ITAB

2011
ANNUAL REPORT

»Improving the shop experience...«

ITAB's BUSINESS CONCEPT

- ITAB Shop Concept's business is to offer fitting concepts for retail chain stores. ITAB will secure a market leading position on selected markets through its expertise and long-term strategies.

GOALS

- ITAB will experience an average of 15% growth per year over an extended period. ITAB will maintain its position as market leader in the Nordic, Baltic and UK markets. ITAB will become the market leader in the Benelux countries and Central Europe. ITAB will develop and gain market shares in new European markets.

CONTENTS

ABOUT ITAB

ITAB sells, develops, manufactures and installs shop fitting concepts and products for chain stores in the food and non-food segments. ITAB is a Group that operates in most parts of Europe and caters to the largest retailorganisations in Europe. ITAB has operations in 18 countries and 14 production facilities in Europe and China. ITAB Shop Concept is listed on OMX Nordic Exchange in Stockholm.

Through organic growth and strategic business acquisitions, ITAB has had robust growth during the last 10 years. The Group's strength lies in its geographic proximity to its customers, making it possible to grow together. ITAB has one of the market's strongest concept and product portfolios and an organisation with the experience and expertise to accommodate its customers' specific requirements and preferences.

ITAB's geographical market extends to the Nordic and Baltic countries, the UK, Benelux, Central Europe including Poland, Germany, Hungary, Russia and the Ukraine. ITAB is the market leader in the Nordic countries, the Baltic countries and the UK, and one of the largest in the Benelux and Central Europe countries.

In total, ITAB has over 220,000 m^2 of production area. At the turn of the year, the Group had 2,158 employees and sales totalled SEK 3,341.3 million.

▲ ITAB Shop Concept sells, develops, manufactures and installs shop fittings and shop equipment, including checkouts, entrance systems and lighting for the food and non-food segments.

GEOGRAPHIC PRESENCE

MARKET AREAS AND COMPANIES

GROUP MANAGEMENT ITAB
CEO, deputy CEO, CFO

PARENT COMPANY
Jönköping, Sweden

EXECUTIVE COMMITTEE
Group Management, Market Area Directors

NORDIC LIGHT GROUP	SCANDINAVIA	UK & IRELAND	BENELUX	CENTRAL EUROPE	NORTHEAST
Skellefteå, Sweden Nordic Light **Borås, Sweden** Prolight **Wanchai, Hong Kong** Nordic Light Hong Kong **Shenzhen, China** Nuko Sourcing **Suzhou, China** Nordic Light Co **Ohio, USA** Nordic Light America	**Jönköping, Sweden** ITAB Shop Concept **Nässjö, Sweden** ITAB Shop Concept **Alleröd, Denmark** ITAB Shop Concept	**Hemel Hempstead, UK** ITAB Shop Concept UK ITAB Interiors **Gravesend, UK** ITAB Shop Concept UK **Milton Keynes, UK** ITAB Shop Products UK	**Woudenberg, Holland** ITAB Shop Concept **Veenendaal, Holland** ITAB Shop Concept **Antwerpen, Belgium** ITAB Belgium	**Cologne, Germany** ITAB Germany **Niedergurig, Germany** ITAB Harr **Boscovice, Czech Republic** ITAB Czech Republic	**Järvenpää, Finland** ITAB Shop Concept **Lahti, Finland** ITAB Pan-Oston **Tallin, Estonia** ITAB Sisustus
OPERATIONS **Antwerpen, Belgium** ITAB Mertens **Boscovice, Czech Republic** ITAB Shop Concept CZ	**Oslo, Norway** ITAB Shop Concept Lindco KB-Design			**Warsaw, Poland** ITAB Polska **Budapest, Hungary** ITAB Hungary	**Riga, Latvia** ITAB Baltic **Vilnius & Kaunas, Lithuania** ITAB Novena
PRODUCTS **Jönköping, Sweden** ITAB Shop Products	**Stadsbygd, Norway** ITAB Industrier				**St. Petersburg, Russia** ITAB Shop Concept Russia
SCANFLOW **Jönköping, Sweden** ITAB Scanflow					**Kiev, Ukraine** ITAB Shop Concept Ukraine
PHARMACY **Stockholm, Sweden** ITAB Pharmacy Concept ITAB Sintek **Sandefjord, Norway** ITAB Pharmacy Concept					

ITAB 2011 IN BRIEF

All market areas report positive growth for 2011. Sales and earnings were considerably better than last year, and the fourth quarter was the best in the companys history. ITAB has developed and strengthened its market position in its current markets. During the year, ITAB acquired the lighting group, Nordic Light Group, and launched its global innovation, EasyFlow, a fully automatic checkout based on barcode-free identification.

SUMMARY 2011

- Income rose by 22% to SEK 3 341.3 million (2 747.5)
- Operating profit rose by 209% to SEK 190.6 million (61.7)
- Profit after financial items rose by 423% to SEK 152.1 million (29.1)
- Earnings per share rose by 435% to SEK 8.40 (1.57)

A BRILLIANT ACQUISITION

- Through its acquisition of Skellefteå-based lighting group, Nordic Light Group AB, ITAB further strengthens its all-inclusive offer to its clients. The acquisition is expected to have a positive impact on earnings per share, between SEK 3 and 4, over the next 12 months.

THE ITAB GROUP IN FIGURES

		2011	2010
Income	SEK m	3,341.3	2,747.5
Operating profit	SEK m	190.6	61.7
Profit for the year	SEK m	123.4	22.6
Earnings per share	SEK	8.40	1.57
Equity per share	SEK	39.12	32.10
Dividends per share	SEK	1.50[1)]	1.25
Return on equity	%	24.1	4.6
Portion of risk-bearing capital	%	35.9	34.9
Share price at the end of the period	SEK	73.00	62.00
Average no. of employees	no.	1,751	1,512

1) The Board's proposal for dividends for 2011

ITAB's SHARE DATA

ITAB Shop Concept is listed on OMX Nordic Exchange.
■ ITAB Shop Concept ■ OMX Stockholm PI

EUROSHOP 2011. Global Retail Trade Fair EuroShop, the industry's largest event, took place in February. ITAB's participation at the event was a good start to 2011.

Q1

INCOME
SEK 706.3 m (603.0)

OPERATING PROFIT
SEK 27.0 m (18.7)

LAUNCH OF EASYFLOW
In February 2011, the company launched EasyFlow, the world's first fully automatic checkout based on barcode-free identification.

EUROSHOP 2011.
Global Retail Trade Fair EuroShop, the industry's largest event, took place in February. ITAB's participation at the event was a good start to 2011.

Q2

INCOME
SEK 657.0 m (619.5)

OPERATING PROFIT
SEK 21.9 m (18.9)

PILOT INSTALLATION.
ITAB signed an agreement in April with Coop Butiker and Stormarknader for a pilot installation of the self-checkout system.

AGREEMENT WORTH SEK 500 MILLION.
ITAB signed a 5-year supplier agreement in May with one of the UK's largest supermarket chains for shop fittings valued at least SEK 500 million.

Q3

INCOME
SEK 881.5 m (736.9)

OPERATING PROFIT
SEK 54.7 m (11.0)

ITAB ACQUIRES NORDIC LIGHT AB.
ITAB acquired Nordic Light, one of Scandinavia's leading companies in retail lighting. In 2010, the company's turnover was SEK 553 million, and its operating profit was SEK 83 million. The acquisition is expected to have a positive impact on earnings per share, between SEK 3 and 4, over the next 12 months.

Q4

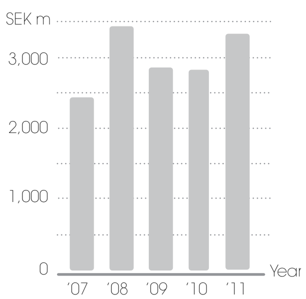
INCOME
SEK 1 096.3 m (788.1)

OPERATING PROFIT
SEK 87.0 m (13.1)

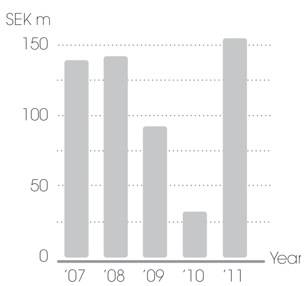
ITAB'S STRONGEST QUARTER EVER.
The fourth quarter was the best quarter to date. Sales rose by 39% compared with last year and operating profit by 564%. All market areas report sound growth in terms of sales and earnings. A strong cash flow in the year's fourth quarter contributed to strengthening the Group's financial position.

CEO ULF ROSTEDT COMMENTS ON 2011

▼ TURNOVER



▼ PROFIT AFTER FINANCIAL ITEMS



Year 2011 improved in many ways. We increased our market shares in most markets, acquired the lighting group Nordic Light Group and launched our global innovation, EasyFlow.

The Group's currency-adjusted sales rose by 27% compared with last year, with organic growth at 18%. All market areas have seen positive growth, with the strongest developments in Central Europe and the UK & Ireland.

Operating profit rose by 209% compared with last year. All markets have shown positive development, except parts of NorthEast. The improvement in profits can primarily be attributed to higher sales, better use of resources and better effectiveness in our production facilities. A strong cash flow contributed to strengthening our financial position, particularly during the latter part of the year.

The fourth quarter was our best ever; sales rose by 39% compared with the same quarter last year and operating profit by 564%, in part due to the acquisition of Nordic Light. All market areas report sound growth in terms of sales and earnings.

ACQUISITION OF THE LIGHTING GROUP NORDIC LIGHT GROUP

One important event in 2011 was the acquisition of lighting Group Nordic Light Group, one of Scandinavia's leading companies in retail lighting. The acquisition is in line with our strategy to offer all-inclusive shop fitting concepts to the retail sector. Nordic Light's turnover was almost SEK 700 million last year, with good profitability. Product development of electronics and mechanics is carried out in Sweden, while production takes place in two modern production facilities with highly-automated electronic assembly in China. The group has been established in China for quite some time and has about 600 employees there.

Light planning, design and energy conservation are increasingly important elements of stores' fitting concepts, areas in which Nordic Light stands out. Through the acquisition, ITAB strengthens its all-inclusive offer to its customers and can effectively satisfy the market's demand for complete concepts from one partner. We have started to offer lighting to ITAB's current customers, providing good opportunities to increase lighting sales in European markets. Our ambition is to increase the workload in our current production facilities in China, particularly in terms of lighting but also shop fittings. *(read more on page 11 and pages 22-23)*

STRATEGICALLY IMPORTANT BREAKTHROUGH ORDER FOR EASYFLOW

In 2011, the company launched EasyFlow, the world's first fully automatic checkout based on barcode-free identification. The technology and method is groundbreaking because the checkout can identify the item without using the barcode. In January 2012, after the close of the period, an agreement was signed for a pilot installation of the checkout with a chain in Benelux. This is a breakthrough order of major strategic significance. There is a huge interest in self-checkout solutions in general and we feel there is every chance this will become a new standard in future. *(read more on page 11 and pages 24-25)*

MARKET TRENDS

During the year, we signed our longest customer agreement ever – a five-year delivery agreement with one of the UK's largest and most successful supermarket chains. The agreement makes ITAB the chain's preferred supplier and project manager for its refurbishment and new construction programmes in the UK. This partnership is a good match for our procedures and organisation structure. Our ambition is to create long-term customer relations with Europe's largest supermarket chains by which we assume a greater comprehensive and conceptual commitment as supplier.

The general trend in the markets is leaning toward longer partnership agreements in which customers prefer delivery of complete shop concepts from one and the same supplier. Several supermarket chains also want to streamline their shops through more flexible fittings and equipment solutions.

SCANDINAVIA

Sales in Scandinavia increased during the year and the earnings trend was satisfactory. The food segment performed better than the non-food segment where growth ebbed somewhat at the end of the year. In 2011, a breakthrough order for one of our self-checkout systems was placed in Sweden. There is a strong interest in self-checkouts and the potential for larger future commitments is good since many of our larger chain customers are evaluating this type of solution. 2011 saw the building of a number of pharmacies, a segment in which we are the market leader in Norway and Sweden.

The restructuring and organisational changes carried out in 2010 progressed according to plan and are expected to boost efficiency in future.

Several of our customers continue to grow both locally and globally, causing cross-country collaborations to expand last year. In our opinion, the chances of strong growth for our all-inclusive concept and self-checkout systems are good.

UK & IRELAND

Sales improved significantly in the market area and profits were better compared with last year. Collaborations with some of our largest food segment customer improved. We delivered several concept solutions to the food segment in which installation and project management was a key element of the collaboration. This has led to greater awareness of our capacity and expertise as an all-inclusive supplier among key customers in the area.

We will continue to improve our customers' awareness of ITAB's capacity as an all-inclusive supplier of concept solutions, self-checkout systems and retail lighting. Our focus will be on long-term collaboration with both the food and non-food segment.

BENELUX

Sales and earnings in Benelux were favourable in 2011 though not at the rate we wished. The new collaborations initiated during the year with chain store Marionnaud, among others, have been favourable. Efforts that started last year to intensify collaboration continued between primarily the factory in Woudenberg, Holland and the units in Germany and England, and other streamlining projects will be carried out to facilitate this. Continued sound growth is expected in the market area in terms of better profitability. ▶

▲ CEO ULF ROSTEDT

»Our processes and geographical presence will eventually lead to even better business for both ITAB and our customers.«

CENTRAL EUROPE

Sales in Central Europe rose significantly throughout the year, and earnings were better than last year in the entire market area. Collaborations with several customers have progressed well, providing security for the long term. In Germany, checkout sales remained stable and marketing activities that target fittings customers continue. During the latter part of the period, we started focusing on offering retail lighting to customers in the market area. The relatively newly established company in Poland is strategically important for our ability to follow customers into the Polish market. In some instances, this has been directly decisive to continued collaboration. In 2011, our Czech and Hungarian organisations evolved into concept suppliers of complete all-inclusive solutions.

The market trend in the market area is somewhat uncertain making it difficult to assess our major customers' establishment schemes at present. The potential for taking new market shares and customers is however substantial in the entire market area.

NORTHEAST

The Finnish market reports weak figures for the year, while the Baltic countries and Russia to a certain extent, report positive growth. The trend was stable for larger customers in the market area, while smaller customers' investment schemes were considerably lower than we had expected. A streamlining programme was carried out in Finland at the close of the period that is expected to have effect over the next years.

The situation in the market is still somewhat uncertain. We will offer retail lighting to our customers in the market area as part of our strategy to strengthen our total offer and position in the market.

ALL-INCLUSIVE OFFER ON DISPLAY AT EUROSHOP

We participated in one of the world's largest shop fittings trade fairs, Global Retail Trade Fair EuroShop in Düsseldorf, Germany at the beginning of the year. Here we were able to demonstrate the Group-wide concept and product portfolio, a critical step in our efforts to strengthen ITAB's brand as an all-inclusive supplier. The trade fair is the highlight of the season for the shop fittings industry. Every three years, for five days in February, the entire industry assembles to showcase concepts, products and innovations, to strengthen relationships and to make new contacts.

OUTLOOK

Our assessment is that we have increased our market share. This confirms that the Group's strategy to profile itself as an all-inclusive supplier with a finely developed product portfolio is in line with what the market wants. For some time we have focused on becoming more competitive by strengthening our all-inclusive customer offer. We have invested and made additions in more technology-intensive areas like self-checkouts and lighting. The geographic location of our production facilities, our processes and our structure will, we believe, become more important competitive advantages since many of our customers want a higher rate of development of complete shop concepts with precise delivery accuracy.

