

## Sales below plan

### Second quarter

#### (December 2010 – February 2011)

- KappAhl's net sales for the period amounted to SEK 1,188 (1,256) million, a decrease of 5.4 per cent.
- The operating profit was SEK 16 (76) million.
- The gross margin was 57.2 (57.7) per cent and the operating margin was 1.3 (6.1) per cent.
- Profit after tax was SEK 1 (34) million, which is equivalent to SEK 0.01 (0.45) per share.
- Cash flow from operating activities was SEK -12 (159) million.

### First six months

#### (September 2010 - February 2011)

- KappAhl's net sales for the period amounted to SEK 2,529 (2,600) million, a decrease of 2.7 per cent
- The operating profit was SEK 162 (283) million.
- The gross margin was 60.5 (61.5) per cent and the operating margin was 6.4 (10.9) per cent.
- Profit after tax was SEK 96 (212) million, which is equivalent to SEK 1.28 (2.83) per share.
- Cash flow from operating activities was SEK 48 (292) million.

### CEO's comments

Sales are clearly lower than we had planned for. The market was weak during the quarter, probably due to increased energy costs and rising interest rates. In this environment we have not managed to perform at our peak either.

Increased production costs are a concern. Cotton prices have risen sharply and in addition to this there are capacity shortages and rising wages, which can put pressure on gross margins in the industry. Development of wages is something that will likely continue, but the other two subjects should ease later this year.

The offer needs to be strengthened both regarding assortment and marketing efforts. We know we can do a lot better and are determined to show it for time to come.

*Christian W. Jansson, President and Chief Executive Officer*

#### For further information, please contact:

Christian W. Jansson, President and Chief Executive Officer,  
tel. +46 709 95 02 01  
Håkan Westin, Chief Financial Officer, tel. +46 704 71 56 64

*KappAhl is a leading fashion chain with 360 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 about SEK 5.1 billion and operating profit SEK 551 million. KappAhl is listed on Nasdaq OMX Stockholm. More information is available at [www.kappahl.com](http://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 30 March 2011 at 7.30 a.m.



# KappAhl

## Comments on the second quarter

### Net sales and results

KappAhl's net sales for the quarter amounted to SEK 1,188 (1,256) million, a decrease of 5.4 per cent. This is explained by: the effect of new and closed stores, +3.5 per cent; change in comparable stores, -4.6 per cent and translation differences totaling -4.3 per cent.

Growth from new stores is now somewhat lower than in previous quarters and for the next year it will probably be in the lower part of our target interval of 4-6 per cent. The trend continues to be strong for comparable stores in Poland, while in other markets it is falling.

Gross profit for the quarter was SEK 680 (725) million, which corresponds to a gross margin of 57.2 (57.7) per cent. The gross margin has been negatively affected by increased purchase prices and positively affected by a lower percentage of clearance sales.

Selling and administrative expenses for the quarter amounted to SEK 664 (649) million, meaning that the costs are increasing more slowly than the previous quarter. The increase is largely due to new stores.

The operating profit was SEK 16 (76) million, a decrease of 78.9 per cent. This is equivalent to an operating margin of 1.3 (6.1) per cent. The deterioration in earnings is primarily due to weak sales.

Depreciation according to plan was SEK 52 (59) million.

Net financial income was SEK -15 (-22) million for the quarter. Profit after financial items was SEK 1 (54) million and the profit after estimated tax was SEK 1 (34) million. Earnings per share for the quarter were SEK 0.01 (0.45).

### Other comprehensive income

Unrealized changes in fair value of the Group cash flow hedging are reported in other comprehensive income. In view of a stronger Swedish krona comprehensive income of 77 million attributable to cash flow hedges, primarily attributable to the Group hedges of future purchases in USD.

### Store network

At the end of the period the total number of stores was 360 (336); 157 in Sweden, 99 in Norway, 58 in Finland, 43 in Poland and three in the Czech Republic. No stores have been opened or closed during the quarter.

### Cash flow

KappAhl's cash flow from operating activities amounted to SEK -12 (159) million during the quarter and cash flow after investments amounted to SEK -43 (136) million. Deterioration in earnings and increased inventories are the main explanations for the poorer cash flow compared with the previous year.

