KappAhl

HALF YEAR REPORT

30 March 2012

  

• REPORT FOR THE SECOND QUARTER 2011/2012 •

Lower costs and reduced inventories

	Quarter 2 (Dec-Feb)			*Six months (Sept-Feb)*		
	2011/2012	*2010/2011*	*Change*	*2011/2012*	*2010/2011*	*Change*
Net sales, SEK million	1 119	1 188	-69	2 312	2 529	-217
Operating profit excluding non-recurring costs, SEK million	-55	16	-71	-39	162	-201
Operating profit, SEK million	-138	16	-154	-122	162	-284
Gross profit margin, %	51,9	57,2		55,3	60,5	
Operating margin, %	-12,3	1,3		-5,3	6,4	
Profit after tax, SEK million	-163	1	-164	-174	96	-270
Earnings per share, SEK (p 13)	-0,72	0,01	-0,73	-1,16	0,58	-1,74
Cash flow from operating activities, SEK million	68	-12	80	63	48	15

- Net sales decreased by 5.8 per cent for the quarter and 8.6 per cent for the half year.
- Earnings were reduced by non-recurring costs of SEK 83 million, including impairment loss on non-current assets.
- Actions has been started, focusing on regaining lost market share in business area Woman.
- The consolidated gross profit for 1-28 March was the same as last year.

"Our plan for 2012 gives priority to our Woman range, our Offer, our Stores and profitable Expansion. (...) We are continuing to work to our plan and expect to see an initial response to our work of change soon."

Johan Åberg, President and CEO. Read the full CEO statement on the next page.

A presentation and telephone conference will be held for analysts, media and investors today at 9.00 at Operaterrassen in Stockholm. To register attendance at Operaterrassen or to view the webcast, please go to www.kappahl.com/presentations. To participate by telephone, please call +46 207 750 99 50 about 5 minutes before the start.

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KappAhl

• JOHAN ÅBERG, PRESIDENT AND CEO, ANSWERS QUESTIONS •

How has the quarter looked in KappAhl's various markets?
The macro-economic situation in the Nordic area is good in relation to much of the rest of Europe. Developments in Poland and the Czech Republic are more difficult to assess. Despite this, consumers are careful because of the unease on the financial market and unease about an increased debt crisis in Europe. Specifically for the fashion industry, inventories have been exceptionally large for a long time and this in turn has led to a lot of clearance sales.

Johan Åberg
President and CEO

And as far as KappAhl is concerned?
Behind us we have a quarter in which work on reducing the inventory level has had an effect. The downside is inevitably that the gross margin suffers. Earnings have also been reduced by non-recurring costs, mainly impairment loss on non-current assets for stores that have not performed sufficiently well. Of course we are not satisfied with total sales. The single largest reason was our own misguided women's range initiative. When that market is weak a misguided initiative has an even greater impact. The second quarter is traditionally a quarter with a lower inflow of new goods and a high percentage of clearance items. This means that performance in the first quarter runs into our second quarter.

What are you doing to quickly reverse the trend?
Since the turn of the year we are following a plan with short-term priority measures, while working in parallel with a long-term business plan. Our plan for 2012 gives priority to our Woman range, our Offer, our Stores and profitable Expansion. As regards the last-mentioned item, we have temporarily slowed down our rate of expansion by deferring plans for Austria and we are maintaining a somewhat lower overall rate of opening new stores. In addition, some stores will be closed, for which we are now reserving costs. Plans also include our savings programme with the previously announced target of SEK 150 million.

Can you give more details of what you are doing with the Woman range, the Offer and Stores?
The Woman range will have more ingredients, customer focus, assortment and organisation. We have analysed who our customer is and how she wants to dress. The creation of the range has then been adapted to our customer focus. We have also augmented the management of the Purchasing department, which covers the entire chain from idea and design to finished and delivered product, and appointed a Range and Design director.

The offer covers our market communication and pricing strategy. We are changing our method of working and reviewing our structure and partners so that we can act faster and in our own way. Our advertising material will be directed even more towards our customer, for example giving a clear price and models that our customer group can feel at home with. We are also looking at our reduction level by reviewing when and how discounts and offers are used.

In the case of Stores, it is a matter of safeguarding chain operation in all countries and also a lot about inspiration. It is in our stores that we meet the customer and it is there we should offer inspiration and an interesting experience.