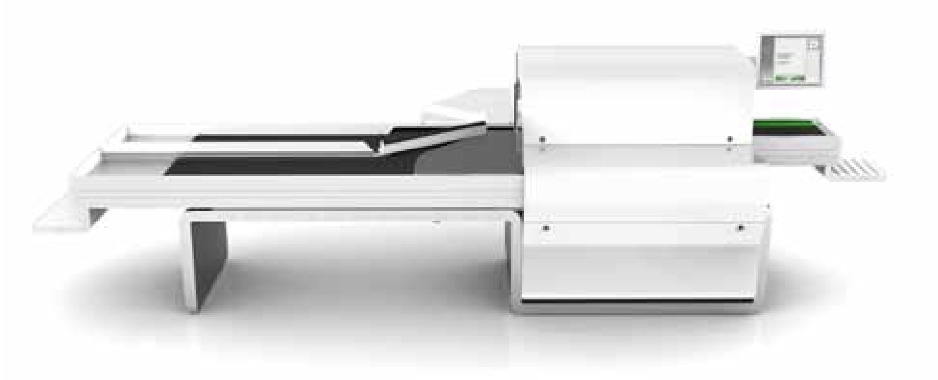
The market is expected to open with a quiet six-month period that gradually picks up during the autumn months. Given the company's current structure, the acquisition of the retail lighting company Nordic Light and recent achievements in our self-checkout concept, we see sound opportunities for continued strong growth, despite the persistent economic unrest in Europe. Our processes and geographical presence will eventually lead to even better business for both ITAB and our customers.

Finally, I want to take this opportunity to extend a warm thank you to all ITAB Group employees for your dedication and your loyalty in 2011. Thank you also to our customers, business partners and shareholders.

Ulf Rostedt
CEO

EASYFLOW MAKES ITS DEBUT

As Europe's leading checkout manufacturer, ITAB launched the world's first fully automatic checkout, EasyFlow, in February 2011. The technology and method is groundbreaking because the checkout can identify items without using barcodes. The technology and system are so intelligent that it can identify different types of apples.



The fully-automatic checkout identifies the item without reading the item's barcode. ITAB has developed the technology and identification method together with leading European universities. EasyFlow was launched in the market the end of February at EuroShop, one of the world's largest shop fitting trade shows.

In January 2012, ITAB signed a strategically important agreement with a supermarket chain in the Benelux market area for the pilot installation of EasyFlow.

EasyFlow is a reliable, fast and cost-efficient checkout that offers retailers major cost savings. The technology is built on a unique combination of different identification methods, including image processing, weight, object sensors, spectroscopy and, when needed, barcode readers. The entire identification process takes less than one second.

The customer places the items on the conveyor belt, and EasyFlow identifies the item and informs the system and the customer of the price of the product. EasyFlow is compatible with most of the market's POS systems.

EasyFlow has the unique function of identifying items like fruits and vegetables without barcodes and indicating both price and weight during the identification process.

NORDIC LIGHT – A PART OF ITAB

In the autumn 2011, ITAB acquired Nordic Light Group, one of Scandinavia's leading companies in retail lighting.

Nordic Light sells, develops and manufactures complete high-quality lighting systems for non-food and food segments.

Lighting has become an increasingly more important part of today's stores. From a design perspective, the right lighting can lift a shop to a new level. From a cost-effective perspective, the right lighting means major energy savings and lower maintenance costs for chain stores. These are two areas where Nordic Light's products and systems are outstanding.

ITAB can now add lighting to an already extensive concept and product portfolio for complete shops, with everything from lighting, fittings and checkouts to project management and installation.

Nordic Light Group has organisations in Sweden, China and the USA. The head office is in Skellefteå where the company has its functions for sales, logistics, development and design. The Group also has two larger factories in Suzhou and Shenzhen in China, where it produces lighting and some fitting products.

BUSINESS CONCEPT, STRATEGIES AND GOALS

ITAB sells, develops, manufactures and installs shop fitting concepts and products for chain stores in the food and non-food sectors. ITAB is a Group that operates in most parts of Europe and caters to the largest retailers in Europe.

ITAB's BUSINESS CONCEPT

ITAB Shop Concept's business is to offer fitting concepts for retail chain stores. ITAB will secure a market leading position in selected markets through its expertise and long-term strategies.

STRATEGIC APPROACH

- ITAB will develop and nurture long-term business relations with chain stores within the food and non-food segments by working closely with its customers and their markets.

- The competence, commitment and business-like attitude that characterises the Group will instil trust and confidence in each and every customer.

- ITAB will offer all-inclusive solutions by assuming responsibility for the entire process – from concept, design, project management and construction to production, logistics and installation.

- ITAB will develop new concepts, products and solutions by utilising its extensive market expertise and innovativeness while working closely with its customers.

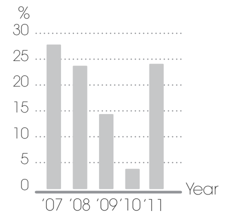
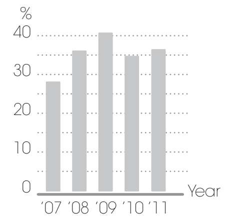
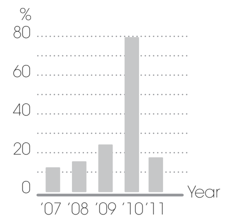
- ITAB will use its highly efficient and flexible production resources, assiduous logistics and selected partners to offer the market competitive terms coupled with precise delivery accuracy and quality.

- ITAB will use its leading position in Northern Europe to cultivate conditions for further growth and expansion in other selected markets.

ITAB'S GOALS

GROWTH TARGET	DESCRIPTION	REALISATION
ITAB will experience an average of 15% growth per year over an extended period.	The target includes both organic and acquired growth. Organic growth will be accomplished through greater market shares and product development. Acquisitions will be made of both complementary businesses and in new markets.	Income increased with 22% in 2011. Over the past five years, growth averaged about 8% per year.
ITAB will maintain its position as market leader in the Nordic, Baltic and UK markets.	This goal is linked to ITAB's business concept, which states: "ITAB will secure a market leading position on selected markets through its expertise and long-term strategies."	ITAB had a market leading position in 2011 in all of these market areas. Over the past five years, the goal was realised in the Nordic, Baltic and UK markets.
ITAB will become the market leader in the Benelux countries and Central Europe.	This goal is linked to ITAB's business concept, which states: "ITAB will secure a market leading position on selected markets through its expertise and long-term strategies."	ITAB is one of the five largest players in these market areas.
ITAB will develop and gain market shares in new European markets.	The target can be realised by setting up organisations in new markets, developing current business activities or through acquisition.	The past year, ITAB has via its acquisition of Nordic Light strengthened its market shares in existing markets while simultaneously gaining market shares for ITAB in new markets. Over the past five years, new markets for ITAB included the arts of the Baltic, Benelux and Central European markets. Russia and the Ukraine also emerged as new markets during this five-year period.

ITAB'S FINANCIAL TARGETS

GOALS	DESCRIPTION	REALISATION	
RETURN ON EQUITY Over an extended period, ITAB will have a minimum 20% return on equity.	Generating good return on equity is a critical goal for ITAB. This level has been determined with consideration to ITAB's capital structure and expected earning capacity.	In 2011, return on equity reached 24.1%. Over the past five years, return on equity has averaged about 17%.	
RISK-BEARING CAPITAL ITAB will have at least 25% cent risk-bearing capital.	The risk-bearing capital goal should be viewed as an expression of the lowest acceptable level in terms of a stable financial position.	The proportion risk-bearing capital was 36% at 31 December 2011. Over the past five years, the proportion risk-bearing capital varied between 28 and 40%.	
SHARE DIVIDENDS ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to between 20 and 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.	The goal has been set to ensure a stable financial situation for continued expansion while concurrently giving shareholders a reasonable portion of the profits.	The proposed dividend for financial year 2011 is SEK 1.50, which corresponds to 18% of the earnings per share. Over the past five years, dividend proportion varied between 15 and 80%. The primary reason why the goal has not been met in full is ITAB's intense expansion during the period.	

MORE THAN 20 YEARS OF ORGANIC GROWTH AND BUSINESS ACQUISITIONS

»Resolute and gradual growth has produced a group with market presence in large parts of Europe.«

Through organic growth and strategically planned business acquisitions, ITAB is today one of Europe's leading players in shop fittings and shop equipment. Resolute and gradual growth has produced a group with market presence in large parts of Europe. Today, ITAB is one of Europe's strongest players in its sector.

Throughout the start of the 21st century, ITAB has expanded substantially through organic growth and strategically planned business acquisitions. ITAB has extensive experience of developing, manufacturing and delivering shop concepts in line with a fine-tuned project management model.

ITAB's market position stems from a broad geographic spread, effective production facilities, an assiduous concept and product portfolio and a fine-tuned project management model.

ITAB is the market leader in the Nordic, Baltic and UK markets and one of the largest in Central Europe and the Benelux countries.

With its acquisition of Nordic Light Group in 2011, ITAB is now one of the leading retail lighting suppliers in Scandinavia.

HISTORIC FLASHBACK 1990-2011

1990–1998
ITAB Industri acquires the shop fittings company ABO Metal (currently ITAB Shop Concept Jönköping), a leading Swedish checkout supplier and Legra (currently ITAB in Norway), one of the largest Norwegian actors in shop fittings. ITAB also acquires a Danish checkout manufacturer, a Finnish shop fittings company and the Nordic region's largest entrance systems company.

2003–2004
ITAB Inredning follows its larger customers into the Czech Republic and acquires a sales organisation in the region. The organisation is hived off from ITAB Industri and forms the Group ITAB Shop Concept which is listed on First North on OMX Nordic Exchange. Two business acquisitions in the Czech Republic, Apos and ABL, are central for establishment and further expansion in Central Europe and Benelux. Other acquisitions include Swedish Stenestams Industri and Norwegian Lindco AS. During the period the business is consolidated, which involves the merger of the Czech companies.

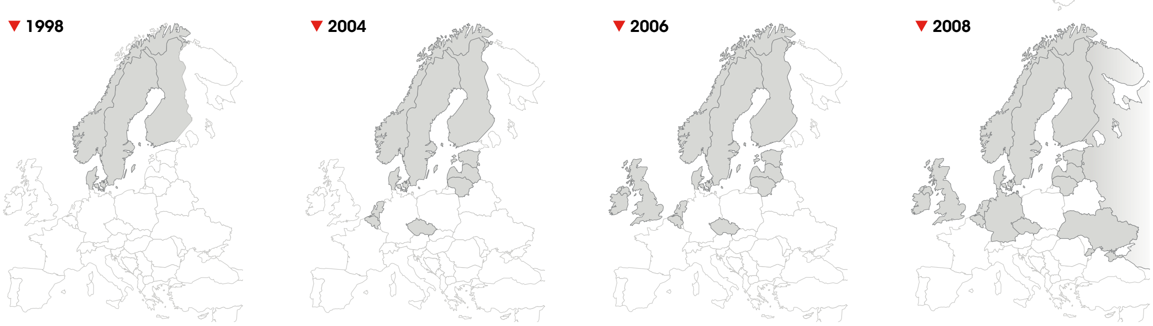
'98 '02 '04 '06

1999–2002
The organisation focuses on shop concepts complete with fittings and equipment. The companies in Sweden, Norway, Denmark and Finland form the business area ITAB Inredning to become the market leader in the Nordic countries. The company's growth strategy and ambition to work closely with its customers influences its expansion. The larger chain customers bring production of standard fittings. One of these chains is the Ahold Group, which leads to the acquisition of companies in the Netherlands and in Baltic countries.

2005–2006
With the acquisitions of the shop fittings group City Group and the shop equipment company Radford CGC ITAB moves into the UK market. Sales in the UK climb from SEK 0 to 500 million. Acquisitions during the year include the Lithuanian interior decorating company Novena complete with one of the largest production units in the Baltic region, the Norwegian pharmacy fittings company, PharmaService, and the Dutch project management company, PremOers.

ITAB'S MARKET PRESENCE AND BUSINESS ACTIVITIES

- Market presence
- ITAB Offices/ Production



2007-2008
The newly built production facility in Boskovice in the Czech Republic is taken into operation. ITAB's production capacity for standard fittings and checkouts triples. One of Sweden's leading actors in pharmacy fittings, Sintek, is acquired. ITAB acquires Hansa Kontor Shopfitting Group, thereby moving into the German market while simultaneously reinforcing its position in the UK. The same year, Finnish checkout supplier Pan-Oston, Dutch Scangineers which designs software systems for self-scanning and Swedish L-Form, entrance and queue management systems manufacturer are acquired. Three new companies are formed: ITAB Shop Products, ITAB Scanflow and ITAB Pharmacy Concepts. Transfer to OMX Nordic Exchange Mid Cap in Stockholm is carried out.

2010
ITAB increases its market presence in Europe by setting up a company in Poland. ITAB is still the leading European checkout manufacturer and second largest in all-inclusive shop fitting concepts and entrance systems.

'08 '09 '10 '11

2009
ITAB is now the leading European checkout manufacturer and second largest in all-inclusive shop fitting concepts and entrance systems. ITAB is affected by the prevalent economic climate. The Group manages however to uphold or reinforce its market position in all its markets.

2011
ITAB further strengthens its all-inclusive customer offer through its acquisition of lighting group, Nordic Light Group AB, headquartered in Skellefteå and production in China. The fully-automatic checkout EasyFlow is launched in the market at one of the world's largest shop fittings trade fairs the end of February in Düsseldorf, Germany. The technology and method are brand new and identify items without using the item's barcode.

▲ **EUROSHOP 2011**
ITAB's stand at Euroshop 2011 was 1,800 m² and had more than 15,000 visitors.

CUSTOM-MADE SHOP CONCEPTS – AN ALL-INCLUSIVE SUPPLIER

ITAB Shop Concept sells, develops, manufactures and installs shop concepts and products for chain stores in large parts of Europe's food and non-food sectors. ITAB has extensive experience of working as an all-inclusive contractor in charge of building new or refurbishing individual shops or entire chains of stores.

ITAB is Europe's largest checkout supplier and the second largest supplier of shop fittings and entrance and queue management systems. With its acquisition of Nordic Light Group, ITAB is now one of the leading retail lighting suppliers in Scandinavia.

IMPROVING THE SHOP EXPERIENCE…

Over the past years, efforts to strengthen the identity and brand within the organisation have intensified. In 2010, a comprehensive brand-building project was carried out and from it came *"Improving the Shop Experience…"*. This is based on the concept that ITAB constantly strives to develop and improve the shopping experience by supplying effective, attractive shops to most parts of Europe.

EUROSHOP 2011

At EuroShop 2011, ITAB demonstrated the Group-wide concept and product portfolio, a critical step in efforts to strengthen ITAB's brand as an all-inclusive supplier.

Global Retail Trade Fair EuroShop in Düsseldorf, Germany is the highlight for the shop fitting industry. Every three years, for five days in February, the entire industry assembles to showcase concepts, products and innovations, to strengthen relationships and to make new contacts.

The trade fair was a huge success with more than 15, 000 visitors to ITAB's stand which measured 1,800 sq metres.

GREATER DEMAND FOR CUSTOM-MADE SHOP CONCEPTS

Shop concepts are a vital element in chain stores' profile and brand strategies, and include all types of fittings and equipment intended for displaying and storing goods.

To meet the market's needs, ITAB has for many years strategically developed and expanded its concept and product portfolio. ITAB is today an all-inclusive shop concepts supplier. ▶

»To meet the market's needs, ITAB has for many years strategically developed and expanded its concept and product portfolio. ITAB is today an all-inclusive shop concepts supplier.«

SHOP FITTINGS

▶ ITAB is the largest in shop fittings in the Baltic, Nordic and UK markets, and one of the leaders in Benelux and Central Europe. Shop fitting sales with project management, installation and service account for more than half of ITAB's turnover. Marketing and sales activities are conducted foremost through ITAB's own companies but also via our European partners.