### Financing and liquidity

Net interest-bearing debt at the end of the period was SEK 2,157 million, compared with SEK 2,001 million as at 28 February 2010. Net interest-bearing debt/EBITDA was 3.3 at the end of the period as compared with 2.6 as at 28 February 2010. The equity/assets ratio fell to 15.2 per cent (16.4), mainly due to dividend paid.

Cash and cash equivalents amounted to SEK 25 (14) million as at 28 February 2011. At the period close there were unutilised credit facilities of about SEK 500 (600) million.

## Comments on the first six months

### Market

Despite the strong general economic trend in the autumn and winter in the countries where we operate, the trend for retail trade is considerably slower. The primary driver is industrial growth, while retail trade is developing more slowly. The opposite was true during the financial crisis. Consumers are adversely affected by rising energy prices and rising interest rates. Going forward, we see continued labour market improvement, which should be good for consumption and hence also for retail fashion.

### Net sales

KappAhl's net sales for the first six months amounted to SEK 2,529 (2,600) million, a decrease of 2.7 per cent. This consists of: new and closed stores, +4.6 per cent; development of comparable stores, -3.7 per cent; and currency translation differences, -3.6 per cent.

### Related party transactions

There were no transactions with related parties.

### Cash flow

KappAhl's cash flow from operating activities in the first six months amounted to SEK 48 (292) million and cash flow after investments amounted to SEK -49 (189) million.

### Expansion

The work of finding new store sites is proceeding according to plan. Apart from the 360 (336) stores in operation on 28 February this year, there are at present contracts for 54 new stores. Of the new contracts, 9 stores will open in the third quarter (March-May) and three in the fourth quarter (June-August). During the rest of the financial year two stores will be closed. Thus the forecast is that the number of stores at the close of the financial year will be 370, which means an increase of 25 since the beginning of the year. The long-term goal to increase the number of stores by 20 to 25 per year still applies.

### Inventories

At the close of the period inventories amounted to SEK 802 million, an increase of SEK 182 million compared with the previous year. About 40 per cent of the increase in inventories is due to goods in transit. Depending on capacity shortage in the supply chain the whole planning process is brought forward from previous years. Furthermore, a significant portion of the increase is due to new stores and increased investments for quarter three. Overall, the expected size and composition of the inventories are not wholly satisfactory.

### Investments

Investments of SEK 97 (103) million were made in the first six months, mainly referring to existing and newly opened stores. For the full year investments are expected to be SEK 250 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. The Group has deferred tax assets of SEK 365 million, referring to blocked loss carry-forwards that can partly start to be used from 2012/13.

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## Risks and uncertainties

Purchase prices are rising sharply due to rising cotton prices, higher wage costs and a lack of capacity. It will probably result in price increases to customers but can also put pressure on gross margins in the industry.

The most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2009/2010. 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 2009/2010, Note 21. The reported risks are otherwise deemed to be unchanged in all essentials.

## Parent company

The Parent Company's net sales for the period were SEK 11 (9) million and profit after financial items was SEK 34 (211) million. The financial items for the period consist of dividend received from subsidiaries totaling SEK 83 (254) million. The Parent Company did not make any investments during the year.

## Upcoming reports

Third quarter (1 March–31 May)	22 June 2011
Fourth quarter (1 June–31 August)	29 September 2011

The Board of Directors and the Chief Executive Officer affirm 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.

