in Helsinki's Aleksanterinkatu at the beginning of April 2002. The Seppälä store that was located at the same site will move back to Keskuskatu, where space has been vacated by the discontinued standalone Marks & Spencer store. The idea of building separate Marks & Spencer stores in Finland has been scrapped, and the products have been made a part of the department stores' assortments.

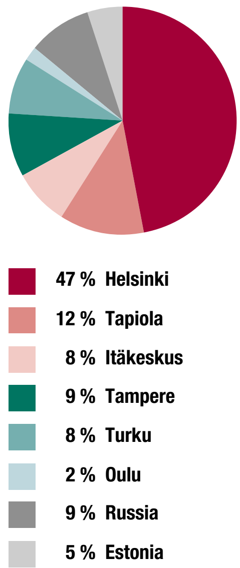
In the autumn the Department Store Division opened a Stockmann Outlet store along the original American model. At first the store operated temporarily on the top floor of the Seppälä in Aleksanterinkatu. In January 2002 it received its own premises in the 1 700 square metre site, previously occupied by the Vehicle Division, that became available in Tikkurila along Ring Road III. Outlet sells products that are left over from the assortments of the department stores and other Stockmann units at discounted prices.

OUTLOOK FOR 2002

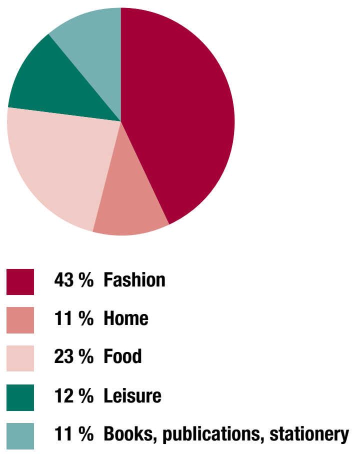
During the past two years the earnings reported by Stockmann's Department Store Division have grown by 60 per cent. The good level of earnings has been made possible by the investments that have gone into developing the present department stores and starting up completely new businesses. 2002 will be a time of getting these new projects under way.

In the short term the start-up of new business operations means costs and in general a temporary weakening in the level of earnings. The company has nonetheless set the target of maintaining the division's result at least on the record level of the previous year.

Per cent distribution of the Department Store Division's sales by unit in 2001



Per cent distribution of the Department Store Division's sales by sector in 2001




STOCKMANN

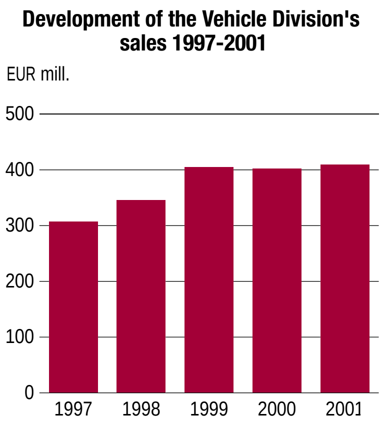
An increased market share

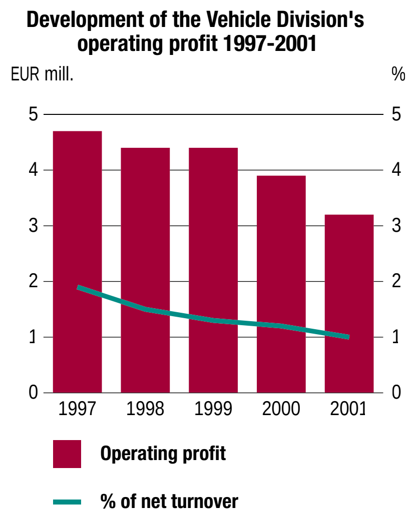
The expectations for the motor trade in 2001 were at the same level as actual sales in 2000. The total market for new cars nevertheless went into a pronounced decline. In Finland a total of 109 428 new cars were registered in 2001, as against 134 603 a year earlier. Sales thus slid by a steep 18.7 per cent. The number of new vans registered was 12 863, down only 1.4 per cent on the previous year.

Stockmann's Vehicle Division increased its market share in the Greater Helsinki area. With its share of more than 24 per cent, it was the clear market leader in new vehicle sales. The positive trend in market share was driven above all by the popular new Ford Mondeo, Ford Transit and Audi A4 models. In Turku, the Vehicle Division's Ford line has risen to become the second most popular make. In the spring the Vehicle Division opened a new Mitsubishi-Skoda dealership in an area of Tampere that is developing into a new hub of the motor trade. The Vehicle Group sold off its Mitsubishi and Skoda dealerships in Turku in August and the outlets in Herttoniemi and Tikkurila in the Greater Helsinki area at the end of November. The Vehicle Division's Tikkurila Ford outlet moved into the vacated premises in Tikkurila.

The Vehicle Division delivered a total of 9 709 new vehicles, down 13.3 per cent on 2000. The number of trade-in vehicles sold was 8 663 (up 6.2 per cent). The Ford product line delivered 4 975 (down 5.8 per cent), the Volkswagen-Audi product line 3 786 (down 20 per cent) and the Mitsubishi-Skoda product line 948 (down 19.8 per cent) new vehicles. Despite the drop in unit sales, euro-denominated sales by the Vehicle Division exceeded the previous year's

Stockmann's Vehicle Division serves its customers at eleven sales outlets in the Greater Helsinki area. The division has one outlet in both the Turku economic area and in Tampere. The Division's success is based on high-quality products, a very wide range of makes and models, competitive prices thanks to large volumes and good and reliable customer service. The range of servicing and repair alternatives for car use and upkeep has been increased purposefully.





KEY FIGURES

VEHICLE DIVISION	2001	2000	change %
Sales, EUR million	**409.4**	402.2	2
Proportion of Group Sales, %	**26.6**	27.4	
Operating profit, EUR million	**3.2**	3.8	
Return on investment, %	**5.4**	7.1	
Capital invested, EUR million	**59.2**	53.9	10
Investments, EUR million	**1.1**	2.5	
Staff, December 31	**731**	786	-7

The Volkswagen Golf is a concept in the automotive world. To date, over 20 million Golfs have rolled off the production lines.

Mitsubishi Pajero, Europe's most popular off-road vehicle, boasts the newest and most refined four-wheel drive technology.

The Audi A4 Avant came on to the market in autumn and ensured Audi's strong sales in 2001.

level and came in at EUR 409.4 million. The growth in euro-denominated sales was due to the rise in the average price of vehicles as well as to the strong growth in sales of servicing and repair services. The division reported net turnover of EUR 337.2 million, compared with EUR 331.0 million a year earlier.

In addition to devoting resources to servicing and repair operations, the division also succeeded in improving its profitability by directing particular attention to stock management and restructuring the trade-in vehicle functions. The number of trade-in vehicles held in stock declined considerably. Cash tied in stocks reduced by EUR 15 million during the year. Owing to the difficult market situation as well as to the disposal of the three Mitsubishi-Skoda outlets, operating profit declined by EUR 0.6 million to EUR 3.2 million.

NEW KINDS OF LOYAL CUSTOMER OFFERS

During the year, special offers of new cars to Loyal Customers were made eight times, yielding total sales of 624 new cars to Loyal Customers via these campaigns. In addition, in October the division ran its first campaign focusing on Ford Mondeos with low road use. A total of four trade-in vehicle campaigns were beamed at Loyal Customers. A total of 1 432 trade-in vehicles were sold on campaign terms. In addition, there were monthly Loyal Customer offers of accessories and supplies for motorists and car use. The offers for the new tyre-storage service were particularly popular with Loyal Customers.

The Vehicle Division took part in the Crazy Days in both the spring and the autumn, racking up sales of 140 new cars.

GREATER EFFICIENCY THROUGH CONCENTRATION

The Vehicle Division is organized into commercial product lines according to its principals. By concentrating dealerships within high-volume makes, the division seeks to ensure the sufficient volume of both vehicle sales and servicing at each outlet. This guarantees long-term cost-effectiveness and competitiveness. Concurrently, this process has freed up capital that was tied up in premises used in the motor trade. In the years ahead, know-how connected with the trade-in vehicle trade will be more important than ever. This must be taken into account in siting strategies.

By developing methods for sales work and building customer-oriented operational concepts, the Vehicle Division is seeking to be a sought-after partner in cooperation for both the importers of the makes it represents and its customer groups.

The Vehicle Division's goal is to be Finland's most progressive and profitable company in the automotive field in the years ahead.

SERVICING CAPACITY BEEFED UP FURTHER

In its servicing and repair operations, the Vehicle Division has previously suffered from capacity problems. This has led, among other things, to a lengthening in the times before vehicles can be brought in for servicing. Gauged by the number of staff, since 1996 the servicing capacity has been increased by nearly 200 employees. At the end of 2001 servicing and repair functions had a staff of

The new Ford Fiesta is forecast to be a hit.

The Skoda Octavia is a roomy and high-quality family car that is popular with Finns.

490 employees. Last year the normal time for bringing a vehicle in for servicing was on average 5 working days.

In test use at the Tikkurila, Espoo and Herttoniemi Ford outlets has been a ServiceUpgradeProgram that is based on closer interaction between the customer and service personnel. Good feedback has come in so far, and the programme will also be put into use at the outlet in Pitäjänmäki. Now that the Tikkurila Ford operations have moved into new premises, the previous site's servicing facilities have remained in the Vehicle Division's use. This has doubled the repair shop capacity in the Tikkurila area.

The tyre-storage service was put into use at all the outlets during 2001 and it has been well received by customers. Not one single competing major-make organization has so far developed a product like it. This service has been marketed especially to Loyal Customers and company motorists. Appointments made for servicing times via Stockmann's website (www.stockmann.fi) continued to grow strongly. Text message information relayed to the customer's GSM mobile phone concerning servicing status has also been received positively.

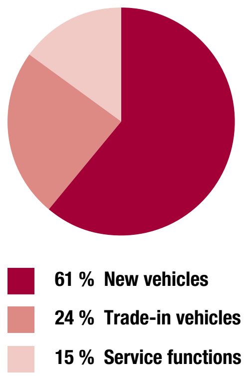
TARGETING IMPROVED PROFITABILITY

It is estimated that the total market for new cars will fall by a further 10 per cent, whereas the market for vans will remain unchanged. Vehicle sales have been impacted by the nearly year-long dialogue on vehicle taxation and by the uncertainty which this has created amongst prospective buyers. In 2002 changes are expected in the taxation of used vehicles that are imported as well as in the tax structures applied to new vehicles. In addition, the Block Exemption which the EU has granted to the motor trade will probably undergo changes in autumn 2002. The motor trade's forecast for the total market in 2002 is 100 000 new cars and 14 000 vans.

The Vehicle Division's priorities for 2002 are efficient use of capital as well as quality in all its customer service processes. Particular areas where outlays will be made are the marketing of ancillary services connected with car sales as well as the development of customer management systems.

In 2002 the Vehicle Division is going after increased market shares in its areas of operations. Despite the exceptionally challenging market situation, the goal is to improve the Vehicle Division's operating profit in 2002.

Distribution of the Vehicle Division's sales 2001



Hobby Hall's market position strengthens

Sales by the Hobby Hall Division grew by 10 per cent to EUR 237.4 million. Net turnover was EUR 200.2 million. The volume of packages dispatched to mail order customers was 2.6 million, an increase of 3 per cent on the previous year.

The volume of customers grew during the year faster than ever before. Hobby Hall racked up nearly 100 000 new purchasing customers in Finland. The growth in the customer volume was attributable to the increased marketing inputs into customer acquisition and to the fact that the online store reached new customers, particularly in the 18-40 age bracket.

The division posted operating profit of EUR 4.4 million, exceeding the operating profit figure a year earlier by EUR 3.8 million.

The net turnover and the operating profit for 2001 include a return on value added tax, to a total amount of EUR 2.6 million, which was included in the interest income on credit sales in 1998-2000. The return is included in the figures of the last quarter of the year.

The full-year result was burdened, especially in the first half, by the heavy inputs that still were made on the online store as well as the costs of starting up mail order sales in Latvia and the Tampere store. Credit losses also increased.

In the second half of the year the earnings trend headed back into the black. This was achieved through efficient cost management and an improved gross margin. Operating profit in both the third and last quarter was substantially better than a year ago.

STRUCTURAL CHANGE CONTINUES WITHIN DISTANCE RETAILING

The value of Finland's total distance retailing market increased by 4 per cent, whereas the volume of packages shipped fell by one per cent.

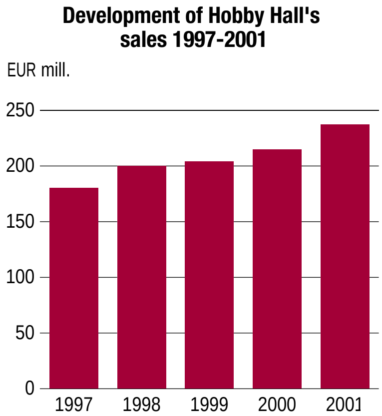
The internal structural change within distance retailing continued ahead: the growth in the overall market came from wider use of the Internet channel. In relative terms, the total market in Internet trade continued to grow strongly, though the rate of growth and its share of the entire Finnish retail trade has, at least so far, been smaller than forecast.

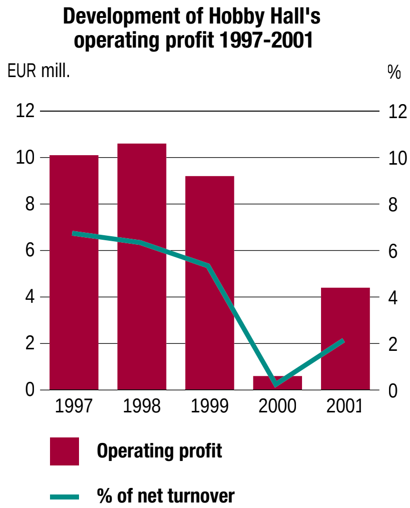
It is expected that the structural change and market trend within distance retailing will continue in the same direction also over the next few years.

SALES IN FINLAND UP 7 PER CENT

The Hobby Hall Division's sales in Finland were EUR 201.9 million, up 7 per cent on the figure a year earlier. Hobby Hall's position as the clear market leader within distance retailing strengthened further.

Hobby Hall offers its customers products and services via catalogues, an online store and its own stores. Its offerings consist primarily of household and leisure articles. The largest mail order retailer in Finland and Estonia and Finland's leading online merchant offers more than a million customers an easy, reliable and pleasant alternative for buying quality products at affordable prices. Operations in Latvia got started at the beginning of 2001.





KEY FIGURES

HOBBY HALL	2001	2000	change %
Sales, EUR million	**237.4**	214.9	10
Proportion of Group Sales, %	**15.4**	14.6	
Operating profit, EUR million	**4.4**	0.6	
Return on investment, %	**4.7**	0.7	
Capital invested, EUR million	**95.3**	85.6	11
Investments, EUR million	**4.0**	3.9	
Staff, December 31	**874**	760	15

New at Hobby Hall Online: the Levari music shop.

The new customer service centre in Kuopio will make possible both more flexible service and continued sales growth.

The range of goods offered in the catalogues was increased, with a special emphasis on home furnishings, which achieved substantial growth. Sales of mobile phones increased several fold on the previous year. The proportion of clothing sales, however, decreased somewhat. The aim within catalogue sales is continuously to offer customers the most attractive alternative on the market in each product group; to make good selections together with the customer.

A new customer service centre employing 21 staff members was opened in Kuopio in November. On the best Christmas sales days the customer service centres in Helsinki and Kuopio handled a total of more than 12 000 customer calls a day.

In the years ahead the new customer service centre in Kuopio will provide the infrastructure for ever more flexible service and the continuing growth of sales in Finland.

Thanks to the good degree of service and overall service capability, Hobby Hall's Christmas catalogue in Finland achieved record sales in 2001.

THE LEADING ONLINE STORE IN FINLAND

Sales during Hobby Hall Online's first full year of operations amounted to EUR 21.3 million, whereas the sales target for the year was EUR 16.8 million. In 2000, the start-up year for online sales, the figure was EUR 6.3 million.

During 2001 about 90 000 purchasing customers visited the online store. The average purchase was still nearly twice that of traditional mail order sales, i.e. about EUR 155. Sales were divided evenly amongst the different goods sectors, though consumer electronics was the highest selling product group. New functions of interest to customers were opened on Hobby Hall Online's website: the Meklari auction site in May and the Levari music store in November.

Sales by the Online store clearly exceeded the target level set for them, but more customers than forecast migrated from Hobby Hall's traditional mail order sales to become Online customers.

The years ahead will see continuing inputs into developing and growing the Online store as an important part of the Hobby Hall Division's multichannel offerings.

NEW CONCEPT STORES PROSPER

Aggregate sales by the Hobby Hall Division's four stores in Finland were EUR 39.7 million, representing year-on-year growth of 26 per cent.

A 1 500 square metre store was opened in leased premises in Tampere in February 2001. The store was the first to be implemented according to a new concept, and it achieved the objectives set for it.

During the year the stores in Helsinki and Espoo were expanded and refurbished in line with the new concept.

A thorough development programme in personnel planning and store logistics was carried out at the stores during the year. The aim of the programme was to improve customer service and cost-effectiveness. In the latter part of 2001, measures were also launched to develop servicing functions further as part of Hobby Hall's overall offerings.

