

KappAhl

YEAR-END REPORT 2009/2010

Good growth

Fourth quarter (June – August 2010)

- KappAhl's net sales for the period amounted to SEK 1,290 (1,226) million, an increase of 5.2 per cent.
- The operating profit was SEK 156 (176) million.
- The gross margin was 59.6 (61.4) per cent and the operating margin was 12.1 (14.4) per cent.
- Profit after tax was SEK 125 (106) million, which is equivalent to SEK 1.67 (1.41) per share, which is positively affected by tax revenue of SEK 45 million.
- Cash flow from operating activities was SEK 222 (100) million.

Full year (September 2009 - August 2010)

- KappAhl's net sales for the period amounted to SEK 5,111 (4,866) million, an increase of 5.0 per cent.
- The operating profit was SEK 551 (526) million.
- The gross margin was 61.8 (61.1) per cent and the operating margin was 10.8 (10.8) per cent.
- Profit after tax was SEK 402 (315) million, which is equivalent to SEK 5.36 (4.20) per share, which is positively affected by tax revenue of SEK 84 million.
- Cash flow from operating activities was SEK 507 (504) million.

CEO's comments



For the full year we see the gross margin continuing very strong and well in line with the targets we have set. Growth from new stores continues to be good and we have succeeded in improving the growth rate in existing stores, though here we have more to do.

At the same time we have clearly strengthened our financial position, which is shown in an increased equity/assets ratio and reduced debt/equity ratio.

The company and the concept stand firm and there are more towns and markets where we fit in.

Christian W. Jansson, President and Chief Executive Officer

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KappAhl is a leading fashion chain with almost 350 stores and 4 800 employees in Sweden, Norway, Finland, Poland and the Czech Republic. KappAhl sells value-for-money fashion with a wide appeal – to women, men and children – and focuses in particular on women aged 30-50 with families. All clothes are from our own designers. In 1999 KappAhl was the first fashion chain to be environmentally certified. In the 2009/2010 financial year KappAhl's net sales were SEK 5.1 billion and operating profit SEK 551 million. KappAhl is listed on Nasdaq OMX Stockholm. More information can be found at www.kappahl.com.

KappAhl 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 28 September 2010 at 07.30 a.m.

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Comments on the fourth quarter

Net sales and results

KappAhl's net sales for the quarter amounted to SEK 1,290 (1,226) million, an increase of 5.2 per cent. The growth is explained by: the effect of new and closed stores, +5.1 per cent; change in comparable stores, +1.8 per cent and translation differences totalling -1.7 per cent.

Growth from new stores is good and the sales trend in comparable stores has improved but can be further developed. Child is the area that has had the strongest development, Ladies had developed well while Man was weaker.

Gross profit for the quarter was SEK 769 (753) million, which corresponds to a gross margin of 59.6 (61.4) per cent. The period started with an inventory level that was somewhat too high. This was successively reduced and had a negative impact on the gross margin.

Selling and administrative expenses for the quarter totalled SEK 613 (577) million. The increase is largely due to new stores. In addition, further marketing campaigns have meant increased costs.

The operating profit was SEK 156 (176) million, a decrease of 11.4 per cent. This is equivalent to an operating margin of 12.1 (14.4) per cent. Profit after tax has been affected by tax income from acquisition of company, further information in note 1.

Depreciation according to plan was SEK 57 (60) million.

Net financial income was SEK -24 (-23) million for the quarter. Profit after financial items was SEK 132 (153) million and the profit after estimated tax was SEK 125 (106) million. Earnings per share for the quarter were SEK 1.67 (1.41).

Store network

At the end of the period the total number of stores was 345 (319); 153 in Sweden, 95 in Norway, 56 in Finland, 40 in Poland and one in the Czech Republic. One new store opened during the quarter. No stores were closed.

Cash flow

KappAhl's cash flow from operating activities amounted to SEK 222 (100) million in the quarter and cash flow after investments amounted to SEK 157 (47) million. Inventory changes are the main explanation for the improved cash flow compared with the previous year.