Möndal, 30 March 2011  
KappAhl AB (publ)

Finn Johnsson  
Chairman of the Board

Amelia Adamo  
Board member

Paul Frankenius  
Board member

Marie Matthiessen  
Employee representative

Jan Samuelson  
Board member

Lena Apler  
Board member

Rose-Marie Zell-Lindström  
Employee representative

Christian W. Jansson  
Chief Executive Officer

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## Review report

We have performed a review of the report for KappAhl AB (publ) for the six-month period from 1 September 2010 to 28 February 2011. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, 30 March 2011

PricewaterhouseCoopers AB

Bror Frid

Authorised Public Accountant

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Group income statement - Summary (SEK million)	Q2 2010/11	Q2 2009/10	Sep-Feb 2010/11	Sep-Feb 2009/10	Latest 12 months Mar-Feb
Net sales	1 188	1 256	2 529	2 600	5 040
Cost of goods sold	-508	-531	-999	-1 001	-1 952
<b>Gross profit</b>	<b>680</b>	<b>725</b>	<b>1 530</b>	<b>1 599</b>	<b>3 088</b>
Selling expenses	-624	-615	-1 293	-1 245	-2 515
Administrative expenses	-40	-34	-75	-71	-143
<b>Operating profit</b>	<b>16</b>	<b>76</b>	<b>162</b>	<b>283</b>	<b>430</b>
Financial income	0	1	0	1	0
Financial expenses	-15	-23	-32	-41	-80
<b>Profit after financial items</b>	<b>1</b>	<b>54</b>	<b>130</b>	<b>243</b>	<b>350</b>
Tax	Note 1 0	-20	-34	-31	-64
<b>Net profit</b>	<b>1</b>	<b>34</b>	<b>96</b>	<b>212</b>	<b>286</b>
Profit attributable to parent company shareholders	1	34	96	212	286
Earnings per share before and after dilution, SEK	0,01	0,45	1,28	2,83	3,81
<b>Other comprehensive income</b>					
Net Profit	1	34	96	212	-
Translation differences for the period	-21	-5	-28	0	-
Actuarial losses	-	-	-	-	-
Change in fair value reserves	-77	40	-65	60	-
Tax attributable to other comprehensive income	21	-11	17	-16	-
<b>Total other comprehensive income attributable to parent company shareholders</b>	<b>-76</b>	<b>58</b>	<b>20</b>	<b>256</b>	<b>-</b>
<b>Group Balance Sheet - Summary (SEK million)</b>					
			28-Feb-11	28-Feb-10	31-Aug-10
Tangible assets			985	1 045	1 006
Intangible assets*			1 330	1 330	1 329
Deferred tax assets			148	125	156
Inventories			802	620	703
Other operating receivables			133	160	139
Cash and cash equivalents			25	14	26
<b>Total assets</b>			<b>3 423</b>	<b>3 294</b>	<b>3 359</b>
Equity			519	541	743
Interest-bearing long-term liabilities			2 172	1 825	1 878
Non-interest-bearing long-term liabilities			0	11	18
Interest-bearing current liabilities			10	190	14
Non-interest-bearing current liabilities			722	727	706
<b>Total equity and liabilities</b>			<b>3 423</b>	<b>3 294</b>	<b>3 359</b>
*of which goodwill			696	696	696
*of which trademarks			610	610	610

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Group cash flow statement - Summary (SEK million)	Q2 2010/11	Q2 2009/10	Sep-Feb 2010/11	Sep-Feb 2009/10
<b>Cash flow from operating activities before changes in working capital</b>	<b>17</b>	<b>57</b>	<b>174</b>	<b>281</b>
Changes in working capital	-29	102	-126	11
<b>Cash flow from operating activities</b>	<b>-12</b>	<b>159</b>	<b>48</b>	<b>292</b>
Cash flow from investing activities	-31	-23	-97	-103
<b>Cash flow after investments</b>	<b>-43</b>	<b>136</b>	<b>-49</b>	<b>189</b>
Change in bank overdraft facility	293	-46	292	-102
Dividend	-244	-94	-244	-94
<b>Cash flow from financing activities</b>	<b>49</b>	<b>-140</b>	<b>48</b>	<b>-196</b>
<b>Cash flow for the period</b>	<b>6</b>	<b>-4</b>	<b>-1</b>	<b>-7</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>19</b>	<b>18</b>	<b>26</b>	<b>21</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>25</b>	<b>14</b>	<b>25</b>	<b>14</b>

Specification of changes in the Group's equity	Q2 2010/11	Q2 2009/10	Sep-Feb 2010/11	Sep-Feb 2009/10
Opening equity	839	577	743	379
Dividend	-244	-94	-244	-94
Total comprehensive income	-76	58	20	256
<b>Closing equity</b>	<b>519</b>	<b>541</b>	<b>519</b>	<b>541</b>

