

Report for the third quarter of the financial year 2008/2009

Satisfactory earnings in a weak market

Third quarter (March– May 2009)

- KappAhl's net sales (excluding VAT) for the period amounted to SEK 1,206 (1,140) million, an increase of 5.8 per cent.
- The operating profit was SEK 109 (145) million.
- The gross margin was 60.4 (63.8) per cent and the operating margin was 9.0 (12.7) per cent.
- Profit after tax was SEK 62 (112) million, which is equivalent to SEK 0.83 (1.49) per share.
- Cash flow from operating activities was SEK 144 (221) million.

Nine months (September 2008 - May 2009)

- KappAhl's net sales for the period amounted to SEK 3,640 (3,519) million, an increase of 3.4 per cent.
- The operating profit was SEK 350 (469) million.
- The gross margin was 61.0 (62.5) per cent and the operating margin was 9.6 (13.3) per cent.
- Profit after tax was SEK 209 (324) million, which is equivalent to SEK 2.79 (4.32) per share.
- Cash flow from operating activities was SEK 404 (600) million.

CEO's comments



Christian W.
Jansson

The economy continues to be poor, which also affects retail fashion, and we estimate that this situation will last some time. So it is gratifying that we continue to live up to both the operative and the financial goals we communicated earlier.

It is satisfying that our business concept allows us to cope better than average since our offer gives a lot of fashion for the money. Despite the clear drop in the market we increased sales and are strengthening our position. We also still have a good operating margin in a market where the number of offers and clearance sales has markedly increased.

We continue to expand our network of stores and in the last quarter opened 13 new stores across all our four markets. In the autumn we will also be opening in a fifth country with a store in Brno in the southern Czech Republic.

Inventory control is of extra importance in a weak market and I am satisfied that we are leaving the third quarter with an inventory that continues to be well-balanced.

For further information, please contact

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KappAhl is a leading fashion chain with more than 300 stores and 4,500 employees in Sweden, Norway, Finland and Poland. KappAhl sells value-for-money fashion with a wide appeal – to women, men and children – and focuses in particular on women aged 30-50. All clothes are from our own designers. In the twelve-month period ending 31 August 2008 KappAhl's net sales were SEK 4.6 billion and operating profit was SEK 651 million. KappAhl is a listed company. In 1999 KappAhl was the first fashion chain to be environmentally certified. Further information is available at www.kappahl.com/jr.

Comments on the third quarter

Net sales and results

KappAhl's net sales (excluding VAT) for the quarter amounted to SEK 1,206 (1,140) million, an increase of 5.8 per cent. The growth is explained by: the effect of new and closed stores, +6,9 per cent; change in comparable stores, -3,6 per cent and translation differences (mainly EUR and NOK) totalling +2.4 per cent.

Growth from new stores continues to increase and is now the highest since the company was listed. This contributes positively both to net sales and earnings.

Gross profit for the quarter was SEK 728 (727) million, which corresponds to a gross margin of 60.4 (63.8) per cent. The gross margin was negatively affected by foreign exchange factors and by the market being characterised by many price reductions. For several years the company has succeeded in increasing its gross margin, making it now among the best in the industry. From that initial position and with the weak market we are now experiencing the gross margin in itself is not the main thing; there is increasing focus on volume.

Selling and administrative expenses for the quarter totalled SEK 619 (582) million. The increase is largely due to new stores. If sales in comparable stores decline, this normally leads to an increase in the cost share. During the quarter this was offset by savings, so that the cost share is by and large unchanged compared with the previous year.

The operating profit was SEK 109 (145) million, which is equivalent to an operating margin of 9.0 (12.7) per cent.

Depreciation according to plan was SEK 58 (54) million.

Net financial income was SEK -23 (3) million for the quarter, where the previous year's figure included a non-recurring item of SEK 23 million in connection with the acquisition of real property (see note 3). Profit after financial items was SEK 86 (148) million and the profit after estimated tax was SEK 62 (112) million. Earnings per share for the quarter were SEK 0.83 (1.49).

Store network

During the quarter we opened 13 new stores, five in Sweden, three in Poland, three in Norway and two in Finland. No stores were closed. At the end of the period the total number of stores was 318 (285). Of these, 145 are in Sweden, 91 in Norway, 53 in Finland and 29 in Poland.

