



## GOOD MARGINS IN A WEAK MARKET

	First quarter (Sep-Nov)		
	2014/2015	2013/2014	Change
Net sales, SEK million	1 174	1 243	-69
Operating profit/loss, SEK million	95	99	-4
Gross margin %	63,3	63,3	0,0
Operating margin, %	8.1	8,0	0,1
Profit after tax, SEK million	61	62	-1
Earnings per share after dilution, SEK (Note 1)	0,81	0,83	-0,02
Cash flow from operating activities, SEK million	68	125	-57

- Net sales was 5.6% lower compared with the previous year. Margins and earnings are on a level with the previous year.
- Cost efficiency improvement is continuing according to plan.
- Shop Online was launched in Norway and Finland.
- During the period eight stores were converted to the new store concept.
- The Newbie brand was established as a separate store concept and opened its first store

*"KappAhl, like the rest of the industry, was affected by the warm autumn. Efforts to achieve higher margins and lower costs continue. To sum up we are delivering a gross margin and operating profit in line with the previous year."*

Johan Åberg, President and CEO.

Read the full CEO statement on the next page.

There will be a telephone conference and webcast for analysts, media and investors today at 09.00. To participate in the conference call +46 8 566 426 90 about 5 minutes before the start. The telephone conference can also be followed via a webcast at [www.kappahl.com/presentations](http://www.kappahl.com/presentations), where the webcast will be saved for later viewing.

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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 released for public disclosure on 14 January 2015 at 07.30.

## JOHAN ÅBERG, PRESIDENT/CEO: GOOD MARGINS IN A WEAK MARKET

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*Johan Åberg  
President and CEO*

KappAhl, like the rest of the industry, was affected by the warm autumn. Efforts to achieve higher margins and lower costs continue. To sum up we are delivering a gross margin and operating profit in line with the previous year. The operating margin for the first quarter landed at 8.1 per cent (8.0).

The quarter's sales challenges differed between our markets. In Norway and Sweden our performance is in line with the rest of the market, while sales in Finland continue weak in the recession. In Poland the challenge has continued to increase our sales. We are working further to close unprofitable stores and better adapt our offer to this market.

The warm autumn meant high sales of autumn garments, while sales of warmer winter clothes were weak. This entailed a higher proportion of offers and price cuts.

During the period we converted eight stores to our new store concept. Initial measurements indicate positive effects on customer experience and sales in these stores. We have good reason to believe that the effects will be apparent in the second quarter figures for the stores concerned. Conversions are continuing at a rapid rate; in the first part of the year we are planning to convert up to 30 stores. The high rate of conversion will double the investment level this year.

The autumn campaigns with the world-famous photographer Terry O'Neill and actress Izabella Scorupco drew gazes and brought favourable attention to KappAhl. There will be more campaigns like these in the spring. All in all we see that the new store concept and campaigns have given us an increased share of new customers.

The conversion rate, the percentage of visitors to the store who buy, also showed a positive trend in the autumn. An important interim objective in this work was the launch of Shop Online in Norway and Finland at the end of November. The next launch will be in Poland in the first half of 2015 and we are also looking into the possibility of future launches of Shop Online in markets where KappAhl is not yet represented.

In the autumn our popular brand for small children, Newbie, was established as a separate store concept and opened its first store in Stockholm. The Newbie range will be extended in the spring with interior fittings and complementary textiles for the smallest children. Here too the cotton will be 100% organic. We are reviewing the potential of further expansion of Newbie, as well as other concepts.

Understanding the market and relating to customers' attitudes, behaviour and the trends they recognise continues to be our most important challenge. We will continue to strengthen KappAhl's brand and we will increase sales in comparable stores. Important activities apart from those mentioned above are improving efficiency of the entire supply chain, for a better gross margin and to redistribute human resources to sales promotion activities.

Our forward-looking activities are showing results and our ambition for the year continues to be high.