Now spring is around the corner, how do you envisage KappAhl from now on?
Statistics from our markets indicate a moderate recovery for the industry in 2012. We will continue to work to our plan and expect soon to see the initial response to our work of change. Expectations are high and we are firmly determined to live up to them.

KappAhl

• COMMENTS ON THE SECOND QUARTER •

-9,1 %

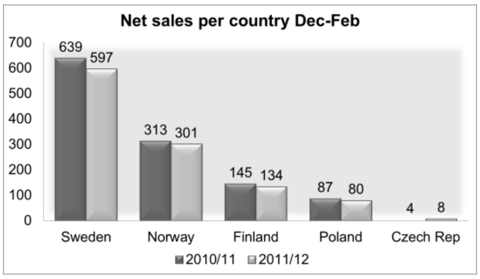
Sales in comparable stores

Focus on reducing inventories

4,2 %

Lower costs than last year, excluding non-recurring costs, despite 21 more stores

Net sales and results



KappAhl's net sales for the quarter amounted to SEK 1,119 (1,188) million, a decrease of 5.8 per cent. This is explained by: the effect of new and closed stores, +3.3 per cent; change in comparable stores, -9.1 per cent and translation differences totalling 0.0 per cent. The weak sales are largely due to a weak women's range and focus on reducing inventories and thus selling clearance items.

Gross profit for the quarter was SEK 581 (680) million, which corresponds to a gross margin of 51.9 (57.2) per cent. The gross margin was negatively affected by the initially high inventory level leading to a higher than normal percentage of clearance sales, and by higher purchasing costs. The high percentage of clearance sales also means a negative impact on sales of new goods. The increased purchasing costs were due to suppliers' shortage of capacity, rising raw materials costs and increasing payroll expenses. However, now the situation regarding access to production capacity and raw materials costs is considerably better and seen as normal.

Selling and administrative expenses for the quarter, excluding non-recurring costs, have decreased to a total of SEK 636 (664) million, despite an increased number of stores and general inflation. This shows that the savings initiated at the beginning of the summer are clearly having an effect. Non-recurring costs of SEK 83 million have also been charged to sales expenses. This refers to costs of unprofitable stores, mainly impairment losses on property, plant and equipment.

The operating profit was SEK -138 (16) million. This is equivalent to an operating margin of -12.3 (1.3) per cent. Excluding non-recurring items, the operating margin was -4.9 (1.3) per cent.

Depreciation according to plan was SEK 41 (52) million, which was affected by a changed assessment of real useful lives. See further under accounting policies.

Net financial income was SEK -47 (-15) million for the quarter, of which SEK 9 million should have been recognised as an expense in the first quarter. Rising interest expenses are for the most part due to the new loan agreement launched in mid-November. Profit/loss after financial items was SEK -185 (1) million and the profit/loss after estimated tax was SEK -163 (1) million. Earnings per share for the quarter were SEK -0.72 (0.01).

Other comprehensive income

Unrealised changes in the fair value of the Group's cash flow hedges are reported under 'Other comprehensive income'. These are SEK 16 (-77) million for the period.

Taxes

The tax cost was negatively affected by not recording a deferred tax asset for losses in Poland and the Czech Republic. The Group has deferred tax assets of SEK 365 million in Sweden, referring to blocked loss carry-forwards that can partly start to be used from 2011/12.

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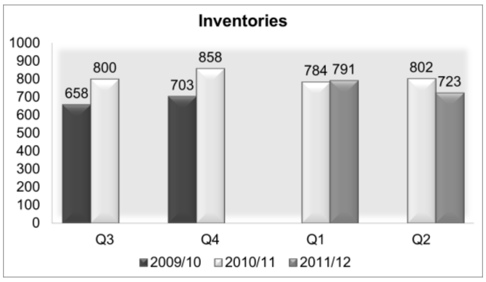
9,8%

Reduced inventories compared with last year

Inventories

At the close of the period inventories amounted to SEK 723 million, a decrease of SEK 79 million compared with the previous year. During the period inventories decreased by SEK 68 million, compared with an increase in the corresponding period of the previous year of SEK 18 million. Altogether the size and composition of the inventories are regarded as better than in the last quarters, but are still not entirely satisfactory. The percentage of old goods is still somewhat high.