Cash flow

KappAhl's cash flow from operating activities amounted to SEK 144 (221) million in the quarter and cash flow after investments amounted to SEK 102 (-308) million. Last year's cash flow included the acquisition of real property. Net interest-bearing liabilities decreased during the period to SEK 105 million, mainly due to operating earnings.

Financing and liquidity

Interest-bearing net debt at the end of the period was SEK 2,120 million, compared with SEK 2,082 million as at 31 May 2008. The net interest-bearing liabilities/EBITDA ratio was 2.8 (2.4) at the close of the period.

Cash and cash equivalents amounted to SEK 14 million as at 31 May 2009. At the period close there were unutilised credit facilities of about SEK 500 million.

Comments on the nine months

Market

The poor economy has made consumers more careful with the money they actually have, which leads to an increase in savings in the economy. This primarily affects more expensive capital goods but retail fashion is also affected. KappAhl's concept stands up well in this difficult market and market share is increasing. There are now some positive signs in economic activity, which may make consumers somewhat more positive, but at the same time unemployment will continue to rise, which will have a restraining effect on the economy.

Net sales

KappAhl's net sales for the nine-month period amounted to SEK 3,640 (3,519) million, an increase of 3.4 per cent. This consists of: new and closed stores, +5.5 per cent; development of comparable stores, -3.8 per cent; and translation differences (mainly EUR and NOK), +1.7 per cent.

Expansion

The work of finding new store sites is proceeding according to plan. Apart from the 318 (285) stores in operation on 31 May this year, there are at present contracts for 48 new stores, of which 20 in Poland. Under the new contracts, two stores will be opened in the next quarter and one will be closed. Altogether during the 2008/2009 financial year 33 stores will be opened and four will be closed. Consequently, at year-end 319 stores will be in operation. The long-term goal to increase the number of stores by 20 to 25 per year remains.

Inventories

At the close of the period inventories amounted to SEK 584 million, an increase of SEK 29 million compared with the previous year. The increase mainly corresponds to new stores. Overall, both the size and composition of inventories are deemed to be satisfactory.

Investments

Investments of SEK 208 (644) million have been made in the nine months, mainly referring to existing and newly opened stores. Investments in the previous year included acquisition of real property for business operations, corresponding to SEK 462 million of the total amount.

Related party transactions

There were no transactions with related parties.

Cash flow

KappAhl's cash flow from operating activities amounted to SEK 404 (600) million in the nine month period and cash flow after investments amounted to SEK 196 (-44) million.

Taxes

Tax for the financial year has been calculated in accordance with each country's tax rate. For the Group this is equivalent to about 28 per cent. The Swedish Government has decided to cut corporation tax from 28 per cent to 26.3 per cent. For KappAhl this has affected deferred tax in Sweden as of the second quarter of the 2008/2009 financial year and will affect current tax for the 2009/2010 financial year. The change in tax rate has not had any material impact on the company's calculation of deferred tax; the net effect was only SEK 1 million in increased tax expense.

Risks and uncertainties

Due to the severe deterioration in the economy in autumn 2008 and on into the current calendar year, the risks associated with market developments are of course increasing. Important areas to monitor include demand and consumption patterns, the interest rate level, exchange rates etc. This may in turn affect several areas and the risk areas are monitored on a continuous basis in the Group.

In other respects, the most important strategic and operative risks affecting KappAhl's operations and industry are described in detail in the annual report for 2007/2008. These include competition in the fashion industry, economic fluctuations, fashion trends, store location and store expansion. The company's risk management is also described in the corporate governance report in the same annual report, under the section "Report on internal controls". The same applies to the Group's management of financial risks, which is described in the annual report for 2007/2008, note 22. The risks reported in other respects are estimated to be essentially unchanged and are therefore not described in detail here.

Parent Company

The Parent Company's net sales during the first nine months were SEK 16 (5) million and profit after financial items was SEK 349 (71) million. The financial items for the current year include dividend received from subsidiaries totalling SEK 426 million. The Parent Company did not make any investments during the year.

Upcoming reports

Fourth quarter (1 June–31 August)

30 September 2009

First quarter (1 September 30 November)

18 December 2009

KappAhl Holding AB (publ) discloses the information provided here pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 24 June 2009 at 07.30 a.m.

This report has not been audited by the company's auditor.

The Chief Executive Officer affirms that the report provides a true and fair view of the Parent Company's and the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the Group.

