

## YEAR-END REPORT

October 10, 2012



### • REPORT FOR THE FOURTH QUARTER 2011/2012 •

## Increase in gross profit margin

	Quarter 4 (JUN-AUG)			Full year (SEP-AUG)		
	2011/2012	2010/2011	Change	2011/2012	2010/2011	Change
Net sales, SEK million	1 129	1 208	-79	4 587	4 974	-387
Operating profit excluding non-recurring costs, SEK million	46	17	+29	53	236	-183
Operating profit/loss, SEK million	29	3	+26	-64	222	-286
Gross profit margin, %	57,0	54,0		56,7	58,8	
Operating margin, %	2,6	0,2		-1,4	4,5	
Profit after tax, SEK million	-40	-54	+14	-224	68	-292
Earnings per share, SEK (Note 1)	-0,18	-0,51		-1,15	0,65	
Cash flow from operating activities, SEK million	-27	-97	+70	153	95	+58

- Net sales decreased by 6.5 per cent for the quarter and 7.8 per cent for the full year.
- Gross profit margin has increased by 3.0 percentage.
- Costs decreased by 5.2 per cent for the quarter and 1.5 per cent for the full year.
- The balance sheet is strengthened by new share issue and sale of property.

*“It is gratifying to see that there are many bright spots for KappAhl. By far the strongest is that we have a better operating profit than the previous year. (...) We are very eager to prove our worth, we are on the right path and doing the right things.”*

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. Please go to [www.kappahl.com/presentations](http://www.kappahl.com/presentations) to register attendance at Operaterrassen. At the website a webcast will also be shown in real time and saved for later viewing. To participate by telephone please call about 5 minutes before the start +44 (0)207 7509950.

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# KappAhl

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• JOHAN ÅBERG, PRESIDENT AND CEO, ANSWERS QUESTIONS •

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Johan Åberg  
President and CEO

***What are your comments on KappAhl's year-end close?***

*It is gratifying to see that there are many bright spots for KappAhl. By far the strongest is that we have a better operating profit than the previous year.*

*Our focus is to turn KappAhl around in stages. The first thing to give the fastest effect is to review costs. We have succeeded in doing this. The second is to achieve a balance in inventories, which will result in our being able to sell more at full price. Here we also see a much stronger gross rate than the previous year.*

*At the same time we have focused on sales promotion. Many of these have now been implemented but it does not appear fully in the fourth quarter.*

***You have been working on an action plan since the beginning of the year – what are the results to date?***

*Yes, we have an action plan with several priority areas. Many of the activities have now been completed and the most visible are out in the stores and in our marketing.*

*We started to roll out our work in August and September. Our stores are better defined, more inspiring and more customer-oriented, with a more attractive assortment that is well adapted to our core customer and we have recently launched a completely new advertising concept.*

*An example of our assortment development is our new jeans concept, 1953, launched in August and immediately gave substantial sales increases.*

*The new advertising concept – "Hey, I like your style" – is an unashamed tribute to our customers and their style. We follow three delightful women whose characters are based on our customers' personal relation to fashion. In addition to television, we are highly visible in digital and social media, in line with our new media strategy.*

*Our action plan also focuses on profitable expansion and reduced costs. We have achieved what we wanted in both these areas.*

***What are your expectations of the new financial year?***

*The objective is to improve earnings. We have high expectations of ourselves and the action plan was set to fulfil, or rather to exceed these. Now we can start to see the results of our efforts and I have great confidence in what we are doing.*

*It is extra gratifying, as I said in the introduction, to see many bright spots for KappAhl.*

***What will be your future priorities for KappAhl?***

*It is important for us to stick to what we have started. Our priority now is to increase sales. We are very eager to prove our worth, are on the right path and doing the right things.*

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The information in this interim report is disclosed by KappAhl AB (publ) pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 10 October 2012 at 07.30 a.m.