In spring 2002 the Vantaa store will be expanded and refurbished, and a new 1 400 square metre store will be opened in Helsinki's Herttoniemi district.

SALES IN ESTONIA SWING UPWARD

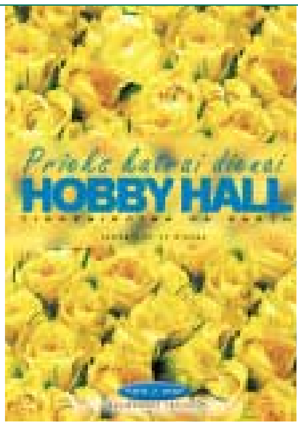
The Hobby Hall Division's sales in Estonia totalled EUR 29.4 million, topping the previous year's sales by 13 per cent. Thanks to enhanced marketing and pricing, sales swung upward, after having fallen somewhat during the two previous years. Hobby Hall further strengthened its market leader's position in the Estonian mail order sales market.

Sales of home textiles and consumer electronics developed well in Estonia. The first computer offer, which was made in the autumn, was a success.

The store in Tallinn's Maakri Street was opened in an expanded and renewed form in September 2001, whereby the building's second floor office premises were placed in commercial use. The office and customer service functions moved into larger and more appropriate leased premises on the opposite side of the street.

Hobby Hall's international online store www.hobbyhall.com with Estonian language pages was opened in December 2001.

The Hobby Hall store in Tampere was well received by shoppers.



As part of the start-up of mail order sales in Latvia, this poster was distributed to all the country's post offices. The poster declares: "Joy each and every day".

In line with the new concept, the refurbished store in Espoo is roomier and has an enhanced appearance.

SUCCESSFUL LAUNCH IN LATVIA

March 2001 saw the start-up of Hobby Hall's mail order sales in Latvia, which was preceded by test marketing carried out at the end of 2000.

Sales in Latvia totalled EUR 6.1 million, clearly exceeding the targets set. During the year four catalogue campaigns were carried out in Latvia. Two nationwide catalogues were published with the aim of acquiring customers. The customer register developed in line with plans, and at the end of the year there were already nearly 60 000 customers.

The best selling articles in Latvia are household goods and home textiles. The objectives in 2002 are a rapid expansion of the customer base and an increase in product offerings.

OUTLOOK FOR THE FUTURE

The main objective of the Hobby Hall Division in 2002 is to improve operating profit after an intense period of investments.

The division is seeking to maintain its unrivalled market leader's position in distance retailing in Finland and in Estonia and to achieve the position of market leader in Latvia as well.

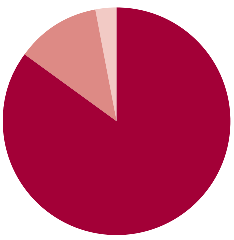
Thanks to projects that were carried out in 2001 and that will be completed in spring 2002, the growth outlook for the division's own stores is also good.

The aim will be to develop business efficiency further in accordance with the measures of improvement that have been launched in 2001. Particular development focuses will be assortment management, marketing, logistics, the store network and servicing. Furthermore, the information technology investment programme will have a significant effect on improving the efficiency of the division's operations in the years ahead.

Mail order sales in Lithuania are to be started up at the beginning of 2003. This will be preceded by test marketing to a limited clientele towards the end of the year.

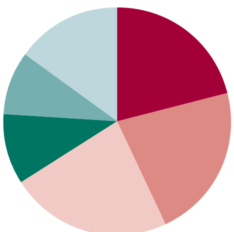
The division's operating profit is estimated to improve on 2001.

Distribution of Hobby Hall's sales by market in 2001



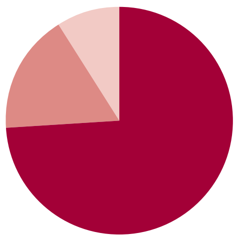
- 85 % Finland
- 12 % Estonia
- 3 % Latvia

Distribution of Hobby Hall's sales by merchandise sector in 2001



- 21 % Household textiles
- 22 % Household appliances
- 23 % Electronics
- 10 % Garments
- 9 % Fitness and leisure
- 15 % Other

Distribution of Hobby Hall's sales by channel 2001



- 74 % Orders by phone and by mail
- 17 % Stores
- 9 % Online trade

A year of restructuring

The Seppälä Division had sales of EUR 135.2 million, down 2 per cent on the previous year. The division's net turnover was EUR 111.1 million. Operating profit was EUR 1.7 million, improving by EUR 0.3 million on the figure a year earlier. The result improved even though it included the operating loss reported on operations in Sweden for 2001 as well as a mandatory provision and write-downs on assets totalling EUR 5.2 million to cover closing of the stores in Sweden.

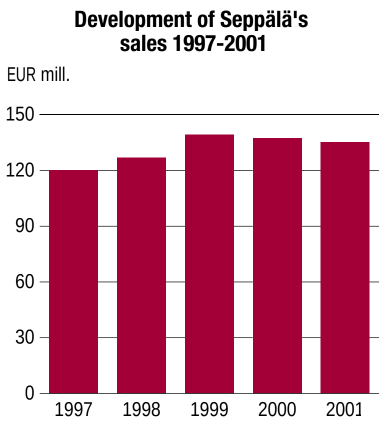
There are four primary factors that affect the nationwide trend in sales in the garment trade: the company's own actions, the general demand for apparel, changes in competitive factors in the sector and the weather. The fact that Seppälä's sales in 2001 fell short of the previous year's figure was due mainly to the change in the structure of sales: a reduction was made in marked down products in the summer and autumn and less products were offered at a discount in the autumn period.

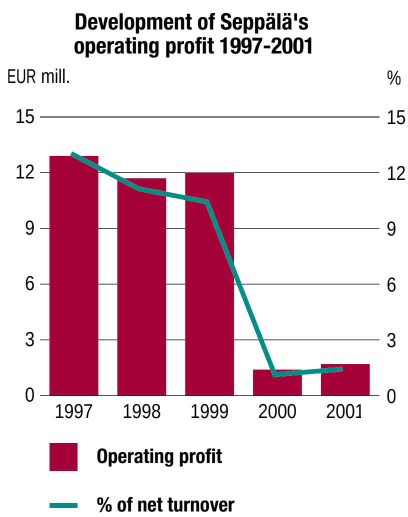
In recent years the growth in household consumption has been oriented towards goods other than clothes, and this trend continued in 2001. The chains tightened their grip on retail sales in the garment trade. The trend was spurred by the appearance of new shopping centres, where the stores opened in them contributed to lifting the number of stores operated by foreign chains in Finland. The new large shopping centres also brought to the Finnish market new chain operators whose product ranges include clothing.

ACTIONS TO LIFT EARNINGS

In 2000 Seppälä's result declined substantially from its previous good level. To lift earnings, a programme of meas-

Seppälä is Finland's largest chain of fashion stores offering customers women's, men's and children's apparel as well as cosmetics at reasonable prices. The collections are based on Seppälä's own product design and own brands. Seppälä's expertise rests on the correct combination of basic and trendy products. Centralized chain-store operations guarantee affordable prices together with reliable quality. Seppälä has 129 stores in Finland and 11 stores in Estonia.





KEY FIGURES

SEPPÄLÄ	2001	2000	change %
Sales, EUR million	**135.2**	137.4	-2
Proportion of Group Sales, %	**8.8**	9.4	
Operating profit, EUR million	**1.7**	1.4	
Return on investment, %	**7.5**	6.7	
Capital invested, EUR million	**22.8**	20.8	10
Investments, EUR million	**3.1**	5.2	
Staff, December 31	**967**	1 026	-6

Seppälä is paying particular attention to siting its stores in good business locations. In October a Seppälä store was opened at the new Mylly shopping centre in Raisio.

Youth and children are also an important target group of Seppälä's marketing.

ures was launched with the aim of achieving both rapid changes and improvements over the longer term.

Cash tied up in stocks was reduced in the first part of the year through more extensive discount sales than before. From the early summer on, a savings programme focusing on staff and marketing costs was set in motion and it was implemented in its entirety during 2001. These actions translated into a clear improvement in earnings, above all in the last quarter.

Actions relating to the extent of the product assortment, buying technique and sales have also been launched. It is believed that these measures will give Seppälä improved competitiveness in the future. As an example of new initiatives, shoe sales will be tested in some of the stores during the year.

OPERATIONS IN SWEDEN CLOSED

Beginning in autumn 2000, Seppälä established nine stores in Sweden. Operating under the chain acronym Spl, the objective of the stores that were located in different types of shopping centres was to obtain experience and information about operating in the Swedish market. On the basis of estimates made in autumn 2001, it was observed that the operations of the stores were deeply in the red and that there was no reason to continue the test marketing. In October it was decided to wind up operations in Sweden, and they came to an end in the first part of 2002.

STORES SITED IN NEW LOCATIONS

In recent years Seppälä has increased the number of its stores significantly, both in Finland and Estonia. In 2001 it was decided that not many new stores are needed any longer in these markets. More attention is now being paid to ensuring that the stores have good business locations. Accordingly, during the year six stores in Finland moved to new sites. This trend is likely to continue in future years as well, both in Finland and Estonia. Two stores were closed in Finland and three new ones were established. One new store was established in Estonia.

At the end of 2001, Seppälä had 129 stores in Finland and 11 in Estonia.

NEW CHALLENGES

During 2001 Seppälä has carried out an analysis of the challenges facing the garment retail trade in the early years of the 21st century.

Customers still want lots of alternatives. Above all, in recent years foreign chains have brought an abundance of additional offerings in the very fashion and price class that Seppälä represents. Seppälä has undertaken the development of its product assortment to give customers a greater range of selection. The objective is that in future the customer will feel that Seppälä is a more versatile clothing retailer than ever before.

Another pronounced trend is that customers buy basic garments which they wear in combination with quickly changing fashion articles. Given today's fast-paced fashion trends, it is increasingly difficult to forecast what the hottest product will be at any given time. This is why Seppälä, too, must develop the ways it procures the products it sells. Normally, it takes 4-8 months for a retail article to make it from the idea stage on to the retailer's shelf. Seppälä intends to shorten this time.

OUTLOOK FOR 2002

The structural change unfolding in the retail sector also concerns garment

Shoe sales will be tested at some of Seppälä's stores.

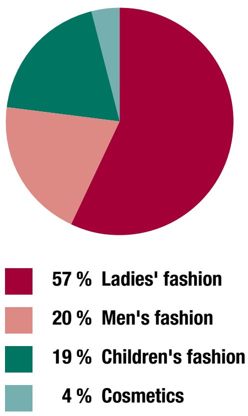
Trendy catwalk merchandising displays are part of the fresh identity of the new and refurbished Seppälä stores.

merchants. Certain major trends are clearly noticeable. Prominent amongst these is the growing share of chains as individual shop owners fall by the wayside. Other factors, too, are strongly impacting Seppälä's operating environment, and it is more difficult to predict their significance. It is especially hard to foresee the factors that influence consumers' appetite for buying new things. This is why Seppälä must be able to gear its operations and ways of working with the aim of improving its sensitivity to subtle changes in emphasis.

Seppälä has set in motion work aiming at changing operations and ways of working so that the organization will have greater sensitivity and an improved responsiveness. It is believed that this will promote the chain's competitiveness and create a foundation for a good level of earnings in the years ahead.

Now that operations in Sweden no longer burden the result in the current year, Seppälä's objective is to improve its operating profit substantially.

Seppälä's sales in 2001 by merchandise sector



Stockmann's sales grew by 4.7 per cent to EUR 1 537.6 million. Profit before extraordinary items was EUR 51.2 million, up EUR 10.0 million on the previous year. The Department Store Division, Hobby Hall Division and Seppälä Division improved their operating profits compared with the figures a year earlier. The Vehicle Division fell somewhat short of the operating profit reported a year ago. Earnings per share were EUR 0.68, as against EUR 0.55 a year ago. The Board of Directors is proposing that the dividend remain unchanged at EUR 0.60 per share.

SALES UP 4.7 PER CENT

Stockmann's sales grew by 4.7 per cent, or EUR 69.7 million, to EUR 1 537.6 million. Net turnover increased by EUR 61.4 million, or 5.0 per cent, to EUR 1 281.9 million. The net turnover figures by division are shown in the accompanying table.

Other operating income consisted mainly of capital gains on the sale of shares included in non-current assets and amounted to EUR 7.0 million, compared with EUR 2.8 million a year earlier.

EARNINGS IMPROVE

The relative gross margin of Stockmann's operations grew by 1.5 percentage point and was 32.1 per cent. Gross margins grew in all the divisions, both relatively and in euro amounts. The Group's aggregate gross margin on operations was EUR 411.9 million, an increase of EUR 38.8 million on the previous year. Operating expenses grew by EUR 29.7 million and depreciation by EUR 2.7 million.

Operating profit was up EUR 10.6 million to EUR 46.3 million. Operating profit represented 3.6 per cent of net turnover, as against 2.9 per cent of net turnover a year ago.

Net financial income diminished by EUR 0.6 million from the previous year and was EUR 4.9 million.

Profit before extraordinary items grew by EUR 10.0 million and was EUR 51.2 million. There were no extraordinary items. A year ago extraordinary expenses amounted to EUR 0.6 million. Profit before taxes increased by EUR 10.6 million to EUR 51.2 million.

Direct taxes increased by EUR 3.6 million to EUR 16.4 million.

Net profit for the financial year was EUR 34.8 million, compared with EUR 27.9 million a year earlier.

Earnings per share increased by 22 per cent and were EUR 0.68. The figure a year ago was EUR 0.55.

Thanks to a quickening in the capital turnover rate and the improvement in net profit, the return on investment increased by 1.4 percentage point to 9.8 per cent and the return on equity was up 1.3 percentage point to 6.9 per cent.

Equity per share was EUR 9.85, compared with EUR 9.76 a year earlier.

The company's market capitalization grew by EUR 137.0 million from the previous year and was EUR 696.0 million.

SALES AND PROFITABILITY TREND OF THE DIVISIONS

The Department Store Division's sales grew by 6 per cent to EUR 755.4 million. International Operations accounted for 14 per cent of the division's sales. Factors contributing to the increase in sales were the opening of the Oulu department store as well as the placing in use of new retail space. Thanks to the improvement in the relative gross margin and good cost management, the Department Store Division's result improved both in Finland and abroad. Operating profit grew by a total of EUR 5.9 million and was EUR 34.1 million. The result was the division's all-time best. Fourth-quarter operating profit increased on the same period a year ago. The return on investment was 19.0 per cent, an improvement

NET TURNOVER	2001 EUR mill.	2000 EUR mill.	change EUR mill.	change %
Department Stores in Finland	**545.0**	516.3	28.6	6
International Operations	**88.5**	82.7	5.7	7
Department Store Division in total	**633.5**	599.1	34.4	6
Vehicle Division	**337.2**	331.0	6.2	2
Hobby Hall	**200.2**	176.9	23.3	13
Seppälä	**111.1**	112.9	-1.8	-2
Real Estate + others	**24.0**	23.2	0.8	4
Eliminations	**-23.9**	-22.5	-1.4	
Total	**1 281.9**	1 220.5	61.4	5

of 2.7 percentage points on the figure a year earlier.

Despite the pronounced downturn in the overall market for the vehicle trade as well as the partial divestment of the Mitsubishi-Skoda business, Stockmann's Vehicle Division reported sales growth of 2 per cent to EUR 409.4 million. The sales trend outpaced average market growth, aided by the division's renewed line-up of models. The division's operating profit diminished slightly compared with the previous year and was EUR 3.2 million. Operating profit generated by servicing and repair services increased on the same period a year ago, but the result was weakened by the slowdown in sales of new vehicles. The division's operating profit in the last quarter declined slightly on the last quarter of 2000. The return on investment was 5.4 per cent. The use of capital was stepped up through measures such as reducing stocks by EUR 15 million.

Sales by the Hobby Hall Division grew by 10 per cent on the previous year, to EUR 237.4 million. The division's operating profit was up EUR 3.8 million to EUR 4.4 million. Operating profit includes a return on value added tax, to an amount of EUR 2.6 million net of interest credits, which was included in the interest income on credit sales in 1998-2000. Thanks to the good gross margin trend and improved cost-effectiveness, operating profit also grew in the last quarter of the year compared with the same period a year ago. The return on investment was 4.7 per cent.

The Seppälä Division's sales declined by 2 per cent on the previous year and were EUR 135.2 million. The division's operating profit grew by EUR 0.3 million to EUR 1.7 million. The operating profit includes EUR 5.2 million of losses on operations in Sweden. EUR 2.5 million of the figure is attributable to a compulsory provision for the costs of winding up operations in Sweden as well as for write-downs on assets. Because of the clear improvement in the relative gross margin and to the cost cuts that have been carried out, fourth-quarter earnings were better than they were a year ago in spite of the losses and winding up costs incurred in Sweden. The return on investment was 7.5 per cent, or 0.8 percentage point higher than a year ago.

The trend in operating profit and return on investment by division are shown in the accompanying table.