Mölnadal, 23 June 2009

KappAhl Holding AB (publ)

Christian W. Jansson
Chief Executive Officer

| Group income statement - Summary (SEK million) | Q3 2008/09 | Q3 2007/08 | Sept-May 2008/09 | Sept-May 2007/08 | Latest 12 months June-May |
|---|----------------|---------------|---------------------|---------------------|---------------------------------|
| Net sales | 1 206 | 1 140 | 3 640 | 3 519 | 4 743 |
| Cost of goods sold | -478 | -413 | -1 420 | -1 320 | -1 840 |
| Gross profit | 728 | 727 | 2 220 | 2 199 | 2 903 |
| Selling expenses | Note 1 -587 | -547 | -1 766 | -1 626 | -2 246 |
| Administrative expenses | -32 | -35 | -104 | -104 | -136 |
| Other operating income | Note 2 - | - | - | - | 11 |
| Operating profit | 109 | 145 | 350 | 469 | 532 |
| Financial income | Note 3 0 | 24 | 1 | 30 | 6 |
| Financial expenses | -23 | -21 | -61 | -57 | -92 |
| Profit after financial items | 86 | 148 | 290 | 442 | 446 |
| Tax | -24 | -36 | -81 | -118 | -124 |
| Net profit | 62 | 112 | 209 | 324 | 322 |
| Earnings per share, SEK | 0,83 | 1,49 | 2,79 | 4,32 | 4,29 |
| Earnings per share after dilution, SEK | 0,83 | 1,49 | 2,79 | 4,32 | 4,29 |

| Group Balance Sheet - Summary (SEK million) | 31 May 09 | 31 May 08 | 31 Aug 08 |
|--|-----------------|--------------|--------------|
| Tangible assets | Note 3 1 066 | 1 026 | 1 032 |
| Intangible assets* | 1 343 | 1 342 | 1 344 |
| Deferred tax assets | Note 4 110 | 363 | 71 |
| Inventories | 584 | 555 | 622 |
| Other operating receivables | 145 | 147 | 146 |
| Cash and cash equivalents | 14 | 32 | 32 |
| Total assets | 3 262 | 3 465 | 3 247 |
| Equity | 316 | 395 | 531 |
| Interest-bearing long-term liabilities | 2 028 | 1 332 | 1 229 |
| Non-interest-bearing long-term liabilities | Note 4 2 | 272 | 16 |
| Interest-bearing current liabilities | 106 | 782 | 782 |
| Non-interest-bearing current liabilities | 810 | 684 | 689 |
| Total equity and liabilities | 3 262 | 3 465 | 3 247 |
| *of which goodwill | 696 | 696 | 696 |
| *of which trademarks | 610 | 610 | 610 |

| Group cash flow statement - Summary (SEK million) | Q3 2008/09 | Q3 2007/08 | Sept-May 2008/09 | Sept-May 2007/08 |
|--|---------------|---------------|---------------------|---------------------|
| Cash flow from operating activities before changes in working capital | 108 | 156 | 396 | 522 |
| Changes in working capital | 36 | 65 | 8 | 78 |
| Cash flow from operating activities | 144 | 221 | 404 | 600 |
| Cash flow from investing activities | -42 | -529 | -208 | -644 |
| Cash flow after investments | 102 | -308 | 196 | -44 |
| Change in bank overdraft facility | -103 | 304 | 124 | 841 |
| Redemption of shares/Dividend | 0 | 0 | -338 | -825 |
| Cash flow from financing activities | -103 | 304 | -214 | 16 |
| Cash flow for the period | -1 | -4 | -18 | -28 |
| Cash and cash equivalents at beginning of the period | 15 | 36 | 32 | 60 |
| Cash and cash equivalents at the end of the period | 14 | 32 | 14 | 32 |

| Specification of changes in the Group's equity | Sept-May 2008/09 | Sept-May 2007/08 |
|--|------------------|------------------|
| Opening equity | 531 | 890 |
| Translation differences for the period | 7 | 16 |
| Change in fair value reserves | -93 | -10 |
| Dividend | -338 | - |
| Redemption of shares | - | -825 |
| Profit for the period | 209 | 324 |
| Closing equity | 316 | 395 |