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***KappAhl*** is a leading fashion chain with more than 380 stores and 4 900 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 2011/2012 financial year KappAhl's net sales were SEK 4.6 billion. KappAhl is listed on NASDAQ OMX Stockholm. More information can be found at [www.kappahl.com](http://www.kappahl.com).

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# KappAhl

## • COMMENTS ON THE FOURTH QUARTER •

-7.8 %

Sales, comparable stores

3.0 %

Increased gross margin

5.2 %

Costs lower than last year, despite 19 more stores

### Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,129 (1,208) million, a decrease of 6.5 per cent. This is explained by: the effect of new and closed stores, +3.1 per cent; change in comparable stores, -7.8 per cent and translation differences totalling -1.8 per cent. The decrease in comparable stores

is largely due to last year's sales being lifted by an unusually high level of clearance sales, due to the high inventory level we had then. Since we started the year's summer quarter with more balanced inventories we have been able to conduct more normal sales this year, which has also been evident in an increased gross margin.

Gross profit for the quarter was SEK 644 (652) million, which corresponds to a gross margin of 57.0 (54.0) per cent.

Selling and administrative expenses for the quarter decreased by 5.2 per cent to a total of SEK 615 (649) million, despite an increased number of stores and general inflation. This shows that the savings initiated at the beginning of last summer are continuing to have an effect.

The operating profit was SEK 29 (3) million. This is equivalent to an operating margin of 2.6 (0.2) per cent.

Depreciation according to plan was SEK 56 (60) million, which was affected by a changed assessment of real useful lives; see further under accounting policies. In addition, impairment losses of non-recurring costs of SEK 17 million were recorded for non-current assets in stores in Poland.

Net financial income was SEK -59 (-17) million for the quarter. A renegotiation with the company's banks entailed non-recurring costs in the quarter of SEK 20 million. Profit/loss after financial items was SEK -30 (-14) million and the profit/loss after estimated tax was SEK -40 (-54) million. Earnings per share for the quarter were SEK -0.18 (-0.51).

### Taxes

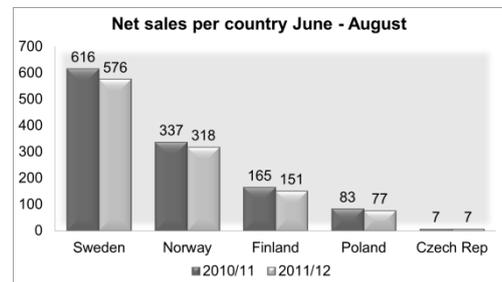
The Group has deferred tax assets of SEK 360 million in Sweden, referring to blocked loss carry-forwards that can partly start to be used from the current year.

### Inventories

At the close of the period inventories amounted to SEK 751 million, a decrease of SEK 107 million compared with the previous year. Overall, the size and composition of inventories are considered to be satisfactory.

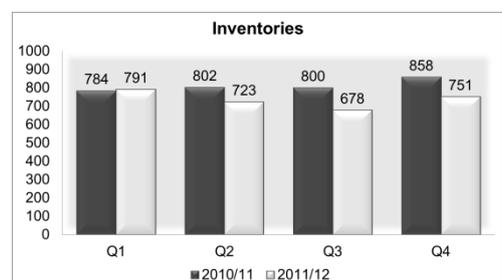
### Cash flow

KappAhl's cash flow from operating activities was SEK -27 million (-97) and the cash flow after investments was SEK -51 (-172) million. The cash flow has been positively impacted by both the development of working capital and by restrictive investment.



12%

Inventories lower than last year



SEK 70 M

Improvement in working capital during the period

# KappAhl

26%

Reduction in net debt compared with previous year

## Financing and liquidity

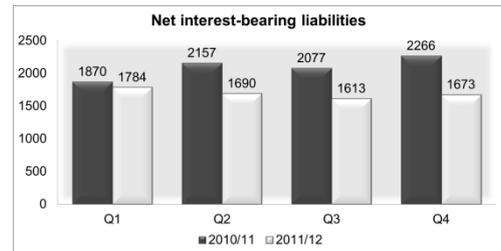
Total credit facilities amount to SEK 2,000 million. For the coming year interest expense is expected to be about 8% calculated on average interest-bearing liabilities.