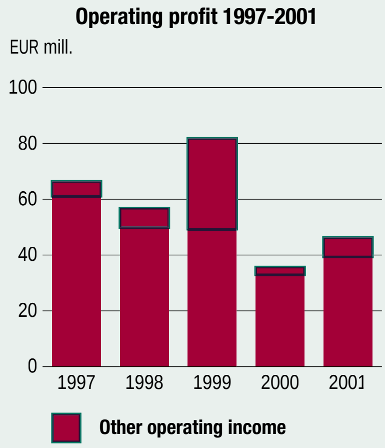
FINANCIAL POSITION

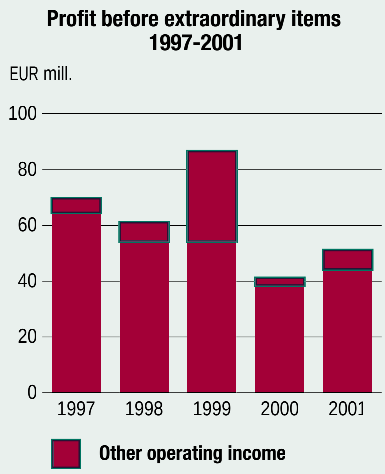
Stockmann's liquidity was good. The amount of liquid funds at the end of the financial year was EUR 25.6 million, as against EUR 41.7 million a year earlier.

During the year loans were paid down by EUR 9.2 million. No new long-

OPERATING PROFIT	2001 EUR mill.	2000 EUR mill.	change EUR mill.	ROI % 2001	ROI % 2000
Department Store Division	**34.1**	28.2	5.9	19.0	16.3
Vehicle Division	**3.2**	3.8	-0.6	5.4	7.1
Hobby Hall*	**4.4**	0.6	3.8	4.7	0.7
Seppälä**	**1.7**	1.4	0.3	7.5	6.7
Real Estate	**16.2**	15.9	0.4	10.7	11.5
Other operating income	**7.0**	2.8	4.2		
Eliminations + others	**-20.4**	-17.0	-3.4		
Total	**46.3**	35.7	10.6	9.8	8.4

The divisions' profit and return on investment figures are based on managment accounting.
* Hobby Hall's operating profit in 2001 includes a return of value added tax in 1998–2000, amounting to EUR 2.6 milllion.
** Seppälä's operating profit in 2001 includes EUR 2.5 million of costs and provisions relating to winding up operations in Sweden.





term loans were drawn down. The amount of long-term loans at the end of the year was EUR 43.7 million. Gross capital expenditures during the year totalled EUR 31.1 million.

EUR 10.0 million of cash was raised, mainly through the sale of listed shares. Dividend payouts totalled EUR 30.6 million.

The equity ratio at the end of the year was 69.5 per cent (67.2 per cent at the end of 2000).

Total contingent liabilities grew by EUR 12.0 million from the end of 2000 and were EUR 64.7 million. Stockmann has no associated companies whose contingent liabilities must be disclosed.

CHANGES IN GROUP MANAGEMENT

The company's managing director, Ari Heiniö, retired on March 1, 2001. Stockmann's deputy managing director, Hannu Penttilä, LL.M., was appointed the company's new managing director effective from the same date.

The company's deputy managing director since February 1, 2001, has been Henri Bucht, M.Sc. (Econ.). He is responsible for the Hobby Hall Division.

Jukka Hienonen, M.Sc. (Econ.), was appointed director of the Department Store Division effective March 1, 2001. Mr Hienonen has most recently held the post of director of the Stockmann department stores in Finland.

Esa Mäkinen, M.Sc. (Econ.), was appointed director of the Vehicle Division and a member of the Stockmann Group's Management Committee effective August 1, 2001.

Heikki Väänänen, M.Sc. (Econ.), was appointed managing director of Seppälä Oy and a member of the Stockmann Group's Management Committee as from August 1, 2001.

DIVIDENDS

A dividend of EUR 0.60 per share was paid for the 2000 financial year, or a total of EUR 30.6 million.

The Board of Directors has set the dividend payout target at a minimum of half of the earnings derived from the company's core business activities. The financing required to grow operations is nevertheless taken into account in determining the dividend.

The Board of Directors will propose to the Annual General Meeting that the dividend for the 2001 financial year be equal in amount to the dividend paid for 2000, or EUR 0.60 per share. The proposed dividend is 88.2 per cent of the earnings per share.

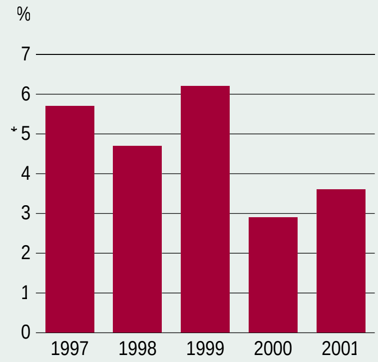
CAPITAL EXPENDITURES

Capital expenditures amounted to EUR 31.1 million, or EUR 14.0 million less than in the previous year.

The Department Store Division's capital expenditures came to EUR 19.0 million. The division's most important capital expenditure was for the department store that was opened in Oulu at the beginning of September. The project was carried out in cooperation with the landlord. Stockmann's capital expenditures for the Oulu department store totalled EUR 6.7 million during the year.

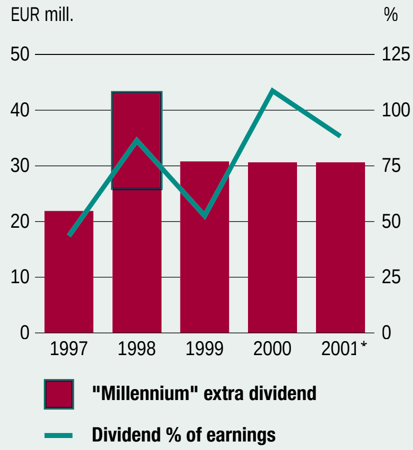
The Delicatessen Department of the Tallinn Department Store was expanded and renewed in the spring. The department store in the Itäkeskus shopping centre was expanded in the summer by about 1 400 square metres of new space. The Helsinki Department Store was enlarged in the autumn by adding about 1 100 square metres of leased premises that are located in the Rautatalo Building across the street and served by a connecting tunnel. The expansion of the Delicatessen

Operating profit, % of net turnover 1997-2001



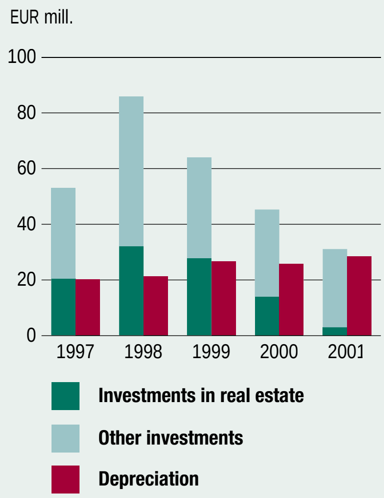
* Long-term minimum target

Dividends for the financial years 1997-2001



* Board proposal to the AGM

Investments and depreciation 1997-2001



Department in the Turku department store was also completed in autumn.

The Vehicle Division's capital expenditures amounted to EUR 1.1 million.

The Hobby Hall Division's capital expenditures totalled EUR 4.0 million and went for developing Hobby Hall's Online store as well as for expansions of the stores in Tampere, Helsinki and Espoo.

The Seppälä Division invested a total of EUR 3.1 million, mainly for refurbishing its network of stores.

Capital expenditures in 2002 will be about EUR 43 million.

The most important expenditure item in 2002 will be the Riga department store, for which construction works have got under way in the spring. The project will require an outlay of about EUR 11.8 million during the year. Stockmann's total capital expenditure for the site will come to about EUR 23.5 million. The building will be completed in autumn 2003 according to the estimate at the present time.

Another major capital expenditure will be for adding 1 500 square metres of retail space to the Moscow department store. The expansion will be carried out by leasing one additional floor in the department store building. Stockmann's investment costs will be limited to the finishing and interior decoration works on the premises. The project will require an investment of about EUR 2.5 million. The enlarged premises will be placed in use in March 2002.

Other capital expenditures by the Department Store Division include opening the first Zara store in Helsinki in April as well as opening the first Stockmann Beauty stores.

The most important capital expenditures by the Hobby Hall Division are for opening a store in Helsinki's Herttoniemi district, refurbishing the store in Tammisto, Vantaa, as well as for upgrading information systems.

Capital expenditures by the Vehicle Division and Seppälä Division will be mainly replacement investments.

ADJUSTING OPERATIONAL CAPACITY

Towards the end of August Stockmann sold the Vehicle Division's Mitsubishi-Skoda outlet in Turku, including the business's real-estate, and towards the end of November it sold the two Mitsubishi-Skoda outlets located in the Greater Helsinki area. Stockmann will continue operations at the Mitsubishi-Skoda dealership in Tampere.

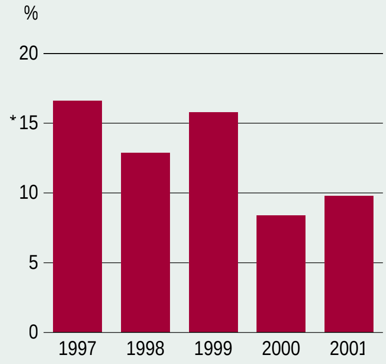
A decision was taken at the beginning of October to wind up operations of Stockmann's SPL Seppälä AB subsidiary in Sweden. Beginning in August 2000, Seppälä opened a total of nine stores in Sweden. Their purpose was to obtain information and experiences on the Swedish market. The operations of the stores in Sweden were clearly loss-making. On the basis of the experiences obtained, there did not exist potential for expanding the chain in Sweden. In 2001 Seppälä's operating loss in Sweden, write-downs on assets and an obligatory provision for winding up costs totalled EUR 5.2 million. These expenses are included in the Group's and Seppälä's operational result for 2001.

SHARE CAPITAL AND SHARES

The number of the company's shares outstanding at the end of 2001 was 51 382 977, of which 24 868 893 were Series A shares and 26 514 084 were Series B shares.

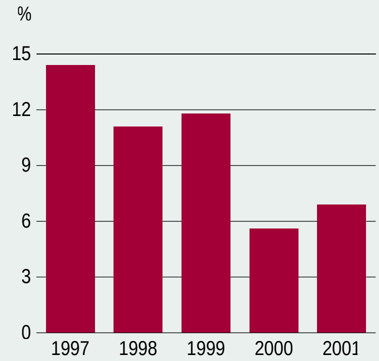
At the end of 2001 Stockmann held 163 000 of its own Series A shares and

Return on investment 1997-2001

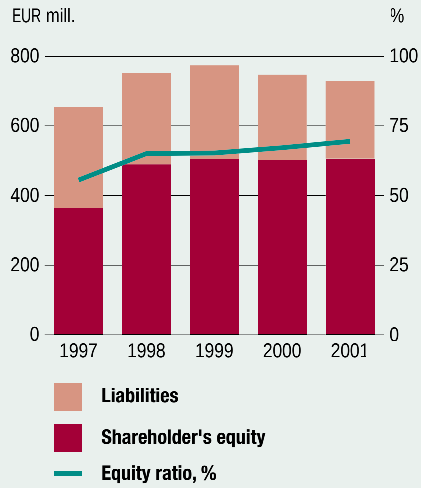


* Long-term minimum target

Return on equity 1997-2001



Equity ratio 1997-2001



STOCKMANN

250 000 of its own Series B shares. The nominal value of these shares is a total of EUR 826 000, and they represent 0.8 per cent of all the shares outstanding as well as 0.7 per cent of the total votes. The shares were bought back during 2000.

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

Stockmann's 1997 Series A and B share options were admitted to the Main List of Helsinki Exchanges as from December 10, 2001. There were a total of 180 000 Series A and B share options. In connection with the listing, the 1997 share options were transferred to the book-entry system. Each share option entitles its holder to subscribe for 3.5 Stockmann plc Series B shares, whereby a total maximum of 630 000 shares can be subscribed for with the Series A and B share options. After subtracting the dividend for 2001 as proposed by the Board of Directors, the subscription price with the share options is EUR 14.11 per share. The dividends paid annually are deducted from the subscription price.

The subscription price for the 1999 Loyal Customer share options after subtracting the dividend for 2001 as proposed by the Board of Directors is EUR 13.06 per share. The dividends paid annually are deducted from the subscription price. A total maximum of 1 382 524 Series B shares can be subscribed for with the Loyal Customer options. The subscription must take place no later than in May 2005.

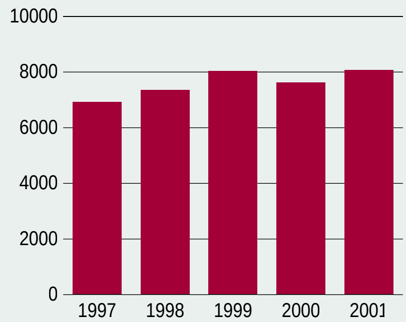
PERSONNEL STRENGTH

Stockmann's payroll at the end of December 2001 was 8 783 employees, or 496 employees more than at the end of the previous year.

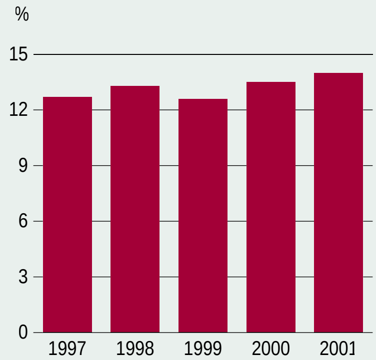
In 2001 Stockmann employed an average of 8 084 people, or 458 more than in the previous year, when the average payroll was 7 626. Converted to full-time staff, the average number of employees increased by 286 and was 6 581. The parent company employed an average of 5 271 people. In the previous year the parent company had an average payroll of 5 024 employees, an increase of 247 people year on year. In the parent company, the average number of employees converted to full-time staff increased by 170 and was 4 204.

At the end of 2001 the number of staff working abroad was 1 281 people. At the end of the previous year Stockmann had 1 195 people working abroad.

Average number of staff 1997-2001



Staff costs 1997-2001, % of net turnover



AVERAGE NUMBER OF EMPLOYEES, CONVERTED TO FULL-TIME STAFF	2001	2000	change
Department Store Division	**4 263**	4 092	171
Vehicle Division	**790**	768	22
Hobby Hall	**688**	592	96
Seppälä	**749**	748	1
Management and administration	**91**	95	-4
Total	**6 581**	6 295	286

LONG-TERM FINANCIAL TARGETS

Stockmann's Board of Directors has set the company's long-term financial targets as follows:

- return on investment of at least 15 per cent,
- operating profit of at least five per cent of net turnover,
- sales growth faster than the sector average.

The Board of Directors has also sharpened the focus of the company's real-estate strategy. Under the new formulation the company can dispose of non-strategic real-estate holdings and continue to operate in leased premises.

ETHICAL COMMITMENT

On November 1, 2001, Stockmann together with a number of other Finnish major corporations signed a document in which it gave its commitment to observe ethical principles in its import operations and to engage in cooperation to promote the application of the ethical principles. Stockmann participated in drafting these principles which, among other things, prohibit the use of child labour and discrimination against workers. The practical cooperation is being headed by the Central Chamber of Commerce of Finland.

OUTLOOK FOR 2002

Retail sales excluding the motor trade are estimated to increase by about 3.5 per cent in Finland in 2002. Sales by the motor trade are expected to decline further.

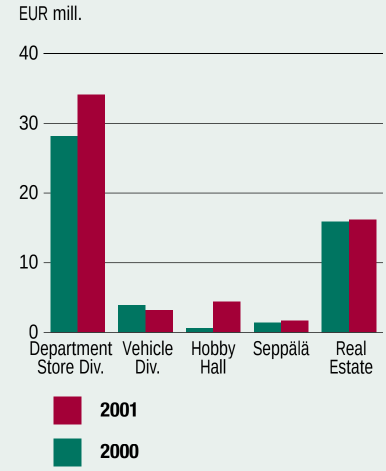
Stockmann's sales are estimated to grow faster than the market average. Sales in 2002 are estimated to top EUR 1.6 billion.

Stockmann's target is for profit before extraordinary items in 2002 to be higher than the figure reported for 2001.

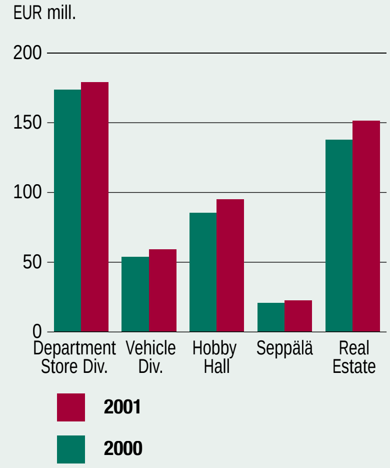
BOARD PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The Board of Directors' proposal for the parent company's dividend is on page 61 of the Annual Report.

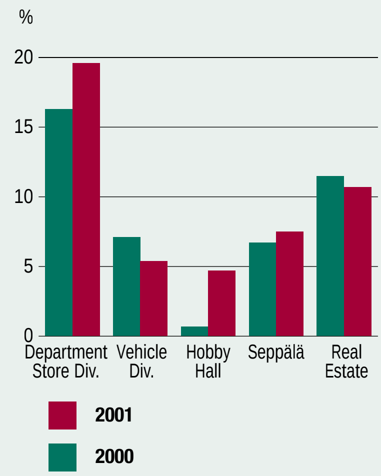
Operating profit according to management accounting



Capital invested 2000-2001



Return on investment, percentage* 2000-2001



* Operating profit according to management accounting as a ratio of capital invested

Operating profit shown in management accounting
In calculating operating profit for management accounting purposes, the divisions are charged an internal rent for their own business premises in accordance with the prevailing market rent and they are also charged for centrally produced services. The divisions' operating profit includes the account servicing charges for the Stockmann account as well as the interest share of hire purchase and leasing income. Other operating income is not allocated to the divisions.