| Number of stores per country | 30 May 08 | 30 Aug 08 | 30 Nov 08 | 28 Feb 09 | 31 May 09 |
|------------------------------|------------|------------|------------|------------|------------|
| Sweden | 135 | 138 | 141 | 140 | 145 |
| Norway | 86 | 87 | 89 | 88 | 91 |
| Finland | 45 | 46 | 50 | 51 | 53 |
| Poland | 19 | 20 | 26 | 26 | 29 |
| Total | 285 | 291 | 306 | 305 | 318 |

| Sales per country | Q3 2008/09 | Q3 2007/08 | Change SEK % | Change local currency % |
|-------------------|--------------|--------------|--------------|-------------------------|
| Sweden | 637 | 632 | 0,8% | 0,8% |
| Norway | 328 | 307 | 6,8% | 2,0% |
| Finland | 169 | 138 | 22,5% | 6,0% |
| Poland | 72 | 63 | 14,3% | 26,3% |
| Total | 1 206 | 1 140 | 5,8% | |

| Sales per country | Sept-May 2008/09 | Sept-May 2007/08 | Change SEK % | Change local currency % |
|-------------------|------------------|------------------|--------------|-------------------------|
| Sweden | 1952 | 1 947 | 0,2% | 0,2% |
| Norway | 994 | 986 | 0,8% | -0,7% |
| Finland | 487 | 416 | 17,1% | 4,1% |
| Poland | 207 | 170 | 21,8% | 23,2% |
| Total | 3 640 | 3 519 | 3,4% | |

| Segment reporting | Net sales Q3 2008/09 | Net sales Q3 2007/08 | Operating income Q3 2008/09 | Operating income Q3 2007/08 |
|------------------------|----------------------|----------------------|-----------------------------|-----------------------------|
| Nordic countries | 1 134 | 1 078 | 148 | 180 |
| Poland | 72 | 63 | 2 | 2 |
| Intercompany expenses* | - | - | -41 | -37 |
| Total | 1206 | 1140 | 109 | 145 |

* see below

| Segment reporting | Net sales Q3 2008/09 | Net sales Q3 2007/08 | Operating income Q3 2008/09 | Operating income Q3 2007/08 |
|------------------------|----------------------|----------------------|-----------------------------|-----------------------------|
| Nordic countries | 3 433 | 3350 | 479 | 580 |
| Poland | 207 | 170 | 5 | 10 |
| Intercompany expenses* | - | - | -128 | -121 |
| Total | 3640 | 3519 | 356 | 469 |

* Separately disclosure has been made of intercompany costs for the current financial year and also the comparison year has been adjusted. See below in Accounting policies.

| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
|--|------------------|--------------------|--------------------|----------------------|---------------------|------------------------|-----------------------|----------------------|
| Quarterly income statement (SEK million) | June–Aug 2005 | Sep–Nov 2005/06 | Dec–Feb 2005/06 | March–May 2005/06 | June–Aug 2005/06 | Sept–Nov 2006/07 1) | Dec–Feb 2006/07 1) | March–May 2006/07 |
| Net sales | 987 | 1 152 | 1 026 | 1 029 | 1 010 | 1 189 | 1 088 | 1 106 |
| Cost of goods sold | -390 | -476 | -437 | -392 | -371 | -449 | -460 | -417 |
| Gross profit | 597 | 676 | 589 | 637 | 639 | 740 | 628 | 689 |
| Selling expenses | -447 | -487 | -468 | -477 | -431 | -517 | -484 | -528 |
| Administrative expenses | Note 5 | -39 | -33 | -40 | -35 | -37 | -40 | -32 |
| Other operating income | - | - | - | - | - | - | 13 | 3 |
| Other operating expenses | - | - | - | - | - | - | - | - |
| Operating profit | 119 | 150 | 88 | 120 | 173 | 186 | 117 | 132 |
| Financial income | 3 | 1 | 2 | 0 | 0 | 2 | 10 | 11 |
| Financial expenses | -48 | -19 | -64 | -18 | -12 | -16 | -33 | -32 |
| Profit after financial items | 74 | 132 | 26 | 102 | 161 | 172 | 94 | 111 |
| Tax | Note 6 | -36 | -7 | -29 | -45 | -49 | 244 | -32 |
| Net profit | 63 | 96 | 19 | 73 | 116 | 123 | 338 | 79 |
| Operating margin | 12,1% | 13,0% | 8,6% | 11,7% | 17,1% | 15,6% | 10,8% | 11,9% |
| Earnings per share, SEK | 0,84 | 1,28 | 0,25 | 0,97 | 1,54 | 1,64 | 4,50 | 1,05 |
| Earnings per share after dilution, SEK | 0,84 | 1,28 | 0,25 | 0,97 | 1,54 | 1,64 | 4,50 | 1,05 |