At the end of the period net interest-bearing liabilities amounted to SEK

1,673 (2,266) million. About 30 per cent of the net liability corresponds to the value of the company's real property. Net interest-bearing debt/EBITDA was 10.7 at the end of the year, as compared with 5.1 as at 31 August 2011. The equity/assets ratio increased to 26.2 (14.9) per cent, mainly due to the rights issue in autumn 2011.

Cash and cash equivalents amounted to SEK 46 (39) million as at 31 August 2012. At the period close there were unutilised credit facilities of about SEK 300 (300) million.

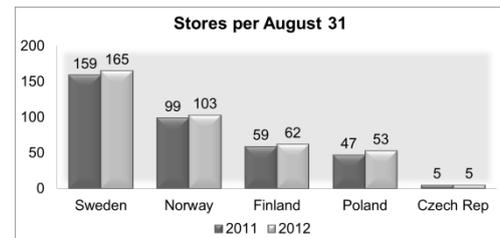
Of the proceeds from the sale of the property are SEK 425 M used for repayment of bank loans. In addition, SEK 300 M of the rights issue will be used for the same purpose. These amounts are current liabilities in the balance sheet as of August 31.



## Store network and expansion

At the end of the period the total number of stores was 388 (369). Of these, 165 are in Sweden, 103 in Norway, 62 in Finland, 53 in Poland and five in the Czech Republic. Two stores were opened during the quarter, none were closed. The online shop started last autumn in Sweden has gone well, both as regards direct sales and visitors to the company's website.

The work of finding new store sites is proceeding according to plan. Apart from the 388 (369) stores in operation on 31 August this year, there are at present contracts for 25 new stores. 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 13.



## Parent company

The Parent Company's net sales for the period were SEK 12 (5) million and profit after financial items was SEK 121 (-21) million. The Parent Company did not make any investments during the period.

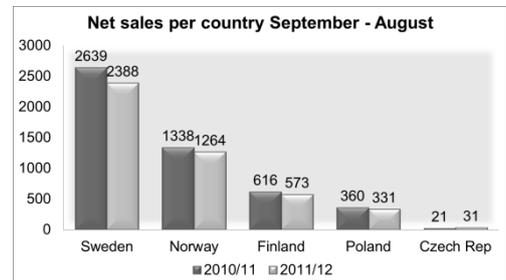
## • COMMENTS ON THE FULL YEAR •

**-10.7 %**

Sales, comparable stores

### Net sales and profit

KappAhl's net sales were SEK 4 587 (4 974) million for the full year. This is a decrease of 7.8 per cent compared with the previous year. Net sales consists of: new and closed stores, +3.4 per cent; change in comparable stores, -10.7 per cent; and currency translation differences, -0.5 per cent.



Gross profit for the full year was SEK 2,599 (2,926) million, which corresponds to a gross margin of 56.7 (58.8) per cent.

**5.4 %**

Costs lower than last year, excl non-recurring items

Selling and administrative expenses for the full year have decreased by SEK 41 million to SEK 2,663 (2,704) million, despite an increased number of stores and inflation. The year's selling and administrative expenses include non-recurring costs of SEK 117 (14) million, which primarily refer to impairment loss on non-current assets and provision for rental costs. Thus costs excluding non-recurring items amounted to SEK 2,546 (2,690) million, which means a decrease of SEK 144 million, equivalent to 5.4 per cent.

The operating profit was SEK -64 (222) million. This is equivalent to an operating margin of -1.4 (4.5) per cent. Excluding non-recurring items, the operating margin was 1.2 (4.7) per cent.