Capital invested
Capital invested has been calculated as a 12-month moving average.

Financing and the management of financial risks are handled on a centralized basis within Group Administration in accordance with the Treasury Guidelines that are approved by the Board of Directors. Group Treasury has more detailed operational instructions concerning financial risks as well as cash management and securities. The divisions have separate instructions for hedging foreign exchange exposure and a security policy.

The objectives of the Treasury function are the appropriate hedging of foreign exchange exposure in co-operation with the divisions (foreign exchange risk), financing operations at a reasonable price in all conditions and investing liquid funds productively and safely (liquidity, interest rate and credit risk). The Group Treasury Department also has an internal bank function and is furthermore responsible for managing Group accounts and securities.

FOREIGN EXCHANGE RISK

Stockmann's foreign exchange risk derives from purchases made in foreign currency, for which the most important purchasing currencies are the United States dollar, British pound, Hong Kong dollar and Swedish krona, as well as sales denominated in the Russian rouble, Estonian kroon and Latvian lat. Purchases made in foreign currencies account for about 9 per cent of the Group's purchases, whereas sales denominated in foreign currencies make up 8.6 per cent of the Group's aggregate sales, whereby the Group's foreign exchange risk is not major in amount. In addition, the fast turnover rate of retail products reduces foreign exchange risk.

The management of foreign exchange risk is based on active monitoring of the 12-month cash flow in foreign currencies, division by division and currency by currency, and managing the Group's foreign exchange risk via these flows.

The foreign exchange risk related to balance sheet items derives from foreign currency-denominated investments made in units abroad. Balance sheet risk is monitored and hedged separately.

Forward rate agreements and options are the primary instruments used in hedging foreign exchange risk.

INTEREST RATE RISK

Stockmann's interest rate exposure arises from the cash flows from the Group's operations, capital expenditures and financing. A dual approach is employed in managing interest rate risk. The Group's borrowings and investments are diversified across different maturities and, furthermore, floating rate and fixed-interest instruments are used. The management of interest rate risk also involves the use of forward rate agreements and futures, interest rate options and interest rate swaps. The average interest rate maturity of the loan and investment portfolio is a maximum of five years.

LIQUIDITY RISK

The aim of managing liquidity risk is to ensure that Stockmann is able to meet its financial obligations at any time. The trend in liquidity is monitored by cash flow forecasts. Liquidity risk is managed by ensuring the availability of sources of funds at a reasonable price and by allocating part of the investments in liquid financial instruments.

CREDIT RISK

Financial instruments involve the risk that the counterparty to an agreement does not fulfil its obligations. Credit risk is managed by means of counterparty limits. The counterparty limits are reviewed and approved semi-annually.

SHARES AND SHARE CAPITAL

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The par value of both series of shares is EUR 2.00. The shares of both series entitle their holders to an equal dividend.

The company's shares are in the book-entry system. At the balance sheet date, 99.9% of the company's shares outstanding had been registered in the book-entry system.

The number of shareholders at December 31, 2001, was 13 399 (12 664 shareholders at December 31, 2000).

SHARES

General price trend

Share prices fell by 32.4 per cent during the financial year as measured by the HEX General Index of Helsinki Exchanges and by 22.3 per cent as measured by the HEX Portfolio Index. The retail industry index rose by 13.4 per cent.

Price trend of Stockmann's shares

	Closing prices Dec. 31, 2001	Closing prices Dec. 31, 2000	Change %
Series A	13.70 €	11.39 €	20.3
Series B	13.40 €	10.40 €	28.9

Turnover of Stockmann's shares

	Number of shares	% of total shares outstanding	€	Average price €
Series A	3 032 459	12.2	34 664 952	11.43
Series B	5 466 768	20.6	60 529 315	11.07
Total	8 499 227		95 194 267	

The total value of the Stockmann shares traded was 0.08 per cent of the share turnover on the Helsinki Exchanges. The market capitalization of the company at December 31, 2001, was EUR 696 million. At December 31, 2000, the market capitalization was EUR 559 million.

The trading lot for both the Series A and Series B share is 50 shares.

SHARE CAPITAL

Share capital of Stockmann plc, December 31,2001

Series A	24 868 893 shares at EUR 2 each =	EUR 49 737 786
Series B	26 514 084 shares at EUR 2 each =	EUR 53 028 168
Total	51 382 977 shares at EUR 2 each =	EUR 102 765 954

1997 warrants

The A- and B-warrants of the Bond issue with Warrants 1997 started to be traded on the Helsinki Exchanges Main List as of 10 December, 2001. The total number of A- and B-warrants is 180.000. Each warrant entitles its holder to subscribe for three and a half (3.5) Series B shares in Stockmann plc. In the aggregate, the A- and B-warrants entitle holders to subscribe for 630.000 Series B shares. The subscription period for the shares will continue up to 31 January, 2004.

The share subscription price with the warrants is EUR 14.11 per share after the 2001 dividend payout proposed by the Board of Directors. The dividends payable annually are deducted from the subscription price.

Trading in the share options did not take place on the stock exchange during 2001.

The trading lot for warrants is 100 options.

Loyal Customer share options

1 382 524 Loyal Customer share options were subscribed for. The first subscription period for shares to be subscribed for on the basis of the subscribed options was from May 2 to May 31, 2001. Share subscriptions were not made with the Loyal Customer share options during the subscription period in 2001.

The future subscription periods for shares with the Loyal Customer share options are May 2-May 31, 2002, May 2-May 31, 2003, May 2-May 31, 2004 and May 2-May 31, 2005. The dividends payable annually are deducted from the subscription price.

Own shares

At the end of 2001 the company held 163 000 of its own Series A shares and 250 000 of its own Series B shares. The Series A shares owned by the company represent 0.3 per cent of the share capital and 0.6 per cent of all the voting rights. The Series B shares owned by the company represent 0.5 per cent of the share capital and 0.1 per cent of all the voting rights. The shares in the company's possession do not confer voting rights at the Annual General Meetings.

Taxation values of shares in 2001

The taxation value of the Series A share in 2001 was EUR 8.855, and the taxation value of the Series B share was EUR 8.96.

Changes in the share capital as from January 1, 1997

Subscribed	Subscription period	Subscription price, EUR	Number of new shares thousands	Additional share capital EUR million	New total share capital EUR million	Holding %	Proportion of votes %
1997 With warrants of the 1994 bond issue	Jan. 2, 97– Oct. 31, 97	37.95	15 B	0.1	48.6		
1998 With warrants of the 1994 bond issue	Jan. 2, 98– Apr. 12, 98	40.37	240 B	0.8	49.4		
1998 Halving of par value	May 12, 98		8 290 A				
			6 395 B		49.4		
1998 Bonus issue 2 A/B : 1 A/B	May 12, 98		8 290 A	13.9			
			6 395 B	10.7	74.1		
1998 Share issue 4 A/B : 1 B	May 14, 98– June 12, 98	12.61	7 329 B	12.3	86.4		
2000 Bonus issue, increasing of the par value	Sept.1, 00			16.3	102.8		
Coming issues with warrants*							
2000- With warrants of the 1997 bond issue	Jan. 2, 02–Jan. 31, 04	16.75/[1]	1 260 B	2.5	105.3	2.4	0.5
2004		less dividends after May 1,1998					
2001- Subscr. with 1999 Loyal Customer options	May 2, 02–May 31, 05	15.70/[2]	1 383 B	2.8	108.0	2.7	0.5
2005		less dividends after April 1, 1999					
2003- Subscr. with 2000 key employee options	April 1, 03– April 1, 07	20.00 A/[3]	625 B				
2007		21.00 B/[4]	625 B				
		22.00 C/[5]	1 250 B				
		less dividends after April 11, 2000		5.0	113.0	4.6	0.9

* If all options are exercised
1 Subscription price after 2001 dividend payout proposed by the Board of Directors: EUR 14.11
2 Subscription price after 2001 dividend payout proposed by the Board of Directors: EUR 13.06
3 Subscription price after 2001 dividend payout proposed by the Board of Directors: EUR 18.20
4 Subscription price after 2001 dividend payout proposed by the Board of Directors: EUR 19.20
5 Subscription price after 2001 dividend payout proposed by the Board of Directors: EUR 20.20

SHAREHOLDERS

Ownership structure

	Shareholders no.	Shareholders %	Percentage of shares %	Percentage of votes %
Households	12 448	92.9	19.6	19.2
Private and public corporations	462	3.5	16.2	17.8
Banks and insurance companies	52	0.4	8.8	4.7
Public sector entities and non-profit organizations	351	2.6	52.8	57.0
Foreign shareholders (incl. nominee registrations)	85	0.6	1.7	1.3
Unregistered shares			0.1	0.0
Shares owned by the company	1	0.0	0.8	0.0
Total	13 399	100.0	100.0	100.0

Number of shares

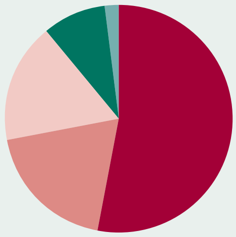
	Shareholders no.	Shareholders %	Percentage of shares %
1-100	3 179	23.7	0.3
101-1000	7 910	59.0	6.2
1001-10000	2 071	15.5	10.6
10001-100000	185	1.4	9.9
100001-	53	0.4	72.2
Shares owned by the company	1	0.0	0.8
Total	13 399	100.0	100.0

Major shareholders at December 31, 2001

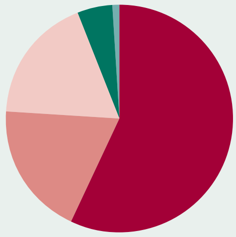
	Percentage of shares %	Percentage of votes %
1 Föreningen Konstsamfundet	14.9	11.6
2 Svenska litteratursällskapet i Finland	14.7	8.6
3 Niemistö grouping	10.5	7.9
4 Etola companies	7.1	5.5
5 Stiftelsen för Åbo Akademi	6.8	5.0
6 Sampo and Varma-Sampo	4.8	3.1
7 Samfundet Folkhälsan i svenska Finland	3.2	2.9
8 Wilhelm och Else Stockmanns Stiftelse	2.6	1.6
9 Jenny ja Antti Wihurin rahasto	2.4	2.4
10 Helene och Walter Grönqvists Stiftelse	1.7	1.1
11 Stiftelsen Bensows Barnhem Granhyddan	1.6	1.3
12 Stiftelsen Brita Maria Renlunds minne	1.0	0.8
13 Inez och Julius Polins fond	1.0	2.1
14 William Thurings stiftelse	0.9	0.7
15 Sigrid Jusélius Stiftelse	0.9	0.7
16 SFV-Foundation	0.6	0.4
17 Ilmarinen Mutual Pension Insurance Company	0.5	2.7
18 Nordea Life Assurance Ltd.	0.5	1.0
19 Signe och Ane Gyllenbergs stiftelse	0.4	0.2
20 Pension Fund Polaris	0.4	0.3
Total	75.9	59.7

The holdings in the personal ownership of the members of the company's Board of Directors, managing director and deputy managing director as well as the ownership of institutions under their control and persons under their guardianship at December 31, 2001 was a total of 6 690 751 shares, which represents a total of 13.0 per cent of the shares outstanding and 16.9 per cent of the voting rights (December 31, 2000: 6 871 664 shares, representing 13.4 per cent of the shares and 17.2 per cent of the voting rights) and 337 423 share options. The share options entitle their holders to subscribe for 677 423 Stockmann plc Series B shares, which would have been 1.3 per cent of the total shares outstanding and 0.3 per cent of all voting rights on December 31, 2001.

Distribution of shares

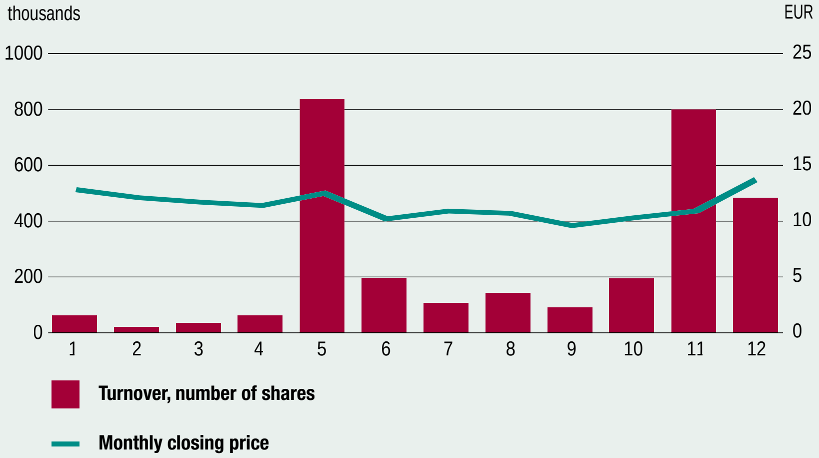


Distribution of votes

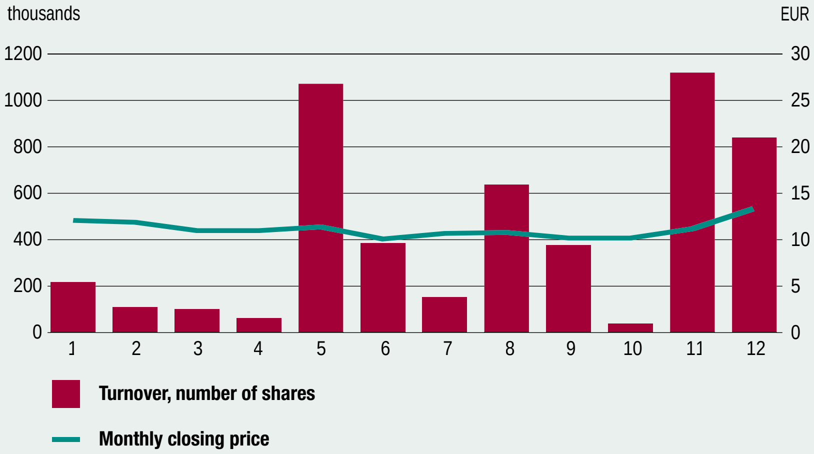


53 % Public sector and non-profit organizations	57 % Public sector and non-profit organizations
19 % Households	19 % Households
17 % Private and public corporations	18 % Private and public corporations
9 % Banks and insurance companies	5 % Banks and insurance companies
2 % Foreign shareholders (incl. nominee registrations)	1 % Foreign shareholders (incl. nominee registrations)

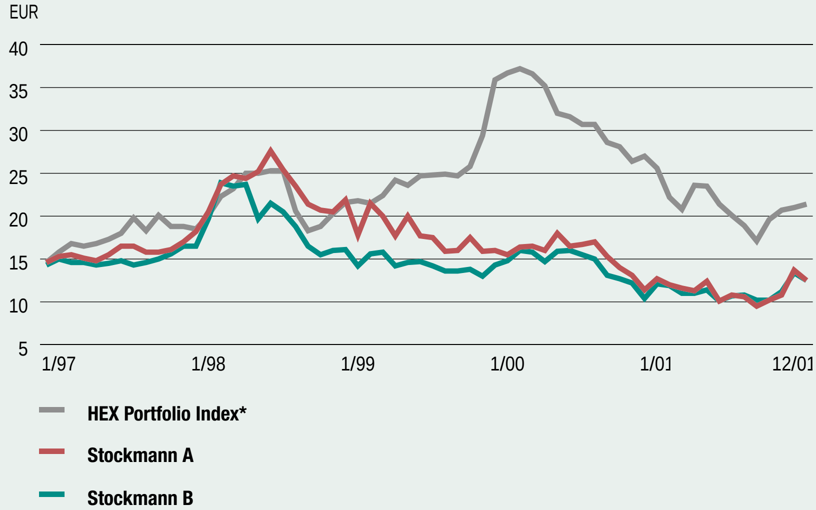
Turnover and price trend of Series A shares in 2001



Turnover and price trend of Series B shares in 2001

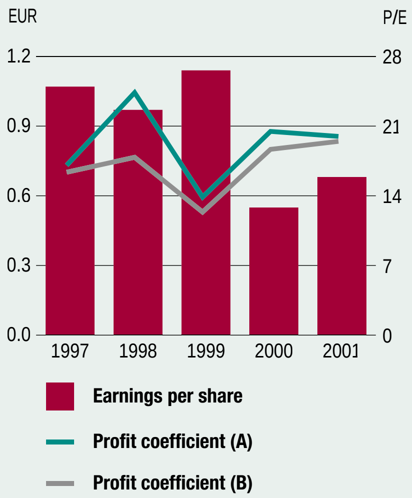


Price trend of Series A and Series B shares (share-issue adjusted) compared with the HEX Portfolio Index 1997-2001

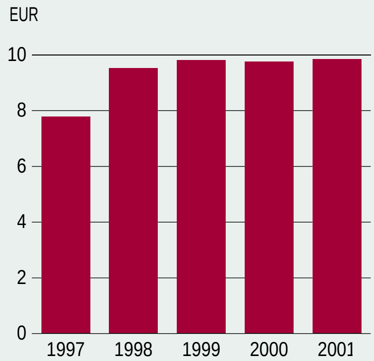


* The weighting of each company in the index is limited to a maximum of 10 per cent.