1) Reclassification of SEK 4 million between Selling expenses and Administrative expenses.

| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
|--|---------------------|---------------------|--------------------|----------------------|---------------------|---------------------|--------------------|----------------------|
| Quarterly income statement (SEK million) | June-Aug 2006/07 | Sept-Nov 2007/08 | Dec-Feb 2007/08 | March-May 2007/08 | June-Aug 2007/08 | Sept-Nov 2008/09 | Dec-Feb 2008/09 | March-May 2008/09 |
| Net sales | 1 090 | 1 247 | 1 132 | 1 140 | 1 103 | 1 266 | 1 168 | 1 206 |
| Cost of goods sold | -412 | -450 | -457 | -413 | -420 | -452 | -490 | -478 |
| Gross profit | 678 | 797 | 675 | 727 | 683 | 814 | 678 | 728 |
| Selling expenses | -456 | -558 | -521 | -547 | -480 | -605 | -574 | -587 |
| Administrative expenses | Note 5 | -33 | -36 | -35 | -32 | -33 | -39 | -32 |
| Other operating income | - | - | - | - | 11 | - | - | - |
| Other operating expenses | -6 | - | - | - | - | - | - | - |
| Operating profit | 183 | 206 | 118 | 145 | 182 | 176 | 65 | 109 |
| Financial income | 0 | 3 | 3 | 21 | 0 | 3 | 3 | 0 |
| Financial expenses | -16 | -18 | -18 | -18 | -26 | -22 | -21 | -23 |
| Profit after financial items | 167 | 191 | 103 | 148 | 156 | 157 | 47 | 86 |
| Tax | Note 6 | -48 | -53 | -36 | -43 | -44 | -13 | -24 |
| Net profit | 119 | 138 | 74 | 112 | 113 | 113 | 34 | 62 |
| Operating margin | 16,8% | 16,5% | 10,4% | 12,7% | 16,5% | 13,9% | 5,6% | 9,0% |
| Earnings per share, SEK | 1,59 | 1,84 | 0,99 | 1,49 | 1,51 | 1,51 | 0,45 | 0,83 |
| Earnings per share after dilution, SEK | 1,59 | 1,84 | 0,99 | 1,49 | 1,51 | 1,51 | 0,45 | 0,83 |

1) Reclassification of SEK 4 million between Selling expenses and Administrative expenses.

| Yearly income statement (SEK million) | | Sept-Aug 2005/06 | Sept-Aug 2006/07 | Sept-Aug 2007/08 |
|--|--------|---------------------|---------------------|---------------------|
| Net sales | | 4 217 | 4 473 | 4 622 |
| Cost of goods sold | | -1 677 | -1 738 | -1 740 |
| Gross profit | | 2 540 | 2 735 | 2 882 |
| Selling expenses | Note 1 | -1 863 | -1 985 | -2 106 |
| Administrative expenses | Note 5 | -147 | -142 | -136 |
| Other operating income | Note 2 | - | 16 | 11 |
| Other operating expenses | | - | -6 | - |
| Operating profit | | 530 | 618 | 651 |
| Financial income | Note 3 | 2 | 23 | 27 |
| Financial expenses | | -113 | -97 | -80 |
| Profit after financial items | | 419 | 544 | 598 |
| Tax | Note 6 | -117 | 115 | -162 |
| Net profit | | 302 | 659 | 436 |
| Operating margin | | 12,6% | 13,8% | 14,1% |
| Earnings per share, SEK | | 4,02 | 8,78 | 5,81 |
| Earnings per share after dilution, SEK | | 4,02 | 8,78 | 5,81 |