▲ **JD SPORTS.** ITAB UK has been the preferred supplier of shop fittings for JD Sport since 2008.

The basic range comprises standard fittings. In addition, ITAB offers custom-made fitting details that reflect the customer's profile. ITAB also provides completely custom-made fittings.

The concept of shop fittings comprises all types of fittings intended for displaying and storing goods. Products are made mainly of metal, wood, plastic and glass.

The food segment uses both standard fittings and custom-made fittings for various product categories. Standard fittings have exact measurements and are assembled and mounted according to a given system. The choice of solution varies from market to market, and between different retail chains. ITAB has developed a range of fitting solutions to meet individual customers needs.

Fittings for the non-food sector are usually custom-made according to the individual chain's preferences. The shape, colour and choice of material for shelves and product stands emphasise the store's profile in harmony with colour schemes and lighting.

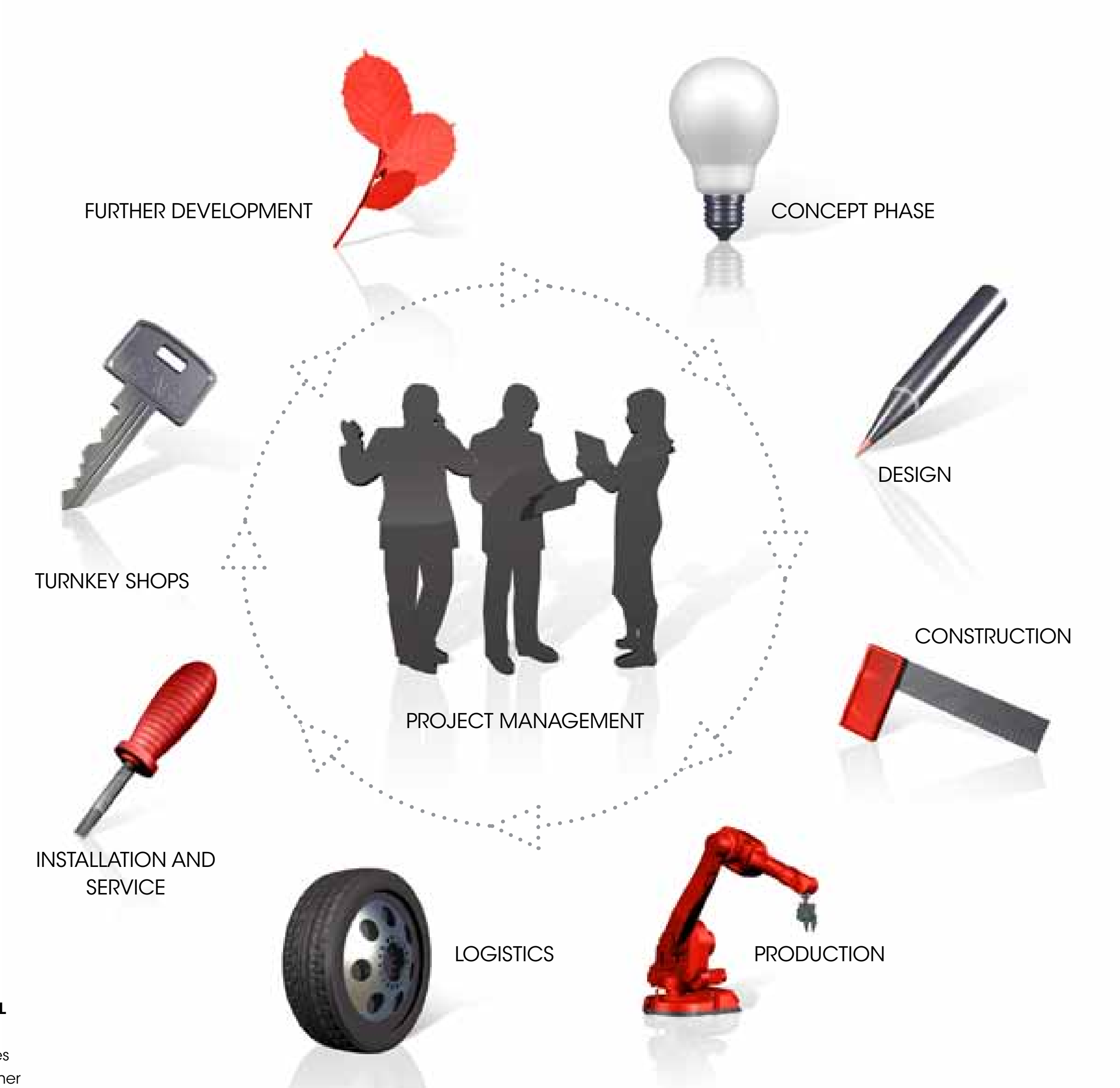
PHARMACY FITTINGS

ITAB has extensive experience of pharmacy fittings, a market in which the demand for custom-made shop concepts has grown the past year, not least due to the deregulation in Norway and Sweden.

ITAB currently delivers modern fittings to both larger pharmacy chains and smaller independents all over Europe – always uniquely made for the pharmacy's profile and individual specifications. ▶

▲ **APOTEK HJÄRTAT** ITAB Pharmacy has supplied pharmacy fittings for pharmacies and hospitals in Europe.

BANK FASHION
ITAB UK has supplied both the standard fittings and specially-designed shop fitting for the British clothes chain store.



▶ **RELIABLE PROJECT MANAGEMENT MODEL**
ITAB's well established working model ensures security for the customer and drives projects from the concept phase to turnkey shops.

EFFECTIVE PROJECT MANAGEMENT FROM IDEA TO COMPLETE SHOP

▶ With its extensive experience of working as an all-inclusive contractor, ITAB has developed a project management model to conform to precise demands in terms of deadlines and cost efficiency. Project management can involve parts or all stages of the model. When entire shop concepts are created, all parts of the project management model are usually adopted in a close collaboration with the customer.

The concept phase entails close collaboration between the customer's representatives and various experts from ITAB. ITAB is open to innovative solutions and ideas, and constantly strives to realise its customers' ideas.

Design, applying well thought out solutions, good features, user friendliness and ergonomics, ITAB's designers create concepts and products that are based on the customer's profile and sales strategy. The Group has smaller, local in-house design teams, and a larger design centre, KB Design in Oslo, Norway. ITAB also works with external architects and the customer's own design agency – all according to customer specifications.

Construction, the construction process is carried out using 3D CAD systems that minimise development times and provide support in the decision-making and production processes.

Production takes place in ITAB's own production facilities, both locally and centrally, depending on the product's design and transport specifications. The Group's 14 production facilities have a total area of 220,000 m^2.

BANK FASHION
Bank Fashion's shop fittings were specially designed to emphasise the chain's profile.

By having its own manufacturing facilities, ITAB has control over the entire production process and can thereby ensure on time delivery. Environmentally-adapted production facilities make it possible to satisfy customers' increasing demand for sustainable, long-term production.

Logistics are critical in carrying out the projects. Production planers and purchasing networks collaborate on purchasing expenditure, schedules and optimising transportation.

Installation and service is carried out by ITAB's own technicians and certified installation teams. Installations can be done in the shop while business is in progress. ITAB's service team can provide service and maintenance of fittings and equipments through regular visits. ITAB's assembly team works efficiently to meet deadlines.

Turnkey shops, ITAB conducts the project from start to finish. The customer then has a finished product, a new concept or an all-inclusive shop ready for business. For customers with short set-up periods, ITAB manufactures and stocks a number of all-inclusive shops for immediate delivery.

Further development, new ideas and needs often emerge while working on a shop concept. These are smoothly integrated thanks to our co-ordinated project management function and a highly functional working model. ITAB's ambition is to work with the customer to further develop the shop concept, all to create an effective, attractive shop environment.

AN ASSIDUOUS PRODUCT PORTFOLIO

ITAB's product portfolio includes traditional checkouts, self-checkout solutions, entrance gates, queue management systems and retail lighting. ITAB has its own in-house product development in order to adapt its product portfolio to customer needs.

ALPHAGATE MKII
ITAB's fully automatic Alphagate MKII functions perfectly as an entrance gate but also as an exit gate to improve self-checkout security.

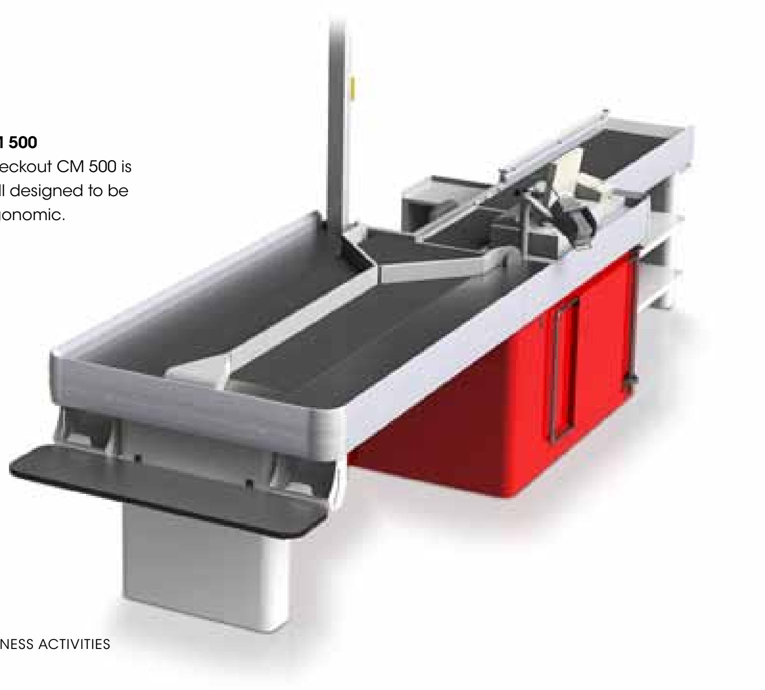
BIGGEST IN CHECKOUTS IN EUROPE

ITAB sells, manufactures and supplies checkouts to larger retail chain stores, primarily in the food sector. The Group is Europe's biggest checkout supplier today.

As Europe's leading supplier, ITAB has the experience and expertise to help retail chains choose the right equipment based on the shop's size, flow of goods and number of visitors. How checkouts are designed varies between different countries and is influenced by the shop's size. Shops in metropolitan areas demand space-efficient and quick flows, while supermarkets located on the outskirts of town can prioritise larger, more effective units.

ITAB's checkouts are optimised based on the shop's flow of customers and goods. For shops that stock a lot of products and where speed is a decisive factor, ITAB manufactures highly effective, ergonomic checkout systems equipped with conveyor belt weighing systems and patented third-customer features. The latter feature means that a third customer can start its purchase while the two previous customers are still packing. For smaller shops, ITAB can supply compact checkout systems. The checkouts are also adapted for different cash register and payment systems.

Marketing and sales activities are conducted primarily through ITAB's own companies but do also involve a network of partners across parts of Europe.



CM 500
Checkout CM 500 is well designed to be ergonomic.

FLOW-PROMOTING ENTRANCE SYSTEMS

ITAB is Europe's second largest supplier of entrance and queue management systems. The Group develops, manufactures and markets flexible entrance and exit systems intended to optimise the flow of customers and improve safety. There is a wide selection of options in terms of function, safety, design and colours.

HIGH QUALITY LIGHTING SYSTEM

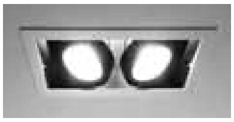
The recently acquired lighting group, Nordic Light, sells, develops and manufactures complete high-quality lighting systems for non-food and food segments.

Nordic Light is today one of the leading retail lighting suppliers in Scandinavia. The company focuses on modern, energy-saving light sources such as ceramic high-intensity discharge lamps (HID), T5/TL5 (modern fluorescent lamps) and LED (light-emitting diodes or, as is more common today, solid state lighting (SSL)). Product development takes place in Sweden and volume production in the company's two modern production facilities in China.

Nordic Light is one of few international lighting manufacturers who develop and produce its own electronic drive mechanism alongside optical solutions for the aforementioned sources of light. The products are internationally approved, which helps chain stores that expand into other countries avoid problems with local requirements and certification agencies.

Lighting has become an increasingly more important part of today's stores. From a design perspective, the right lighting can lift a shop concept to a new level. From a cost-effective perspective, the right lighting means major energy savings and lower maintenance costs. These are two areas where Nordic Light's products and systems are outstanding.

Shops often use more than one type of lighting to create the right atmosphere. Through its range of lighting solutions, Nordic Light can be an all-inclusive supplier for retail shops and chains.



▲ **NORDIC LIGHT.** Nordic Light sells, develops and manufactures modern energy-saving light sources such as HID, T5 and LED.

INNOVATIVE SELF-CHECKOUT SOLUTIONS

ITAB has many years experience developing and manufacturing self-checkout solutions as an alternative to staffed checkouts. The result is a complete range of products adapted for retail checkout aisles. In 2011, a new addition was made to the concept in the form of fully-automatic EasyFlow which is based on barcode-free identification of items.

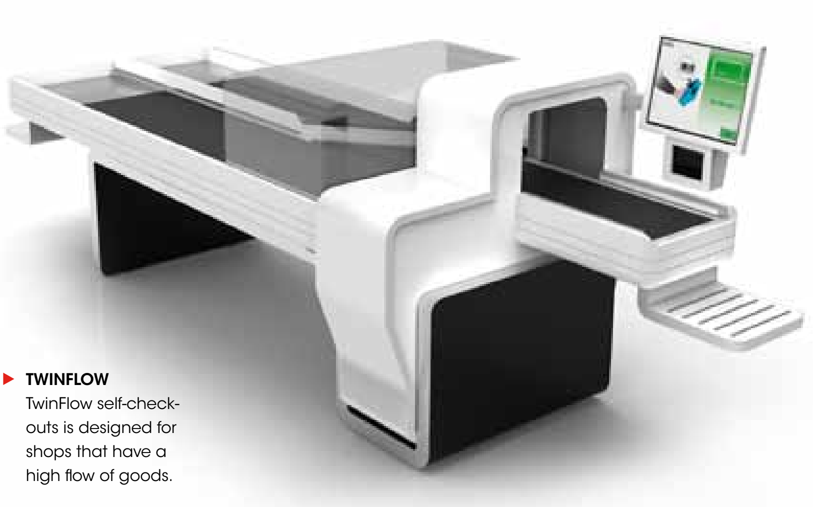
The market continues to take a growing interest in new methods for reliable checkout and payment in shops. As an alternative to staffed checkouts, ITAB has developed effective self-checkout solutions. Self-checkout means the consumer can quickly, conveniently and reliably check and scan items themselves. ITAB believes this will be a high priority area of investment for the retail sector over the next few years. An attractive investment combined with the improved security that a self-checkout system provides means that ITAB expect this will become a new standard.

SELF-CHECKOUT CONCEPT

ITAB's self-checkout concept includes products for cash payment, customer support, surveillance and exiting. The system also helps to reduce losses compared with other known systems, and frees up resources since checkout staff can provide customers with extra service in the shop.

The self-checkout concept also saves space, leaving room for more items and exit checkouts. Better access is another advantage since self-checkouts are always open. More exit checkouts combined with better access reduces queues, a feature that consumers greatly value.

Self-checkout solutions are available in two alternatives. One for a high flow of items that is adapted for larger retail chains, and one for local shops that often use shopping baskets for a few items. ITAB's software is compatible with most known POS systems today. The improvements in efficiency brought about by self-checkout systems make it possible to increase sales and make significant cost savings for both larger chain stores and smaller local shops.



TWINFLOW
TwinFlow self-checkouts is designed for shops that have a high flow of goods.