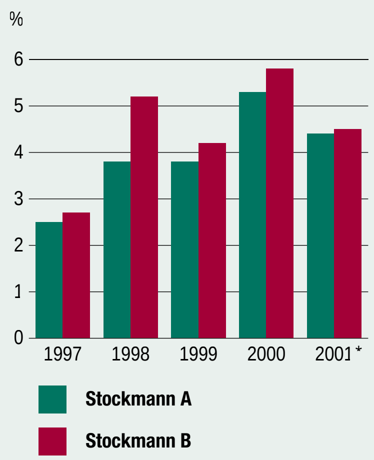
Earnings per share and P/E ratio 1997-2001 (share-issue-adjusted)



Equity per share 1997-2001

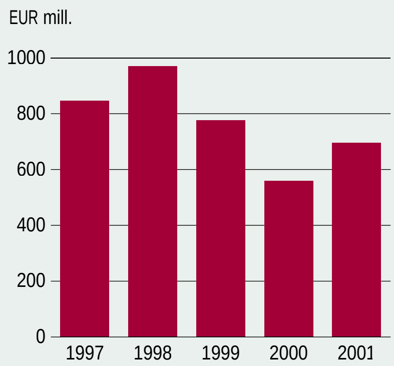


Effective yield of shares 1997-2001



* Dividend according to the Board proposal

Market capitalization 1997-2001



Key figures

		1997	1998	1999	2000	**2001**
Sales	EUR millions	1 394.2	1 461.4	1 583.9	1 467.9	**1 537.6**
Change on the previous year	%	11.7	4.8	8.4	-7.3	**4.7**
Net turnover	EUR millions	1 160.5	1 216.5	1 319.6	1 220.5	**1 281.9**
Change on the previous year	%	11.9	4.8	8.4	-7.5	**5.0**
Operating profit	EUR millions	66.4	56.8	81.8	35.7	**46.3**
Change on the previous year	%	35.4	-14.4	44.0	-56.3	**29.6**
Share of net turnover	%	5.7	4.7	6.2	2.9	**3.6**
Profit before extraordinary items	EUR millions	69.8	61.2	86.7	41.2	**51.2**
Change on the previous year	%	31.4	-12.3	41.6	-52.5	**24.2**
Share of net turnover	%	6.0	5.0	6.6	3.4	**4.0**
Profit before taxes	EUR millions	69.8	58.8	86.7	40.6	**51.2**
Change on the previous year	%	31.4	-15.8	47.5	-53.2	**26.0**
Share of net turnover	%	6.0	4.8	6.6	3.3	**4.0**
Share capital	EUR millions	48.6	86.4	86.4	102.8	**102.8**
Series A	EUR millions	27.9	41.8	41.8	49.7	**49.7**
Series B	EUR millions	20.7	44.6	44.6	53.0	**53.0**
Dividends	EUR millions	21.9	43.2	30.8	30.6	**30.6** *
Return on equity	%	14.4	11.1	11.8	5.6	**6.9**
Return on investment	%	16.6	12.9	15.8	8.4	**9.8**
Capital turnover rate		2.4	2.2	2.2	2.1	**2.2**
Equity ratio	%	55.6	65.1	65.3	67.2	**69.5**
Gearing	%	19.9	9.0	0.7	9.2	**9.1**
Investment in fixed assets	EUR millions	53.0	85.8	64.1	45.1	**31.1**
Share of net turnover	%	4.6	7.0	4.9	3.7	**2.4**
Interest-bearing debtors	EUR millions	90.4	98.5	117.6	123.2	**109.5**
Interest-bearing liabilities	EUR millions	136.6	108.4	89.1	87.8	**71.6**
Interest-bearing net debt	EUR millions	-17.9	-54.5	-114.0	-77.1	**-63.4**
Total assets	EUR millions	654.2	752.0	773.6	746.8	**728.2**
Staff expenses	EUR millions	147.6	161.2	166.9	164.8	**179.0**
Share of net turnover	%	12.7	13.3	12.6	13.5	**14.0**
Personnel, average	persons	6 934	7 361	8 041	7 626	**8 084**
Net turnover per person	EUR thousands	167.4	165.3	164.1	160.0	**158.6**
Operating profit per person	EUR thousands	9.6	7.7	10.2	4.7	**5.7**
Staff expenses per person	EUR thousands	21.3	21.9	20.8	21.6	**22.1**

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.60 per share will be paid.

Definition of key indicators

Profit before extraordinary items = Operating profit + financial income and expenses

Profit before taxes = Profit before extraordinary items + extraordinary income and expenses

$$\text{Return on equity, \%} = 100 \times \frac{\text{Profit before extraordinary items less income taxes}}{\text{Capital and reserves + minority interest (average over the year)}}$$

$$\text{Return on investment, \%} = 100 \times \frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$$

$$\text{Capital turnover rate} = \frac{\text{Net turnover}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$$

$$\text{Equity ratio, \%} = 100 \times \frac{\text{Capital and reserves + minority interest}}{\text{Total assets less advance payments received}}$$

$$\text{Gearing, \%} = 100 \times \frac{\text{Interest-bearing liabilities less cash in hand and at banks less securities held in current assets}}{\text{Capital and reserves + minority interest}}$$

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

Per-share data1)		1997	1998	1999	2000	**2001**
Earnings per share	EUR	1.07	0.97	1.14	0.55	**0.68**
Earnings per share, diluted	EUR	1.05	0.89	1.14	0.55	**0.68**
Equity per share	EUR	7.78	9.53	9.82	9.76	**9.85**
Dividend per share	EUR	0.47	0.84	0.60	0.60	**0.60** *
Dividend per earnings	%	43.6	86.4	52.6	108.7	**88.2** *
Cash flow per share	EUR	1.23	0.50	1.99	0.49	**1.00**
Effective yield of shares	%					
Series A		2.5	3.8	3.8	5.3	**4.4**
Series B		2.7	5.2	4.2	5.8	**4.5**
P/E ratio of shares						
Series A		17.2	24.5	14.0	20.6	**20.1** **
Series B		16.5	18.0	12.5	18.8	**19.6** **
Share quotation at December 31	EUR					
Series A		18.48	21.86	16.00	11.39	**13.70**
Series B		17.64	16.08	14.30	10.40	**13.40**
Highest price during the period	EUR					
Series A		18.48	30.78	23.00	18.20	**13.70**
Series B		18.16	25.94	17.95	16.50	**13.70**
Lowest price during the period	EUR					
Series A		14.19	18.00	15.01	10.52	**9.50**
Series B		13.70	14.30	12.50	9.80	**10.00**
Average price during the period	EUR					
Series A		15.94	25.41	17.95	15.64	**11.43**
Series B		15.04	19.36	14.00	14.35	**11.07**
Share turnover	thousands					
Series A		2 732	2 924	2 479	1 756	**3 032**
Series B		6 259	5 194	5 853	4 464	**5 467**
Share turnover	%					
Series A		11.0	11.8	10.0	7.1	**12.2**
Series B		28.6	19.6	22.1	16.8	**20.6**
Market capitalization at December 31	EUR millions	846.9	970.1	777.1	559.0	**696.0**
Number of shares at December 31	thousands	46 733	51 383	51 383	51 383	**51 383**
Series A		24 869	24 869	24 869	24 869	**24 869**
Series B		21 864	26 514	26 514	26 514	**26 514**
Weighted average number of shares	thousands	46 692	49 523	51 383	51 237	**50 970**
Series A		24 869	24 869	24 869	24 829	**24 706**
Series B		21 823	24 654	26 514	26 408	**26 264**
Own shares	thousands				413	**413**
Series A					163	**163**
Series B					250	**250**
Total number of shareholders at December 31		10 772	12 669	12 893	12 664	**13 399**

1) Adjusted for share issues.

*) Board proposal to the AGM. According to the proposal, a dividend of EUR 0.60 per share will be paid.

**) The dilution effect of options has been taken into account in the 2001 figures.

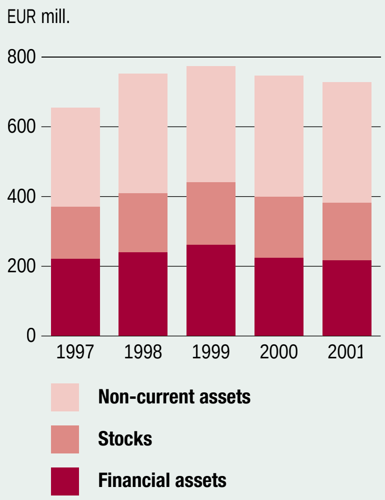
Definition of key indicators

Earnings per share	=	Profit before extraordinary items less income taxes / Average number of shares, adjusted for share issues
Equity per share	=	Capital and reserves / Number of shares on the balance sheet date, adjusted for share issues
Dividend per share	=	Dividend per share, adjusted for share issues
Dividend per earnings, %	= 100 x	Dividend per share / Earnings per share
Cash flow per share	=	Cash flow from operations / Average number of shares, adjusted for share issues
Effective yield of shares, %	= 100 x	Dividend per share, adjusted for share issues / Share quotation at December 31, adjusted for share issues
P/E ratio of shares	=	Share quotation at December 31, adjusted for share issues / Earnings per share
Share quotation at Dec. 31	=	Share quotation on the balance sheet date, adjusted for share issues
Highest share price during the period	=	Highest price of the company's shares during the period, adjusted for share issues
Lowest share price during the period	=	Lowest price of the company's shares during the period, adjusted for share issues
Average share price over the period	=	Share turnover in euro terms divided by the number of shares traded during the period, adjusted for share issues
Share turnover	=	Quantitative share turnover, adjusted for share issues
Market capitalization at December 31	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date

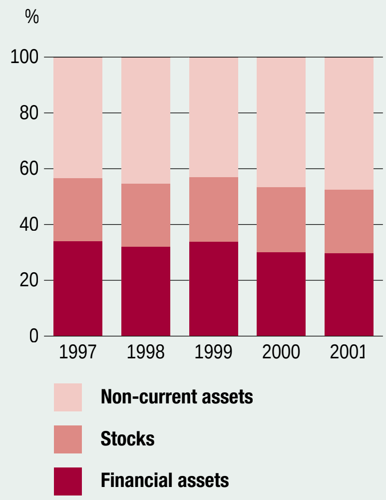
PROFIT AND LOSS ACCOUNT		STOCKMANN GROUP				STOCKMANN plc			
	Ref.	**Jan.1- Dec. 31, 2001 EUR millions**	% of net turnover	Jan.1- Dec. 31, 2000 EUR millions	% of net turnover	**Jan.1- Dec. 31, 2001 EUR millions**	% of net turnover	Jan.1- Dec. 31, 2000 EUR millions	% of net turnover
NET TURNOVER	1	**1 281.9**	100.0	1 220.5	100.0	**882.2**	100.0	848.1	100.0
Other operating income	2	**7.0**	0.5	2.8	0.2	**14.9**	1.7	11.5	1.4
Raw materials and services									
Raw materials and consumables:	3								
Purchases during the financial year		**860.9**		842.5		**611.2**		600.8	
Variation in stocks, increase (-), decrease (+)		**9.2**		5.0		**12.9**		9.0	
Raw materials and services, total		**870.1**	67.9	847.4	69.4	**624.1**	70.7	609.8	71.9
Staff expenses	4	**179.0**	14.0	164.8	13.5	**134.8**	15.3	124.3	14.7
Depreciation and reduction in value	5	**28.5**	2.2	25.8	2.1	**18.2**	2.1	16.7	2.0
Other operating expenses	6	**165.0**	12.9	149.5	12.2	**82.1**	9.3	75.1	8.9
		1 242.6	96.9	1 187.6	97.3	**859.2**	97.4	825.9	97.4
OPERATING PROFIT		**46.3**	3.6	35.7	2.9	**38.0**	4.3	33.7	4.0
Financial income and expenses:									
Income from holdings in Group undertakings	7					**59.4**			
Income from other investments held as non-current assets		**0.5**		1.3		**0.4**		1.2	
Interest and financial income from Group undertakings						**2.7**		2.1	
Interest and financial income from outside the Group		**10.3**		11.7		**9.6**		11.0	
Reduction in value of securities held in current assets				-0.7				-0.7	
Reduction in value of non-current investments	8					**-5.2**			
Interest and other financial expenses for Group undertakings						**-2.6**		-2.8	
Interest and other financial expenses outside the Group	9	**-5.9**		-6.9		**-5.6**		-5.6	
Financial income and expenses, total		**4.9**	0.4	5.5	0.4	**58.7**	6.6	5.2	0.6
PROFIT BEFORE EXTRAORDINARY ITEMS		**51.2**	4.0	41.2	3.4	**96.6**	11.0	38.9	4.6
Extraordinary items	10								
Extraordinary expenses				-0.6				-0.6	
Extraordinary items, total				-0.6				-0.6	-0.1
PROFIT BEFORE TAXES/		**51.2**	4.0	40.6	3.3				
PROFIT BEFORE APPROPRIATIONS AND TAXES						**96.6**	11.0	38.3	4.5
Appropriations	11					**-0.9**	-0.1	-2.4	-0.3
Income taxes	12-13								
For the financial year		**15.6**		12.2		**27.8**		10.4	
For previous financial years		**0.7**		-0.5		**0.2**		0.0	
Change in deferred tax liability		**0.1**		1.0					
Income taxes, total		**16.4**	1.3	12.8	1.0	**27.9**	3.2	10.4	1.2
Minority interest		**0.0**		0.0					
PROFIT FOR THE FINANCIAL YEAR		**34.8**	2.7	27.9	2.3	**67.8**	7.7	25.5	3.0

BALANCE SHEET		STOCKMANN GROUP		STOCKMANN plc	
ASSETS	Ref.	**Dec. 31, 2001 EUR millions**	Dec. 31, 2000 EUR millions	**Dec. 31, 2001 EUR millions**	Dec. 31, 2000 EUR millions
NON-CURRENT ASSETS					
Intangible assets	14				
Intangible rights		**10.9**	9.6	**6.2**	5.5
Goodwill arising on consolidation		**0.2**	0.6		
Goodwill		**0.1**	0.2	**0.0**	0.1
Other capitalized long-term expenses		**22.9**	23.7	**12.0**	12.1
Advance payments and projects in progress		**1.8**	1.2	**1.2**	1.1
Intangible assets, total		**35.9**	35.1	**19.4**	18.8
Tangible assets	15				
Land and water		**24.9**	25.0	**15.7**	15.8
Buildings and constructions		**169.6**	173.9	**149.6**	153.0
Machinery and equipment		**72.5**	68.0	**49.0**	44.0
Other tangible assets		**0.1**	0.1	**0.1**	0.1
Advance payments and construction in progress		**0.7**	0.8	**0.4**	0.6
Tangible assets, total		**267.8**	267.8	**214.8**	213.6
Investments	16				
Holdings in Group undertakings				**45.6**	45.3
Receivables from Group undertakings				**3.7**	4.6
Own shares		**6.2**	6.2	**6.2**	6.2
Other shares and participations		**35.6**	37.7	**31.0**	32.9
Investments, total		**41.8**	43.9	**86.5**	89.0
NON-CURRENT ASSETS, TOTAL		**345.5**	346.9	**320.6**	321.4
CURRENT ASSETS					
Stocks					
Raw materials and consumables		**165.6**	174.8	**106.2**	119.1
Stocks, total		**165.6**	174.8	**106.2**	119.1
Non-current debtors	17				
Trade debtors		**0.4**	0.8	**0.4**	0.8
Loan receivables		**0.9**	1.0	**0.9**	1.0
Other debtors		**0.5**	1.1		
Non-current debtors, total		**1.9**	2.9	**1.3**	1.8
Current debtors	18				
Trade debtors		**169.0**	155.5	**96.8**	88.3
Amounts owed by Group undertakings				**77.6**	67.8
Loan receivables			0.1		
Other debtors		**13.2**	17.0	**6.6**	11.5
Prepayments and accrued income	19	**7.4**	7.9	**5.0**	5.3
Current debtors, total		**189.6**	180.6	**186.0**	172.8
Debtors, total		**191.5**	183.5	**187.3**	174.6
Securities held in current assets	20	**6.2**	21.2	**6.2**	21.2
Cash in hand and at banks		**19.5**	20.5	**10.3**	8.7
CURRENT ASSETS, TOTAL		**382.7**	400.0	**309.9**	323.6
TOTAL		**728.2**	746.8	**630.6**	645.0