Company acquisition

KappAhl acquired one company in the fourth quarter, thereby acquiring unused tax losses. It is estimated that these will be possible to use as of the 2015/2016 financial year. The acquisition had a positive net effect on the tax cost for the year and thereby on equity of about SEK 45 million. The acquired company is not currently in operation.

Financing and liquidity

Net debt at the end of the period was SEK 1,866 million, compared with SEK 2,100 million as at 31 August, 2009. Net interest-bearing debt/EBITDA was 2.4 at the end of the period, as compared with 2.8 as at 31 August 2009. This further strengthens the financial position of the Group. The equity/assets ratio improved during the year to 22.1% (11.3).

Cash and cash equivalents amounted to SEK 26 (21) million as at 31 August. At the period close there were unutilised credit facilities of about SEK 800 (500) million.

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Comments on the full year

Market

The recession has been replaced by an incipient upswing. Government finances in the countries in which we operate are generally strong, but we may possibly be affected by retrenchment in other countries. Future interest rate increases may slow things down. All in all, we are nevertheless cautiously optimistic about market trends.

Net sales

KappAhl's net sales for the year amounted to SEK 5,111 (4,866) million, an increase of 5.0 per cent. This consists of: new and closed stores, +6.3 per cent; development of comparable stores, -0.7 per cent; and currency translation differences, -0.6 per cent.

Expansion

The work of finding new store sites is proceeding according to plan. Apart from the 345 (319) stores in operation on 31 August this year, there are at present contracts for 55 new stores. Of the new contracts, 16 new stores will open in the first quarter (September-November). The long-term goal to increase the number of stores by 20 to 25 per year still applies. There will probably be an increase of more than 25 stores in the next business year.

Inventories

At the close of the period inventories amounted to SEK 703 million, a decrease of SEK 33 million compared with the previous year. Overall, both the size and composition of inventories are deemed to be satisfactory.

Investments

Investments of SEK 202 (261) million were made in the last 12 months, mainly referring to existing and newly opened stores. Due to the financial crisis a decision was made to pursue a reduced level of investments. For long term profitability a steady pace of re-investments in existing stores is vital. Investments next year are expected to be about SEK 300.

Related party transactions

There were no transactions with related parties.

Cash flow

KappAhl's cash flow from operating activities during the year amounted to SEK 507 (504) million and cash flow after investments amounted to SEK 305 (243) million.

Taxes

The tax cost for the financial year has been calculated in accordance with each country's tax rate. For the Group this is equivalent to about 26 per cent. In addition there is the positive tax effect of company acquisitions of SEK 39 million from the first quarter and SEK 45 million from the fourth quarter. The Group has deferred tax assets of SEK 365 million that can be used as of 2012/13. As a result of this, average tax to be paid for the coming six years is estimated to be between 15 and 20 per cent. This affects cash flow but not the income statement in that in accordance with IFRS we recognise the tax credit when it arises.

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Risks and uncertainties

The economic situation has improved but the strength of the recovery is difficult to judge. Future interest rate increases may have an inhibiting effect on consumption.

In other respects, the most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2008/2009. They consist of such factors as competition in the fashion industry, changes in the economy, fashion trends, store locations 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 are described in the annual report for 2008/2009, note 22. The reported risks are otherwise deemed to be unchanged in all essentials.

Parent Company

The Parent Company's net sales for the year were SEK 18 (20) million and profit after financial items was SEK 166 (323) million. Financial items for the current year include dividend received from subsidiaries totalling SEK 254 million. The Parent Company did not make any investments during the year.

Annual General Meeting

The Annual General Meeting will be held at the company's headquarters in Mölndal on 23 November at 10.00 a.m. The annual report will be available on the company's website November 9th. The Board of Directors will propose a dividend of SEK 3,25 (1.25) per share to the Annual General Meeting.

Upcoming reports

Annual report will be published November 9th.