◀ **EASYFLOW**
EasyFlow self-checkout is fully automatic and based on barcode-free identification of items.

ITAB's self-checkout system and market position in the checkout sector constitute an exceptionally competitive combination.

CONCEPT FOR LOCAL SHOPS

The past years, the Group has developed a concept for smaller local shops that include self-checkout solutions, flexible queue management and entrance systems.

More and more local shops are opening all over Europe, and ITAB can now offer food chains with both small and large shops an all-inclusive concept that includes different self-checkout solutions.

EASYFLOW

As Europe's leading checkouts manufacturer, ITAB launched EasyFlow in 2011, a fully-automatic checkout based on barcode-free identification. The technology and method is groundbreaking since the checkout identifies an item without using the item's barcode – even items sold by the pound like fruit and vegetables. The identification process takes less than one second, twice as fast as a traditional checkout. The process is reliable, quick and cost effective and facilitates major cost savings and streamlining alternatives for retail.

This one-of-a-kind technology has been patented. ITAB is extremely confident that this product has the potential to breakthrough in retail's growing self-checkout sector.

▼ **MOVEFLOW**
MoveFlow self-checkout is specially designed for shops that have a smaller flow of goods.

UNITED COLORS OF BENETTON
ITAB Interiors has supplied the chain store's vibrant and colourful shop fittings.

LONG-TERM RELATIONSHIPS SECURE STRONG MARKET POSITION

ITAB's market position and growth is built on close collaboration with its customers. The Group's organisational structure, long-term approach and ability to be an all-inclusive supplier make it possible to follow customers into new markets while retaining the same level of service. ITAB carefully monitors trends in different markets in order to develop concepts for start-ups and re-profiling together with its customer.

GEOGRAPHIC PROXIMITY TO CUSTOMERS

ITAB's geographical market extends to the Nordic and Baltic countries, the UK, Benelux, and Central Europe including Poland, Germany, Hungary, Russia and the Ukraine. ITAB is the market leader in the Nordic countries, the UK and the Baltic countries. The company ranks amongst the market leaders in Central Europe and Benelux too.

ITAB'S CUSTOMERS – EUROPE'S LARGEST RETAILERS

Europe's most attractive food and non-food chain stores rank among ITAB's customers, extending to both international and nationwide chains and supermarkets. Albert Heijn, Apotek 1, Apotek Hjärtat, Asda, A.S. Watson Group, Axfood, Biltema, Coop, Cubus, Doc Morris, Edeka, Etos, Ica, Ikea, Hema, H&M, Homebase, John Lewis, Jysk, KappAhl, Kesko, Lindex, MetroGroup, Morrisons, Netto, NorgesGruppen, Oasis, Prisma, Real, Rewe, Rimi, Sainsbury, Statoil, Stockman, Tesco, Waitrose and Wilkinsons are a few of all the customers that have chosen ITAB as their supplier.

LONG-TERM CUSTOMER RELATIONSHIPS

To create long-term customer relationships and utilise synergies, ITAB has a number of market area directors who are each in charge of markets that cover several countries. Together with Group management, these directors make up the Executive Committee that has insight into Group-wide business activities which helps to strengthen the strategic development.

Market demand for shop fittings, checkouts and entrance systems is driven by start-ups and refurbishment of shops and chains in the food and non-food segments. Delivering to these customers means satisfying extreme requirements in terms of market presence, production capacity and effectiveness. ITAB has the strength and capacity to create long-term customer relationship and expand at a rate that matches the opening of Europe's most attractive chain stores. ▶

»The Group's organisational structure, long-term approach and ability to be an all-inclusive supplier makes it possible to follow customers into new markets while retaining the same level of service.«

MARKET TRENDS

ITAB's establishment in each market area gives the customer a sense of security. The past several years, a number of mergers between shops and chain stores have occurred, which have lead to a greater need for refurbishment and re-profiling. Fittings and shop concepts have a shorter life-cycle and change often, particularly in the fashion and ready-to-wear segment. ITAB's long-term customer relations make refurbishment and re-profiling critical components of the business.

More recently, it has become common that customer agreements run for several years and for customers to look for a greater all-inclusive and conceptual commitment from one and the same supplier.

»Over the past years, it has become more common that customer agreements run for several years and for customers to look for a greater all-inclusive and conceptual commitment from one and the same supplier.«

▲ **GREEN MATMARKNAD** ITAB completed a concept delivery to Green Matmarknad that included the self-checkout system TwinFlow.

LONGEST CUSTOMER AGREEMENT TO DATE

During the year, ITAB signed its longest customer agreement ever – a five-year delivery agreement with one of the UK's largest and most successful supermarket chains. This agreement makes ITAB the preferred supplier and project manager for the chain's refurbishment and new store plans in the UK. The duration of the agreement provides a sound platform and stability since the growth plan for the coming years is extensive.

▲ **RIMI LATVIA.** ITAB Baltic has supplied RIMI with shop fittings and equipment since 1997.

STRONG SUPPLIER RELATIONSHIPS

ITAB's shop fittings and equipment can be made in many different materials, all according to each customer-unique shop concept. ITAB has a broad supplier network in which relationships are distinguished by competence and cooperation. ITAB enhances its presence and service in various markets through a network of installation and maintenance partners.

COMPETITORS

ITAB has competitors in most markets and in several product areas. In the Nordic and Baltic countries, competitors include Expedit, Fagerhult, Lival, New Store Europe and Rol, while competitors in the UK market include Eden and HMY/Radford. In the Benelux and Central European countries, several major players share the market, including Hermes Metal, Linde, Mago, Store Best, Tego Metal, Wanzl, Umdasch, van Keulen, and Wanzl.

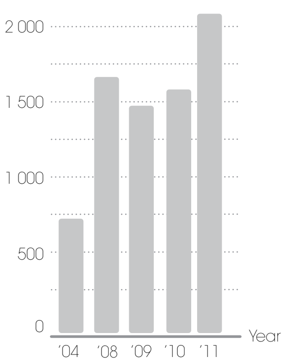
RIMI LATVIA.
ITAB Baltic has delivered shop fittings and equipment to RIMI all over the Baltic region.

THE ORGANISATION'S STRUCTURE CREATES SYNERGY EFFECTS

The structure of ITAB's organisation promotes a decentralised approach and reinforces our geographical proximity to the customer. Together with our project management model, the structure facilitates synergy effects throughout the entire process.

ITAB's working environment is distinguished by candour, unpretentiousness and a will to get the job done. ITAB's decentralised approach provides direct leadership and cooperation between the companies. Together with the Group-wide project management model, the structure enables direct communication and synergy effects throughout the entire process – between companies and across country lines.

▼ **NUMBER OF EMPLOYEES ON CLOSING DAY**



ORGANISATIONAL STRUCTURE

ITAB is active in a total of 18 countries and has 14 production facilities. At the turn of the year, the Group had 2, 158 employees. The organisation's structure, paired with ITAB's procedures, generates opportunities to follow customers into new markets while retaining the same level of service.

The Group's Parent Company is based in Jönköping, Sweden, and has 14 employees who work with Group-wide functions. Group management comprises the CEO, deputy CEO and CFO. The Group management is also part of the Executive Committee together with the market areas directors. A market area director has the overall responsibility for one area that covers several countries. In this way, the Group can utilise synergies and satisfy the needs of larger chains that have business activities in several countries.

Each market area has its own local and flexible production. The concept is supplemented with checkouts, entrance systems, lighting and self-checkout systems made by the Group's own product companies. Several companies in different market areas can jointly cooperate and deliver to one customer. The project manager serves as the hub and coordinates all aspects of the deal.

▲ **ITAB SHOP CONCEPT CZ.** The production unit in Boskovice, Czech Republic, opened in the autumn of 2007.

PRODUCTION FACILITIES

ITAB's production is primarily made-to-order but also covers production of select standard products. A combination of local and flexible production coupled with centralised volume production enables the Group to meet specific

GROUP MANAGEMENT ITAB
CEO, deputy CEO, CFO

PARENT COMPANY
Jönköping, Sweden

EXECUTIVE COMMITTEE
Group Management, Market Area Directors

	SCANDINAVIA	UK & IRELAND	BENELUX	CENTRAL EUROPE	NORTHEAST
NORDIC LIGHT GROUP **Skellefteå, Sweden** Nordic Light **Borås, Sweden** Prolight **Wanchai, Hong Kong** Nordic Light Hong Kong **Shenzhen, China** Nuko Sourcing **Suzhou, China** Nordic Light Co **Ohio, USA** Nordic Light America	**Jönköping, Sweden** ITAB Shop Concept **Nässjö, Sweden** ITAB Shop Concept **Alleröd, Denmark** ITAB Shop Concept	**Hemel Hempstead, UK** ITAB Shop Concept UK ITAB Interiors **Gravesend, UK** ITAB Shop Concept UK **Milton Keynes, UK** ITAB Shop Products UK	**Woudenberg, Holland** ITAB Shop Concept **Veenendaal, Holland** ITAB Shop Concept **Antwerpen, Belgium** ITAB Belgium	**Cologne, Germany** ITAB Germany **Niedergurig, Germany** ITAB Harr **Boscovice, Czech Republic** ITAB Czech Republic	**Järvenpää, Finland** ITAB Shop Concept **Lahti, Finland** ITAB Pan-Oston **Tallin, Estonia** ITAB Sisustus
OPERATIONS **Antwerpen, Belgium** ITAB Mertens **Boscovice, Czech Republic** ITAB Shop Concept CZ	**Oslo, Norway** ITAB Shop Concept Lindco KB-Design			**Warsaw, Poland** ITAB Polska **Budapest, Hungary** ITAB Hungary	**Riga, Latvia** ITAB Baltic **Vilnius & Kaunas, Lithuania** ITAB Novena
PRODUCTS **Jönköping, Sweden** ITAB Shop Products	**Stadsbygd, Norway** ITAB Industrier				**St. Petersburg, Russia** ITAB Shop Concept Russia
SCANFLOW **Jönköping, Sweden** ITAB Scanflow					**Kiev, Ukraine** ITAB Shop Concept Ukraine
PHARMACY **Stockholm, Sweden** ITAB Pharmacy Concept ITAB Sintek **Sandefjord, Norway** ITAB Pharmacy Concept					

requirements and preferences from different customers in different markets. The Group has production facilities in Belgium, Finland, Holland, China, Lithuania, Norway, Sweden, the UK, the Czech Republic and Germany that measures a total of 220, 000 m². The two largest production facilities are in Belgium and the Czech Republic. The units primarily manufacture a standard range of fitting and equipment for ITAB's sales and marketing companies. They coordinate the Group's volume production in order to generate cost-efficient production with high availability, while local, flexible production facilities are adapted to the market area's specific needs.

In the Belgian city of Antwerp, custom-made shop fittings and systems specific to the region are made. The Czech city of Boskovice makes checkouts, standard shelving and metal fittings. The plant is a hub for the Group's production of these products. ITAB Shop Concept CZ is today one of the most cost-efficient facilities in

▲ **ITAB MERTENS.** Among other products, shop fittings are manufactured in the Belgian city of Antwerp.

Europe in terms of standard system production.

Through the acquisition of Nordic Light, the Group also has two modern factories in Suzhou and Shenzhen in China, where production of lighting and some fitting products take place.

PRODUCT COMPANIES

The Group has several product companies that develop, sell and deliver to customers via ITAB's own sales companies or partners. These product areas include self-checkout solutions, entrance and queue management systems and the new product area – retail lighting.

▲ **ORGANISATIONAL STRUCTURE.** The structure of ITAB's organisation promotes a decentralised approach and reinforces our geographical proximity to the customers.

»Purchasing expenditure for the Group's larger volume purchases are controlled by a central purchasing and logistics function. ITAB has an effective purchasing organisation capable of acting both centrally and locally.«

The product companies are grouped in the subsidiaries ITAB Scanflow, ITAB Shop Products and Nordic Light Group.

DENMARK, NORWAY AND SWEDEN

In the Danish city Allerød on Zealand, ITAB conducts sales and project management activities.

In Norway, sales, project management and design expertise functions are in Oslo and Trondheim. There is a production unit for making metal and wood shop fittings in Stadsbygd.

In Sweden, production of checkouts and metal shop fittings for the Swedish and Danish markets is in Jönköping, while wood shop fittings and various types of complementary products are manufactured are made in Nässjö. Both organisations in Sweden have sales, project management, development, manufacturing and logistics functions. The Nässjö company is in charge of concept sales and the company in Jönköping is in charge of product sales of primarily checkouts.

UK

ITAB has two larger factories in Hemel Hempstead and Leeds, and organisations in Gravesend and Milton Keynes. Hemel Hempstead has project management, service and logistics functions as well as shop fittings production. In Leeds, a warehouse has been set up to serve the northern part of the area. Gravesend and Milton Keynes have sales, project management, installation and service functions.

HOLLAND AND BELGIUM

Sales, project management, installation and logistics service is conducted in the sales company ITAB Belgium in Antwerp. ITAB's Dutch organisation is in Veenendaal where it has such functions as warehousing, logistics, sales and administration. Wood shop fittings are made in Woudenberg.

POLAND, CZECH REPUBLIC, GERMANY AND HUNGARY

Development, project management, installation and logistics functions are driven by ITAB Germany and ITAB Czech Republic. These companies also handle marketing activities for Rumania, Slovakia and Austria. In Niedergurig on the outskirts of Dresden in German lies ITAB Harr, one of the leading checkout suppliers in Europe. ITAB opened a company in Poland in 2010.

▲ **ITAB HARR.** Niedergurig, Germany is home to one of the leading checkout suppliers in Europe.

BALTIC, FINLAND, RUSSIA & THE UKRAINE

In Finland, business activities are concentrated in Järvenpää and Lahti. Järvenpää has development, project management, production, installation and logistics functions as well as a production unit for metal shop fittings. ITAB Pan-Oston in Lahti is one of Finland's leading checkout and entrance system suppliers. The company also delivers to other Group companies.

ITAB has organisations in Estonia, Latvia and Lithuania. Project management and logistics centres are located in Tallinn, Riga and Vilnius. Kaunas in Lithuania has a production unit used primarily for metal and wire fittings. The organisation in Lithuania also delivers to other companies in the Group.

CENTRAL PURCHASING AND LOGISTICS FUNCTION

Purchasing expenditure for the Group is controlled by a central purchasing and logistics function. ITAB has an effective purchasing organisation capable of acting both centrally and locally. ITAB has a number of suppliers who do business in Asia. In September 2008, ITAB therefore opened a purchasing office in Shanghai, China, from which purchases, quality and parts of the logistics process can be

controlled on site. ITAB is now strengthening its sourcing options from China by integrating former purchasing offices in Shanghai with parts of Nordic Light's organisation in China. This broadens the company's network of suppliers and contributes to better efficiency.

RECRUITMENT AND CAREERS

The will to participate and a strong drive are among the most important parametres when ITAB recruits employees to the company. ITAB strives to maintain good relationships with colleges and universities in order to find tomorrow's employees.

ITAB has for several years regularly run a trainee programme that gives young graduates the opportunity to work for one year in different areas of the Group. Following this period, the participants are usually offered employment at one of the Group's companies. Further in-house training is available as well as several career opportunities within the Group.

To further cooperation between the companies and countries, ITAB has an internal programme called ITAB Academy. Employees from Group companies participate in order to improve their knowledge about ITAB's business activities and market trends. The programme leads to better awareness and understanding about the different companies within the Group, which promotes cooperation between them.

INCENTIVE SCHEME

To strengthen and encourage employees and company development, ITAB has two incentive schemes; one that started in 2008 for senior executives and other key employees in the ITAB Group, and one that started in 2010 in which all employees in the ITAB Group were invited to participate. For more information, see Note 30 on page 67.