Johan Åberg, President and CEO

**KappAhl**, founded in 1953, is one of the leading Nordic fashion chains with nearly 400 stores in Sweden, Norway, Finland and Poland as well as Shop Online. KappAhl offers value-for-money fashion of its own design with wide appeal – to women, men and children, with special focus on women in the prime of life. 19 per cent of the range has sustainable fashion labelling. In 2013/2014 sales were SEK 4.7 billion and the number of employees about 4 000. KappAhl is listed on Nasdaq Stockholm. For more information, visit [www.kappahl.com](http://www.kappahl.com).

## COMMENTS ON THE FIRST QUARTER

**4.3%**

Decreased sales in comparable stores

### Net sales and profit

KappAhl's net sales for the quarter amounted to SEK 1,174 (1,243) million, a decrease of 5.6 per cent. This is explained by the effect of new and closed stores, -2.9 per cent; change in comparable stores, -4.3 per cent; and currency translation differences totalling 1.6 per cent.

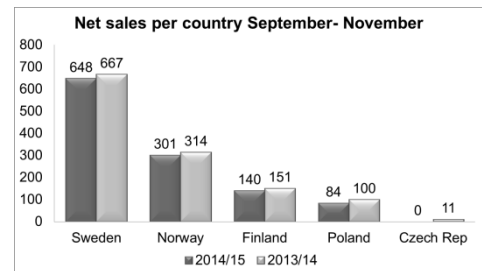
Gross profit for the quarter was SEK 743 (787) million, which corresponds to a gross margin of 63.3 (63.3) per cent.

Selling and administrative expenses for the quarter decreased by 5.8 per cent to a total of SEK 648 (688) million. This is in line with expectations, taking into account savings measures, investments in strategic areas and inflation. There was a positive effect on costs for the first quarter of SEK 7.8 million, referring to a refund for pension costs from previous years.

The operating profit was SEK 95 (99) million. This is equivalent to an operating margin of 8.1 (8.0) per cent.

Depreciation according to plan was SEK 31 (31) million.

Net financial income was SEK -8 (-12) million for the quarter. The improved net financial income mainly refers to a generally lower interest rate level compared with the previous year. Profit/loss after financial items was SEK 87 (87) million and the profit/loss after estimated tax was SEK 61 (62) million. Earnings per share after dilution for the quarter were SEK 0.81 (0.83).



**5.8%**

Decreased selling and administrative expenses

### Taxes

The Group has net deferred tax assets of SEK 9 (73) million. The change is mainly due to utilised loss carry-forwards in Sweden.

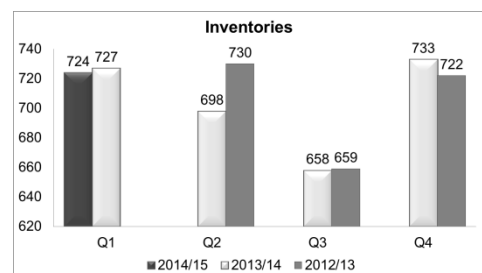
Deferred tax assets referring to losses in Poland, the Czech Republic and Finland are not currently measured, resulting in high effective tax in the Group.

**SEK 3 million**

Inventories lower than last year

### Inventories

At the close of the period inventories amounted to SEK 724 (727) million, a decrease of SEK 3 million compared with the previous year. Overall, the size and composition of inventories are considered to be satisfactory.



### Investments

Investments of SEK 53 (25) million were made during the quarter, mainly referring to investment in existing and newly opened stores.

### Cash flow

KappAhl's cash flow from operating activities during the quarter was SEK 68 (125) million. The change is primarily in working capital (SEK -44 million) which is primarily referring to a temporary reduction in accounts payable. Cash flow from investing activities is SEK -53 (-25) million, which is primarily affected by the investment in the new store concept.