Very positive development of working capital

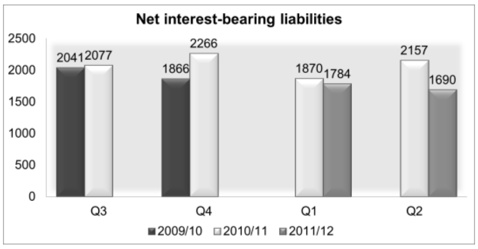
Cash flow

KappAhl's cash flow from operating activities amounted to SEK 68 (-12) million during the quarter and cash flow after investments amounted to SEK 42 (-43) million. The result affected the cash flow negatively but at the same time we can see a very positive development of working capital.

Financing and liquidity

Total credit facilities amount to SEK 2,050 million and the interest expense in the coming year is expected to be about eight per cent of the amount utilised.

Interest-bearing net debt at the end of the period was SEK 1,690 million, compared with SEK 2,157 million as at 28 February 2011. Net interest-bearing debt/EBITDA was 9.5 at the end of the period, as compared with 3.3 as at 28 February 2011. The equity/assets ratio increased to 27.7 (15.2) per cent, mainly due to the rights issue.



Cash and cash equivalents amounted to SEK 40 (25) million as at 29 February 2012. At the period close there were unutilised credit facilities of about SEK 250 (500) million.

Store network and expansion

At the end of the period the total number of stores was 381 (360); 163 in Sweden, 101 in Norway, 61 in Finland, 51 in Poland and five in the Czech Republic. No stores have been opened or closed during the quarter. The online shop started during the autumn in Sweden has gone well, both as regards direct sales and visitors to the company's website.

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Contracts for new stores

The work of finding new store sites is proceeding according to plan. Apart from the 381 (360) stores in operation on 29 February this year, there are at present contracts for 31 new stores. Of the new contracts, seven stores will be opened during the rest of the financial year, five of which will be in the third quarter (March-May). The long-term goal to increase the number of stores by 20 to 25 per year remains, but for the coming financial year the number of new stores is expected to be 15.

KappAhl

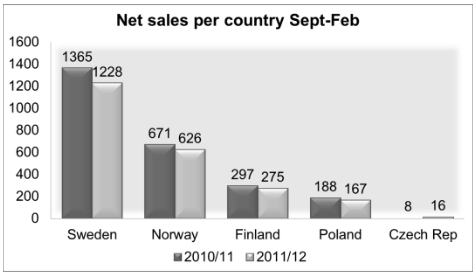
Parent Company
The Parent Company's net sales for the period were SEK 10 (7) million and profit after financial items was SEK -41 (54) million. The financial items for the quarter consist of dividend received from subsidiaries totalling SEK - (83) million. The Parent Company did not make any investments during the period.

• COMMENTS ON THE HALF YEAR •

-11,5 %

Sales in comparable stores

Net sales and results
KappAhl's net sales were SEK 2,312 (2,529) million for the first six months. This is a decrease of 8.6 per cent compared with the previous year. This consists of: new and closed stores, +3.2 per cent; change in comparable stores, -11.5 per cent; and currency translation differences, -0.3 per cent.



Gross profit for the first six months was SEK 1,278 (1,530) million, which corresponds to a gross margin of 55.3 (60.5) per cent. The gross margin for the first six months is normally a mixture of a strong quarter without many clearance sales and a quarter with a lot of clearance sales. In that KappAhl has been struggling with too high an inventory level and a weak women's range the company has had two quarters with an unusual quantity of clearance sales and the gross margin has consequently fallen compared with last year.

3,7 %

Lower costs than last year

Selling and administrative expenses for the first six months, excluding non-recurring costs, have decreased by SEK 51 million to a total of SEK 1,317 (1,368) million, despite an increased number of stores and inflation. This shows that the savings initiated at the beginning of the summer are clearly having an effect.

The operating profit was SEK -122 (162) million. This is equivalent to an operating margin of -5.3 (6.4) per cent. Excluding non-recurring items, the operating margin was -1.7 (6.4) per cent.

Depreciation according to plan was SEK 83 (107) million, which was affected by a changed assessment of real useful lives. See further under accounting policies.

Net financial income was SEK -73 (-32) million for the first six months. The loss after financial items was SEK -195 (130) million and the loss after estimated tax was SEK -174 (96) million. Earnings per share for the first six months were SEK -1.16 (0.58).

Other comprehensive income
Unrealised changes in the fair value of the Group's cash flow hedges are reported under 'Other comprehensive income'. These are SEK -2 (-65) million for the period.