ACTIVE, LONG-TERM ENVIRONMENTAL EFFORTS

»Over the course of several years, ITAB has invested in more energy-saving units within the Group.«

ITAB Shop Concept has conducted long-term quality and environmental activities. The Group's companies continuously strive to reduce their environmental impact by making environmentally conscious choices in terms of raw materials, production processes and transportation. The Group is sensitive to the wishes of its customers and complies with the market's environmental requirements.

Over the course of several years, ITAB has invested to save energy within the Group. Among other things, systems that reduce power and gas consumption have been introduced and residual heat from production facilities is used to heat up other offices. This includes surplus heat from our powder coating facilities.

Factors in ITAB's business activities that have an environmental impact include emissions to air and water, wastewater, noise, packaging, waste and transports. The Group's business activities, manufacturing processes and products are such that the environmental risks are deemed to be limited. The organisation's ambition is to constantly work to minimise its impact on the environment.

To a large extent, the Group uses advanced water-based surface treatment for wood products, in which all wastewater is purified and powder from the coating process is reused. Materials such as metal, plastic, cardboard, glass and paper are recycled in line with existing recycling systems. Leftover electronics are also recycled or resold to the supplier.

The Group carries out projects related to the product development phase aimed at optimising the use of raw materials with consideration to their environmental impact. The environmental aspect is a critical factor in the early design phase when materials, construction and energy consumption solutions are determined.

ITAB has, through its organisational structure comprising two larger production facilities in Belgium and the Czech Republic, centrally placed in Europe, been able to help reduce transportation distances for many of the Group's customers. The strategic placement of the Group's production facilities has grown increasingly more important during major contract negotiations. ITAB works to maximise shipments where transport is arranged from China.

QUALITY ASSURANCE AND CERTIFICATION

Three of the Group's companies, ITAB Jönköping, ITAB Sintek in Sweden and ITAB UK in the UK, have environmental certification in line with the environmental management system, ISO 14001:2004. ITAB Shop Concept CZ in the Czech Republic is working toward the same certification. Certification guarantees that the companies commit to develop and manufacture products and services under controlled resource usage and minimum impact on the

environment. The certification process also includes environmental training for all employees. This means that employees have documented training in such environmental aspects as waste management, transport and the impact on the environment that stems from metals and power consumption.

Two of the Group's companies, ITAB Shop Concept CZ in the Czech Republic, and ITAB Novena in Lithuania, have environmental certification in line with ISO 9001:2000. ITAB Sintek AB also has ISO 9001:2008 quality certification.

ACTIVITIES REQUIRING PERMITS/DISCLOSURE

In accordance with the Swedish Environmental Code, business activities that are deemed to have an impact on the environmental are subject to disclosure requirements. The ITAB Group conducts activities that require disclosure at its Swedish subsidiaries ITAB Jönköping, ITAB Nässjö and Skelack AB.

The disclosure obligation is primarily intended to inform the Environment and Health Administration of details concerning planned or existing activities that have an impact on the environment, the effects of these activities on the surroundings, and whether protective measures have been taken to the extent stipulated in the Swedish Environmental Code.

RECYCLING CONCEPT

The Group constantly strives to develop new, more eco-friendly methods for the production of fittings and products. One example of such an endeavour is the recycling concept, designed together with ITAB's customers in the UK. The recycling concept is built on recycling shop fittings through refurbishment instead of buying new fittings each time a shop concept is redone. The concept means that customers who spend resources on sustainable quality fittings will be able to utilise the potential in full.

Shop fittings that need refurbishment are transported to the facility in Hemel Hempstead. The unit has equipment that removes the original paint in a closed system. The products are re-coated and new parts are added after which they are warehoused for the customer. About 90% of the fittings can oftentimes be reused. As part of the concept, ITAB supplies and assembles warehoused, refurbished fittings to the shop.

▲ **RECYCLING CONCEPT**
ITAB has a recycling concept that is built on recycling shop fittings through refurbishment.

FINANCIAL INFORMATION

This document is a translation of the official annual report for ITAB Shop Concept AB published in Swedish. In the event of discrepancy between the English text and the Swedish, the Swedish text shall prevail.

DIRECTORS' REPORT

The Board of Directors and the CEO of ITAB Shop Concept AB (publ), 556292-1089, hereby submit the annual report and consolidated accounts for the 2011 financial year.

SALES AND PROFIT

The year's income amounted to SEK 3,341.3 million (2,747.5), an increase of SEK 593.8 million compared with last year. Fluctuating currency rates had a negative impact of about SEK 140 million on sales compared with last year. The acquisition of Nordic Light was incorporated as of 1 September.

ITAB's operating profit amounted to SEK 190.6 million (61.7). Acquisition expenses of about SEK 5 million had an impact on the period's operating profit while last year's operating profit was affected by restructuring and non-recurring costs of about SEK 30 million. Recalculation of assets and liabilities in foreign currencies and maturity of the forward exchange contract also had an impact on the period's operating profit in the amount of SEK 5.7 million (20.7). Profit after financial items amounted to SEK 152.1 million (29.1) while profit after tax was SEK 123.4 million (22.6).

SHARE DATA

Earnings per share before dilution amounted to SEK 8.40 (1.57), and SEK 7.46 (1.57) after dilution. Equity per share amounted to SEK 39.12 (32.10). The share of risk-bearing capital at the end of the period was 36% (35).

INVESTMENTS

The Group's net investments, corporate transactions excluded, amounted to SEK 48 million (76). Net investments in corporate transactions totalled SEK 354 million (0) and refer to the purchase price for the shares in Nordic Light Group AB.

ACQUISITIONS

During the period, ITAB acquired the shares in Nordic Light Group AB. Nordic Light is one of Scandinavia's leading companies in retail lighting. The acquisition enhances ITAB's offer of complete shop fittings to food and non-food businesses. Nordic Light Group has business activities in Sweden, China and the USA and 650 employees, of whom most are in China and about 100 in Sweden. The company has its headquarters in Skellefteå where it has functions for sales, logistics, development and design. In addition to its Sweden-based organisation, the Group has two larger factories in Suzhou and Shenzhen in China, where it produces lighting and some fitting products. In 2010, the company's turnover was SEK 553 million, and its operating profit was SEK 83 million. On 31 December 2010, the company had equity was SEK 310 million and net cash of 45 million. Equity ratio was 72%. ITAB paid the book value for the company's assets and liabilities. In addition, there is a small premium based on the financial statement for 31 August 2011. The acquisition was financed through bank loans and existing liquidity. Most of the purchase price was paid 1 September 2011 when ownership was transferred and the final settlement was made in January 2012. The acquisition was deemed at the time of acquisition to have a favourable impact on earnings per share, between SEK 3 and 4, over the next 12 months.

FINANCING AND LIQUIDITY

ITAB signed a credit facilities agreement with its principal bank, thereby ensuring access to cash and cash equivalents. The credit facilities agreement is valid through 2015. The Group's cash and cash equivalents, including undrawn committed credit facilities amounted to SEK 486 million on closing day.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 36.4 million (30.2) and profit after financial items amounted to SEK -3.2 million (27.2). Net investments amounted to SEK 452.7 million (1.0).

RISKS AND UNCERTAINTIES

The Group's considerable risk and uncertainty factors include business risks associated with customers and suppliers, as well as other external factors such as price risks for input goods. In addition, there are the financial risks linked to changes in exchange rates and interest levels. A more detailed account of the Group's considerable financial risks can be found in Note 27. No additional considerable risks are deemed to exist.

BUSINESS ACTIVITIES

ITAB Shop Concept sells, develops, manufactures and installs shop fitting concepts and products for chain stores. Customers include the major players in both the food and non-food segments throughout most parts of Europe. ITAB has organisations in 18 countries and 14 production facilities in Europe and China. Business partners covering service, installation, project management and sales are located throughout Europe. In close collaboration with its customers, ITAB contributes its experience and expertise to the specific needs and requests of its customers. Business operations are founded on long-term business relationships and delivery reliability in combination with streamlined production resources. ITAB is the market leader in the Nordic countries, the Baltic countries and the UK and one of the largest in Central Europe and the Benelux countries.

COMMENTS ON THE GROUP'S PERFORMANCE AND PROFIT

The Group's currency-adjusted sales figures rose in 2011 by 27% compared with last year. Market areas Central Europe, UK & Ireland and Benelux saw the greatest increase in sales. The sales figures for market areas Scandinavia and North-East were on par with last year. Nordic Light has performed in line with our expectations at the time of acquisition. The Group's operating profit rose SEK 128.9 million compared with last year. Acquisition expenses of about SEK 5 million had an impact on the period's operating profit while last year's operating profit was affected by restructuring and non-recurring costs of about SEK 30 million. Recalculation of assets and liabilities in foreign currencies and maturity of the forward exchange contract also had an impact on the period's operating profit in the amount of SEK 5.7 million (20.7). Earnings for market areas Central Europe, the UK & Ireland, Scandinavia and Benelux were better than last year, while market area NorthEast reports figures below those of last year. Currency effects had an impact on the Group's net financial income/expenses in the amount of SEK 4.5 million (1.8) for the period. Current operations generated a cash flow of over SEK 200 million following a substantial reduction of working capital the final months of the year.

IMPORTANT EVENTS

- ITAB acquired Nordic Light, one of Scandinavia's leading companies in retail lighting.
- ITAB launched EasyFlow - the world's first fully automatic checkout based on barcode-free identification.
- ITAB signed an agreement with Coop Butiker and Stormarknader for a pilot installation of the self-checkout system.
- ITAB signed a 5-year supplier agreement with one of the UK's largest supermarket chains for shop fittings valued at a minimum SEK 500 million.
- After the close of the period, ITAB signed a breakthrough order for the fully automatic checkout, EasyFlow, and makes the first installation in Sweden of the self-checkout system, TwinFlow.

ENVIRONMENTAL IMPACT

The Group conducts activities that require disclosure in accordance with the Environmental Code at two Swedish subsidiaries. The Parent Company does not conduct any notifiable activities. An account of the Group's environmental activities can be found on pages 34-35.

RESEARCH AND DEVELOPMENT

ITAB has no research activities. The Group's companies do have product development projects conducted, in part, together with customers and in part, in-house to develop new and improve existing products. Expenses for major development projects are capitalised as intangible assets in the balance sheet and written off during their useful life. Development expenses, which are not of a significant amount, are expensed as they occur.

OWNERSHIP STRUCTURE

The company was subject for trading on First North 2004. Since July 2008, the company is listed on OMX Nordic Exchange Stockholm. The number of shares on closing day amounted to 14,285,952, of which 3,900,000 are Class A shares and 10,385,952 are Class B shares. The number of shareholders at closing day was 1,593 (1,494). Shareholders who are represented with holdings exceeding one tenth of the total voting rights are Thord Johansson with company and family, and Johan Rapp with company; see also the section concerning the distribution of shares and shareholders on page 73.

THE WORK OF THE BOARD IN 2011

For an account of the work of the Board and committees, refer to the Corporate Governance Report on pages 40-42.

AUTHORISATION TO THE BOARD OF DIRECTORS

The Annual General Meeting decided to authorise the Board of Directors on one or more occasions through to the next Annual General Meeting, with or without deviating from shareholders' preferential rights, to decide on a new share of issue of shares and/or convertible for a maximum one tenth of the company's issued shares.

The Annual General Meeting also decided to authorise the Board of Directors to decide on the purchase and transfer of company-owned shares. The authorisation is intended to give the Board more room to manoeuvre in dealing with the company's capital structure and, if deemed appropriate, facilitate a convertible scheme for the Group's employees or the acquisition of a business paid for with company shares. The Board is authorised to take such decisions on one or more occasions for execution before the 2012 Annual General Meeting.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Guidelines for terms of remuneration and other terms of employment for senior executives were unanimously adopted by the AGM in line with the Board's proposal.

The Board of Directors determines the principles for remuneration to senior executives. The purpose is to offer a market-related remuneration package that enables the company to recruit and retain senior executives. Remuneration to Group management consists of the following: basic salary, variable result-based salary and pension.

The basic salary for Group management is to be market-rate in relation to position, individual qualifications and performance. The size of the variable salary depends on ITAB's results. Pension is covered by a premium-based pension system. The basic salary is reviewed annually by the Board's Remuneration Committee. The Remuneration Committee consists of Thord Johansson, Stig-Olof Simonsson, Lottie Svedenstedt and the CEO as additional member. The CEO is not present when issues regarding remuneration to the CEO are handled.

See also under Note 4 – Employees and personnel expenses.

FUTURE PROSPECTS

Our assessment is that we have increased our market share. This confirms that the Group's strategy to profile itself as an all-inclusive supplier with a finely developed product portfolio is in line with what the market wants. For some time we have focused on becoming more competitive by strengthening our all-inclusive customer offer. We have invested and made additions in more technology-intensive areas like self-checkouts and lighting. The geographic location of our production facilities, our processes and our structure will, we believe, become more important competitive advantages since many of our customers want a higher rate of development of complete shop concepts with precise delivery accuracy.

The market is expected to open with a quiet six-month period that gradually picks up during the autumn months. Given the company's current structure, the acquisition of the retail lighting company Nordic Light and recent achievements in our self-checkout concept, we see sound opportunities for continued strong growth, despite the persistent economic unrest in Europe. Our processes and geographical presence will eventually lead to even better business for both ITAB and our customers.

CORPORATE GOVERNANCE REPORT

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company. ITAB's comprehensive ambition is to create long-term value for its shareholders and other stakeholders. The foundation for governance of the Group comprises Corporate Governance, Swedish laws and regulations such as the Companies Act and the Listing Agreement with NASDAQ OMX Nordic Exchange Stockholm (the stock exchange) as well as rules and recommendations such as the Swedish Code of Corporate Governance (the Code). The provisions of the Code apply to ITAB as of July 2008.

The Corporate Governance Report describes ITAB's corporate governance, management and administration as well as internal controls regarding financial reporting. The Code is built on the principle "comply or explain", which means that a company may deviate from individual rules, but must explain the deviation.

ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body and a forum for shareholders to exercise influence. The Annual General Meeting convenes once a year in order to decide on whether to adopt the income statement and balance sheet, on the discharge of liability for members of the Board and the CEO, and on the appropriation of profits or losses. The meeting also elects the Board and, when so is required, the auditors. All shareholders registered in the shareholders' register and who have given notice of attendance may participate in the Meeting and vote according to the number of shares owned. Shareholders who are unable to attend in person may exercise their rights by proxy.

ANNUAL GENERAL MEETING 2011

ITAB's 2011 Annual General Meeting was held Thursday 5 May. Attending the Meeting were 35 shareholders representing 85 per cent of the votes and 61 per cent of the total number of shares. ITAB's Board of Directions, management and the auditors were present at the Meeting. The following decisions were taken:

- Dividends to the shareholders of SEK 1.25 per share, for a total of SEK 17.9 million.
- Anna Benjamin, Thord Johansson, Johan Rapp, Per Rodert, Stig-Olof Simonson and Lottie Svedenstedt were re-elected as members of the Board.
- Anders Moberg was elected for the first time.
- Thord Johansson was elected Chairman of the Board.
- Anders Rudgård (chairman), Johan Storm and Johan Rapp were elected to the Nomination Committee.
- Fees to the Board and auditors, guidelines for remuneration to senior executives and the composition of the Nomination Committee for the 2012 AGM.
- Authorisation to the Board to decide on a directed new share issue.
- Authorisation to the Board to decide on the purchase and transfer of company-owned shares.

ANNUAL GENERAL MEETING 2012

ITAB's 2012 Annual General Meeting will be held on Wednesday 9 May at 3 pm in the company's offices at Instrumentvägen 2 in Jönköping, Sweden.