## 26.7%

Reduction in net debt compared with previous year

## 55.2%

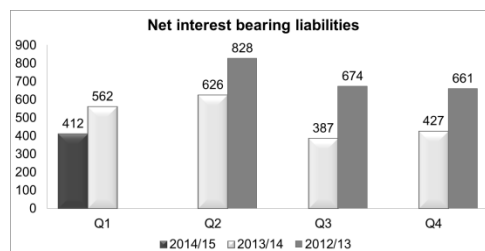
Current equity/assets ratio

### Funding and liquidity

At the end of the period net interest-bearing liabilities amounted to SEK 412 (562) million. The net interest-bearing liabilities/EBITDA ratio was 1.0 at the close of the period, compared with 1.8 as at 30 November 2013. The equity/assets ratio increased to 55.2 (52.1) per cent.

Cash and cash equivalents amounted to SEK 205 (29) million as at 30 November 2014. At the period close there were unutilised credit facilities of about SEK 560 (500) million.

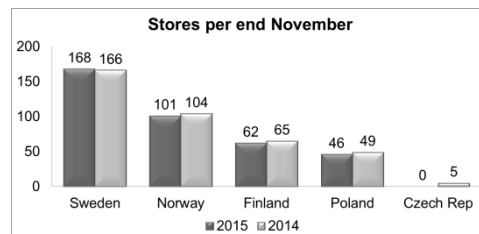
The new credit agreements have come into effect during the period.



### Store network and expansion

At the close of the period the total number of stores was 377 (389). Of these, 168 were in Sweden, 101 in Norway, 62 in Finland and 46 in Poland.

Four stores were opened and four were closed during the quarter.



The work of seeking attractive store locations in existing markets and expanding eCommerce is proceeding according to plan. Apart from the stores in operation on 30 November 2014 there are currently contracts for four new stores. Shop Online expanded to Norway and Finland in November.

### Parent company

The Parent Company's net sales for the period were SEK 0 (4) million and profit after financial items was SEK -17 (-14) million. The parent company did not make any investments during the period.

## OTHER INFORMATION

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### **Related party transactions**

There were no transactions with related parties during the first quarter.

### **Risks and uncertainties**

The most important strategic and operative risks that affect KappAhl's operations and industry are described in detail in the annual report for 2013/2014. The risks 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 2013/2014, Note 17. The reported risks are otherwise deemed to be unchanged in all essentials.

### **Events after the balance sheet date**

No significant events have taken place after the balance sheet date up to the date on which this report was signed.

### **Financial calendar**

Second quarter (Dec-Feb)	16 April 2015
Third quarter (Mar-May)	23 June 2015
Fourth quarter (Jun-Aug)	8 October 2015

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

Möln dal, 14 January 2015

KappAhl AB (publ)

Johan Åberg

President and Chief Executive Officer

## BALANCE SHEETS, INCOME STATEMENTS AND KEY RATIOS

Group income statement - Summary (SEK million)	Sep-Nov 2014/2015	Sep-Nov 2013/2014	Latest 12 month Dec-Nov
Net sales	1 174	1 243	4 674
Cost of goods sold	-431	-456	-1 832
<b>Gross profit</b>	<b>743</b>	<b>787</b>	<b>2 842</b>
Selling expenses	-606	-651	-2 424
Administrative expenses	-42	-37	-150
Other operating income	0	0	0
<b>Operating profit</b>	<b>95</b>	<b>99</b>	<b>268</b>
Financial income	0	-	0
Financial expenses	-8	-12	-64
<b>Profit after financial items</b>	<b>87</b>	<b>87</b>	<b>204</b>
Tax	-26	-25	-76
<b>Result for the period</b>	<b>61</b>	<b>62</b>	<b>128</b>
Profit attributable to parent company shareholders	<b>61</b>	<b>62</b>	<b>128</b>
Earnings per share before dilution, SEK	Note 1	0,81	0,83
Earnings per share after dilution, SEK	Note 1	0,81	0,83
Earnings per share after new share issue, SEK		0,81	0,83