Depreciation according to plan was SEK 220 (219) million, which was affected by a changed assessment of real useful lives; see further under accounting policies.

Net financial income was SEK -166 (-71) million for the full year. Profit/loss after financial items was SEK -230 (151) million and the profit/loss after estimated tax was SEK -224 (68) million.

Earnings per share for the full year were SEK -1.15 (0.65).

### Investments

Investments of SEK 139 (241) million were made during the year, mainly in existing and newly opened stores.

### Cash flow

KappAhl's cash flow from operating activities during the year amounted to SEK 153 (95) million and cash flow after investments amounted to SEK 14 (-146) million. Inventories decreased during the year by SEK 107 million.

### Parent company

The Parent Company's net sales for the year were SEK 22 (20) million and profit after financial items was SEK 52 (268) million. The financial items for the period consist of dividend and group contributions received from subsidiaries totalling SEK 215 (358) million. The Parent Company did not make any investments during the period.

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## • OTHER INFORMATION •

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### **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 by the Annual General Meeting was implemented during the period, with 99.9 per cent of 6.75 million options subscribed for, which in the second quarter provided the company with a premium of 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.

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 the rights issue prospectus of autumn 2011. 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 2010/2011, Note 19. The reported risks are otherwise deemed to be unchanged in all essentials.

### **Events after the reporting period**

To strengthen KappAhl's financial position, the Board intends to propose a guaranteed new share issue of approximately SEK 375 million with preferential rights for the shareholders. The Board's intention is that the details of the rights issue shall be determined and communicated within two weeks of this press release. The principal owner Dutot Ltd. (representing 16.3 per cent of the capital) has declared its intention to vote for the issue and undertake to subscribe for its share of the issue.

The company has also signed an agreement to sell the property that contains the distribution center and headquarters. Sales are made through the company and with an underlying property value of SEK 490 million. The deal is expected to generate a capital gain of about SEK 60 million. At the same time has a new 15-year lease been signed. Completion will take place at the end of November.

The Group had at 31 August 2011 interest-bearing debt of approximately SEK 2,300 million. The above two steps with what has been made the past year, the company's interest-bearing liabilities are soon reduced to about SEK 800 million. The measures are made to once again be within the announced objective of the Net Debt/Ebitda not exceeding 3.0 times. The coming debt level correspond broadly the inventory value and thus is assessed to be at a sustainable level in the financial climate that now prevails.

The corporate tax rate in Sweden will probably be reduced to 22 percent. As a first estimate of deferred taxes in the Group's balance sheet, this will be adversely affected by a net of SEK 15 million.

# KappAhl

## Financial calendar

Annual general meeting	November 28, 2012
First quarter (Sep-Nov)	16 January, 2013
Second quarter (Dec-Feb)	12 April, 2013
Third quarter (March-May)	27 June, 2012
Fourth quarter (June-Aug)	2 October, 2013

This report has not been reviewed by the company's auditors.

Mölndal, 10 October 2012

KappAhl AB (publ)