Number of stores per country	28-Feb-10	31-May-10	31-Aug-10	30-Nov-10	28-Feb-11
Sweden	149	153	153	157	157
Norway	95	95	95	99	99
Finland	55	56	56	58	58
Poland	36	39	40	43	43
Czech Republic	1	1	1	3	3
<b>Total</b>	<b>336</b>	<b>344</b>	<b>345</b>	<b>360</b>	<b>360</b>

Sales per country	Q2 2010/11	Q2 2009/10	Change SEK %	Change local currency %
Sweden	639	648	-1,3%	-1,3%
Norway	313	356	-12,1%	-3,8%
Finland	145	170	-14,7%	-2,5%
Poland	87	81	7,4%	20,7%
Czech Republic	4	1	300,0%	166,4%
<b>Total</b>	<b>1 188</b>	<b>1 256</b>	<b>-5,4%</b>	<b>-</b>

Sales per country	Sep-Feb 2010/11	Sep-Feb 2009/10	Change SEK %	Change local currency %
Sweden	1365	1 365	0,0%	0,0%
Norway	671	732	-8,3%	-1,8%
Finland	297	336	-11,6%	-0,5%
Poland	188	164	14,3%	23,2%
Czech Republic	8	3	166,7%	169,3%
<b>Total</b>	<b>2 529</b>	<b>2 600</b>	<b>-2,7%</b>	<b>-</b>

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	Net sales Q2 2010/11	Net sales Q2 2009/10	Operating income Q2 2010/11	Operating income Q2 2009/10
<b>Geografic reporting</b>				
Nordic countries	1 097	1 174	80	126
Other	91	82	-16	-8
Intercompany expenses	-	-	-48	-42
<b>Total</b>	<b>1 188</b>	<b>1 256</b>	<b>16</b>	<b>76</b>

	Net sales Sep-Feb 2010/11	Net sales Sep-Feb 2009/10	Operating income Sep-Feb 2010/11	Operating income Sep-Feb 2009/10
<b>Geografic reporting</b>				
Nordic countries	2 333	2 433	273	378
Other	196	167	-20	-8
Intercompany expenses	-	-	-91	-87
<b>Total</b>	<b>2 529</b>	<b>2 600</b>	<b>162</b>	<b>283</b>



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Quarterly income statement (SEK million)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Mar-May	Jun-Aug	Sep-Nov	Dec-Feb	Mar-May	Jun-Aug	Sep-Nov	Dec-Feb
	2006/07	2006/07	2007/08	2007/08	2007/08	2007/08	2008/09	2008/09
Net sales	1 106	1 090	1 247	1 132	1 140	1 103	1 266	1 168
Cost of goods sold	-417	-412	-450	-457	-413	-420	-452	-490
<b>Gross profit</b>	<b>689</b>	<b>678</b>	<b>797</b>	<b>675</b>	<b>727</b>	<b>683</b>	<b>814</b>	<b>678</b>
Selling expenses	5) -528	-456	-558	-521	-547	-480	-605	-574
Administrative expenses	1) -32	-33	-33	-36	-35	-32	-33	-39
Other operating income	2, 6) 3	-	-	-	-	11	-	-
Other operating expenses	-	-6	-	-	-	-	-	-
<b>Operating profit</b>	<b>132</b>	<b>183</b>	<b>206</b>	<b>118</b>	<b>145</b>	<b>182</b>	<b>176</b>	<b>65</b>
Financial income	4) 11	0	3	3	21	0	0	1
Financial expenses	-32	-16	-18	-18	-18	-26	-19	-19
<b>Profit after financial items</b>	<b>111</b>	<b>167</b>	<b>191</b>	<b>103</b>	<b>148</b>	<b>156</b>	<b>157</b>	<b>47</b>
Tax	3) -32	-48	-53	-29	-36	-43	-44	-13
<b>Net profit</b>	<b>79</b>	<b>119</b>	<b>138</b>	<b>74</b>	<b>112</b>	<b>113</b>	<b>113</b>	<b>34</b>
Operating margin	11,9%	16,8%	16,5%	10,4%	12,7%	16,5%	13,9%	5,6%
Earnings per share, SEK	1,05	1,59	1,84	0,99	1,49	1,51	1,51	0,45