Investments
Investments of SEK 76 (97) million were made during the period, mainly referring to investment in existing and newly opened stores. For the full year investments are expected to amount to about SEK 150 million, which implies a decrease compared with the previous year of about SEK 90 million.

Cash flow
KappAhl's cash flow from operating activities in the first six months amounted to SEK 63 (48) million and cash flow after investments was SEK -13 (-49) million. During the

period inventories decreased by SEK 135 million, compared with an increase in the corresponding period of the previous year of SEK 99 million.

Parent Company
The Parent Company's net sales for the period were SEK 10 (11) million and profit after financial items was SEK -33 (34) million. The financial items for the period consist of dividend received from subsidiaries totalling SEK 43 (83) million. The Parent Company did not make any investments during the period.

• OTHER INFORMATION •

Related party transactions
Apart from underwriting guarantees for the rights issue, from Mellbygård AB and Dutot Ltd, there have not been any related party transactions. Expenditure for these guarantees amounts to SEK 11 million, which is recognised in equity.

Incentive programme
The incentive programme resolved at the Annual General Meeting was implemented during the period, with 99.9 per cent of 6.75 million options subscribed for, which meant that the company was provided with SEK 4 million for allocated options.

Risks and uncertainties
Impairment testing of intangible assets has been carried out, which has not resulted in any change compared with the last annual accounts.

Due to the fall in earnings, the company now has a high debt/equity ratio. The company's goal is "Net debt/EBITDA is not to exceed 3, other than temporarily". The current level of 9.5 constitutes a restriction on the company's financial freedom of action.

The most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2010/2011 and in the rights issue prospectus. 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 are described in the annual report for 2010/2011, Note 19. The reported risks are otherwise deemed to be unchanged in all essentials.

Financial calendar
Third quarter (1 March–31 May) 29 June 2012
Fourth quarter (1 June–31 August) 10 October 2012

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.

Mölndal, 30 March 2012
KappAhl AB (publ)

Christian W. Jansson Chairman of the Board	Amelia Adamo Board member
Sonat Burman-Olsson Board member	Paul Frankenius Board member
Marie Matthiessen Employee representative	Jan Samuelson Board member
Rose-Marie Zell-Lindström Employee representative	Johan Åberg Chief Executive Officer

• REVIEW REPORT •

Report of the auditors concerning review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act

Introduction
We have performed a review of the report for KappAhl AB (publ) for the period 1 September 2011 to 29 February 2012. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Focus and scope of the review
We conducted our review in accordance with the Standard on Review Engagements 2410 "Review of Interim Financial Information 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 has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion that is expressed on the basis of a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report does not, in all material respects, accord with IAS 34 and the Annual Accounts Act and, for the parent company, with the Annual Accounts Act.

Gothenburg, 30 March 2012
PricewaterhouseCoopers AB

Bror Frid
authorised public accountant

KappAhl

Group income statement - Summary (SEK million)		Q2 2011/2012	Q2 2010/2011	Sep-Feb 2011/2012	Sep-Feb 2010/2011	Latest 12 months Mar-Feb
Net sales		1 119	1 188	2 312	2 529	4 757
Cost of goods sold		-538	-508	-1 034	-999	-2 083
Gross profit		**581**	**680**	**1 278**	**1 530**	**2 674**
Selling expenses	1, 2)	-685	-624	-1 333	-1 293	-2 600
Administrative expenses		-34	-40	-67	-75	-136
Operating profit		**-138**	**16**	**-122**	**162**	**-62**
Financial income		0	0	0	0	1
Financial expenses		-47	-15	-73	-32	-113
Profit after financial items		**-185**	**1**	**-195**	**130**	**-174**
Tax		22	0	21	-34	-28
Net profit		**-163**	**1**	**-174**	**96**	**-202**
Profit attributable to parent company shareholders		**-163**	**1**	**-174**	**96**	**-202**
Earnings per share , SEK		-0,72	0,01	-1,16	0,58	-1,50
Other comprehensive income						
Net Profit		-163	1	-174	96	-202
Translationdifferences for the period		-25	-21	-9	-28	-5
Actuarial losses		0	0	0	0	-19
Change in fair value reserves		16	-77	-2	-65	45
Tax attributable to other comprehensive income		-2	21	3	17	0
Total other comprehensive income attributable to parent company shareholders		**-174**	**-76**	**-182**	**20**	**-181**