Johan Åberg  
President

# KappAhl

Group income statement - Summary (SEK million)		Q4	Q4	Sep-Aug	Sep-Aug	Latest
		2011/2012	2010/2011	2011/2012	2010/2011	12 months Sep-Aug
Net sales	Note 2	1 129	1 208	4 587	4 974	4 587
Cost of goods sold		-485	-556	-1 988	-2 048	-1 988
<b>Gross profit</b>		<b>644</b>	<b>652</b>	<b>2 599</b>	<b>2 926</b>	<b>2 599</b>
Selling expenses	1	-579	-616	-2 527	-2 560	-2 527
Administrative expenses		-36	-33	-136	-144	-136
<b>Operating profit</b>		<b>29</b>	<b>3</b>	<b>-64</b>	<b>222</b>	<b>-64</b>
Financial income		0	1	0	1	0
Financial expenses	2	-59	-18	-166	-72	-166
<b>Profit after financial items</b>		<b>-30</b>	<b>-14</b>	<b>-230</b>	<b>151</b>	<b>-230</b>
Tax		-10	-40	6	-83	6
<b>Net profit</b>		<b>-40</b>	<b>-54</b>	<b>-224</b>	<b>68</b>	<b>-224</b>
Profit attributable to parent company shareholders		-40	-54	-224	68	-224
Earnings per share, SEK	Noet 1	-0,18	-0,51	-1,15	0,65	-1,15
Earnings per share after new share issue, SEK		-0,18	-0,51	-1,15	0,65	-1,15
<b>Other comprehensive income</b>						
Net Profit		-40	-54	-224	68	-224
Translation differences for the period		-1	7	-13	-24	-13
Actuarial losses		-14	-19	-14	-19	-14
Change in fair value reserves		-56	29	2	-18	2
Tax attributable to other comprehensive income		25	4	10	14	10
<b>Total other comprehensive income attributable to parent company shareholders</b>		<b>-86</b>	<b>-33</b>	<b>-239</b>	<b>21</b>	<b>-239</b>

1) Sep-Aug includes non-recurring costs of SEK 117 million, of which SEK 17 million is included in Q4.

2) Sep-Aug includes financial non-recurring costs of SEK 20 million, all included in Q4.

Group Balance Sheet - Summary (SEK million)	31-Aug-12	31-Aug-11
Tangible assets	883	996
Intangible assets*	1 347	1 335
Deferred tax assets	158	144
Inventories	751	858
Other operating receivables	118	129
Cash and cash equivalents	46	39
<b>Total assets</b>	<b>3 303</b>	<b>3 501</b>
Equity	866	520
Interest-bearing long-term liabilities	814	2 192
Non-interest-bearing long-term liabilities	8	9
Interest-bearing current liabilities	905	113
Non-interest-bearing current liabilities	710	667
<b>Total equity and liabilities</b>	<b>3 303</b>	<b>3 501</b>
*of which goodwill	696	696
*of which trademarks	610	610

# KappAhl

Group cash flow statement - Summary (SEK million)	Q4 2011/2012	Q4 2010/2011	Sep-Aug 2011/2012	Sep-Aug 2010/2011
Cash flow from operating activities before changes in working capital	-32	51	-33	265
Changes in working capital	5	-148	186	-170
<b>Cash flow from operating activities</b>	<b>-27</b>	<b>-97</b>	<b>153</b>	<b>95</b>
Cash flow from investing activities	-24	-75	-139	-241
<b>Cash flow after investments</b>	<b>-51</b>	<b>-172</b>	<b>14</b>	<b>-146</b>
Change in bank overdraft facility	63	167	-592	403
New share issue	-	-	585	-
Dividend	-	-	-	-244
<b>Cash flow from financing activities</b>	<b>63</b>	<b>167</b>	<b>-7</b>	<b>159</b>
<b>Cash flow for the period</b>	<b>12</b>	<b>-5</b>	<b>7</b>	<b>13</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>34</b>	<b>44</b>	<b>39</b>	<b>26</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>46</b>	<b>39</b>	<b>46</b>	<b>39</b>

Specification of changes in the Group's equity	Q4 2011/2012	Q4 2010/2011	Sep-Aug 2011/2012	Sep-Aug 2010/2011
Opening equity	958	553	520	743
Dividend	-	0	-	-244
New share issue - after issue expenses and tax	-6	-	585	-
Total comprehensive income	-86	-33	-239	21
<b>Closing equity</b>	<b>866</b>	<b>520</b>	<b>866</b>	<b>520</b>

Number of stores per country	31-Aug-11	30-Nov-11	29-Feb-12	31-May-12	31-Aug-12
Sweden	159	163	163	164	165
Norway	99	101	101	102	103
Finland	59	61	61	62	62
Poland	47	51	51	53	53
Czech Republic	5	5	5	5	5
<b>Total</b>	<b>369</b>	<b>381</b>	<b>381</b>	<b>386</b>	<b>388</b>