NOMINATION COMMITTEE

The Nomination Committee is the Meeting's body for proposing the AGM's decisions regarding appointment issues that provides conditions for well-informed decision making in these issues. At the 2011 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Johan Rapp and Johan Storm. The Nomination Committee's task for the 2012 AGM is to propose candidates for chairman of the board and board members, for the post of meeting chairman and auditors, as well as fees and other remuneration for the board and audit. The Nomination Committee has evaluated the work of the Board and prior to the AGM, convened once with all members present, and had several other contacts.

BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs. ITAB's Board of Directors consists of seven members. The AGM-elected Board includes members who represent ITAB's major shareholders as well as independents. The CEO and other Group officials participate at Board meetings, either to present reports or in an administrative capacity. In addition to current laws and recommendations, ITAB's Board work is governed by the Board's rules of procedure stipulated once a year. The rules of procedure include rules for the division of responsibilities between the Board and the CEO, financial reporting and investments. In 2011, the Board convened for a total of seven board meetings, six of which were ordinary board meetings. In addition to operational information, predetermined reports and resolution items are addressed at every regular meeting in accordance with the Board's rules of procedure. The Board also takes decisions in issues of a general nature, such as the company's strategy, structural and organisational issues, policies and guidelines, as well as major investments.

One of the company's auditors participates in at least one of the Board's meetings every year. At this time, the auditor presents observations made when auditing the company's accounts, procedures and internal audits.

REMUNERATION COMMITTEE

The Board has a Remuneration Committee tasked with

- preparing the Board's decisions in issues regarding remuneration principles, remunerations and other terms of employment for corporate management,
- monitor and evaluate ongoing and during the year concluded schemes for variable remuneration to corporate management, and
- monitor and evaluate the application of guidelines for remuneration to senior executives decided by the annual general meeting and current remuneration structures and remuneration levels in the company.

The Committee is comprised of Board members Lottie Svedenstedt (Chair), Thord Johansson and Stig-Olof Simonsson, with CEO Ulf Rostedt as additional member.

AUDIT COMMITTEE

The tasks of the audit committee entail examining the financial policy, reviewing the company's financial reporting and internal reporting and control systems, following up risks and evaluating the external audit. In 2011, the Audit Committee comprised Board members Anna Benjamin (Chair), Thord Johansson and Per Rodert.

CORPORATE MANAGEMENT

The Chief Executive Officer is appointed by the Board to be responsible for the company's day-to-day management in line with the Board's guidelines and instructions. Group management comprises CEO Ulf Rostedt, Deputy CEO Mikael Gustavsson and CFO Magnus Olsson.

AUDITORS

The auditors are appointed by the shareholders at the AGM. The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO. The company's auditors are Stefan Engdahl and Håkan Sundberg, both of Ernst & Young AB. The appointment is valid until and including the 2013 AGM. Alongside his duties for ITAB Shop Concept AB, Stefan Engdahl has auditing assignments for XANO Industri AB, Hexpol AB, Kabe AB, and Liljedahl Group AB. Håkan Sundberg has duties for EAB AB and Gislaved Gummi AB.

PRINCIPLES FOR REMUNERATION TO SENIOR EXECUTIVES, INCENTIVE SCHEMES, ETC.

The Board proposes the AGM should decide on procedures for determining salary and other remuneration to the CEO and other members of executive management. The procedures decided at the 2011 AGM stipulate that the terms should be market rate. In addition to a basic salary, members of executive management may receive variable remuneration that is limited to a maximum three-month severance pay and result-based against stipulated targets. Senior executives are to have market-rate, premium-based pension terms and conditions. In the event the CEO is given notice from the company, an 18-month severance pay will be paid. The Board has the right to deviate from the guidelines should mitigating circumstances so require.

At the start of 2011, the Group had two outstanding incentive schemes. The first scheme is performance-based and involves some fifty senior executives and key employees. The scheme will run from October 2008, with the option to subscribe during the period September 2011 to March 2012 at a price of SEK 97 per share. On 8 February 2012, the Board decided to extend a repurchase offer in which the company offered to buy back warrants from warrant holders at a price based on the share's closing price on 9 February 2012.

The share's closing price on 9 February was SEK 114 and the price of the warrant was calculated at SEK 17. Twenty-one employees holding 213,000 warrants accepted this offer, which means the repurchase amount was about SEK 3.6 million. After the repurchase, the remaining warrants total 20,500 ITAB TO 1 (2088/2012). The purpose of the repurchase offer was to facilitate for holders to recover the value of the warrants. The second scheme was extended to all employees within the ITAB Group. 118 employees opted to participate in the scheme that runs from 2010 with the option to subscribe for shares in November 2012, which deviates slightly from the Code rule according to which the time from the start of the agreement to the time that one share may be acquired shall not be less than three years. The reason for this is that the period chosen is deemed to be the most motivating to create a greater shared interest between the executives involved and the company's shareholders. There are 467,250 warrants and one warrant gives the right to subscribe for one share at a price of SEK 92.50.

INTERNAL CONTROLS FOR FINANCIAL REPORTING

According to the Company's Act and the Swedish Code of Corporate Governance, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners.

FINANCIAL REPORTING

All units submit monthly reports concerning economic outcomes. The reporting is consolidated and constitutes the basis for interim reports and operative follow up. Operative follow-up follows an established structure in which orders received, invoicing, liquidity, earnings, capital tied-up and other for the Group important key ratio are compiled and constitute the basis for analysis and measures from management and controllers at various levels. Other important and Group-wide parts of the internal control include business plans and the annual forecast process. For communication with external parties, the Group has an information policy intended to ensure that all information obligations are complied with, correctly and in full.

CONTROL ENVIRONMENT

The Audit Committee's primary task is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. The responsibility for maintaining an effective control environment, day-to-day risk management and internal controls in terms of financial reporting has been delegated to the CEO. Executives at various levels of the company are in turn responsible within their respective areas. Responsibility and authorisation is defined in the instructions to the CEO, instructions for approval lists, handbooks and other policies, routines and codes. The Board determines the Group's important policies concerning communication, credit, financing and risk management. Group management determines other policies and instructions, and Group functions issues guidelines and oversee the application of the company's regulatory framework. The Group's accounting and reporting rules are stipulated in the economy handbook available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and internal regulatory frameworks is the control environment.

RISK ASSESSMENT

ITAB makes regular risk analyses in which the risks for error in the financial reporting of significant income statement and balance sheet items are examined. Also operational risks are mapped.

CONTROL ACTIVITIES

The purpose of control activities is to discover, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information dissemination and define also which control activities should be conducted. Within ITAB, policies and guidelines are regularly updated, both in writing and at meetings. Control activities include approval routines, reconciliation of accounts, analytical follow-up and control of IT systems.

FOLLOW UP

Corporate management and controllers regularly follow-up economic and financial reporting, as well as key business events. At each Board meeting, economic performance is monitored against forecast and it is examined whether investments follow plan. The Audit Committee regularly evaluates the internal control, the code of corporate governances and significant accounting issues. ITAB has as yet not found reason to establish a separate internal audit function. Internal control activities are conducted within the framework of the rest of the operations and conducted primarily with central resources in an internal audit programme that includes all Group companies according to pre-determined plan. It is the company's assessment that this largely corresponds to the work completed in other companies by an internal audit function. Parts of the internal control are regularly examined by the auditors. The issue of a separate internal audit function will be retested in 2012.

Thord Johansson, Chairman of the Board
Anna Benjamin
Anders Moberg
Johan Rapp
Per Rodert
Stig-Olof Simonsson
Lottie Svedenstedt
Ulf Rostedt, CEO

COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES, 2011

Name	Commissions	Remunerations Committee	Audit Committee	Independent in relation to the company and corporate management	Independent in relation to larger shareholders	Participation in Board meetings	Participation in Remuneration Committee	Participation in Audit Committee	Board fee including committee remuneration (SEK)
Thord Johansson	Chairman	Board member	Board member	No [1]	No [2]	7 (7)	2 (2)	2 (2)	150,000
Anna Benjamin	Board member	-	Chairman	Yes	Yes	7 (7)	-	2 (2)	160,000
Anders Moberg	Board member	-	-	Yes	Yes	6(6)	-	-	90,000
Johan Rapp	Board member	-	-	Yes	No [2]	7 (7)	-	-	90,000
Per Rodert	Board member	-	Board member	Yes	Yes	7 (7)	-	2 (2)	120,000
Stig-Olof Simonsson	Board member	Board member	-	Yes	Yes	6 (7)	2 (2)	-	120,000
Lottie Svedenstedt	Board member	Chairman	-	Yes	Yes	7 (7)	2 (2)	-	160,000
Ulf Rostedt	President	-	-	No	Yes	7 (7) [3]	2 (2) [3]	-	-
									800,000

1) Thord Johansson is employed by the company.
2) Thord Johansson and Johan Rapp each control, via their own holdings and holdings through companies, more than ten per cent of the shares and votes in ITAB, which according to the Code is not to be considered as independent in relation to larger shareholders.
3) Ulf Rostedt has participated as deputy at Board meetings and the Remuneration Committee's meetings.

More information about the Board and corporate management is provided on page 72.

PROPOSAL FOR THE APPROPRIATION OF PROFITS, ETC.

PARENT COMPANY	
The following amount is at the disposal of the Annual General Meeting: (SEK thousands)	
Share premium reserve	65,083
Profit brought forward	232,564
Profit for the year	5,871
TOTAL	**303,518**
The Board of Directors and CEO propose that these funds be distributed as follows: (SEK thousands)	
to be paid as dividends to shareholders SEK 1.50 per share (14,285,952 shares) [1]	21,429
To be carried forward to a new account [1]	282,089
TOTAL	**303,518**

1) The above proposed allocation of profits is based on the number of registered shares at the turn of the year, 2011. In the case of full conversion and subscription for outstanding warrants (TO 1) before the 2012 AGM, a maximum of SEK 25,460 thousands is paid as dividends and SEK 278,058 thousands is carried forward to a new account.

The Board's statement to the proposed dividends
After the proposed dividends, the equity/assets ratio is secure since the company's and Group's business activities continue to be run profitably. The Board feels the company's and Group's liquidity can be maintained at a secure level.

It is the Board's standpoint that the proposed dividends will not prevent the Parent Company or other Group companies from fulfilling their obligations in the short and long term, nor from making any necessary investments. The Board of Directors considers the proposed dividend justifiable in terms of the requirements set out in the Swedish Companies Act, Chapter 17 §3 sections 2-3 (prudence concept).

INCOME STATEMENT - THE GROUP

(SEK thousands)	Notes	2011	2010
Income	3	3,341,280	2,747,472
Cost of goods sold	4, 5, 6	-2,477,614	-2,085,639
GROSS INCOME		**863,666**	**661,833**
Selling expenses	4, 5, 6	-536,997	-494,129
Administrative expenses	4, 5, 6	-142,489	-126,262
Other operating income		15,261	38,068
Other operating expenses		-8,874	-17,817
OPERATING PROFIT		**190,567**	**61,693**
Financial income	8	5,139	1,842
Financial expenses	9	-43,583	-34,446
PROFIT AFTER FINANCIAL ITEMS		**152,123**	**29,089**
Tax expenses for the year	11	-28,713	-6,535
PROFIT FOR THE YEAR		**123,410**	**22,554**
Related to:			
Parent Company's shareholders		120,009	22,465
Holding without controlling influence		3,401	89
EARNINGS PER SHARE	31		
before dilution, SEK		8,40	1,57
after dilution, SEK		7,46	1,57
AVERAGE NUMBER OF OUTSTANDING SHARES			
before dilution, shares		14,285,952	14,285,952
after dilution, shares		16,952,762	16,952,762
ACTUAL NUMBER OF SHARES AT YEAR-END			
before dilution, shares		14,285,952	14,285,952
after dilution, shares		16,952,762	16,952,762

Outstanding shares amount to 14,285,952. In July 2008, the company issued convertible debenture loans amount to SEK 242.8 million, corresponding to 2,856,480 shares, of which 3,552 shares have been converted. At the beginning of 2009, convertibles corresponding to 186,118 shares were repurchased. The total amount of shares after full dilution will then be 16,952,762.

The company had two outstanding incentive schemes for Group employees as per 31 December 2011. There are 233,599 outstanding warrants in the first scheme that give the right to subscribe for one Class B share at a price of SEK 97 by no later than 23 March 2012. In the second scheme, there are 467,250 outstanding warrants that give the right to subscribe for one Class B share at a price of SEK 92.50 by no later than 30 November 2012. The relation between the share price on closing day (31 December 2011) of SEK 73 and the subscription prices of SEK 97 and 92.50 respectively is such that there is reason to assume subscription will not take place and subsequently, the dilution effect of the warrants is not included in the above calculations.

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

(SEK thousands)	2011	2010
Profit for the year	123,410	22,554
Exchange rate differences, net after tax[1]	13,993	-78,447
Cash flow hedges, net after tax[1]	-11,766	-4,228
Incentive expenses, net after tax[1]	-	179
Actuarial gains and losses on defined-benefit pension commitments, net after tax[1]	-2,010	537
YEAR'S COMPREHENSIVE INCOME	**123,627**	**-59,405**
The year's comprehensive income reated to:		
Parent Company's shareholders	118,147	-59,434
Holding without controlling influence	5,480	29

[1] The tax effect on income and expenses recognised in the comprehensive income amounts to SEK -2.5 million (3.6) for exchange rate differences, SEK 4.2 million (1.5) for cash flow hedges, SEK -0.0 million (-0.1) for incentive expenses, and SEK -0.6 million (0.2) for actuarial gains and losses on defined-benefit pension commitments.