1) Q2 och Sep-Feb includes non-recurring costs of 83 SEK million

2) Latest 12 months includes non-recurring costs of 97 SEK million

Group Balance Sheet - Summary (SEK million)	29-Feb-12	28-Feb-11	31-Aug-11
Tangible assets	927	985	996
Intangible assets*	1 341	1 330	1 335
Deferred tax assets	174	148	144
Inventories	723	802	858
Other operating receivables	151	133	129
Cash and cash equivalents	40	25	39
Total assets	**3 356**	**3 423**	**3 501**
Equity	929	519	520
Interest-bearing long-term liabilities	1 550	2 172	2 192
Non-interest-bearing long-term liabilities	19	0	9
Interest-bearing current liabilities	180	10	113
Non-interest-bearing current liabilities	678	722	667
Total equity and liabilities	**3 356**	**3 423**	**3 501**
*of which goodwill	696	696	696
*of which trademarks	610	610	610

KappAhl

Group cash flow statement - Summary (SEK million)	Q2 2011/2012	Q2 2010/2011	Sep-Feb 2011/2012	Sep-Feb 2010/2011
Cash flow from operating activities before changes in working capital	**-52**	**17**	**-22**	**174**
Changes in working capital	120	-29	85	-126
Cash flow from operating activities	**68**	**-12**	**63**	**48**
Cash flow from investing activities	-26	-31	-76	-97
Cash flow after investments	**42**	**-43**	**-13**	**-49**
Change in bank overdraft facility	-620	293	-573	292
New share issue	52	-	587	-
Dividend	-	-244	-	-244
Cash flow from financing activities	**-568**	**49**	**14**	**48**
Cash flow for the period	**-526**	**6**	**1**	**-1**
Cash and cash equivalents at beginning of the period	**566**	**19**	**39**	**26**
Cash and cash equivalents at the end of the period	**40**	**25**	**40**	**25**

Specification of changes in the Group's equity	Q2 2011/2012	Q2 2010/2011	Sep-Feb 2011/2012	Sep-Feb 2010/2011
Opening equity	1099	839	520	743
Dividend	-	-244	-	-244
New share issue - after issue expenses and tax	4	-	591	-
Total comprehensive income	-174	-76	-182	20
Closing equity	**929**	**519**	**929**	**519**

Number of stores per country	28-Feb-11	31-May-11	31-Aug-11	30-Nov-11	29-Feb-12
Sweden	157	159	159	163	163
Norway	99	100	99	101	101
Finland	58	59	59	61	61
Poland	43	44	47	51	51
Czech Republic	3	5	5	5	5
Total	**360**	**367**	**369**	**381**	**381**

Sales per country (SEK million)	Q2 2011/2012	Q2 2010/2011	Change SEK %	Change local currency %
Sweden	597	639	-6,6%	-6,6%
Norway	301	313	-3,8%	-6,2%
Finland	134	145	-8,3%	-7,8%
Poland	80	87	-8,0%	1,8%
Czech Republic	8	4	100,0%	85,6%
Total	**1 119**	**1 188**	**-5,8%**	**-**

Sales per country (SEK million)	Sep-Feb 2011/2012	Sep-Feb 2010/2011	Change SEK %	Change local currency %
Sweden	1228	1 365	-10,0%	-10,0%
Norway	626	671	-6,7%	-8,7%
Finland	275	297	-7,7%	-6,7%
Poland	167	188	-11,2%	-0,7%
Czech Republic	16	8	100,0%	100,1%
Total	**2 312**	**2 529**	**-8,6%**	**-**

Geografic reporting (SEK million)	Net sales Q2 2011/2012	Net sales Q2 2010/2011	Operating income Q2 2011/2012	Operating income Q2 2010/2011
Nordic countries	1 032	1 097	0	80
Other	88	91	-87	-16
Intercompany expenses	-	-	-51	-48
Total	**1 120**	**1 188**	**-138**	**16**

Geografic reporting (SEK million)	Net sales Sep-Feb 2011/2012	Net sales Sep-Feb 2010/2011	Operating income Sep-Feb 2011/2012	Operating income Sep-Feb 2010/2011
Nordic countries	2129	2333	78	273
Other	183	196	-109	-20
Intercompany expenses	-	-	-91	-91
Total	**2 312**	**2 529**	**-122**	**162**