Sales per country (SEK million)	Q4 2011/2012	Q4 2010/2011	Change SEK %	Change local currency %
Sweden	576	616	-6,5%	-6,5%
Norway	318	337	-5,6%	-4,0%
Finland	151	165	-8,5%	-2,4%
Poland	77	83	-7,2%	1,5%
Czech Republic	7	7	0,0%	4,6%
<b>Total</b>	<b>1 129</b>	<b>1 208</b>	<b>-6,5%</b>	<b>-</b>

# KappAhl

Sales per country (SEK million)	Sep-Aug	Sep-Aug	Change	Change
	2011/2012	2010/2011	SEK %	local currency %
Sweden	2388	2 639	-9,5%	-9,5%
Norway	1264	1 338	-5,5%	-6,9%
Finland	573	616	-7,0%	-4,9%
Poland	331	360	-8,1%	1,0%
Czech Republic	31	21	47,6%	50,3%
<b>Total</b>	<b>4 587</b>	<b>4 974</b>	<b>-7,8%</b>	<b>-</b>

Geografic reporting (SEK million)	Net sales	Net sales	Operating	Operating
	Q4	Q4	income	income
	2011/2012	2010/2011	Q4	Q4
Nordic countries	1 045	1 117	116	86
Other	84	91	-41	-43
Intercompany expenses	-	-	-46	-40
<b>Total</b>	<b>1 129</b>	<b>1 208</b>	<b>29</b>	<b>3</b>

Geografic reporting (SEK million)	Net sales	Net sales	Operating	Operating
	Sep-Aug	Sep-Aug	income	income
	2011/2012	2010/2011	Sep-Aug	Sep-Aug
Nordic countries	4225	4592	279	474
Other	362	382	-165	-76
Intercompany expenses	-	-	-178	-176
<b>Total</b>	<b>4 587</b>	<b>4 974</b>	<b>-64</b>	<b>222</b>

Quarterly income statement (SEK million)	2008/2009				2009/2010				2010/2011				2011/2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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	1 146	1 129
Cost of goods sold	-452	-490	-478	-473	-470	-531	-432	-521	-491	-508	-493	-556	-496	-538	-469	-485
<b>Gross profit</b>	<b>814</b>	<b>678</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>	<b>744</b>	<b>652</b>	<b>697</b>	<b>581</b>	<b>677</b>	<b>644</b>
Selling expenses	-605	-574	-587	-549	-630	-615	-639	-583	-669	-624	-651	-616	-648	-685	-615	-579
Administrative expenses	-33	-39	-32	-28	-37	-34	-38	-30	-35	-40	-36	-33	-33	-34	-33	-36
<b>Operating profit</b>	<b>176</b>	<b>65</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>	<b>57</b>	<b>3</b>	<b>16</b>	<b>-138</b>	<b>29</b>	<b>29</b>
Financial income	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	0
Financial expenses	-19	-19	-23	-23	-18	-23	-24	-24	-17	-15	-22	-18	-26	-47	-34	-59
<b>Profit after financial items</b>	<b>157</b>	<b>47</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>	<b>35</b>	<b>-14</b>	<b>-10</b>	<b>-185</b>	<b>-5</b>	<b>-30</b>
Tax	-44	-13	-24	-47	-11	-20	-23	-7	-34	0	-9	-40	-1	22	-5	-10
<b>Net profit</b>	<b>113</b>	<b>34</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>	<b>26</b>	<b>-54</b>	<b>-11</b>	<b>-163</b>	<b>-10</b>	<b>-40</b>
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%	2,5%	2,6%
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	-0,04	-0,18
Number of stores	306	305	318	319	337	336	344	345	360	360	367	369	381	381	386	388