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

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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	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Mar-May	Jun-Aug	Sep-Nov	Dec-Feb	Mar-May	Jun-Aug	Sep-Nov	Dec-Feb
Quarterly income statement (SEK million)	2008/09	2008/09	2009/10	2009/10	2009/10	2009/10	2010/11	2010/11
Net sales	1 206	1 226	1 344	1 256	1 221	1 290	1 341	1 188
Cost of goods sold	-478	-473	-470	-531	-432	-521	-491	-508
<b>Gross profit</b>	<b>728</b>	<b>753</b>	<b>874</b>	<b>725</b>	<b>789</b>	<b>769</b>	<b>850</b>	<b>680</b>
Selling expenses	-587	-549	-630	-615	-639	-583	-669	-624
Administrative expenses	-32	-28	-37	-34	-38	-30	-35	-40
Other operating income	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-
<b>Operating profit</b>	<b>109</b>	<b>176</b>	<b>207</b>	<b>76</b>	<b>112</b>	<b>156</b>	<b>146</b>	<b>16</b>
Financial income	0	0	0	1	0	0	0	0
Financial expenses	-23	-23	-18	-23	-24	-24	-17	-15
<b>Profit after financial items</b>	<b>86</b>	<b>153</b>	<b>189</b>	<b>54</b>	<b>88</b>	<b>132</b>	<b>129</b>	<b>1</b>
Tax	-24	-47	-11	-20	-23	-7	-34	0
<b>Net profit</b>	<b>62</b>	<b>106</b>	<b>178</b>	<b>34</b>	<b>65</b>	<b>125</b>	<b>95</b>	<b>1</b>
Operating margin	9,0%	14,4%	15,4%	6,1%	9,2%	12,1%	10,9%	1,3%
Earnings per share, SEK	0,83	1,41	2,37	0,45	0,87	1,67	1,27	0,01

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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
<b>Gross profit</b>	<b>2 540</b>	<b>2 735</b>	<b>2 882</b>	<b>2 973</b>	<b>3 157</b>
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	-	-	-
<b>Operating profit</b>	<b>530</b>	<b>618</b>	<b>651</b>	<b>526</b>	<b>551</b>
Financial income 4)	2	23	27	1	1
Financial expenses	-113	-97	-80	-84	-89
<b>Profit after financial items</b>	<b>419</b>	<b>544</b>	<b>598</b>	<b>443</b>	<b>463</b>
Tax 3)	-117	115	-162	-128	-61
<b>Net profit</b>	<b>302</b>	<b>659</b>	<b>436</b>	<b>315</b>	<b>402</b>
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)	Q2 2010/11	Q2 2009/10	Sep-Feb 2010/11	Sep-Feb 2009/10	Latest 12 months Mar-Feb
Net sales	7	4	11	9	20
Cost of goods sold	-	-	-	-	-
<b>Gross profit</b>	<b>7</b>	<b>4</b>	<b>11</b>	<b>9</b>	<b>20</b>
Administrative expenses	-17	-8	-24	-15	-36
<b>Operating profit</b>	<b>-10</b>	<b>-4</b>	<b>-13</b>	<b>-6</b>	<b>-16</b>
Result from participations in group companies	83	0	83	254	83
Financial income	1	1	2	1	1
Financial expenses	-20	-21	-38	-38	-79
<b>Profit after financial items</b>	<b>54</b>	<b>-24</b>	<b>34</b>	<b>211</b>	<b>-11</b>
<b>Resultat after appropriations</b>	<b>54</b>	<b>-24</b>	<b>34</b>	<b>211</b>	<b>-11</b>
Tax	0	0	0	0	23
<b>Net profit</b>	<b>54</b>	<b>-24</b>	<b>34</b>	<b>211</b>	<b>12</b>