Assets 1997-2001

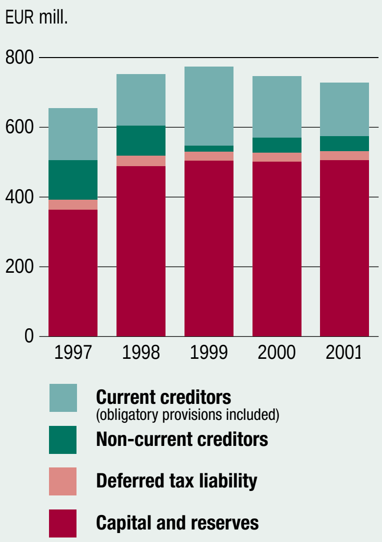


Assets 1997-2001

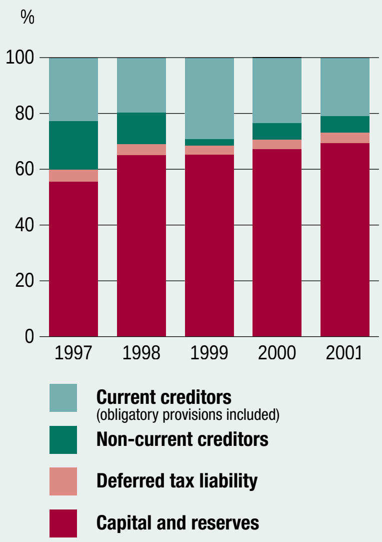


BALANCE SHEET		STOCKMANN GROUP		STOCKMANN plc	
LIABILITIES	Ref.	**Dec. 31, 2001 EUR millions**	Dec. 31, 2000 EUR millions	**Dec. 31, 2001 EUR millions**	Dec. 31, 2000 EUR millions
CAPITAL AND RESERVES	21-22				
Share capital		**102.8**	102.8	**102.8**	102.8
Premium fund		**133.1**	133.1	**133.1**	133.1
Fund for own shares		**6.2**	6.2	**6.2**	6.2
Reserve fund		**0.1**	0.1		
Other funds		**43.7**	43.7	**43.7**	43.7
Retained earnings		**185.2**	187.9	**22.3**	27.5
Net profit for the financial year		**34.8**	27.9	**67.8**	25.5
CAPITAL AND RESERVES, TOTAL		**505.9**	501.7	**376.0**	338.8
MINORITY INTEREST		**0.2**	0.2		
ACCUMULATED APPROPRIATIONS					
Depreciation reserve				**76.4**	75.5
PROVISIONS	23	**1.8**			
CREDITORS	24-27				
Deferred tax liability		**25.9**	25.8		
Non-current creditors					
Loans from credit institutions		**42.7**	42.7	**42.7**	42.7
Pension loans		**1.0**	1.3	**1.0**	1.3
Non-current creditors, total		**43.7**	43.9	**43.7**	43.9
Current creditors					
Loans from credit institutions			8.9		8.9
Pension loans		**0.2**	0.3	**0.2**	0.3
Trade creditors		**62.8**	79.3	**45.1**	55.5
Amounts owed to Group undertakings				**19.3**	49.1
Other creditors		**53.1**	57.3	**45.8**	51.7
Accruals and prepaid income		**34.6**	29.4	**24.1**	21.3
Current creditors, total		**150.7**	175.2	**134.6**	186.8
CREDITORS, TOTAL		**220.3**	244.9	**178.2**	230.7
TOTAL		**728.2**	746.8	**630.6**	645.0
Distributable funds		**202.1**	198.3	**133.9**	96.7

Financing 1997-2001



Financing 1997-2001



FUNDS STATEMENT	STOCKMANN GROUP		STOCKMANN plc	
	2001 EUR millions	2000 EUR millions	**2001 EUR millions**	2000 EUR millions
CASH FLOW FROM OPERATIONS				
Payments from sales	**1 271.8**	1 210.7	**876.6**	842.4
Payments from other operating income			**9.2**	8.8
Payments for operating expenses	**-1 217.7**	-1 158.6	**-835.8**	-805.2
Cash flow from operations before financial items and taxes	**54.1**	52.1	**50.0**	46.0
Paid interest and payments for other operating financial expenses	**-6.2**	-7.7	**-8.5**	-9.1
Interest received from operations	**10.0**	11.4	**12.0**	12.7
Direct taxes paid	**-6.8**	-30.6	**-24.3**	-26.1
Cash flow before extraordinary items	**51.1**	25.2	**29.2**	23.6
Cash flow from operational extraordinary items (net)				0.6
CASH FLOW FROM OPERATIONS (A)	**51.1**	25.2	**29.2**	24.2
CASH FLOW INTO AND FROM INVESTMENTS				
Capital expenditures on tangible and intangible assets	**-31.3**	-38.4	**-21.9**	-22.2
Cash from tangible and intangible assets	**1.5**	0.6	**1.5**	0.6
Capital expenditures on other investments		-3.8	**0.6**	-6.3
Cash from other investments	**8.4**	6.1	**7.7**	6.1
Group companies acquired		-2.5		-2.5
Dividends from investments	**0.8**	1.4	**60.1**	1.3
CASH FLOW INTO AND FROM INVESTMENTS (B)	**-20.6**	-36.6	**48.0**	-22.9
FINANCIAL CASH FLOW				
Change in loans granted, increase (-), decrease (+)	**0.2**	0.0	**-15.0**	-19.0
Change in short-term loans, increase (+), decrease (-)	**-6.9**	17.6	**-35.8**	17.5
Long-term loans drawn down		35.0		35.0
Repayments of long-term loans	**-9.2**	-54.0	**-9.2**	-54.0
Dividend paid and other distribution of profits	**-30.6**	-30.9	**-30.6**	-30.9
FINANCIAL CASH FLOW (C)	**-46.6**	-32.3	**-90.6**	-51.4
Change in cash funds (A+B+C) increase (+), decrease (-)	**-16.0**	-43.7	**-13.4**	-50.2
Cash funds at start of the financial year	**41.7**	85.3	**29.9**	80.0
Cash funds at end of the financial year	**25.6**	41.7	**16.4**	29.9

Accounting policy

GENERAL PRINCIPLES

Stockmann's annual accounts have been prepared in accordance with the regulations of the Finnish Accounting Act which came into force on December 31, 1997. The consolidated accounts have been prepared in Finnish markkaa.

SCOPE OF THE CONSOLIDATED ACCOUNTS

The consolidated accounts cover the parent company Stockmann plc and those companies in which the parent company controls, directly or indirectly, more than 50 per cent of the voting rights conferred by the shares as well as those property management companies in which the parent company controls, either directly or indirectly, at least 80 per cent of the voting rights conferred by the shares. The companies acquired during the year have been included in the consolidation from the time of acquisition.

Mutual real-estate management companies in which the Group has an interest of more than 20 per cent have not been treated as associated undertakings, nor do other associated undertakings belong to the Group.

INTERNAL TRANSACTIONS

Transactions as well as debtors and creditors between Group companies have been eliminated.

SHARES IN SUBSIDIARIES

Shareholdings between Group companies have been eliminated by the purchase cost method. In carrying out eliminations, the acquired company's provisions at the time of acquisition excluding deferred tax liability are also considered to constitute the company's capital and reserves.

The difference between the purchase price of subsidiary shares and equity has been allocated in part to fixed assets. The proportion exceeding going values is shown as a separate goodwill item which is amortized on a straight-line basis over a period of five years.

SUBSIDIARIES ABROAD

The consolidated accounts figures of foreign subsidiaries have been translated into Finnish markkaa at the exchange rates prevailing on the balance sheet date. The translation differences arising on the elimination of the capital and reserves of subsidiaries have been entered in capital and reserves. The annual account figures for Russian subsidiaries have been translated into Finnish markkaa using the monetary-non-monetary method according to which fixed assets, stocks and equity are translated into Finnish markkaa at the rates prevailing at the time of acquisition and the other balance sheet items at the rates prevailing on the balance sheet date and, furthermore, the profit and loss account is translated at the average monthly rate on a month-by-month basis.

TRANSACTIONS IN FOREIGN CURRENCIES

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

NET TURNOVER

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

OTHER OPERATING INCOME

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

EXTRAORDINARY INCOME AND EXPENSES

The items stated as extraordinary income and expenses are non-recurring income and expenses that are not a part of ordinary operations.

TAXES

The direct taxes entered in the profit and loss account are the taxes corresponding to Group companies' net profits for the financial year as well as rectifications of taxes for previous financial years.

In the consolidated accounts the deferred tax liability is calculated for all the periodization differences between the annual accounts and taxation, applying the tax base for the next year, which has been confirmed at the balance sheet date.

Deferred tax liability is included in its entirety in the consolidated balance sheet.

TANGIBLE AND INTANGIBLE ASSETS AND DEPRECIATION ON THEM

Tangible and intangible assets are valued according to the original cost excluding planned depreciation. The balance sheet values furthermore include revaluations of land areas and buildings.

Revaluations have been made during the period from 1950 to 1984 and are based on then estimates of real-estate valuers. Revaluations are not depreciated.

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

- Intangible assets: 5 years
- Goodwill and goodwill arising on consolidation: 5 years
- Other capitalized long-term expenses: 5-20 years
- Buildings: 20-50 years
- Machinery and equipment: 7-12 years
- Lightweight store furnishings, motor vehicles and data processing equipment: 5 years

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

CURRENT ASSETS

Securities included in financial assets are valued at acquisition cost or, if their value is lower, at this lower value.

In the valuation of stocks the principle of lowest value has been used, i.e. the stocks have been entered in the balance sheet at the lowest of acquisition cost or a lower repurchase price or the probable market price. The acquisition cost of stocks has been defined applying the variable expenses incurred in making the purchase in accordance with the FiFo principle.

OBLIGATORY PROVISIONS

Expenditure to which the company has committed but which has not yet been realized, for example restructuring cost, is shown as obligatory provisions in the balance sheet. Expenses corresponding to the obligatory provisions are included in the income statement in a relevant group of expenses.

APPROPRIATIONS

The parent company's appropriations comprise the depreciation difference. The change in deferred tax liability resulting from the change in appropriations has been stated in taxes in the consolidated accounts. Accumulated appropriations in the consolidated accounts are divided into a portion in deferred tax liability and a portion in capital and reserves.

NOTES TO THE PROFIT AND LOSS ACCOUNT	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000

1. Net turnover

Breakdown of net turnover by market area

EUR millions				
Finland	**1 149.7**	1 108.5	**882.2**	848.1
Russia	**56.3**	52.5		
Estonia	**64.7**	58.0		
Latvia	**6.7**	0.3		
Sweden	**4.5**	1.2		
Total	**1 281.9**	1 220.5	**882.2**	848.1

2. Other operating income

EUR millions				
Capital gains on the divestment of shares	**6.6**	2.8	**5.8**	2.8
Interest portion of Oy Hobby Hall Ab's value added tax refund	**0.4**			
Rental income from subsidiaries			**4.1**	3.8
Compensation for expenses, invoiced to Group companies			**5.0**	4.9
Total	**7.0**	2.8	**14.9**	11.5

3. Gross margin

EUR millions				
Net turnover	**1 281.9**	1 220.5	**882.2**	848.1
Raw materials and consumables	**860.9**	842.5	**611.2**	600.8
Variation in stocks	**9.2**	5.0	**12.9**	9.0
Gross profit	**411.9**	373.1	**258.1**	238.3
Gross profit/net turnover (%)	**32.1**	30.6	**29.3**	28.1

4. Staff expenses

EUR millions				
Salaries and emoluments paid to the Boards of Directors and managing directors	**1.0**	0.9	**0.4**	0.4
Other staff wages and salaries	**139.8**	128.5	**105.7**	97.1
Wages during sick leave	**3.6**	3.2	**2.5**	2.4
Pension expenses	**21.3**	19.1	**16.3**	14.3
Other staff costs	**13.3**	13.1	**9.9**	10.1
Total	**179.0**	164.8	**134.8**	124.3

Group and parent company staff, average

Finland	**6 839**	6 492	**5 269**	5 019
Russia	**587**	585	**1**	2
Estonia	**580**	533	**1**	3
Latvia	**11**	1		
Sweden	**67**	15		
Total	**8 084**	7 626	**5 271**	5 024

Age breakdown of staff

%				
Under 24 years old	**22.4**	21.8	**19.9**	19.0
25 -34 years old	**31.8**	32.1	**32.5**	32.6
35 -44 years old	**20.0**	19.4	**19.6**	19.1
45 -54 years old	**14.5**	15.4	**15.0**	16.4
55 -65 years old	**11.3**	11.3	**13.0**	12.9
Total	**100.0**	100.0	**100.0**	100.0

Loans to persons closely associated with the company

EUR millions				
Loans granted to the managing directors and members of the boards of directors	**0.1**	0.3		0.2

The loans have been granted for a 5-year period. The interest rate on the loans is tied to the market interest rate.

Management pension liabilities

The agreed retirement age for Group company managing directors is 60-65 years, the agreed retirement age for the parent company managing director is 60 years. Annual payments are made to provide for these commitments.

The future pension payments of the parent company's managing director, who retired at the beginning of March 2001, have been covered in full

NOTES TO THE PROFIT AND LOSS ACCOUNT	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000

5. Depreciation and reduction in value

EUR millions

Intangible rights	**2.8**	2.3	**1.9**	1.8
Goodwill arising on consolidation	**0.3**	0.5		
Goodwill	**0.1**	0.1	**0.1**	0.2
Other capitalized long-term expenses	**3.7**	3.5	**1.9**	1.7
Buildings and constructions	**5.8**	5.3	**4.6**	4.3
Machinery and equipment	**15.9**	14.1	**9.6**	8.6
Total	**28.5**	25.8	**18.2**	16.7

6. Other operating expenses

EUR millions

Site expenses	**71.1**	60.1	**41.0**	35.9
Marketing expenses	**39.6**	37.9	**12.8**	12.9
Goods handling expenses	**15.1**	14.9	**5.0**	5.2
Credit losses	**2.6**	1.4	**0.3**	0.3
Voluntary staff costs	**3.0**	3.2	**2.1**	2.1
Other costs	**33.6**	32.0	**20.8**	18.8
Total	**165.0**	149.5	**82.1**	75.1

7. Financial income

EUR millions

Income from holdings in Group undertakings				
Dividend from Seppälä Oy			**59.4**	
Total			**59.4**	

Interest and financial income from outside the Group

EUR millions

From interest-bearing trade debtors	**8.8**	8.7	**8.8**	8.7
Other	**1.5**	3.0	**0.8**	2.3
Total	**10.3**	11.7	**9.6**	11.0

8. Reduction in value of non-current investments

EUR millions

Write-down on receivables of SPL Seppälä AB			**-5.2**	
Total			**-5.2**	

9. Interest and other financial expenses outside the Group

EUR millions

Foreign exchange losses and gains (net)	**0.2**	0.0	**0.2**	0.0
Other interest and financial expenses paid to parties outside the Group	**5.8**	6.8	**5.5**	5.6
Total	**5.9**	6.9	**5.6**	5.6

10. Extraordinary items

EUR millions

Extraordinary expenses				
Reduction in the value of shares in Polar Real Estate Corporation		-0.6		-0.6
Total		-0.6		-0.6

11. Appropriations

EUR millions

Change in depreciation reserve				
Intangible rights			**0.1**	0.2
Goodwill			**0.1**	
Other capitalized long-term expenses			**0.4**	0.4
Buildings and constructions			**-0.2**	-2.1
Machinery and equipment			**-1.2**	-0.9
Total			**-0.9**	-2.4

12. Income taxes

EUR millions

Income taxes on ordinary operations for the financial year	**15.6**	12.4	**10.8**	11.3
Income taxes on dividends received from subsidiaries			**17.2**	
Income taxes on extraordinary items		-0.2		-0.2
Income taxes on ordinary operations from previous financial year	**0.7**	-0.5	**0.2**	0.0
Change in deferred tax liability	**0.1**	1.0		
Tax payable on appropriations			**-0.3**	-0.7
Total	**16.4**	12.8	**27.9**	10.4

13. Surplus taxes*

EUR millions

Unused surplus taxes	**50.5**	50.4	**9.9**	11.8

* Aggregate of assessed corporate taxes in excess of tax payable on distribution of dividends, which can be used to set off the tax liability based on future distribution of dividends.