# KappAhl

Yearly income statement (SEK million)	Sep-Aug 2007/08	Sep-Aug 2008/09	Sep-Aug 2009/10	Sep-Aug 2010/11	Sep-Aug 2011/12
Net sales	4 622	4 866	5 111	4 974	4 587
Cost of goods sold	-1 740	-1 893	-1 954	-2 048	-1 988
<b>Gross profit</b>	<b>2 882</b>	<b>2 973</b>	<b>3 157</b>	<b>2 926</b>	<b>2 599</b>
Selling expenses	3) -2 106	-2 315	-2 467	-2 560	-2 527
Administrative expenses	-136	-132	-139	-144	-136
Other operating income	4) 11	-	-	-	-
Other operating expenses	-	-	-	-	-
<b>Operating profit</b>	<b>651</b>	<b>526</b>	<b>551</b>	<b>222</b>	<b>-64</b>
Financial income	2) 27	1	1	1	0
Financial expenses	-80	-84	-89	-72	-166
<b>Profit after financial items</b>	<b>598</b>	<b>443</b>	<b>463</b>	<b>151</b>	<b>-230</b>
Tax	1) -162	-128	-61	-83	6
<b>Net profit</b>	<b>436</b>	<b>315</b>	<b>402</b>	<b>68</b>	<b>-224</b>
Operating margin	14,1%	10,8%	10,8%	4,5%	-1,4%
Earnings per share, SEK	Note 1 4,15	3,00	3,83	0,65	-1,15

1) Deferred tax credit SEK 107 million 2009/10

2) 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 SEK 23 million in Q3 2007/08

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

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

Parent company income statement - Summary (SEK million)	Q4 2011/2012	Q4 2010/2011	Sep-Aug 2011/2012	Sep-Aug 2010/2011	Latest 12 months Sep-Aug
Net sales	12	5	22	20	22
Cost of goods sold	-	-	-	-	-
<b>Gross profit</b>	<b>12</b>	<b>5</b>	<b>22</b>	<b>20</b>	<b>22</b>
Administrative expenses	-13	-3	-45	-31	-45
<b>Operating profit</b>	<b>-1</b>	<b>2</b>	<b>-23</b>	<b>-11</b>	<b>-23</b>
Result from participations in group companies	172	0	215	358	215
Financial income	19	6	21	8	21
Financial expenses	-69	-29	-161	-87	-161
<b>Profit after financial items</b>	<b>121</b>	<b>-21</b>	<b>52</b>	<b>268</b>	<b>52</b>
<b>Resultat after appropriations</b>	<b>121</b>	<b>-21</b>	<b>52</b>	<b>268</b>	<b>52</b>
Tax	-31	24	-2	24	-2
<b>Net profit</b>	<b>90</b>	<b>3</b>	<b>50</b>	<b>292</b>	<b>50</b>

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## Parent company Balance Sheet - Summary (SEK million)

	31-Aug-12	31-Aug-11	31-aug-11
Tangible assets	-	-	-
Financial assets	3 180	3 144	3 144
Deferred tax assets	15	10	10
Other operating receivables	337	234	234
Cash and cash equivalents	0	1	1
<b>Total assets</b>	<b>3 532</b>	<b>3 389</b>	<b>3 389</b>
Equity	1 873	1 240	1 240
Untaxed reserves	8	8	8
Interest-bearing long-term liabilities	638	2 046	2 046
Deferred tax liabilities	-	-	-
Interest-bearing current liabilities	905	50	50
Non-interest-bearing current liabilities	108	45	45
<b>Total equity and liabilities</b>	<b>3 532</b>	<b>3 389</b>	<b>3 389</b>