First quarter (1 September – 30 November)	22 December 2010
Second quarter (1 Dec – 28 Feb)	30 March 2011
Third quarter (1 March–31 May)	22 June 2011
Fourth quarter (1 June–31 August)	29 September 2011

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

Mölndal, 28 September 2010
KappAhl Holding AB (publ)

Christian W. Jansson
Chief Executive Officer

KappAhl

Group income statement - Summary (SEK million)	Q4 2009/10	Q4 2008/09	Sep-Aug 2009/10	Sep-Aug 2008/09	Latest 12 months Sep-Aug
Net sales	1 290	1 226	5 111	4 866	5 111
Cost of goods sold	-521	-473	-1 954	-1 893	-1 954
Gross profit	769	753	3 157	2 973	3 157
Selling expenses	-583	-549	-2 467	-2 315	-2 467
Administrative expenses	-30	-28	-139	-132	-139
Operating profit	156	176	551	526	551
Financial income	0	0	1	1	1
Financial expenses	-24	-23	-89	-84	-89
Profit after financial items	132	153	463	443	463
Tax	Note 1 -7	-47	-61	-128	-61
Net profit	125	106	402	315	402
Profit attributable to parent company shareholders	125	106	402	315	402
Earnings per share before and after dilution, SEK	1,67	1,41	5,36	4,20	5,36
Other comprehensive income					
Net Profit	125	106	402	315	402
Translationdifferences for the period	-7	-6	-7	1	-7
Actuarial losses	30	-14	30	-14	30
Change in fair value reserves	-50	-22	55	-148	55
Tax attributable to other comprehensive income	5	10	-22	43	-22
Total other comprehensive income attributable to parent company shareholders	103	74	458	197	458

Group Balance Sheet - Summary (SEK million)	31 Aug 10	31 Aug 09
Tangible assets	1 006	1 060
Intangible assets*	1 329	1 340
Deferred tax assets	156	87
Inventories	703	736
Other operating receivables	139	109
Cash and cash equivalents	26	21
Total assets	3 359	3 353
Equity	743	379
Interest-bearing long-term liabilities	1 878	2 121
Non-interest-bearing long-term liabilities	18	7
Interest-bearing current liabilities	14	0
Non-interest-bearing current liabilities	706	846
Total equity and liabilities	3 359	3 353
*of which goodwill	696	696
*of which trademarks	610	610

Group cash flow statement - Summary (SEK million)	Q4 2009/10	Q4 2008/09	Sep-Aug 2009/10	Sep-Aug 2008/09
Cash flow from operating activities before changes in working capital	188	195	570	591
Changes in working capital	34	-95	-63	-87
Cash flow from operating activities	222	100	507	504
Cash flow from investing activities	-65	-53	-202	-261
Cash flow after investments	157	47	305	243
Change in bank overdraft facility	-147	-40	-206	84
Dividend	0	-	-94	-338
Cash flow from financing activities	-147	-40	-300	-254
Cash flow for the period	10	7	5	-11
Cash and cash equivalents at beginning of the period	16	14	21	32
Cash and cash equivalents at the end of the period	26	21	26	21

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Specification of changes in the Group's equity	Q4 2009/10	Q4 2008/09	Sep-Aug 2009/10	Sep-Aug 2008/09
Opening equity	640	305	379	520
Dividend	-	-	-94	-338
Total comprehensive income	103	74	458	197
Closing equity	743	379	743	379

Number of stores per country	31 Aug 09	30 Nov 09	28 Feb 09	31 May 10	31 Aug 10
Sweden	144	150	149	153	153
Norway	92	95	95	95	95
Finland	53	55	55	56	56
Poland	30	36	36	39	40
Czech Republic	-	1	1	1	1
Total	319	337	336	344	345

Sales per country	Q4 2009/10	Q4 2008/09	Change SEK %	Change local currency %
Sweden	671	620	8,2%	8,2%
Norway	365	363	0,6%	1,3%
Finland	167	177	-5,6%	5,0%
Poland	85	66	28,8%	33,7%
Czech Republic	2	-	-	-
Total	1 290	1 226	5,2%	-

Sales per country	Sep-Aug 2009/10	Sep-Aug 2008/09	Change SEK %	Change local currency %
Sweden	2696	2 572	4,8%	4,8%
Norway	1419	1 357	4,6%	3,1%
Finland	658	664	-0,9%	5,3%
Poland	331	273	21,2%	26,2%
Czech Republic	7	-	-	-
Total	5 111	4 866	5,0%	-