STATEMENT OF FINANCIAL POSITION – THE GROUP

(SEK thousands)	Notes	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12		
Patents, licenses, trademarks and similar rights		76,957	64,565
Goodwill		499,193	418,320
		576,150	**482,885**
Property, plant and equipment	13, 25		
Buildings and land		290,083	298,672
Plant and machinery		181,960	172,193
Equipment, tools and installations		67,467	68,028
Construction in progress and advance payments for property, plant and equipment		2,755	8,143
	3	**542,265**	**547,036**
Deferred tax claims	11	24,261	19,905
Financial non-current receivables		1,191	1,277
		25,452	**21,182**
TOTAL NON-CURRENT ASSETS		**1,143,867**	**1,051,103**
CURRENT ASSETS			
Inventories	15	682,221	490,761
Accounts receivable	27	522,024	453,438
Current tax claims		25,713	13,372
Derivative instruments		3,722	-
Other receivables	27	39,695	27,637
Prepaid expenses and accrued income	16, 27	52,627	50,522
Cash and cash equivalent		1,384	305
TOTAL CURRENT ASSETS		**1,327,386**	**1,036,035**
TOTAL ASSETS		**2,471,253**	**2,087,138**

STATEMENT OF FINANCIAL POSITION – THE GROUP

(SEK thousands)	Notes	2011	2010
EQUITY AND LIABILITIES			
EQUITY			
Share capital		35,715	35,715
Other contributed capital		70,556	70,556
Other reserves	17	-81,335	-81,483
Retained profits including profit for the year		533,970	433,828
Equity related to the Parent Company's shareholders		**558,906**	**458,616**
Holding with non-controlling influence		38,661	707
TOTAL EQUITY		**597,567**	**459,323**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	20	325,360	149,267
Convertible debenture loans	20, 29	-	226,098
Provisions for pensions and similar obligations	28	22,151	19,657
Deferred tax liability	11	62,386	44,220
Other provisions	19	17,251	6,908
		427,148	**446,150**
CURRENT LIABILITIES	20		
Liabilities to credit institutions		56 857	9,987
Convertible debenture loans	29	226,465	-
Overdraft facilities	21	546,154	632,858
Derivative liabilities		33,437	17,624
Advance payments from customers		4,043	5,914
Accounts payable, trade		284,473	326,396
Other liabilities		132,671	44,516
Accrued expenses and prepaid income	22	162,438	144,370
		1 446,538	**1,181,665**
TOTAL EQUITY AND LIABILITIES		**2,471,253**	**2,087,138**

For information about the Group's pledged assets and contingent liabilities, see notes 23 and 24.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

(SEK thousands)	Share capital	Other contributed capital	Other reserves	Profit brought forward	Related to the Parent Company's shareholders	Related to holdings without controlling influence	Total equity
EQUITY 1 JANUARY 2010	**35,715**	**70,555**	**1,132**	**426,693**	**534,095**	**678**	**534,773**
Profit for the year				22,465	22,465	89	22,554
Other comprehensive income			-82,615	716	-81,899	-60	-81,959
YEAR'S COMPREHENSIVE INCOME			**-82,615**	**23,181**	**-59,434**	**29**	**-59,405**
Paid dividends				-17,857	-17,857		-17,857
Paid warrant premiums				1,811	1,811		1,811
Conversion of convertible debenture loan KV 2B	0	1			1		1
EQUITY 31 DECEMBER 2010	**35,715**	**70,556**	**-81,483**	**433,828**	**458,616**	**707**	**459,323**
Profit for the year				120,009	120,009	3,401	123,410
Other comprehensive income			148	-2,010	-1,862	2,079	217
YEAR'S COMPREHENSIVE INCOME			**148**	**117,999**	**118,147**	**5,480**	**123,627**
Paid dividends				-17,857	-17,857		-17,857
Acquisition of holdings without controlling influence						32,474	32,474
EQUITY 31 DECEMBER 2011	**35,715**	**70,556**	**-81,335**	**533,970**	**558,906**	**38,661**	**597,567**

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

(SEK thousands)	Notes	2011	2010
Operating activities			
OPERATING PROFIT		**190,567**	**61,693**
depreciation charged to operating profit		78,502	73,263
interest received		666	36
interest paid		-42,293	-34,079
changes in provisions		10,905	298
tax paid		-22,177	-22,900
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**216,170**	**78,311**
Change in working capital			
Inventories		21,616	-163,156
current receivables		74,293	-108,070
current liabilities		-107,376	213,064
CASH FLOW FROM OPERATING ACTIVITIES		**204,703**	**20,149**
Investing activities			
acquisitions of subsidiaries	26	-353,861	-
acquisition of intangible fixed assets	12	-17,333	-38,654
acquisition of buildings and land	13	-1,906	-347
acquisition of machinery and other technical facilities	13	-10,403	-11,947
acquisition of equipment, tools and installations	13	-9,625	-15,850
acquisition of construction in progress	13	-10,839	-9,034
sale of property, plant and equipment	13	1,488	210
CASH FLOW FROM INVESTING ACTIVITIES		**-402,479**	**-75,622**
CASH FLOW AFTER INVESTING ACTIVITIES		**-197,776**	**-55,473**
Financing activities			
repayment of debt		-26,395	-13,096
lending of non-current receivables		-7,800	-
repayment of non-current receivables		-	1,282
change of interest-bearing liabilities		250,933	83,375
paid warrant premiums		-	1,811
dividend paid		-17,857	-17,857
CASH FLOW FROM FINANCING ACTIVITIES		**198,881**	**55,515**
CASH FLOW FOR THE YEAR		**1,105**	**42**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		**305**	**263**
EXCHANGE RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS		**-26**	**0**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1,384**	**305**

INCOME STATEMENT - PARENT COMPANY

(SEK thousands)	Notes	2011	2010
Net sales		36,408	30,211
Cost of goods sold	4, 5, 6	-8,544	-6,647
GROSS INCOME		**27,864**	**23,564**
Selling expenses	4, 5, 6	-18,037	-17,521
Administrative expenses	4, 5, 6	-20,884	-16,248
Other operating income		3,970	28,641
Other operating expenses		-1,873	-7,641
OPERATING PROFIT		**-8,960**	**10,795**
Income from participation in Group companies	7	10,485	28,165
Financial income	8	32,428	17,583
Financial expenses	9	-37,181	-29,368
PROFIT AFTER FINANCIAL ITEMS		**-3,228**	**27,175**
Year-end appropriations	10	8,351	1,352
PROFIT BEFORE TAX		**5,123**	**28,527**
Tax expenses for the year	11	748	-395
PROFIT FOR THE YEAR[1)]		**5,871**	**28,132**

[1)] *Profit for the year conforms to year´s comprehensive income.*

STATEMENT OF FINANCIAL POSITION – PARENT COMPANY

(SEK thousands)	Notes	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13		
Equipment, tools and installations		1,054	1,459
Financial assets			
Participations in Group companies	14	1,171,475	721,396
TOTAL NON-CURRENT ASSETS		**1,172,529**	**722,855**
CURRENT ASSETS			
Receivables from Group companies		356,748	393,614
Current tax claims		5,072	2,378
Other receivables		715	5
Prepaid expenses and accrued income		6,531	3,194
Cash and cash equivalent		63	25
TOTAL CURRENT ASSETS		**369,129**	**399,216**
TOTAL ASSETS		**1,541,658**	**1,122,071**

STATEMENT OF FINANCIAL POSITION – PARENT COMPANY

(SEK thousands)	Notes	2011	2010
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		35,715	35,715
Statutory reserve		6,996	6,996
		42,711	**42,711**
Non-restricted equity			
Share premium reserve		65,083	65,083
Profit brought forward		232,564	228,289
Profit for the year		5,871	28,132
		303,518	**315,504**
TOTAL EQUITY		**346,229**	**358,215**
UNTAXED RESERVES	18	92	8,443
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	20	278,877	112,722
Convertible debenture loans	20, 29	-	226,098
		278,877	**338,820**
CURRENT LIABILITIES	20		
Liabilities to credit institutions		50,000	-
Convertible debenture loans	29	226,465	-
Overdraft facilities	21	515,578	328,897
Accounts payable, trade		3,061	1,387
Liabilities to Group companies		21,748	68,143
Actual tax liabilities		-	-
Other liabilities		80,390	3,765
Accrued expenses and prepaid income		19,218	14,401
		916,460	**416,593**
TOTAL EQUITY AND LIABILITIES		**1,541,658**	**1,122,071**
Pledged assets	23	**782,128**	**408,030**
PLEDGED ASSETS AND CONTINGENT LIABILITIES	24	**82,025**	**290,074**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

(SEK thousands)	Share capital	Statutory reserve	Share premium reserve	Retained profits	Total equity
EQUITY 1 JANUARY 2010	**35,715**	**6,996**	**65,082**	**238,335**	**346,128**
Profit for the year				28,132	28,132
YEAR'S COMPREHENSIVE INCOME				**28,132**	**28,132**
Conversion of convertible debenture loan KV 2B	0		1		1
Remuneration warrants				1,811	1,811
Dividends				-17,857	-17,857
EQUITY 31 DECEMBER 2010	**35,715**	**6,996**	**65,083**	**250,421**	**358,215**
Profit for the year				5,871	5,871
YEAR'S COMPREHENSIVE INCOME				**5,871**	**5,871**
Dividends				-17,857	-17,857
EQUITY 31 DECEMBER 2010	**35,715**	**6,996**	**65,083**	**238,435**	**346,229**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

(SEK thousands)	Notes	2011	2010
Operating activities			
OPERATING PROFIT		**-8,960**	**10,795**
depreciation charged to operating profit		620	641
dividend received		12,845	50,380
interest received		12,306	8,704
interest paid		-36,813	-29,001
tax paid		-	-396
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**-20,002**	**41,123**
Change in working capital			
current receivables		-6,741	-5,950
current liabilities		7,121	-2,495
CASH FLOW FROM OPERATING ACTIVITIES		**-19,622**	**32,678**
Investing activities			
acquisitions of subsidiaries	14	-453,056	-323
acquisition of equipment	13	-215	-514
acquisition of patents		-	-131
sale of financial assets		616	-
CASH FLOW FROM INVESTING ACTIVITIES		**-452,655**	**-968**
CASH FLOW AFTER INVESTING ACTIVITIES		**-472,277**	**31,710**
Financing activities			
paid warrant premiums		-	1,811
repayment of debt		-12,500	-3,300
change of interest-bearing liabilities		497,780	38,172
borrowing to Group companies		-9,529	-44,895
Group contributions		14,421	-5,641
dividend paid		-17,857	-17,857
CASH FLOW FROM FINANCING ACTIVITIES		**472,315**	**-31,710**
CASH FLOW FOR THE YEAR		**38**	**0**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		**25**	**25**
EXCHANGE RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS		**-**	**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**63**	**25**

NOTES (all amounts are in SEK thousands unless otherwise stated.)

Note 1. GENERAL INFORMATION

ITAB Shop Concept AB, corporate identity number 556292-1089, is a Swedish registered limited liability company with its registered office in Jönköping, Sweden. The address to the company's head office is Instrumentvägen 2, Jönköping, Sweden. The Parent Company's shares are listed on OMX Nordic Exchange Stockholm, Nordic List.

The consolidated accounts include the Parent company and its subsidiary, together referred to as the Group. Holdings in associated companies are also included in the Group. Publication of the consolidated accounts was approved for publication by the Board of Directors on 15 March 2012.

Note 2. SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF THE STATEMENTS

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Finance Reporting Interpretations Committee (IFRIC) that have been approved by the EU Committee for application within the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied.

The Parent Company applies the same accounting principles as the Group except for the instances described in the section "Parent company's accounting principles". The Parent Company's functional currency is the Swedish krona (SEK). This means that the financial reports are presented in the presentation currency Swedish krona rounded off to the nearest thousands. Assets and liabilities are recognised at their historic cost values, except certain financial assets and liabilities that are measured at fair value.

AMENDED ACCOUNTING POLICIES AND DISCLOSURES FOR THE GROUP

Adopted new and amended standards from IASB and statements from IFRIC:

The Group has during the year applied the following new and amended standards from IASB and statements from IFRIC effective 1 January 2011:

IAS 24 Related Party Disclosures (amendment) (Endorse by the EU 19 July 2010, which will apply for the financial year starting 1 January 2011 or later)

The amendment in IAS clarifies the definition of related parties to facilitate identification of such relations and eliminate inconsistencies in the application. The revised standard allows a partial exception regarding related party disclosure to government authorities or similar. The Group is not affected by these changes.

IAS 32 Financial instruments: Classification (amendment) Classification of Rights Issues (Endorsed by the EU December 2009, which will apply for the financial year starting 1 February 2010 or later)

The definition of what is a liability is revised which means, for example, that warrants issued in which the amount is fixed in a currency other than the company's functional currency, will be an equity instrument if they are issued pro rata to existing shareholders. The change has not had an effect on the Group's accounting.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment) (Endorsed by the EU 19 July 2010, which will apply for the financial year starting 1 January 2011 or later)

The proposed amendment provides guidelines in measuring the recovery value of a pension asset and permit a company to recognise a prepayment of a minimum funding requirement as an asset. The change has not had a significant effect on the Group's accounting.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. (Endorsed by the EU 23 July 2010, which will apply for the financial year starting 1 July 2010 or later)

The interpretation describes how an entity is to recognise renegotiated terms for a financial liability resulting in the entity issuing equity instruments to a creditor and which extinguishes all or part of the financial liability. Adoption of this interpretation has no effect on the Group's financial statements.

Improvements of IFRS standards

In May 2010, IASB issued its third collection of amendments to existing standards, mostly in an attempt to eliminate inconsistencies and clarify the wording. There are separate transition rules for each amendment, but these are usually to be applied starting 1 January 2011. The improvements have not had any influence on the Group.

PUBLISHED AMENDMENTS TO ACCOUNTING STANDARDS NOT IN EFFECT

IFRS 7 Financial instruments: Disclosures (amendment)

The amendment was issued on 7 October 2010 by IASB as an addition to IFRS 7, Financial Instruments: Disclosures. The amendment means more quantitative and qualitative disclosures when removing financial instruments from the balance sheet. If a transfer of assets does not result in the removal in its entirety, this must be disclosed. Likewise, the entity must disclose if it retains involvement with the removed asset. IFRS 7 will apply from the financial year starting 1 July 2011 or later. The amendment is not expected to give rise to any significant effects for the Group.

IFRS 9, Financial Instruments: Recognition and Measurement (Not yet endorsed by the EU, no time frame set at present)

This standard is a first step in a complete revision of IAS 39. The standard requires a reduction in the number of measurement categories for financial assets. IFRS 9 includes only two categories, cost (accrued cost) and fair value via the year's profit or loss. Some investments in equity instruments can be, in certain conditions, measured at fair value in the balance sheet with changes in value recognised directly in other comprehensive income. If done, no part of the change of value will be reversed to the year's profit or loss in the event of future divestments. IFRS 9, not yet adopted by the EU, will probably be applied starting 2015. Pending completion of the standard, the effects have not been evaluated.

IAS 12 Income taxes (amendment) (Expected to be approved by the EU in Q2 2012)

The amendment in IAS 12 means that calculation of deferred tax for investment property recognised at fair value should be based on the tax effects in the event of a sale. The amendment, which has not yet been endorsed by the EU, will apply from the financial year starting 1 July 2012 or later. The Group does not foresee that application of these changes will have any influence on its financial position or results.

IFRS 10, Consolidated Financial Statements and IAS 27, Separate Financial Statements (Expected to be approved by the EU Q3 2012)

IFRS 10 replaces the section of IAS that addresses the preparation of consolidated accounts. The new standard means a change in the grounds for assessing controlling influence and thereby, in which cases consolidation shall be effected. IFRS 10 will be applied for the financial year starting 1 January 2013 or later. The standard is to be applied retroactively in accordance with IAS 8, with certain modifications. The Group does not foresee that application of these changes will have any influence on its financial position or results. ▶

- ***IFRS 11, Joint Arrangements and IAS 28, Investments in Associates and Joint Ventures (Expected to be approved by the EU Q3 2012)***
  IFRS 11 addresses accounting of a joint arrangement in when two or more parties have joint controlling influence. The new standard will be applied for the financial year starting 1 January 2013 or later. The Group's financial statements will not be affected.

IFRS 12, Disclosure of Interests in Other Entities (Expected to be approved by the EU Q3 2012)
Companies that own participations in subsidiaries, associated companies, joint arrangements and structured units are to disclose these participations in accordance with IFRS 12. The standard will apply the financial year starting 1 January 2013 or later, but is not deemed to have any significant effect on the Group's financial statements.

IFRS 13, Fair Value Measurement (Expected to be approved by the EU Q3 2012)
IFRS 13 does not explain when a fair value is to be calculated, but how it is to be measured when such should or may be calculated in accordance with each respective IFRS standard. The standard presents clarification of the term fair value in certain areas. IFRS 13 is to be applied for the financial year starting 1 January 2013 or later, but is not deemed to have any significant effect on the Group's financial statements.

IAS 1, Presentation of Items of Other Comprehensive Income (amendment) (Expected to be approved by the EU Q2 2012)
The amendment in IAS 1 means a change in the groups of transactions recognised in Other comprehensive income. The proposal does not alter the actual content in Other comprehensive income, but only the format. IAS 1 must be applied for the financial year starting 1 July 2012 or later.

IAS 19, Employee benefits (amendment) (Expected to be approved by the EU Q2 2012)
The proposal entails considerable changes in the accounting of defined-benefit pension plans in which the option to spread actuarial gains and losses as part of "the corridor" is eliminated. IAS 19 must be applied for the financial year starting 1 January 13 or later. The amendment will not have any significant effect on the Group's financial statements.