Key ratios		Q4	Q4	Sep-Aug	Sep-Aug	Latest
		2011/2012	2010/2011	2011/2012	2010/2011	12 months Sep-Aug
Growth in sales		-6,5%	-6,4%	-7,8%	-2,7%	-7,8%
Earnings per share, SEK	Note 1	-0,18	-0,51	-1,15	0,65	-1,15
Total depreciation/amortisation		56	60	220	219	220
Operating result (EBIT)		29	3	-64	222	-64
Gross margin		57,0%	54,0%	56,7%	58,8%	56,7%
Operating margin		2,6%	0,2%	-1,4%	4,5%	-1,4%
Interest coverage ratio		-	-	0,39	3,10	0,4
Net interest-bearing liabilities		1 673	2 266	1 673	2 266	1 673
Net interest-bearing liabilities, excl. Buildings				1 173	1 766	1 173
Net interest-bearing liabilities/EBITDA		-	-	10,7	5,1	10,7
Equity/assets ratio		26,2%	14,9%	26,2%	14,9%	26,2%
Equity per share, SEK		3,85	6,93	3,85	6,93	3,85
Equity per share after dilution, SEK		3,85	6,93	3,85	6,93	3,85
Return on equity		-	-	-32,3%	10,8%	-32,3%
Return on capital employed		-	-	-2,4%	8,2%	-2,4%
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 profit/loss plus financial income in percentage of capital employed
Capital employed	Balance sheet total less non interest bearing deferred tax liability.

# KappaAhl

KappaAhl's 20 largest shareholders, 31-Aug-2012	Number of shares	Percentage of shares and votes compared with	
		31-Aug-2012	31-May-2012
DUTOT LIMITED	36644100	16,28	0
MELLBY GÅRD AB	27252659	12,11	0
NORDEA BANK NORGE NOMINEE	12660415	5,62	-60 000
Swedbank Robur fonder	11263428	5,00	-10 848
AVANZA PENSION	9488174	4,21	-273 667
SVENSKT NÄRINGSLIV	7000000	3,11	0
ROBUR FÖRSÄKRING AB	4169788	1,85	-55 817
JPM CHASE NA	3509819	1,56	-454 061
NORDNET PENSIONS FÖRSÄKRING AB	3172989	1,41	-110 125
S-KON FASTIGHETER AB	2150000	0,96	550 000
Catella Fondförvaltning	2056900	0,91	34 854
BANQUE ÖHMAN S.A.	1802500	0,80	0
LÄNSFÖRSÄKRINGAR JÖNKÖPING	1712516	0,76	256 865
SVENSKA HANDELSBANKEN SA	1655876	0,74	-22 000
JULA AB	1500000	0,67	500 000
RIKSBANKENS JUBILEUMSFOND	1333521	0,59	-482 033
IDEELLA FÖRENINGEN	1200000	0,53	0
NORDEA LIFE & PENSIONS/NLP 09800478	1000000	0,44	100 000
FÖRSÄKRINGS AB SKANDIA	867851	0,39	-33 989
GULF 1 FUND OD41	811178	0,36	-69 149
Övriga	93 868 286	41,70	129 970
<b>Total</b>	<b>225 120 000</b>	<b>100,00</b>	<b>0</b>

# KappAhl

## 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 full year is a reduced depreciation cost of about SEK 44 million, compared with the previous depreciation plan.

### Note 1 Calculation of earnings per share

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

### Note 2 Customer club bonus reward system

An adjustment of revenue recognition has been made in accordance with IFRIC13 for the purpose of taking into account the customer club members' bonus reward points and the possibility of future redemption of points earned in the form of payment with bonus cheques. Bonus cheques sent out are valid for three months. Experience gained so far and the sales statistics available have been used to assess and calculate the future level of points redemption. For accounting purposes the bonus earned is recognised by reducing net sales at the time the bonus reward is earned with a corresponding provision in the balance sheet. The provision is reduced at the time the bonus cheques are redeemed. The adjustment meant a revenue reduction for the year of SEK 23 million, with corresponding impact on gross profit and operating profit.

Future impact depends on future developments of point-based sales and the level of redemption of bonus cheques. The current assessment is that the impact on future quarters will be minor, taking into account the current level of bonus-based sales and the limited validity of the bonus cheques.