| Parent company income statement - Summary (SEK million) | Q3 2008/09 | Q3 2007/08 | Sept-May 2008/09 | Sept-May 2007/08 | Latest 12 months June-May |
|--|---------------|---------------|---------------------|---------------------|---------------------------------|
| Net sales | 7 | 1 | 16 | 5 | 18 |
| Cost of goods sold | - | - | - | - | - |
| Gross profit | 7 | 1 | 16 | 5 | 18 |
| Selling expenses | - | - | - | - | - |
| Administrative expenses | -9 | -2 | -23 | -6 | -25 |
| Other operating income | - | - | - | - | - |
| Operating profit | -2 | -1 | -7 | -1 | -7 |
| Result from participations in group companies | 0 | 0 | 426 | 139 | 426 |
| Financial income | 1 | 2 | 5 | 5 | 6 |
| Financial expenses | -23 | -19 | -75 | -72 | -102 |
| Profit after financial items | -24 | -18 | 349 | 71 | 323 |
| Tax | 0 | 10 | 15 | 14 | 27 |
| Net profit | -24 | -8 | 364 | 85 | 350 |

| Parent company Balance Sheet - Summary (SEK million) | 31 May 09 | 31 May 08 | 31 Aug 08 |
|---|--------------|--------------|--------------|
| Tangible assets | - | - | - |
| Financial assets | 3 144 | 3 149 | 3 144 |
| Deferred tax assets | 36 | 15 | - |
| Inventories | - | - | - |
| Other operating receivables | 306 | 182 | 288 |
| Cash and cash equivalents | - | - | - |
| Total assets | 3 486 | 3 346 | 3 432 |
| Equity | 857 | 849 | 902 |
| Interest-bearing long-term liabilities | 2 427 | 1 703 | 1 726 |
| Deferred tax liabilities | 0 | 6 | 6 |
| Interest-bearing current liabilities | 111 | 782 | 789 |
| Non-interest-bearing current liabilities | 91 | 6 | 9 |
| Total equity and liabilities | 3 486 | 3 346 | 3 432 |

| Key ratios | Q3 | Q3 | Sept-May | Sept-May | Latest |
|---|------------|------------|------------|------------|-----------------------|
| | 2008/09 | 2007/08 | 2008/09 | 2007/08 | 12 months June-May |
| Growth in sales | 5,8% | 3,1% | 3,4% | 4,0% | 2,2% |
| Earnings per share, SEK | 0,83 | 1,49 | 2,79 | 4,32 | 4,29 |
| Total depreciation/amortisation | 58 | 54 | 174 | 163 | 232 |
| Operating result (EBIT) | 109 | 145 | 350 | 469 | 532 |
| Gross margin | 60,4% | 63,8% | 61,0% | 62,5% | 61,2% |
| Operating margin | 9,0% | 12,7% | 9,6% | 13,3% | 11,2% |
| Interest coverage ratio | - | - | - | - | 5,8 |
| Net interest-bearing liabilities | 2 120 | 2 082 | 2 120 | 2 082 | 2 120 |
| Net interest-bearing liabilities/EBITDA | - | - | - | - | 2,8 |
| Equity/assets ratio | 9,7% | 11,4% | 9,7% | 11,4% | 9,7% |
| Equity per share, SEK | 4,21 | 5,26 | 4,21 | 5,26 | 4,21 |
| Equity per share after dilution, SEK | 4,21 | 5,26 | 4,21 | 5,26 | 4,21 |
| Return on equity | - | - | - | - | 90,6% |
| Return on capital employed | - | - | - | - | 21,7% |
| Number of shares at the end of the period | 75 040 000 | 75 040 000 | 75 040 000 | 75 040 000 | 75 040 000 |
| Number of shares after dilution | 75 040 000 | 75 040 000 | 75 040 000 | 75 040 000 | 75 040 000 |

Definitions

| | |
|---|--|
| Earnings per share | Income after tax divided by average number of shares |
| Earnings per share after dilution | Profit after tax / average number of shares after full dilution |
| Interest coverage ratio | EBITDA / Net interest income excluding one-off items, for the previous twelve-month period |
| Net interest-bearing liabilities | Interest-bearing liabilities less liquid funds |
| Net interest-bearing liabilities/EBITDA | Net interest-bearing liabilities / EBITDA for the previous twelve-month period |
| EBITDA | Operating profit before depreciation / amortisation |
| Equity/assets ratio | Equity divided by balance sheet total |
| Equity per share | Equity / average number of shares |
| Return on equity | Net result in per centage of equity |
| Return on capital employed | Operating profit/loss plus financial income in percentage of capital employed |
| Capital employed | Balance sheet total less non interest bearing deferred tax liability. |