Statements of comprehensive income (SEK million)	Sep-Nov 2014/2015	Sep-Nov 2013/2014	Latest 12 month Dec-Nov
<b>Result for the period</b>	<b>61</b>	<b>62</b>	<b>128</b>
<b>Items not to be recognised in income</b>			
Actuarial gains/losses	0	0	-21
Tax relating to actuarial gains/losses	0	0	4
<b>Total items not to be recognised in income</b>	<b>0</b>	<b>0</b>	<b>-17</b>
<b>Items to be recognised in income</b>			
Cash flow hedges – value change	46	-9	58
Cash flow hedges returned to profit	-8	-10	16
Translation differences for the period	-6	5	-8
Tax attributable to other comprehensive income	-8	4	-16
<b>Total items to be recognised in income</b>	<b>24</b>	<b>-10</b>	<b>50</b>
<b>Total comprehensive income attributable to parent company's shareholders</b>	<b>85</b>	<b>52</b>	<b>161</b>

# KappAhl

Group Balance Sheet - Summary (SEK million)	2014-Nov-30	2013-Nov-30	2014-Aug-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets*	1 343	1 335	1 342
Tangible assets	428	432	412
Deferred tax assets	9	73	22
<b>Total non-current assets</b>	<b>1 780</b>	<b>1 840</b>	<b>1 776</b>
<b>Current assets</b>			
Inventories	724	727	733
Other operating receivables	182	155	142
Cash and cash equivalents	205	29	43
<b>Total current assets</b>	<b>1 111</b>	<b>911</b>	<b>918</b>
<b>Total assets</b>	<b>2 891</b>	<b>2 751</b>	<b>2 694</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 595</b>	<b>1 434</b>	<b>1 510</b>
<b>Non-current liabilities</b>			
Interest-bearing long-term liabilities	453	566	54
Non-interest-bearing long-term liabilities	53	58	29
<b>Total non-current liabilities</b>	<b>506</b>	<b>624</b>	<b>83</b>
<b>Current liabilities</b>			
Interest-bearing current liabilities	164	25	416
Non-interest-bearing current liabilities	626	668	685
<b>Total current liabilities</b>	<b>790</b>	<b>693</b>	<b>1 101</b>
<b>Total equity and liabilities</b>	<b>2 891</b>	<b>2 751</b>	<b>2 694</b>
*of which goodwill	696	696	696
*of which trademarks	610	610	610

Group cash flow statement - Summary (SEK million)	Sep-Nov 2014/2015	Sep-Nov 2013/2014
<b>Cash flow from operating activities before changes in working capital</b>	<b>112</b>	<b>125</b>
Changes in working capital	-44	-
<b>Cash flow from operating activities</b>	<b>68</b>	<b>125</b>
Cash flow from investing activities	-53	-25
<b>Cash flow from investing activities</b>	<b>-53</b>	<b>-25</b>
Change in bank overdraft facility	147	-129
<b>Cash flow from financing activities</b>	<b>147</b>	<b>-129</b>
<b>Cash flow for the period</b>	<b>162</b>	<b>-29</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>43</b>	<b>58</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>205</b>	<b>29</b>

Specification of changes in the Group's equity	Sep-Nov 2014/2015	Sep-Nov 2013/2014	Sep-Aug 2013/2014
Opening equity	1 510	1 382	1 382
Total comprehensive income	85	52	128
<b>Closing equity</b>	<b>1 595</b>	<b>1 434</b>	<b>1 510</b>

# KappAhl

Number of stores per country	2014-Nov-30	2014-Aug-31	2014-May-31	2014-Feb-28	2013-Nov-30
Sweden	168	166	166	165	166
Norway	101	101	101	103	104
Finland	62	63	64	64	65
Poland	46	47	47	47	49
Czech Republic	-	-	-	-	5
<b>Total</b>	<b>377</b>	<b>377</b>	<b>378</b>	<b>379</b>	<b>389</b>