Geografic reporting	Net sales Q4 2009/10	Net sales Q4 2008/09	Operating income Q4 2009/10	Operating income Q4 2008/09
Nordic countries	1 203	1 160	207	214
Other	87	66	-11	-3
Intercompany expenses*	-	-	-40	-35
Total	1 290	1 226	156	176

* See below

Geografic reporting	Net sales Sep-Aug 2009/10	Net sales Sep-Aug 2008/09	Operating income Sep-Aug 2009/10	Operating income Sep-Aug 2008/09
Nordic countries	4 773	4593	755	689
Other	338	273	-32	0
Intercompany expenses*	-	-	-172	-163
Total	5 111	4 866	551	526

* See below

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	Q1 Sep-Nov 2006/07	Q2 Dec-Feb 2006/07	Q3 Mar-May 2006/07	Q4 Jun-Aug 2006/07	Q1 Sep-Nov 2007/08	Q2 Dec-Feb 2007/08	Q3 Mar-May 2007/08	Q4 Jun-Aug 2007/08
Quarterly income statement (SEK million)								
Net sales	1 189	1 088	1 106	1 090	1 247	1 132	1 140	1 103
Cost of goods sold	-449	-460	-417	-412	-450	-457	-413	-420
Gross profit	740	628	689	678	797	675	727	683
Selling expenses	-517	-484	-528	-456	-558	-521	-547	-480
Administrative expenses	1) -37	-40	-32	-33	-33	-36	-35	-32
Other operating income	2) -	13	3	-	-	-	-	11
Other operating expenses	-	-	-	-6	-	-	-	-
Operating profit	186	117	132	183	206	118	145	182
Financial income	4) 2	10	11	0	3	3	21	0
Financial expenses	-16	-33	-32	-16	-18	-18	-18	-26
Profit after financial items	172	94	111	167	191	103	148	156
Tax	3) -49	244	-32	-48	-53	-29	-36	-43
Net profit	123	338	79	119	138	74	112	113
Operating margin	15,6%	10,8%	11,9%	16,8%	16,5%	10,4%	12,7%	16,5%
Earnings per share, SEK	1,64	4,50	1,05	1,59	1,84	0,99	1,49	1,51

1) Reclassification of SEK 4 million between Selling expenses and Administrative expenses in Q1 and Q2 2006/07.

2) Compensation for vacating a store site in Q2 och Q3 2006/07

3) Deferred tax credit 270 MSEK referring to loss carry forwards in acquired companies, period Dec-Feb 2006/07

4) After acquired the properties in which the distribution centre and head office are located a finance lease was terminated and gave a positive effect on financial income 23 MSEK in Q3 2007/08

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	Q1 Sep-Nov 2008/09	Q2 Dec-Feb 2008/09	Q3 Mar-May 2008/09	Q4 Jun-Aug 2008/09	Q1 Sep-Nov 2009/10	Q2 Dec-Feb 2009/10	Q3 Mar-May 2009/10	Q4 Jun-Aug 2009/10
Quarterly income statement (SEK million)								
Net sales	1 266	1 168	1 206	1 226	1 344	1 256	1 221	1 290
Cost of goods sold	-452	-490	-478	-473	-470	-531	-432	-521
Gross profit	814	678	728	753	874	725	789	769
Selling expenses	5) -605	-574	-587	-549	-630	-615	-639	-583
Administrative expenses	-33	-39	-32	-28	-37	-34	-38	-30
Other operating income	6) -	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-
Operating profit	176	65	109	176	207	76	112	156
Financial income	0	1	0	0	0	1	0	0
Financial expenses	-19	-19	-23	-23	-18	-23	-24	-24
Profit after financial items	157	47	86	153	189	54	88	132
Tax	-44	-13	-24	-47	-11	-20	-23	-7
Net profit	113	34	62	106	178	34	65	125
Operating margin	13,9%	5,6%	9,0%	14,4%	15,4%	6,1%	9,2%	12,1%
Earnings per share, SEK	1,51	0,45	0,83	1,41	2,37	0,45	0,87	1,67

5) Change in pension solution for employees in Q4 2007/08 SEK 20 million.