Parent company Balance Sheet - Summary (SEK million)	28-Feb-11	28-Feb-10	31-Aug-10
Tangible assets	-	-	-
Financial assets	3 144	3 144	3 144
Deferred tax assets	8	17	17
Other operating receivables	103	27	116
Cash and cash equivalents	-	-	-
<b>Total assets</b>	<b>3 255</b>	<b>3 188</b>	<b>3 277</b>
Equity	922	1 063	1 106
Untaxed reserves	8	8	8
Interest-bearing long-term liabilities	2 276	1 857	2 083
Deferred tax liabilities	-	-	-
Interest-bearing current liabilities	-	177	-
Non-interest-bearing current liabilities	49	83	80
<b>Total equity and liabilities</b>	<b>3 255</b>	<b>3 188</b>	<b>3 277</b>

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Key ratios	Q2	Q2	Sep-Feb	Sep-Feb	Latest
	2010/11	2009/10	2010/11	2009/10	12 months Mar-Feb
Growth in sales	-5,4%	7,5%	-2,7%	6,8%	0,2%
Earnings per share, SEK	0,01	0,45	1,28	2,83	3,81
Total depreciation/amortisation	52	59	107	119	222
Operating result (EBIT)	16	76	162	283	430
Gross margin	57,2%	57,7%	60,5%	61,5%	61,3%
Operating margin	1,3%	6,1%	6,4%	10,9%	8,5%
Interest coverage ratio	-	-	-	-	5,4
Net interest-bearing liabilities	2 157	2 001	2 157	2 001	2 157
Net interest-bearing liabilities/EBITDA	-	-	3,3	2,6	3,3
Equity/assets ratio	15,2%	16,4%	15,2%	16,4%	15,2%
Equity per share, SEK	6,92	7,21	6,92	7,21	6,92
Equity per share after dilution, SEK	6,92	7,21	6,92	7,21	6,92
Return on equity	-	-	-	-	54,0%
Return on capital employed	-	-	-	-	16,4%
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, 28 February 2011	Number of shares	Percentage of shares and votes	Change compared with 31 November 2010
Christian W. Jansson via companies	12 214 700	16,28	0
Swedbank Robur fonder	3 388 851	4,52	173 400
Skandia fonder	3 147 287	4,19	-11 324
Carlson fonder AB	3 047 173	4,06	34 898
SVENSKT NÄRINGSLIV	2 100 000	2,80	0
SVENSKA HANDELSBANKEN CLIENTS ACC:3	2 023 674	2,70	137 400
NORDEA BANK NORGE NOMINEE	1 919 200	2,56	10 000
AVANZA PENSION	1 575 115	2,10	389 696
AWILCO INVEST AS	1 356 000	1,81	-149 000
ROBUR FÖRSÄKRING	1 341 195	1,79	30 835
Didner & Gerge Fonder Aktiefbolag	1 246 998	1,66	-572 292
JPM CHASE NA	1 206 362	1,61	1 193 346
Nordea Investment Funds	1 068 940	1,42	-34 130
Länsförsäkringar fondförvaltning AB	1 052 137	1,40	-72 087
SHB: ODIN VERDIPAPIR	1 003 491	1,34	140 258
SEB Investment Management	675 000	0,90	-249 310
BANQUE ÖHMAN S.A.	642 000	0,86	107 100
NORDNET PENSIONSFÖRSÄKRING AB	638 652	0,85	125 166
JP MORGAN BANK	633 000	0,84	11 675
FONDITA NORDIC MICRO CAP SR	627 000	0,84	-223 000
Other	34 133 225	45,47	-1 042 631
<b>Total</b>	<b>75 040 000</b>	<b>100,00</b>	<b>-</b>

## 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 2010.

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 of the Swedish Financial Reporting Board.

The company has no outstanding convertible debt instruments or warrants.

### Note 1

#### Acquisition of subsidiaries

In September 2009, 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 were charged to administrative expenses in the income statement in the first quarter 2009/2010.

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 2009/2010.

In June 2010, 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 were charged to administrative expenses in the income statement in the fourth quarter 2009/2010.

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 2009/2010.