Sales per country (SEK million)	Sep-Nov 2014/2015	Sep-Nov 2013/2014	Change SEK %	Change local currency %
Sverige	648	666	-2,8%	-2,8%
Norge	301	314	-4,1%	-6,4%
Finland	140	151	-7,1%	-11,3%
Polen	84	100	-16,0%	-19,7%
Tjeckien	-	11	-100,0%	-100,0%
<b>Total</b>	<b>1 174</b>	<b>1 243</b>	<b>-5,6%</b>	<b>-</b>

Geografic reporting (SEK million)	Net sales Sep-Nov 2014/2015	Net sales Sep-Nov 2013/2014	Operating income Sept-Nov 2014/2015	Operating income Sept-Nov 2013/2014
Nordic countries	1 089	1 131	81	103
Other	84	111	-16	-4
<b>Total</b>	<b>1 174</b>	<b>1 243</b>	<b>65</b>	<b>99</b>

Quarterly income statement (SEK million)	2014/2015	2013/2014					2012/2013				2011/2012				2010/2011			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net sales	1 174	1 243	1 114	1 201	1 185	1 245	1 148	1 210	1 148	1 193	1 119	1 146	1 129	1 341	1 188	1 237	1 208	
Cost of goods sold	-431	-456	-471	-448	-482	-457	-516	-470	-494	-496	-538	-469	-485	-491	-508	-493	-556	
Gross profit	743	787	643	753	703	788	632	740	654	697	581	677	644	850	680	744	652	
Selling expenses	-606	-651	-603	-617	-598	-650	-636	-627	-575	-648	-685	-615	-579	-669	-624	-651	-616	
Administrative expenses	-42	-37	-37	-35	-36	-34	-31	-49	-36	-33	-34	-33	-36	-35	-40	-36	-33	
Other operating income	0	0	0	0	0	77	-1	0	0	-	-	-	-	-	-	-	-	
Operating profit	95	99	3	101	69	181	-36	64	43	16	-138	29	29	146	16	57	3	
Financial income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	
Financial expenses	-8	-12	-8	-38	-10	-43	-17	-21	-7	-26	-47	-34	-59	-17	-15	-22	-18	
Profit after financial items	87	87	-5	63	59	138	-53	43	36	-10	-185	-5	-30	129	1	35	-14	
Tax	-26	-25	-2	-21	-27	-23	-11	-11	-3	-1	22	-5	-10	-34	0	-9	-40	
Net profit	61	62	-7	42	32	115	-64	32	33	-11	-163	-10	-40	95	1	26	-54	
Operating margin	8,1%	8,0%	0,3%	8,4%	5,8%	8,3% *	-3,1%	5,3%	3,7%	1,3%	-12,3%	2,5%	2,6%	10,9%	1,3%	4,6%	0,2%	
Earnings per share after dilution, SEK	0,81	0,83	-0,09	0,56	0,42	2,35	-0,85	0,43	0,09	-0,49	-3,33	-1,46	-0,82	4,16	0,03	1,15	-2,36	
Number of stores	377	389	379	378	377	395	391	392	390	381	381	386	388	360	360	367	369	

\* excl. sales of property



# KappAhl

Yearly income statement (SEK million)	Sep-Aug 2013/2014	Sep-Aug 2012/2013	Sep-Aug 2011/2012	Sep-Aug 2010/2011	Sep-Aug 2009/2010
Net sales	4 743	4 751	4 587	4 974	5 111
Cost of goods sold	-1 857	-1 937	-1 988	-2 048	-1 954
<b>Gross profit</b>	<b>2 886</b>	<b>2 814</b>	<b>2 599</b>	<b>2 926</b>	<b>3 157</b>
Selling expenses	-2 469	-2 488	-2 527	-2 560	-2 467
Administrative expenses	-145	-150	-136	-144	-139
Other operating income 2)	-	76	-	-	-
<b>Operating profit</b>	<b>272</b>	<b>252</b>	<b>-64</b>	<b>222</b>	<b>551</b>
Financial income	0	1	0	1	1
Financial expenses	-68	-88	-166	-72	-89
<b>Profit after financial items</b>	<b>204</b>	<b>165</b>	<b>-230</b>	<b>151</b>	<b>463</b>
Tax 1)	-75	-74	6	-83	-61
<b>Net profit</b>	<b>129</b>	<b>91</b>	<b>-224</b>	<b>68</b>	<b>402</b>
Operating margin	5,7%	5,3%	-1,4%	4,5%	10,8%
Earnings per share, SEK Note 1	1,72	1,32	-5,30	2,98	17,60