Quarterly income statement	2008/2009				2009/2010				2010/2011				2011/2012	
(SEK million)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	1 266	1 168	1 206	1 226	1 344	1 256	1 221	1 290	1 341	1 188	1 237	1 208	1 193	1 119
Cost of goods sold	-452	-490	-478	-473	-470	-531	-432	-521	-491	-508	-493	-556	-496	-538
Gross profit	**814**	**678**	**728**	**753**	**874**	**725**	**789**	**769**	**850**	**680**	**744**	**652**	**697**	**581**
Selling expenses	-605	-574	-587	-549	-630	-615	-639	-583	-669	-624	-651	-616	-648	-685
Administrative expenses	-33	-39	-32	-28	-37	-34	-38	-30	-35	-40	-36	-33	-33	-34
Operating profit	**176**	**65**	**109**	**176**	**207**	**76**	**112**	**156**	**146**	**16**	**57**	**3**	**16**	**-138**
Financial income	0	1	0	0	0	1	0	0	0	0	0	1	0	0
Financial expenses	-19	-19	-23	-23	-18	-23	-24	-24	-17	-15	-22	-18	-26	-47
Profit after financial items	**157**	**47**	**86**	**153**	**189**	**54**	**88**	**132**	**129**	**1**	**35**	**-14**	**-10**	**-185**
Tax	-44	-13	-24	-47	-11	-20	-23	-7	-34	0	-9	-40	-1	22
Net profit	**113**	**34**	**62**	**106**	**178**	**34**	**65**	**125**	**95**	**1**	**26**	**-54**	**-11**	**-163**
Operating margin	13,9%	5,6%	9,0%	14,4%	15,4%	6,1%	9,2%	12,1%	10,9%	1,3%	4,6%	0,2%	1,3%	-12,3%
Earnings per share , SEK	1,08	0,32	0,59	1,01	1,69	0,32	0,62	1,19	0,90	0,01	0,25	-0,51	-0,11	-0,72
Number of stores	306	305	318	319	337	336	344	345	360	360	367	369	381	381

Yearly income statement (SEK million)		Sep-Aug 2006/07	Sep-Aug 2007/08	Sep-Aug 2008/09	Sep-Aug 2009/10	Sep-Aug 2010/11
Net sales		4 473	4 622	4 866	5 111	4 974
Cost of goods sold		-1 738	-1 740	-1 893	-1 954	-2 048
Gross profit		**2 735**	**2 882**	**2 973**	**3 157**	**2 926**
Selling expenses	5)	-1 985	-2 106	-2 315	-2 467	-2 560
Administrative expenses	1)	-142	-136	-132	-139	-144
Other operating income	2, 6)	16	11	-	-	-
Other operating expenses		-6	-	-	-	-
Operating profit		**618**	**651**	**526**	**551**	**222**
Financial income	4)	23	27	1	1	1
Financial expenses		-97	-80	-84	-89	-72
Profit after financial items		**544**	**598**	**443**	**463**	**151**
Tax	3)	115	-162	-128	-61	-83
Net profit		**659**	**436**	**315**	**402**	**68**
Operating margin		13,8%	14,1%	10,8%	10,8%	4,5%
Earnings per share, SEK		6,27	4,15	3,00	3,83	0,65

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 2006/07 and 107 MSEK 2009/10.

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

Parent company income statement - Summary (SEK million)	Q2 2011/2012	Q2 2010/2011	Sep-Feb 2011/2012	Sep-Feb 2010/2011	Latest 12 months Mar-Feb
Net sales	10	7	10	11	19
Cost of goods sold	-	-	-	-	-
Gross profit	**10**	**7**	**10**	**11**	**19**
Administrative expenses	-15	-17	-23	-24	-30
Operating profit	**-5**	**-10**	**-13**	**-13**	**-11**
Result from participations in group companies	-	83	43	83	318
Financial income	1	1	2	2	8
Financial expenses	-37	-20	-65	-38	-114
Profit after financial items	**-41**	**54**	**-33**	**34**	**201**
Resultat after appropriations	**-41**	**54**	**-33**	**34**	**201**
Tax	24	0	20	0	44
Net profit	**-17**	**54**	**-13**	**34**	**245**