NOTES TO THE BALANCE SHEET	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000
Non-current assets				
14. Intangible assets				
EUR millions				
Intangible rights				
Acquisition cost Jan. 1	**22.3**	17.9	**17.1**	14.8
Increases Jan. 1-Dec. 31	**4.2**	4.4	**2.6**	2.3
Decreases Jan. 1-Dec. 31	**-0.1**	0.0		
Acquisition cost Dec. 31	**26.4**	22.3	**19.8**	17.1
Accumulated depreciation Jan. 1	**12.7**	10.4	**11.6**	9.8
Depreciation for the financial year	**2.8**	2.3	**1.9**	1.8
Accumulated depreciation Dec. 31	**15.5**	12.7	**13.6**	11.6
Book value Dec. 31	**10.9**	9.6	**6.2**	5.5
Goodwill arising on consolidation				
Acquisition cost Jan. 1 and Dec. 31	**2.4**	2.4		
Accumulated depreciation Jan. 1	**1.8**	1.3		
Depreciation for the financial year	**0.3**	0.5		
Accumulated depreciation Dec. 31	**2.1**	1.8		
Book value Dec. 31	**0.2**	0.6		
Goodwill				
Acquisition cost Jan. 1	**0.3**	0.3	**1.1**	1.1
Increases Jan. 1-Dec. 31	**0.0**		**0.0**	
Acquisition cost Dec. 31	**0.3**	0.3	**1.1**	1.1
Accumulated depreciation Jan. 1	**0.1**	0.0	**1.0**	0.8
Depreciation for the financial year	**0.1**	0.1	**0.1**	0.2
Accumulated depreciation Dec. 31	**0.2**	0.1	**1.1**	1.0
Book value Dec. 31	**0.1**	0.2	**0.0**	0.1
Other capitalized long-term expenses				
Acquisition cost Jan. 1	**35.6**	32.2	**19.0**	16.7
Increases Jan. 1-Dec. 31	**2.9**	3.5	**1.8**	2.3
Decreases Jan. 1-Dec. 31			**0.0**	
Acquisition cost Dec. 31	**38.5**	35.6	**20.8**	19.0
Accumulated depreciation Jan. 1	**11.9**	8.5	**6.9**	5.2
Depreciation for the financial year	**3.7**	3.5	**1.9**	1.7
Accumulated depreciation Dec. 31	**15.6**	11.9	**8.8**	6.9
Book value Dec. 31	**22.9**	23.7	**12.0**	12.1
Advance payments and projects in progress				
Acquisition cost Jan. 1	**1.2**	1.4	**1.1**	1.1
Increases Jan. 1-Dec. 31	**1.8**	1.2	**1.2**	1.1
Transfers between items	**-1.2**	-1.4	**-1.1**	-1.1
Book value Dec. 31	**1.8**	1.2	**1.2**	1.1
Intangible assets, total	**35.9**	35.1	**19.4**	18.8
15. Tangible assets				
EUR millions				
Land and water				
Acquisition cost Jan. 1	**19.1**	17.3	**9.9**	8.5
Increases Jan. 1-Dec. 31	**0.1**	1.8	**0.0**	1.4
Decreases Jan. 1-Dec. 31	**-0.2**		**-0.2**	
Acquisition cost Dec. 31	**19.0**	19.1	**9.8**	9.9
Revaluations Jan. 1 and Dec. 31	**5.9**	5.9	**5.9**	5.9
Book value Dec. 31	**24.9**	25.0	**15.7**	15.8
Buildings and constructions				
Acquisition cost Jan. 1	**185.4**	173.2	**157.0**	148.0
Increases Jan. 1-Dec. 31	**2.6**	12.2	**2.4**	9.1
Decreases Jan. 1-Dec. 31	**-1.5**		**-1.5**	
Acquisition cost Dec. 31	**186.6**	185.4	**157.9**	157.0
Accumulated depreciation Jan. 1	**38.1**	32.7	**30.5**	26.2
Depreciation for the financial year	**5.8**	5.3	**4.6**	4.3
Accumulated depreciation on reductions Jan. 1-Dec. 31	**-0.3**		**-0.3**	
Accumulated depreciation Dec. 31	**43.5**	38.1	**34.9**	30.5
Revaluations Jan. 1 and Dec. 31	**26.5**	26.5	**26.5**	26.5
Book value Dec. 31	**169.6**	173.9	**149.6**	153.0

NOTES TO THE BALANCE SHEET	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000
Machinery and equipment				
EUR millions				
Acquisition cost Jan. 1	**150.3**	128.9	**104.6**	93.0
Increases Jan. 1-Dec. 31	**20.8**	21.4	**14.9**	11.6
Decreases Jan. 1-Dec. 31	**-0.4**		**-0.3**	
Acquisition cost Dec. 31	**170.7**	150.3	**119.1**	104.6
Accumulated depreciation Jan. 1	**82.3**	68.2	**60.5**	51.9
Depreciation for the financial year	**15.9**	14.1	**9.6**	8.6
Accumulated depreciation Dec. 31	**98.2**	82.3	**70.2**	60.5
Book value Dec. 31	**72.5**	68.0	**49.0**	44.0
Other tangible assets				
Acquisition cost Jan. 1	**0.1**	0.1	**0.1**	0.1
Book value Dec. 31	**0.1**	0.1	**0.1**	0.1
Advance payments and construction in progress				
Acquisition cost Jan. 1	**0.8**	5.1	**0.6**	4.8
Increases Jan. 1-Dec. 31	**0.7**	0.8	**0.4**	0.6
Transfers between items	**-0.8**	-5.1	**-0.6**	-4.8
Acquisition cost Dec. 31	**0.7**	0.8	**0.4**	0.6
Book value Dec. 31	**0.7**	0.8	**0.4**	0.6
Tangible assets, total	**267.8**	267.8	**214.8**	213.6
Revaluations included in balance sheet values				
EUR millions				
Land and water	**5.9**	5.9	**5.9**	5.9
Buildings	**26.5**	26.5	**26.5**	26.5
Total	**32.4**	32.4	**32.4**	32.4

Revaluations of real-estate properties have been made during the period from 1950 to 1984 and are based on then estimates of real-estate valuers.

Taxation and fire insurance values				
EUR millions	**2000**	1999	**2000**	1999
Taxation values				
Land and water	**78.5**	75.0	**74.4**	71.2
Shares in subsidiaries			**135.8**	117.0
Other shares	**14.9**	21.9	**10.9**	17.1
Buildings				
Taxation values	**45.8**	46.1	**37.5**	37.6
Fire insurance values	**330.9**	317.5	**271.3**	264.0

If the taxation value has not been available, the book value has been given.

16. Investments				
EUR millions				
Holdings in Group undertakings				
Acquisition cost Jan. 1			**45.3**	43.7
Increases Jan. 1-Dec. 31			**0.3**	1.6
Book value Dec. 31			**45.6**	45.3
Receivables from Group undertakings				
Book value Jan. 1			**4.6**	3.7
Increases Jan. 1-Dec. 31			**4.3**	0.9
Decreases Jan. 1-Dec. 31			**-5.2**	
Book value Dec. 31			**3.7**	4.6
Own shares				
Acquisition cost Jan. 1	**6.2**		**6.2**	
Increases Jan. 1-Dec. 31		6.2		6.2
Book value Dec. 31	**6.2**	6.2	**6.2**	6.2

NOTES TO THE BALANCE SHEET	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000
Other shares and participations				
EUR millions				
Acquisition cost Jan. 1	**37.7**	41.6	**32.9**	36.9
Increases Jan. 1-Dec. 31		1.3		1.3
Decreases Jan. 1-Dec. 31	**-2.1**	-4.7	**-1.9**	-4.7
Reductions in value Jan. 1-Dec. 31		-0.6		-0.6
Book value Dec. 31	**35.6**	37.7	**31.0**	32.9
Investments, total	**41.8**	43.9	**86.5**	89.0

Shares and participations

Group undertakings

Parent company holdings	Number	Shareholding %	Voting rights %	Cur-rency	Par value in given currency	Book value, EUR thousands	Shareholders' equity EUR thousands
ZAO Kalinka-Stockmann, Moscow	583 450	100	100	RUR	58 345	3 561	-890
ZAO Stockmann-Krasnoselskaya, Moscow	100	100	100	RUR	55	8	-4
Auto-Oriketo Oy, Turku	40 000	100	100	EUR	673	771	739
Espoon Autotalo Oy, Espoo	400	100	100	EUR	11	463	35
Tikkurilan Autocenter Oy, Helsinki	4 000	100	100	EUR	673	796	653
Kambrium Oy, Helsinki	50	100	100	EUR	9	222	10
Kiinteistö Oy Friisinkeskus II, Espoo	1 948	97	97	EUR	9	612	734
Kiinteistö Oy Hgin Valurinkatu 1, Helsinki	100	100	100	EUR	17	17	18
Kiinteistö Oy Luistelijanvuori, Vantaa	72	100	100	EUR	13	1 218	181
Kiinteistö Oy Länsi-Kaisla, Espoo	20	100	100	EUR	9	1 544	26
Kiinteistö Oy Muuntajankatu 4, Helsinki	50	100	100	EUR	9	3 272	2 190
Kiinteistö Oy Stävö, Helsinki	50	100	100	EUR	9	8	8
Kiinteistö Oy Vantaan Kiitoradantie 2, Vantaa	100	100	100	EUR	17	17	18
Kiinteistö Oy Vantaan Rasti, Vantaa	388	100	100	EUR	505	4 922	4 444
Kiinteistö Oy Vantaan Valimotie, Vantaa	400 000	80	80	EUR	841	673	819
Oy Hobby Hall Ab, Helsinki	120 000	100	100	EUR	10 092	18 802	58 207
Oy Hullut Päivät-Galna Dagarna Ab, Helsinki	40	100	100	EUR	11	11	11
Oy Suomen Pääomarahoitus-Finlands Kapitalfinans Ab, Helsinki	1 000	100	100	EUR	1 682	1 682	2 380
Seppälä Oy, Helsinki	30 000	100	100	EUR	5 046	5 046	32 502
Z-Fashion Finland Oy, Helsinki	50	100	100	EUR	9	8	8
SIA Stockmann, Riga	50 000	100	100	LVL	100	177	136
SIA Stockmann Centrs, Riga	32 500	65	65	LVL	65	119	186
Stockmann AS, Tallinn	1 800	100	100	EEK	18 000	1 136	4 541
TF-Autokeskus Oy, Vantaa	600	100	100	EUR	11	455	293
SPL Seppälä AB, Stockholm	1 000	100	100	SEK	100	12	-2 412
Parent company holdings, total						45 554	104 835

Holdings of subsidiaries	Number	Shareholding %	Voting rights %	Cur-rency	Par value in given currency	Book value, EUR thousands	Shareholders' equity EUR thousands
Bullworker Myynti Oy, Helsinki	100	100	100	EUR	8	8	244
Oy Concert Hall Society Ab, Helsinki	10	100	100	EUR	0	0	0
Hobby Hall AB, Stockholm	1 000	100	100	SEK	100	11	10
ZAO Kalinka-Stockmann STP, St Petersburg	100	100	100	RUR	30 000	5	173
Group undertakings owned by subsidiaries, total						24	426
Group undertakings, total						45 578	105 261

Other undertakings

Parent company holdings	Number	Shareholding %	Cur-rency	Par value in given currency	Book value, EUR thousands
Oy Kamppiparkki Ab, Helsinki	50	6.1	EUR	168	1 556
Kiinteistö Oy Raitinkartano, Espoo	1 029	15.6	EUR	87	5 533
Pitäjänmäen Kiinteistöt Oy, Helsinki	10 360	19.5	EUR	10 455	10 844
Kiinteistö Oy Tapiolan Säästötammi Fastighets Ab, Espoo	3 125	37.8	EUR	258	6 242
Tuko Logistics Oy, Kerava	540	9.0	EUR	908	3 553
Others				3 330	3 278
Parent company holdings, total					31 006

Holdings of subsidiaries	Number	Shareholding %	Cur-rency	Par value in given currency	Book value, EUR thousands
Arabian Kiinteistö Oy, Helsinki	5 174	51.3	EUR	17	2 522
Arabian Pienteollisuustalo Oy, Helsinki	1 590	12.0	EUR	1	995
Others					1 098
Other undertakings owned by subsidiaries, total					4 616
Other Group-owned undertakings, total					35 622

The market value of the other publicly traded shares owned by parent company and subsidiaries exceeded the book value by EUR 1.1 million on December 31, 2001.
The book value of the Stockmann own shares held by the parent company exceeded the market value on December 31, 2001, by EUR 0.6 million.

CHANGES IN GROUP STRUCTURE

In July 2000, Stockmann purchased from Uponor Oyj the shares outstanding in Kiinteistö Oy Länsi-Kaisla, which give the right of possession for the premises which are used by the Automotive Sales Division's VW-Audi service outlet as well as certain other premises in Espoo's Suomenoja district. The shares were purchased for EUR 1.5 million. In summer 2000 Stockmann founded in Sweden SPL Seppälä AB, which carried on Seppälä's operations in Sweden.
Operations were wound up in January 2002.

Debtors

17. Non-current debtors	STOCKMANN GROUP		STOCKMANN plc	
EUR millions	**2001**	2000	**2001**	2000
Interest-bearing trade debtors	**0.4**	0.8	**0.4**	0.8
Interest-bearing loan receivables	**0.9**	1.0	**0.9**	1.0
Other debtors	**0.5**	1.1		
Non-current debtors, total	**1.9**	2.9	**1.3**	1.8

18. Current debtors EUR millions				
Interest-bearing trade debtors	**107.9**	102.0	**38.7**	38.6
Non-interest bearing trade debtors	**61.1**	53.5	**58.1**	49.6
Trade debtors, total	**169.0**	155.5	**96.8**	88.3
Interest-bearing loan receivables		0.1		
Amounts owed by Group undertakings			**77.6**	67.8
Other debtors	**13.2**	17.0	**6.6**	11.5
Prepayments and accrued income	**7.4**	7.9	**5.0**	5.3
Current debtors, total	**189.6**	180.6	**186.0**	172.8

The Group's interest-bearing trade debtors include one-time credits on mail order sales of EUR 69.2 million in 2001 and EUR 64.2 million in 2000. The interest income on these debtors is entered in net turnover instead of in interest income because it is included in the sales price. Other interest-bearing trade debtors are Stockmann Account, hire purchase and leasing payment debtors for which interest income is entered in interest income.

19. Essential items in prepayments and accrued income EUR millions				
Deferred annual discounts	**0.5**	1.0	**0.5**	1.0
Periodized financial income and expenses	**1.8**	0.5	**0.1**	0.5
Deferred indirect employee costs	**0.9**	0.5	**0.5**	0.5
Other	**4.1**	5.9	**3.8**	3.2
Total	**7.4**	7.9	**5.0**	5.3

20. Difference between cost and market value of current assets, bonds and promissory notes
Securities held in current assets consist primarily of publicly traded bonds and notes.

EUR millions				
Market value Dec. 31	**6.4**	21.3	**6.4**	21.3
Book value Dec. 31	**6.2**	21.2	**6.2**	21.2
Difference	**0.2**	0.1	**0.2**	0.1

NOTES TO THE BALANCE SHEET	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000
21. Changes in capital and reserves				
EUR millions				
Share capital				
Series A shares Jan. 1	**49.7**	41.8	**49.7**	41.8
Bonus issue, increasing of the par value		7.9		7.9
Series A shares Dec. 31	**49.7**	49.7	**49.7**	49.7
Series B shares Jan. 1	**53.0**	44.6	**53.0**	44.6
Bonus issue, increasing of the par value		8.4		8.4
Series B shares Dec. 31	**53.0**	53.0	**53.0**	53.0
Share capital, total	**102.8**	102.8	**102.8**	102.8
Premium fund Jan. 1	**133.1**	149.5	**133.1**	149.5
Transfer to share capital		-16.3		-16.3
Premium fund Dec. 31	**133.1**	133.1	**133.1**	133.1
Fund for own shares Jan. 1	**6.2**		**6.2**	
Own share buyback		6.2		6.2
Fund for own shares Dec. 31	**6.2**	6.2	**6.2**	6.2
Reserve fund Jan. 1 and Dec. 31	**0.1**	0.1		
Other funds Jan. 1 and Dec. 31	**43.7**	43.7	**43.7**	43.7
Retained earnings Jan. 1	**215.8**	225.1	**53.0**	64.6
Distribution of profit	**-30.7**	-30.9	**-30.7**	-30.9
Own share buyback		-6.2		-6.2
Total	**185.2**	187.9	**22.3**	27.5
Net profit for the financial year	**34.8**	27.9	**67.8**	25.5
Capital and reserves, total	**505.9**	501.7	**376.0**	338.8

Schedule of distributable funds Dec. 31

EUR millions	2001	2000	2001	2000
Other funds	**43.7**	43.7	**43.7**	43.7
Retained earnings	**185.2**	187.9	**22.3**	27.5
Depreciation difference entered in capital and reserves	**-61.6**	-61.3		
Net profit for the financial year	**34.8**	27.9	**67.8**	25.5
Total	**202.1**	198.3	**133.9**	96.7

Depreciation reserve

EUR millions	2001	2000
Accumulated depreciation difference included in capital and reserves	**61.6**	61.3
Deferred tax liability	**25.1**	25.0

22. The parent company's share capital is divided between share series as follows

Par value € 2,00	Number of shares	EUR millions
Series A shares (10 votes each)	24 868 893	49.7
Series B shares (1 vote each)	26 514 084	53.0
Total	51 382 977	102.8

23. Obligatory provisions

Obligatory provisions in 2001 include a total of EUR 1.8 million of future rental, salary and other expenses connected with winding up the Seppälä Division’s operations in Sweden.

It has been stated in the Notes to the 1998, 1999 and 2000 accounts that there was pending in the Helsinki District Court a legal action in which the Russian company A/O Frunzenskjy Trade House demanded from Stockmann compensation following the company’s withdrawal in 1994 from the department store project it had planned to realize in St Petersburg. A settlement was reached in the case in September 2001 and the plaintiff cancelled its suit. The settlement did not have an effect on Stockmann’s earnings.