1) Deferred tax credit SEK 107 million 2009/10

2) Capital gain sale of property Q1 2012/13

Parent company income statement - Summary (SEK million)	Sep-Nov 2014/2015	Sep-Nov 2013/2014	Latest 12 month Dec-Nov
Net sales	-	4	15
<b>Gross profit</b>	<b>0</b>	<b>4</b>	<b>15</b>
Selling expenses	-	-	-
Administrative expenses	-7	-6	-30
<b>Operating profit</b>	<b>-7</b>	<b>-2</b>	<b>-15</b>
Result from participations in group companies	-	-	175
Financial income	2	6	18
Financial expenses	-12	-18	-86
<b>Profit after financial items</b>	<b>-17</b>	<b>-14</b>	<b>92</b>
Bokslutsdispositioner	-	-	8
<b>Resultat efter bokslutsdispositioner</b>	<b>-17</b>	<b>-14</b>	<b>100</b>
Tax	4	0	1
<b>Net profit</b>	<b>-13</b>	<b>-14</b>	<b>101</b>

# KappAhl

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

	2014-Nov-30	2013-Nov-30	2014-Aug-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	3 049	2 913	3 049
Deferred tax assets	4	8	-
<b>Total non-current assets</b>	<b>3 053</b>	<b>2 921</b>	<b>3 049</b>
<b>Current assets</b>			
Other operating receivables	427	82	316
Cash and cash equivalents	186	536	77
<b>Total current assets</b>	<b>613</b>	<b>618</b>	<b>393</b>
<b>Total assets</b>	<b>3 666</b>	<b>3 539</b>	<b>3 442</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2 474</b>	<b>2 352</b>	<b>2 487</b>
<b>Untaxed reserves</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Non-current liabilities</b>			
Interest-bearing long-term liabilities	400	1 011	-
Non-interest-bearing long-term liabilities	-	26	-
<b>Total non-current liabilities</b>	<b>400</b>	<b>1 037</b>	<b>-</b>
<b>Current liabilities</b>			
Interest-bearing current liabilities	657	25	814
Non-interest-bearing current liabilities	135	117	141
<b>Total current liabilities</b>	<b>792</b>	<b>142</b>	<b>955</b>
<b>Total equity and liabilities</b>	<b>3 666</b>	<b>3 539</b>	<b>3 442</b>

		Sep-Nov 2014/2015	Sep-Nov 2013/2014	Latest 12 month Dec-Nov
<b>Key ratios</b>				
Growth in sales		-5,6%	-0,2%	-1,6%
Earnings per share before dilution, SEK	Note 1	0,81	0,83	1,71
Earnings per share after dilution, SEK	Note 1	0,81	0,83	1,69
Total depreciation/amortisation		31	31	141
Operating result (EBIT)		95	99	268
Gross margin		63,3%	63,3%	60,8%
Operating margin		8,1%	8,0%	5,7%
Operating margin excluding non-recurring items, %		8,1%	8,0%	6,2%
Interest coverage ratio		4,2	3,0	4,2
Net interest-bearing liabilities		412	562	412
Net interest-bearing liabilities/EBITDA		1,0	1,8	1,0
Equity/assets ratio		55,2%	52,1%	55,2%
Equity per share before dilution, SEK		21,26	19,11	21,26
Equity per share after dilution, SEK		21,12	19,11	21,12
Return on equity		-	-	8,5%
Return on capital employed		-	-	12,7%
Number of shares before dilution		75 040 000	75 040 000	75 040 000
Number of shares after dilution		75 528 227	75 040 000	75 528 465

## Definitions

Earnings per share	Profit after tax / 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 average 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.