6) Compensation for vacating a store site in Q4 2007/08

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Yearly income statement (SEK million)	Sep-Aug 2005/06	Sep-Aug 2006/07	Sep-Aug 2007/08	Sep-Aug 2008/09	Sep-Aug 2009/10
Net sales	4 217	4 473	4 622	4 866	5 111
Cost of goods sold	-1 677	-1 738	-1 740	-1 893	-1 954
Gross profit	2 540	2 735	2 882	2 973	3 157
Selling expenses	5) -1 863	-1 985	-2 106	-2 315	-2 467
Administrative expenses	1) -147	-142	-136	-132	-139
Other operating income	2, 6) -	16	11	-	-
Other operating expenses	-	-6	-	-	-
Operating profit	530	618	651	526	551
Financial income	4) 2	23	27	1	1
Financial expenses	-113	-97	-80	-84	-89
Profit after financial items	419	544	598	443	463
Tax	3) -117	115	-162	-128	-61
Net profit	302	659	436	315	402
Operating margin	12,6%	13,8%	14,1%	10,8%	10,8%
Earnings per share, SEK	4,02	8,78	5,81	4,20	5,36

1-6) See above

Parent company income statement - Summary (SEK million)	Q4 2009/10	Q4 2008/09	Sep-Aug 2009/10	Sep-Aug 2008/09	Latest 12 months Sep-Aug
Net sales	4	4	18	20	18
Cost of goods sold	-	-	-	-	-
Gross profit	4	4	18	20	18
Selling expenses	-	-	-	-	-
Administrative expenses	-5	-7	-27	-30	-27
Other operating income	-	-	-	-	-
Operating profit	-1	-3	-9	-10	-9
Result from participations in group companies	0	-	254	426	254
Financial income	0	0	0	5	0
Financial expenses	-18	-23	-79	-98	-79
Profit after financial items	-19	-26	166	323	166
Appropriations	0	-7	0	-8	0
Resultat after appropriations	-19	-33	166	315	166
Tax	23	16	23	31	23
Net profit	4	-17	189	346	189

Parent company Balance Sheet - Summary (SEK million)	31 Aug 10	31 Aug 09
Tangible assets	-	-
Financial assets	3 144	3 284
Deferred tax assets	17	17
Inventories	-	-
Other operating receivables	116	298
Cash and cash equivalents	-	-
Total assets	3 277	3 599
Equity	1 106	945
Untaxed reserves	8	8
Interest-bearing long-term liabilities	2 083	2 559
Deferred tax liabilities	-	-
Interest-bearing current liabilities	-	-
Non-interest-bearing current liabilities	80	87
Total equity and liabilities	3 277	3 599

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Key ratios	Q4	Q4	Sep-Aug	Sep-Aug	Latest
	2009/10	2008/09	2009/10	2008/09	12 months Sep-Aug
Growth in sales	5,2%	11,2%	5,0%	5,3%	5,0%
Earnings per share, SEK	1,67	1,41	5,36	4,20	5,36
Total depreciation/amortisation	57	60	234	234	234
Operating result (EBIT)	156	176	551	526	551
Gross margin	59,6%	61,4%	61,8%	61,1%	61,8%
Operating margin	12,1%	14,4%	10,8%	10,8%	10,8%
Interest coverage ratio	-	-	6,2	6,3	6,2
Net interest-bearing liabilities	1 866	2 100	1 866	2 100	1 866
Net interest-bearing liabilities/EBITDA	-	-	2,4	2,8	2,4
Equity/assets ratio	22,1%	11,3%	22,1%	11,3%	22,1%
Equity per share, SEK	9,90	5,05	9,90	5,05	9,90
Equity per share after dilution, SEK	9,90	5,05	9,90	5,05	9,90
Return on equity	-	-	71,7%	70,1%	71,7%
Return on capital employed	-	-	21,5%	20,9%	21,5%
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
Capital employed	Balance sheet total less non interest bearing deferred tax liability.