KappAhl

Parent company Balance Sheet - Summary (SEK million)	29-Feb-12	28-Feb-11	31-Aug-11
Tangible assets	-	-	-
Financial assets	3 187	3 144	3 144
Deferred tax assets	31	8	10
Other operating receivables	368	103	231
Cash and cash equivalents	0	-	1
Total assets	**3 586**	**3 255**	**3 386**
Equity	1 813	922	1 240
Untaxed reserves	8	8	8
Interest-bearing long-term liabilities	1 500	2 276	2 043
Deferred tax liabilities	-	-	-
Interest-bearing current liabilities	180	-	50
Non-interest-bearing current liabilities	85	49	45
Total equity and liabilities	**3 586**	**3 255**	**3 386**

Key ratios	Q2 2011/2012	Q2 2010/2011	Sep-Feb 2011/2012	Sep-Feb 2010/2011	Latest 12 months Mar-Feb
Growth in sales	-5,8%	-5,4%	-8,6%	-2,7%	-5,6%
Earnings per share, SEK	-0,72	0,01	-1,16	0,58	-1,50
Total depreciation/amortisation	86	52	127	107	239
Operating result (EBIT)	-138	16	-122	162	-62
Gross margin	51,9%	57,2%	55,3%	60,5%	56,2%
Operating margin	-12,3%	1,3%	-5,3%	6,4%	-1,3%
Interest coverage ratio	-	-	-	-	0,5
Net interest-bearing liabilities	1 690	2 157	1 690	2 157	1 690
Net interest-bearing liabilities, excl. Buildings			1 140	1 607	1 140
Net interest-bearing liabilities/EBITDA	-	-	9,5	3,3	9,5
Equity/assets ratio	27,7%	15,2%	27,7%	15,2%	27,7%
Equity per share, SEK	4,13	6,92	4,13	6,92	4,13
Equity per share after dilution, SEK	4,13	6,92	4,13	6,92	4,13
Return on equity	-	-	-	-	-27,9%
Return on capital employed	-	-	-	-	-2,3%
Number of shares	225 120 000	75 040 000	225 120 000	75 040 000	225 120 000

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 prifit/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, 29 February 2012	Number of shares	Percentage of shares and votes 29-Feb-12	Percentage of shares and votes 30-Nov-11
DUTOT LIMITED (Christian W. Jansson)	36 644 100	16,28	16,28
MELLBY GÅRD AB	27 252 659	12,11	11,81
NORDEA BANK NORGE NOMINEE	12 720 415	5,65	1,37
Swedbank Robur fonder	12 556 938	5,58	5,74
AVANZA PENSION	9 722 872	4,32	4,44
SVENSKT NÄRINGSLIV	6 600 000	2,93	2,80
JPM CHASE NA	4 576 525	2,03	0,46
ROBUR FÖRSÄKRING	4 574 362	2,03	2,61
NORDNET PENSIONSFÖRSÄKRING AB	3 327 558	1,48	1,61
Catella Fondförvaltning	1 889 400	0,84	0,58
RIKSBANKENS JUBILEUMSFOND	1 815 554	0,81	new
BANQUE ÖHMAN S.A.	1 802 500	0,80	0,00
SVENSKA HANDELSBANKEN SA	1 705 876	0,76	0,77
IDEELLA FÖRENINGEN	1 200 000	0,53	0,51
GULF 1 FUND OD41	1 168 584	0,52	0,00
S-KON FASTIGHETER AB	1 030 000	0,46	new
LÄNSFÖRSÄKRINGAR JÖNKÖPING	984 359	0,44	0,39
FÖRSÄKRINGS AB SKANDIA	927 326	0,41	0,40
JULA AB	922 476	0,41	0,40
Folksam	796 100	0,35	0,40
Other	92 902 396	41,26	49,43
Total	**225 120 000**	**100,00**	**100,00**

Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU. The accounting policies are unchanged in comparison with the latest annual accounts as at 31 August 2011.

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. The number of warrants is 6,744,000. These can be exercised in January-February 2015. One warrant confers the right to subscribe for one share at the price of SEK 7.60.

An examination has been made of the company's estimated useful lives of store inventories. The examination shows that for several inventory classes the actual useful life is estimated at between five and seven years, which is a longer useful life than that previously estimated of three to five years. As a consequence of this the depreciation period for these inventory groups has been extended, effective from September 2011. The effect of this for the first quarter is a reduced depreciation cost of about SEK 12 million, compared with the previous depreciation plan.

Deferred tax

The tax cost in the first quarter of 2011/12 was negatively affected by not recording a deferred tax asset for losses in Poland and the Czech Republic.

Adjustment of earnings by share

Earnings per share have been restated for comparison periods. The number of shares has been adjusted to allow for the rights issue.