| KappAhl's 20 largest shareholders, 31 May 2009 | Number of shares | Percentage of shares and votes | Change |
|---|---------------------|--------------------------------------|---------------------------------|
| | | | compared with 28 Feb 2009 |
| Christian W Jansson | 12 214 700 | 16,28 | 0 |
| Paul Frankenius | 12 167 000 | 16,21 | 0 |
| Länsförsäkringar fondförvaltning AB | 3 336 619 | 4,45 | 3 336 619 |
| Swedbank Robur fonder | 2 471 342 | 3,29 | -1 217 627 |
| Catella Fondförvaltning | 2 150 348 | 2,87 | -637 709 |
| SVENSKA HANDELSBANKEN CLIENTS ACC:3 | 1 777 400 | 2,37 | -424 600 |
| State street Bank | 1 621 833 | 2,16 | 292 040 |
| SEB Investment Management | 1 410 000 | 1,88 | -3 097 |
| Handelsbanken fonder inkl XACT | 1 392 586 | 1,86 | 367 369 |
| Nordea Bank Norge Nominee | 1 342 200 | 1,79 | -450 000 |
| AKTIA SPARBANK | 1 173 900 | 1,56 | -136 100 |
| SVENSKT NÄRINGSLIV | 1 100 000 | 1,47 | -210 000 |
| JP MORGAN CHASE BANK, W9 | 1 062 314 | 1,42 | -33 540 |
| US RESIDENTS OMNIBUS LENDING A/C | 955 000 | 1,27 | -45 000 |
| DIDNER & GEORGE AKTIEFOND | 850 000 | 1,13 | 0 |
| RIKSBANKENS JUBILEUMSFOND | 780 000 | 1,04 | -193 400 |
| FORWARD INTL SMALL COMPANIES FUND | 623 331 | 0,83 | 0 |
| SWEDBANK ROBUR FÖRBUNDSFOND | 564 000 | 0,75 | 0 |
| SEB ASSET MANAGEMENT S A | 554 642 | 0,74 | -523 158 |
| AWAKE SWEDISH EQUITY FUND | 518 000 | 0,69 | -132 000 |
| Other shareholders | 26 974 785 | 35,95 | 10 203 |
| Total | 75 040 000 | 100,00 | 0 |

Accounting policies

The Group applies International Financial Reporting Standards, IFRS, adopted by the European Commission. The accounting policies are unchanged in comparison with the latest annual accounts as at 31 August, 2008, with the addition of IFRIC 13: Customer Loyalty Programmes, which is applicable from the first quarter of the 2008/2009 financial year. IFRIC 13 has been evaluated and not found to have any material impact on the Group's accounting policies for revenue recognition.

To increase comparability between the defined segments in the Group an adjustment has been made so that the part of operations that corresponds to Groupwide functions is disclosed separately. The breakdown has been made in the sales and profits specification by segment in table form above. The corresponding adjustment has been made of operating segments for the comparison year.

This report has been prepared in accordance with IAS 34. For the Parent Company the report is presented in accordance with the Swedish Annual Accounts Act and recommendation RFR 2.1 of the Swedish Financial Reporting Board.

The company has no outstanding convertible loans or warrants.

Note 1

During the 2007/2008 financial year a pension solution for employees in the Swedish operations was restructured, giving a positive non-recurring accounting effect of SEK 20 million, which impacted pension expenses for that financial year. The item is included under selling expenses in the column for the latest 12 months June-May (the period June - August 2008).

Note 2

In the 2007/2008 financial year 'Other operating income' includes an item referring to compensation for vacating a store site of SEK 11 million. The item is included in the column for the latest 12 months June-May (the period June - August 2008).

Note 3

During the 2007/2008 financial year the Group acquired the properties in which the distribution centre and head office are located, via two new companies. One finance lease was terminated as a result of the acquisition. This had a total positive effect on financial income of SEK 23 million through terminating the financial liability. The item affected the third quarter in the previous year (the period March – May 2008).

Note 4

In the latest annual accounts, as at 31 August 2008, a set-off of SEK 274 million was made between deferred tax liabilities and deferred tax assets for taxes pertaining to the Swedish tax units.

Note 5

In the period December – February 2006/2007 a reclassification of SEK 4 million was made between selling expenses and administrative expenses.

Note 6

In the period December-February 2006/2007 a deferred tax credit of SEK 269 million was posted referring to loss carry forwards in acquired companies.