KappAhl's 20 largest shareholders, 31 August 2010	Number of shares	Percentage of shares and votes	Change
			compared with 31 May 2010
Christian W. Jansson	12 214 700	16,28	0
Nordea Investment Funds	4 400 993	5,86	230 174
Carlson fonder AB	3 485 216	4,64	324 837
Swedbank Robur fonder	2 772 791	3,70	447 013
Skandia fonder	2 571 814	3,43	367 454
Didner & Gerge Fonder Aktiebolag	2 570 266	3,43	-49 635
SVENSKT NÄRINGSLIV	2 100 000	2,80	950 000
SVENSKA HANDELSBANKEN CLIENTS ACC:3	1 886 274	2,51	0
Länsförsäkringar fondförvaltning AB	1 715 442	2,29	-275 000
SKANDINAVISKA ENSKILDA BANKEN	1 290 689	1,72	1 066 427
VARMA MUTUAL PENSION INSURANCE COMPANY	1 269 291	1,69	-400 000
SEB Investment Management	935 410	1,25	0
AVANZA PENSION	907 826	1,21	122 187
Handelsbanken fonder inkl XACT	862 352	1,15	-362 385
NORDEA BANK NORGE NOMINEE	854 200	1,14	844 000
MSIL IPB CLIENT ACCOUNT	852 000	1,14	-109 639
JPM CHASE NA	740 580	0,99	740 580
Andra AP-fonden	732 950	0,98	0
Svenska Lärarfonder	663 916	0,88	-34 301
FONDITA NORDIC MICRO CAP SR	625 000	0,83	0
Other	31 588 290	42,08	-3 861 712
Total	75 040 000	100,00	-

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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 2009, apart from what is stated above.

IFRS 8 (Operating Segments) and the amendments to IAS 1 (Presentation of Financial Statements), which came into force for financial years commencing after 1 January 2009, will be applied as of the 2009/2010 financial year. As far as KappAhl is concerned, application of IFRS 8 has meant that the Group's reportable segments have been changed where, after aggregation of identified operating segments under IFRS 8, paragraph 12, the Group as a whole constitutes an operating segment.

The amendment to IAS 1 has meant a change in how financial statements are to be drawn up. KappAhl has opted to present the Group's comprehensive income divided up into two reports; an income statement and a report of other comprehensive income. In other respects the accounting policies are unchanged in comparison with the annual report for 2008/2009.

The amendment to IFRS 3 - Business combinations – is applied by KappAhl as of the 2009/2010 financial year. For KappAhl the amended standard has meant that costs associated with acquisitions of subsidiaries do not constitute part of the cost of acquisition but are recognised as an expense in the income statement in their entirety.

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 debt instruments or warrants.

Note 1

Acquisition of subsidiaries

In September 100 % of the shares and votes in KappAhl Mode Holding AB was acquired. The purchase price was SEK 160 million. The fair value of the company's net assets at the time of acquisition was SEK 199 million, of which SEK 10 million was a deferred tax asset. The acquired company is not in operation.

Costs in connection with the acquisition amounted to SEK 1 million and have been charged to administrative expenses in the income statement in the first quarter 2010.

After the date of access the subsidiary's possibilities of using existing loss carry-forwards were reviewed. It is estimated that from the 2014/2015 income year it will be possible to use the entire loss carry-forward of SEK 188 million, resulting in the reporting of an additional SEK 39 million as a deferred tax asset and as a deferred tax credit in the first quarter of 2010.

In June 100 % of the shares and votes in KappAhl Fashion Holding AB was acquired. The purchase price was SEK 113 million. The fair value of the company's net assets at the time of acquisition was SEK 158 million, of which SEK 13 million was a deferred tax asset. The acquired company is not in operation.

Costs in connection with the acquisition amounted to SEK 2 million and have been charged to administrative expenses in the income statement in the fourth quarter 2010.

After the date of access the subsidiary's possibilities of using existing loss carry-forwards were reviewed. It is estimated that from the 2015/2016 income year it will be possible to use the entire loss carry-forward of SEK 225 million, resulting in the reporting of an additional SEK 45 million as a deferred tax asset and as a deferred tax credit in the fourth quarter of 2010.