	Number of shares	Percentage of shares and votes 2014-Nov-30	Change compared with 2014-Aug-31
<b>KappAhl's 20 largest shareholders, 30 November 2014</b>			
Mellby Gård AB	15 209 245	20,27	0
Handelsbanken Fonder AB RE JPMEL	5 289 295	7,05	-61 982
Swedbank Robur fonder	3 914 824	5,22	42 783
Svenskt Näringsliv	2 400 000	3,20	0
Svolder Aktiebolag	2 017 000	2,69	257 228
Försäkringsaktiebolaget, Avanza Pension	2 008 038	2,68	-112 661
CBNY-Norges Bank	1 608 681	2,14	1 608 681
Fjärde AP-fonden	1 517 893	2,02	-38 376
Lannebo fonder	1 471 468	1,96	1 471 468
Andra AP-fonden	1 212 724	1,62	92 341
Liv & Pension, Nordea	1 100 177	1,47	-18 748
Länsförsäkringar fondförvaltning AB	960 000	1,28	0
SEB	903 456	1,20	488 404
Catella Fondförvaltning	863 799	1,15	-299 538
Robur Försäkring	793 966	1,06	-49 724
Nordnet Pensionsförsäkring AB	766 928	1,02	-140 704
Jula AB	506 881	0,68	0
Teknikföretagen	500 000	0,67	0
State Street Bank & Trust Com., Boston	493 651	0,66	0
Morgan Stanley and CO LLC, W9	483 446	0,64	273 799
Övriga	31 018 528	41,32	-3 512 971
<b>Total</b>	<b>75 040 000</b>	<b>100,00</b>	<b>0,00</b>

## OTHER

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### Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU.

The accounting policies applied are consistent with what is stated in the annual report of 31 August 2014, apart from IFRS 13 Fair value measurement and IAS 19R Employee benefits.

IFRS 13 has not had any impact on the valuation of the Group's financial instruments, although the standard requires enhanced disclosures.

IAS 19R has not had any material impact on the Group's earnings and financial position on the basis that the Group already recognises actuarial gains and losses related to defined benefit plans in other comprehensive income. For further information please refer to the annual report.

This report was prepared in accordance with IAS 34. The report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities.

The company has no outstanding convertible debt instruments. There are 6 744 000 warrants. These can be exercised in January-February 2015. One warrant give the right to subscribe for 0.27 shares at the price of SEK 28.80.

### Note 1 Calculation of earnings per share

Earnings per share is restated for comparison periods. The number of shares has been adjusted to allow for the year's rights issue and reverse split.

### Note 2 Financial assets and liabilities measured at fair value

The Group's financial instruments consist of trade receivables, other receivables, cash and cash equivalents, trade payables, interest-bearing liabilities and currency and interest derivatives. The derivatives are recognised at fair value based on level 2 inputs in the fair value hierarchy. The carrying amounts of trade receivables and trade payables represent a reasonable estimate of their fair values. Group loans are measured at amortised cost.

The Group uses derivative financial instruments to manage interest rate and currency risks. Hedge accounting is applied when there is an effective link between hedged flows and derivative financial instruments. During the previous financial year a transfer of SEK 33 million was made between other comprehensive income and the income statement. These are no longer part of an effective hedging relationship. The fair value of derivative financial instruments was SEK 54 (7) million for currency forwards and SEK -31 (-31) million for interest swaps. The Group hedges currency flows in USD, EUR, NOK and PLN for which currency forwards have maturities of up to 12 months.