24. Deferred taxes liability

EUR millions	2001	2000
Deferred tax liability from depreciation reserve	**25.1**	25.0
Periodization differences	**0.8**	0.8
Total	**25.9**	25.8

NOTES TO THE BALANCE SHEET	STOCKMANN GROUP 2001	2000	STOCKMANN plc 2001	2000
25. Loans with maturities longer than five years				
EUR millions				
Pension loans		0.3		0.3
Total		0.3		0.3
26. Essential items in accruals and prepaid income				
EUR millions				
Accrued salaries and wages	**6.3**	5.0	**5.2**	4.2
Accrued holiday pay	**16.7**	15.2	**12.3**	11.0
Accrued interest	**0.5**	0.6	**0.5**	0.6
Returns provision for mail order sales	**1.6**	1.1		
Accrued taxes	**1.6**	0.4		
Accrued rents	**0.3**	0.2		
Other accruals	**7.7**	7.0	**6.1**	5.6
Total	**34.6**	29.4	**24.1**	21.3
27. Creditors				
EUR millions				
Deferred tax liability	**25.9**	25.8		
Non-current interest-bearing liabilities	**43.7**	43.9	**43.7**	43.9
Current interest-bearing liabilities	**28.0**	43.8	**28.0**	43.2
Current non-interest-bearing liabilities	**122.7**	131.3	**106.6**	143.5
Total	**220.3**	244.9	**178.2**	230.7
28. Security pledged, contingent liabilities and other commitments				
EUR millions				
Security pledged				
Liabilities for which mortgages on real-estate have been lodged as security				
Pension loans Dec. 31	**1.3**	1.5	**1.3**	1.5
Mortgages given	**1.8**	1.8	**1.8**	1.8
Mortgages pledged as security, total	**1.8**	1.8	**1.8**	1.8
Other security pledged for loans of the company				
Mortgages given	**1.7**	1.8		0.1
Security pledged	**0.1**	0.1	**0.1**	0.1
Total	**1.8**	1.8	**0.1**	0.2
Security pledged on behalf of Group undertakings				
Guarantees			**0.6**	1.1
Total			**0.6**	1.1
Security pledged on behalf of associated companies				
Guarantees	**0.5**		**0.5**	
Total	**0.5**		**0.5**	
Leasing commitments				
Payable during the 2002 financial year	**0.4**	0.4	**0.3**	0.3
Payable at a later date	**0.5**	0.4	**0.4**	0.2
Total	**1.0**	0.8	**0.7**	0.5
Other own commitments				
Repurchase commitments for transferred leasing and hire purchase agreements	**59.7**	48.3	**59.7**	48.0
Total	**59.7**	48.3	**59.7**	48.0
Commitments, total				
Mortgages	**3.4**	3.5	**1.8**	1.9
Pledges	**0.1**	0.1	**0.1**	0.1
Guarantees	**0.5**		**1.1**	1.1
Other commitments	**60.7**	49.1	**60.4**	48.6
Total	**64.7**	52.7	**63.3**	51.6

29. Pension liabilities

The pension liabilities of Group companies are insured with outside pension insurance companies.
The international subsidiaries have taken care of the employee pension arrangements in accordance with local legislation.
The pension liabilities are fully covered.

NOTES TO THE BALANCE SHEET

30. Derivative instruments of the Group

EUR millions	Underlying amount at December 31, 2001	Remaining open at December 31, 2001
Interest rate derivatives		
Interest rate swaps	70.0	70.0
Foreign exchange derivatives		
Forward agreements	30.3	30.3

If all derivative instruments had been closed on December 31, 2001, the net result would have been EUR -0.3 million. Forward exchange contracts have been taken out to hedge future operational cash flows.

The principles of managing Stockmann's financial risks are discussed on page 40 of the Annual Report.

PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

According to the Consolidated Balance Sheet, the distributable funds at December 31, 2001, were EUR 202.1 million.

The parent company's distributable funds according to the balance sheet at December 31, 2001, were EUR 133.9 million.

According to the Parent Company Balance Sheet at December 31, 2001, the following amounts are at the disposal of the Annual General Meeting:

• retained earnings, including the Contingency fund	EUR 66 026 167.98
• net profit for the financial year	EUR 67 825 819.40
	EUR 133 851 987.38

The Board of Directors proposes that this amount be distributed as follows:

• a dividend of EUR 0.60 per share be paid for the 2001 financial year on the 50 969 977 shares owned by external parties	EUR 30 581 986.20
• to be set aside for benevolent purposes	EUR 85 000.00
• to be carried forward to the Contingency fund and Retained earnings	EUR 103 185 001.18
	EUR 133 851 987.38

Helsinki, February 26, 2002

BOARD OF DIRECTORS

Lasse Koivu

Erik Anderson *Erkki Etola* *Eva Liljeblom*

Kari Niemistö *Christoffer Taxell* *Henry Wiklund*

To the shareholders of Stockmann plc

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Stockmann plc for the year ended 31 December 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administation.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. Consolidated and parent company income statements and balance sheets can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the distributable funds is in compliance with the Finnish Companies Act.

Helsinki, 1 March 2002

Wilhelm Holmberg
Authorized Public Accountant

Krister Hamberg
Authorized Public Accountant

CONTACT INFORMATION

CORPORATE MANAGEMENT AND ADMINISTRATION

Aleksanterinkatu 52 B
P.O.Box 220, FIN-00101 HELSINKI
Tel. +358 9 1211
Fax +358 9 121 3101
www.stockmann.fi
E-mail: first name.surname@stockmann.fi

Managing Director *Hannu Penttilä*

Deputy Managing Director *Henri Bucht,* responsible for the Hobby Hall Division

Accounting Manager
Eva Mansikka-Mikkola
Chief Financial Officer
Pekka Vähähyyppä
Company Lawyer *Jukka Naulapää*
Corporate Communications, Manager
Juhana Häme
Financial Manager *Pirkko Salminen*
Information Technology, Director
Päivi Hokkanen
Internal Audit, Manager
Tapio Helle
Personnel Director
Merja Lönnroth-Laaksonen
Technical Manager *Thomas Lönnberg*

DEPARTMENT STORE DIVISION

Kutomotie 1 C
P.O.Box 147, FIN-00381 HELSINKI
Tel. +358 9 121 51
Fax + 358 9 121 5812

LOYAL CUSTOMER SERVICE

Tel. +358 203 50203
E-mail: loyalcustomer@stockmann.fi

PURCHASING

Fax +358 9 121 5960 women's fashion, +358 9 121 5665 men's fashion, +358 9 121 5839 women's accessories and cosmetics, +358 9 121 5299 children's and youth's fashion, home interior and household, sports and hobbies, +358 9 121 5671 food, +358 0 121 5995 consumer electronics

MARKETING

Fax +358 9 121 5512

MANAGEMENT

Jukka Hienonen, Director of the Department Store Division
Karl Stockmann, Helsinki Department Store and Department Stores in Finland
Jussi Kuutsa, International Operations
Maaret Kuisma, Marketing
Leena Lassila, Purchasing: Fashion
Lars Eklundh, Purchasing: Non-fashion Goods, International Operations
Risto Penttilä, Administration

HELSINKI DEPARTMENT STORE

Aleksanterinkatu 52
P.O.Box 220, FIN-00101 HELSINKI
Tel. +358 9 1211
Fax +358 9 121 3632

Export and Shopping Service
Fax +358 9 121 3267

Business to Business Service
Fax +358 9 121 3782

Karl Stockmann, Director

ITÄKESKUS DEPARTMENT STORE

Itäkatu 1-5 C 124,
FIN-00930 HELSINKI
Tel. +358 9 121 461
Fax +358 9 121 4655

Pirjo Pyykkö, Director

OULU DEPARTMENT STORE

Kirkkokatu 14
P.O. Box 230, FIN-90101 OULU
Tel. +358 8 317 9411
Fax +358 8 317 9433

Pentti Korhonen, Director

TAMPERE DEPARTMENT STORE

Hämeenkatu 4
P.O.Box 291, FIN-33101 TAMPERE
Tel. +358 3 248 0111
Fax +358 3 213 3573

Eija Vartila, Director

TAPIOLA DEPARTMENT STORE

Länsituulentie 5, FIN-02100 ESPOO
Tel. +358 9 121 21
Fax +358 9 121 2269

Anja Taina, Director

TURKU DEPARTMENT STORE

Yliopistonkatu 22
P.O.Box 626, FIN-20101 TURKU
Tel. +358 2 265 6611
Fax +358 2 265 6714

Juha Oksanen, Director

INTERNATIONAL OPERATIONS

Joint Operations
Kutomotie 1 C
P.O.Box 147, FIN-00381 HELSINKI
Tel. +358 9 121 51
Fax +358 9 121 5250

Jussi Kuutsa, Director

Russia
Moscow Office
ZAO Kalinka-Stockmann
Proezd Olminskogo 3 a
129085 MOSCOW, Russia
Tel. +7 095 974 0122
Fax +7 095 282 0189

Stores
Moscow:
ZAO Kalinka Stockmann
Smolenskaya Department Store
Smolenskaya Ploshad, 3/5
121099 MOSCOW, Russia
Tel. +7 095 785 2500
Fax +7 095 785 2505

Jussi Tuisku, Director

Leninsky boutique
Leninsky Prospect 73/8
117296 MOSCOW, Russia
Tel. +7 095 134 3546
Fax +7 095 134 3546

St Petersburg:
Fashion Store
Nevsky Prospect 25
191186 ST PETERSBURG, Russia
Tel. +7 812 326 2638
Fax +7 812 326 2647

Supermarket
Finlandsky Prospect 1
194175 ST PETERSBURG, Russia
Tel. +7 812 542 2297
Fax +7 812 542 8866

Estonia
Stockmann AS
Tallinn Department Store
Liivalaia 53
10145 TALLINN, Estonia
Tel. +372 6 339 500
Fax +372 6 339 556

Maisa Romanainen, Director (substitute from April 1, 2002: *Harri Saarto)*

ACADEMIC BOOKSTORE

Keskuskatu 1
P.O.Box 128, FIN-00101 HELSINKI
Tel. +358 9 121 41
Fax +358 9 121 4245
www.akateeminen.com

Stig-Björn Nyberg, Director

Bookstores
Helsinki centre, Itäkeskus, Tapiola, Tampere, Turku

VEHICLE DIVISION

Kutomotie 1 A
P.O.Box 157, FIN-00381 HELSINKI
Tel. +358 9 121 51
Fax +358 9 121 5401

MANAGEMENT

Esa Mäkinen, Director
Fredrik Eklundh, Ford
Eero Lemberg, After Sales Development
Markku Lönnqvist, VW, Audi
Kalevi Tikka, Trade-in Vehicles
Tuija Ylinen, Financial Administration

FORD

Stockmann Auto
HELSINKI, Herttoniemi
Valurinkatu 1
FIN-00810 HELSINKI
Tel. +358 9 121 481
Fax +358 9 121 4848

HELSINKI, Pitäjänmäki
Kutomotie 1 A
P.O.Box 157, FIN-00381 HELSINKI
Tel. +358 9 121 51
Fax +358 9 121 5401

ESPOO, Niittykumpu
Kotitontuntie 2
FIN-02200 ESPOO
Tel. +358 9 525 9300
Fax +358 9 412 3225

VANTAA, Tikkurila
Kuriiritie 19
FIN-01510 VANTAA
Tel. +358 9 121 6500
Fax +358 9 121 6505

TURKU
Satakunnantie 164
FIN-20320 TURKU
Tel. +358 2 273 6900
Fax +358 2 273 6940

MITSUBISHI, SKODA
AutoCenter Stockmann
HELSINKI, Lauttasaari
Vattuniemenkatu 27
FIN-00210 HELSINKI
Tel. +358 9 673 261
Fax +358 9 692 2045

TAMPERE, Hatanpää
Lahdenperänkatu 3
FIN-33900 TAMPERE
Tel. +358 3 3123 4111
Fax +358 3 3123 4129

VOLKSWAGEN, AUDI
HELSINKI, Herttoniemi
Mekaanikonkatu 10
FIN-00810 HELSINKI
Tel. +358 9 121 721
Fax +358 9 121 7300

HELSINKI, Kruununhaka
(Service)
Mariankatu 22
FIN-00170 HELSINKI
Tel. +358 9 121 51
Fax +358 9 121 5637

HELSINKI, Pitäjänmäki
Kutomotie 1 A
P.O.Box 157, FIN-00381 HELSINKI
Tel. +358 9 121 51
Fax +358 9 121 5401

HELSINKI, Pitäjänmäki
(Service and Body Shop)
Takkatie 7 a
FIN-00370 HELSINKI
Tel. +358 9 121 645
Fax. +358 9 121 6464

ESPOO, Suomenoja
Isonniitynkuja 2
FIN-02270 ESPOO
Tel. +358 9 804 601
Fax +358 9 8046 0222

ESPOO, Suomenoja
(Service)
Martinkuja 6
FIN-02270 ESPOO
Tel. +358 9 8046 0321
Fax +358 9 8046 0320

VOLKSWAGEN (Service also AUDI)
VANTAA, Seutula
Kiitoradantie 2
FIN-01530 VANTAA
Tel. +358 9 825 991
Fax +358 9 821 280

INSTITUTIONAL SALES OF SPARE PARTS
(all product lines)
HELSINKI, Pitäjänmäki
Takkatie 7 a
FIN-00370 HELSINKI
Tel. +358 9 121 6405
Fax. +358 9 121 6400

HOBBY HALL DIVISION

Hämeentie 157
FIN-00560 HELSINKI
Tel. +358 9 777 611
Fax +358 9 7776 1381
www.hobbyhall.fi
E-mail: first name.surname@hobbyhall.fi

MANAGEMENT
Henri Bucht, Director of Hobby Hall Division
Veikko Syvänen, Mail Order Sales Finland, Estonia, Latvia
Pekka Polvinen, Online Operations
Seppo Jurvainen, Data Management
Vesa Tuuri, Logistics
Tuomas Sahi, Development of Functions, stores in Finland
Teija Niemi, Finance

CUSTOMER SERVICE
Tel. +358 106 7722
E-mail: asiakaspalvelu@hobbyhall.fi

LOGISTICS CENTRES
Tahkotie 2
FIN-01740 VANTAA
Tel. +358 9 777 611
Fax +358 9 7776 1481

Valimotie 11
FIN-01510 VANTAA
Tel. +358 9 777 611
Fax +358 9 7776 1597

STORES
Hämeentie 157
FIN-00560 HELSINKI
Tel. +358 9 7776 1286
Fax +358 9 7776 1290

Kuitinmäentie 27
FIN-02240 ESPOO
Tel. +358 9 7776 1606
Fax +358 9 7776 1657

Valimotie 11
FIN-01510 VANTAA
Tel. +358 9 7776 1425
Fax +358 9 7776 1614

Sammon valtatie 2
FIN-33530 TAMPERE
Tel. +358 3 3123 2000
Fax +358 3 3123 2010

ESTONIA
Customer Service
Tel. +372 6 339 600
Fax +372 6 339 603
www.hobbyhall.com

Stores
Maakri 25
10145 TALLINN, Estonia
Tel. +372 6 339 623
Fax +372 6 339 654

Toompuiestee 33 A
10149 TALLINN, Estonia
Tel. +372 6 684 263
Fax +372 6 684 269

LATVIA
Customer Service
Tel. +371 7073 200
Fax +371 7073 215

SEPPÄLÄ

Tikkurilantie 146
P.O.Box 234, FIN-01531 VANTAA
Tel. +358 9 825 981
Fax +358 9 825 1100

MANAGEMENT
Heikki Väänänen, Managing Director
Jussi Kumpulainen, Financial Administration
Nina Laine-Haaja, Stores Functions
Sinikka Salminen, Logistics
Tiina Kuusisto, Marketing
Memme Ilmakunnas, Children's and Men's Wear, Cosmetics
Anja Rissanen, Ladies' Wear

Stores in Finland:
Alajärvi, Espoo (4), Forssa, Hamina, Haukipudas, Heinola, Helsinki (7), Hollola, Huittinen, Hyvinkää, Hämeenlinna (2), Iisalmi, Imatra (2), Joensuu (2), Jyväskylä (3), Jämsä, Järvenpää, Kaarina, Kajaani (2), Kangasala, Kankaanpää, Karhula (2), Kauhajoki, Kauhava, Kemi, Kemijärvi, Kempele, Kerava, Keuruu, Kirkkonummi, Klaukkala, Kokkola (2), Kotka, Kouvola (3), Kuopio (3), Kurikka, Kuusamo, Kuusankoski, Lahti (4), Lappeenranta (2), Lapua, Laukaa, Lempäälä, Lieksa, Lohja, Loimaa, Loviisa, Mikkeli, Muurame, Mäntsälä, Naantali, Nastola, Nivala, Nokia, Orimattila, Oulu (3), Palokka, Parainen, Pello, Pieksämäki, Pietarsaari, Pirkkala, Pori (2), Porvoo, Raahe, Rauma, Raisio, Riihimäki, Rovaniemi, Salo, Savonlinna, Seinäjoki (2), Siilinjärvi, Sodankylä, Tammisaari, Tampere (5), Tornio, Turku (6), Uusikaupunki, Vaasa, Valkeakoski, Vammala, Vantaa (5), Varkaus, Ylivieska, Ylöjärvi, Äänekoski.

Stores in Estonia:
Haapsalu, Kohtla-Järve, Narva, Pärnu, Tallinn (4), Tartu (2), Viljandi

ALEKSANTERINKATU 52 B
P.O.BOX 220
FIN-00101 HELSINKI
TEL. +358 9 1211
WWW.STOCKMANN.FI