CONSOLIDATED ACCOUNTS

The consolidated final accounts include the Parent Company, ITAB Shop Concept AB, and companies in which ITAB Shop Concept AB, directly or indirectly, have a controlling influence as per closing day. Controlling influence is defined as the right to dictate a company's financial and operative strategies in order to receive economic benefits. This is normally achieved if the holding corresponds to more than 50 per cent of the votes.

The consolidated accounts have been prepared in accordance with the acquisition method of accounting. This means that shares in subsidiaries are replaced in the consolidated accounts with the subsidiaries' identifiable assets, liabilities and contingent liabilities, measured at an estimated fair value at the time of acquisition. The acquired subsidiaries' equity is eliminated in full which means that the Group's equity includes only the portion of the subsidiary's equity earned after the acquisition. If the Group-related cost for the shares exceeds the entered value of the company's net assets in the acquisition balance, the difference is recognised as Group goodwill. If the Group-related cost for the shares instead is lower than the value of the company's net assets, the difference is recognised directly in the income statement. A non-controlling interest at acquisition date is measured as the proportionate share of the fair value of the net identifiable assets of the entity acquired. Subsidiaries are consolidated from the date the Group first has a controlling influence over the company until such time as the control ceases.

ASSOCIATED COMPANIES ACCOUNTS

Associated companies are companies for which the Group has a significant influence, but not a controlling influence. A significant influence means the opportunity to influence operating and financial governance of the company and is normally achieved with the Group's participation amounts to between 20 and 50 per cent of the votes. From the time the significant influence is achieved, participation in associated companies is recognised in accordance with the equity method in the consolidated accounts. The equity method means that participations in an associated company are recognised at cost at the time of acquisition and thereafter adjusted with the Group's portion of the change in the associated company's net assets.

CONVERSION OF FOREIGN CURRENCY

Functional currency and presentation currency
Items in the financial statements for the various Group units are measured in the currency used in the financial climate where each company primarily conducts its business (functional currency). The consolidated accounts employ SEK, which is the Parent Company's functional currency and presentation currency.

Transactions and balance sheet items
Transactions in foreign currencies are translated to the functional currency at the exchange rate value on transaction day. Exchange rate gains and losses incurred when paying such transactions and when converting monetary assets and liabilities in foreign currency to closing day rates are reported in the income statement. Exceptions include when monetary assets and liabilities are comprised of net investments, when profits/losses are recognised in Other comprehensive income.

Group companies
The earnings and financial position of all Group companies (of which none have a hyperinflation currency) that have a functional currency other than the report currency are translated to the Group's report currency as follows:

(i) assets and liabilities for each of the balance sheets are translated at closing day rate,

(ii) income and costs for each of the income statements are translated at average exchange rate (unless the average rate is not a reasonable approximation of the accumulated effect of the rates valid on transaction day, in which case income and costs are translated as per transaction day rates),

(iii) all exchange rate differences that arise are recognised in Other comprehensive income.

In terms of consolidation, exchange rate differences that arise after translation of net investments in foreign operations and from borrowings and other financial instruments identified as hedging of such investments are charged to Other comprehensive income. Exchange rate differences that arise when divesting foreign businesses are recognised in the income statement as part of the capital gains/losses. Goodwill and other assets and liabilities that arise when acquiring a foreign business are treated as assets and liabilities for this company and translated at closing day rate.

REVENUE RECOGNITION

The Group's net sales consist primarily of the sale of goods. Revenue recognition takes place when significant risks and benefits associated with ownership of the products are transferred to the buyer. Revenue is not recognised unless it is probable that economic benefits will flow to the Group. Revenue is recognised after value-added tax, discounts, returns and exchange rate differences in cases of sales in foreign currencies. Internal Group sales are eliminated in the consolidated accounts.

LEASING

Leases are classified as either finance leases or operating leases. Finance leasing is when the financial risks and benefits associated with the ownership are essentially transferred to the lessee. If this is not the case, the contract relates to operating leasing.

Finance leases
Financial leasing means that the object in question is reported as a tangible fixed asset, at the same time as a corresponding borrowing is recognised. The lease payment is allocated between a depreciation segment and an interest expenses segment in the income statement.

Operating leases
Expenses for operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Benefits received in connection with signing a lease are recognised in the income state on a straight-line basis over the period of the lease.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income from money in the bank, receivables and interest-bearing securities, interest expenses on borrowings, dividend income, exchange rate differences, and changes in values in derivative instruments. Borrowing costs are expensed to earnings for the period to which they are attributable.

INCOME TAXES

Recognised income tax includes tax to be paid or received for the year in question, adjustments for previous years' tax and changes in deferred tax. Deferred tax is reported on temporary differences that exist between fiscal and recognised values of assets and liabilities, as well as on fiscal deficit deductions that are considered possible for future use. Temporary differences are not considered for differences that arise when goodwill is recognised the first time. Measurement of deferred tax is based on how assets or liabilities are expected to be recovered or settled.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by closing day. Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset where there is a legally enforceable right to do so and when the deferred income taxes relate to the same fiscal authority.

PENSIONS

The Group's pension plans are almost entirely defined-contribution plans. The costs for these plans are recognised as an expense during the period the employees perform the services that the contribution refers to. The Swedish subsidiaries have a pension arrangement via Alecta in a benefit-based ITP plan. Alecta can at present not provide information for the Group to report this plan in the balance sheets in accordance with IAS 19, Employee Benefits. Pension commitments that have not been taken over by insurance companies or secured in some other way with an external party are reported as provisions in the balance sheet.

INTANGIBLE NON-CURRENT ASSETS

Development expenses incurred to realise new or improved products are recognised as an asset in the balance sheet as from when technical and economical feasibility has been established, the company has the resources to complete the development process in order to thereafter use or sell the intangible asset and it is feasible that the product will generate future economic benefits. The recognised value includes expenses for material, direct expenses and indirect expenses that can be reasonably and consistently attributed to the asset.

Intangible assets other than goodwill are recognised at cost less accumulated amortization and any impairment. Amortization is recognised in the income statement over the estimated useful lives of the intangible assets. Impairment tests are performed from the date the asset is available for use. Estimated useful lives are tested every year.

Goodwill represents the difference between cost of a business combination and fair value of the acquired assets, transferred liabilities and contingent liabilities. The factors that constitute recognised goodwill are primarily synergy effects in product supply, staff, know-how, customer contacts of strategic significance, and market leading position in selected markets. Recognised goodwill is tested for impairment annually or when there is an indication of possible impairment; see the section on Impairment. A cash-generating unit is defined in IAS 36 as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. No distribution of the Group's goodwill has been performed because all group companies' activities and their cash inflow are to a great extent dependent on each other.

The recoverable value for this unit has been determined based on the unit's value in use which consists of the present value of the estimated future cash flow. Identification of projected cash flows is based on an assessment of expected growth in accordance with forecasts for the next few years. The company uses weighted average cost of capital (WACC) to discount projected cash flows and estimate the cash-generating unit's value in use, see also note 12.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that future economic benefits will flow to the company and that cost can be reliably estimated. Assets are valued at cost, minus deductions for accumulated depreciation according to plan and any impairment. Cost includes the purchasing price and costs directly related to transporting the asset to site and in a condition that it can be utilised. Expenses for improving the performance of plant, property and equipment, beyond the normal level, increases the asset's value and is recognised in the balance sheet as a part of the original investment. Expenses for repairs and maintenance are expensed when incurred. Depreciation is carried out systematically over the assets' expected period of use as described below:

Depreciation plan

Buildings	33 years
Land improvement	20 years
Machinery and equipment	3-10 years

Leased assets

See previous section concerning Leasing.

Assets' utilisation period and residual value are reviewed and adjusted regularly as needed.

FINANCIAL INSTRUMENTS

Financial instruments are every form of contract that gives rise to a financial asset, financial liability or an equity instrument in another company. This includes cash and cash equivalents, interest-bearing receivables, accounts receivable, accounts payable, current and long-term borrowing and derivative instruments. Cash and cash equivalents include cash in hand and bank balance.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

A financial instrument is classified at the first accounting instance according to the purpose for which the instrument was acquired. The Group classifies its financial assets and liabilities in the below categories.

Financial assets measured at fair value via the year's profit or loss include financial assets available for sale and financial assets that are classified to be recognised at fair value in the income statement. Financial derivatives recognised as assets and liabilities respectively are measured at fair value in the profit or loss. The result of the change in fair value of financial instruments in this category is included in the year's profit or loss for the period it arises. Assets in this category are classified as current assets if they are expected to be settled within 12 months. Otherwise, they are classified as non-current assets.

Investments held to maturity are non-derivative financial assets with payments that are defined or can be established, and fixed durations which the Group intends to hold to maturity. ITAB has no financial assets classified in this category.

Loans, trade receivables and accrued income are non-derivative financial assets with payments that are defined or can be established and that are not listed for trade on an active market. This type of receivables normally arises when the Group pays cash to counterparty or supplies a customer with goods or services without the intent of converting the receivable that arises. Loans and trade receivables are recognised at accrued cost, which means the amount that is expected to be received after deductions for doubtful receivables.

All loans and trade receivables are appraised individually. The duration of the trade receivables is short which is why the value is recognised at the nominal amount.

Financial assets available for sale includes non-derivative financial assets that are either classified as available for sale or which have not been classified in any of the other categories. ITAB has no financial assets that fall under this category.

Financial liabilities measured at fair value via the year's profit or loss, include financial liabilities that have initially been attributed to the relevant category. Changes in fair value of financial instruments are recognised in the income statement for the period it arises as financial income or financial expense. Financial derivatives recognised as assets and liabilities respectively are measured at fair value in the profit or loss.

Other financial liabilities This category includes loans, other financial liabilities and accounts payable and accrued expenses. Liabilities are measured at accrued cost in accordance with the effective interest method. A financial asset or financial liability is recognised in the balance sheet when the company is party to the instrument's contractual terms and conditions. Trade receivables are recognised in the balance sheet when the invoice has been sent and supplier invoices are recognised when the invoice has been received. The financial asset is eliminated from the balance sheet when the right to receive cash flow from the asset expires or is transferred to a third party by transferring all risks and benefits associated with the asset to the third party. A financial liability is eliminated from the balance sheet when the obligation has been fulfilled, revoked or expired. ▶

- The defining boundaries between and recognition of current and non-current balance sheet items is consistently applied for all financial instruments. When settlement or disposal is expected to occur more than 12 months after closing day, a financial asset is recognised as non-current assets. Financial assets expected to be settled or disposed of within 12 months after closing day are subsequently classified as current assets. Financial liabilities that fall due later than 12 months after closing day are recognised as long-term liabilities and those that fall due for payment within 12 months after closing day are recognised as current liabilities.

Hedging of net investments

Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged through loans in foreign currency. Exchange rate differences regarding borrowings are recognised as Other comprehensive income.

Derivative instruments – cash flow hedging

The derivative instruments used for hedging projected interest expenses and forecasted sales in foreign currency is recognised in the balance sheet at fair value. Any gain or loss is recognised in Other comprehensive income until the hedged flow is recognised in the income statement, at which time the hedged instruments' accumulated gain or loss is transferred to the year's profit or loss as "other gains/losses net". The Group's holding of derivatives used for the aforementioned purpose consist mainly of interest rate swaps to hedge interest rates.

STOCK

Stock is measured in accordance with the lowest value principle and the first-in-first-out (FIFO) method. This means that stock is entered at the lowest cost according to the FIFO method and net selling value. For manufactured goods and work in progress, cost includes a reasonable portion of the indirect costs based on a normal capacity. Deductions are made for internal profits that arise through sales between companies in the Group.

IMPAIRMENT

The recognised values of the Group's assets, excluding inventory, assets available for sale and deferred tax assets are tested for impairment when an impairment loss has been identified. IAS 36, Impairment of Assets, is used to establish any indication of impairment. Measurement of goodwill, other intangible assets with an indeterminable useful life and intangible assets in the form of capitalised development projects are to be tested for impairment at least once a year.

Impairment testing for other assets is tested in accordance with IAS 39, Financial Instruments - Recognition and Measurement, refer to section Financial instruments. An asset is written down if the recognised amount is more than its recoverable amount, where the recoverable value is defined as the highest amount to be recovered through use or sale of the asset. To estimate the value in use, projected cash flows the asset is expected to generate is discounted with an interest rate that corresponds to external assessors' estimated required return. If an asset cannot be tested for impairment separately, it is to allocated to the lowest possible common denominator where independent cash flows can be determined, so-called cash-generating units, to test these together for impairment. I cases where the conditions for an impairment change, it is possible to reverse made impairments. Impairment losses are expensed to the income statement. Impairment of assets attributed to a cash-generating unit are firstly distributed to goodwill. A proportional impairment of other assets included in the unit is then done. The recognised amount for inventory, assets available for sale and deferred tax assets are tested in accordance with the relevant standard. Information regarding cash-generating units and recognised amount of goodwill and other intangible non-current assets, refer to Note 12.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank as well as current investments of temporary surplus from cash and bank.

PROVISIONS

A provision is recognised in the balance sheets when the company has a formal or informal commitment that is a consequence of an incident and it is probable that an outflow of resources will be required to regulate the commitment and a reliable estimate of the amount is possible.

CONVERTIBLE DEBENTURE LOAN

Convertible debenture loan is a combined financial instrument that is both liability and equity. In accordance with IAS 32, Accounting for Legal Entities, these are recognised divided into financial liability and equity instrument. This is done by deducting the fair value of the financial liability from what was received when the convertible was issued. The fair value of the liability is estimated by discounting the future payment flows with what is deemed to be market interest for a similar liability. The expenses for issuing the convertible debenture are distributed proportionally in relation to the estimated value of the financial liability and the equity instrument.

OPERATING SEGMENT

IFRS 8 requires companies to provide information about operating segments. An operating segment is, according to the definition in IFRS 8, a component of a company

(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same company)

(ii) who operating results are reviewed regularly by the company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

Identification of the operating segments has been done in four stages: identifying the company's chief operating decision maker, identifying the business activities, determining whether discrete financial information is available for the business activities, and determining whether this information is reviewed regularly by the company's chief operating decision maker. The definition according to IFRS 8 has thereafter been used to define the Group's operating segments. Because the operating results are not used as the basis for decisions about resources to be allocated to different parts of the company, there is no more than one operating segment in the Group. Refer also to Note 3.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2. The Swedish Financial Reporting Board's recommendations for listed companies have also been applied. The application of RR 2 means that the Parent company in the annual report for the legal entity applies all of IFRS and statements approved by the EU to the extent possible within the framework of the Annual Report Act, the Act on Safeguarding of Pension Commitments, and with respect to the correlation between accounting and taxation. The recommendation explains which exceptions to and additions to IFRS should be applied. The below stipulated accounting policies for the Parent Company have been consistently applied for all periods as presented in the Parent Company's financial statements.

GROUP CONTRIBUTIONS AND SHAREHOLDERS' CONTRIBUTION

Amendments in RFR 2 have resulted in a change in the principles for recognition of paid and received Group contributions for listed parent companies. According to the new principles, group contributions that the parent company receives from a subsidiary in the parent company are recognised as regular dividends from the subsidiary, i.e. as a financial income. Paid group contributions are recognised against participations in subsidiaries or in the income statement depending on financial significance. The comparative period 2010 has been adapted for the new principles. Shareholders' contribution is expensed directly against equity for the recipient and capitalised in shares and participations for the giver, to the extent impairment is not required.

INCOME TAXES

In the Parent company, untaxed reserves including deferred tax liabilities are recognised. In the consolidated statement, untaxed reserves are however divided as deferred tax liability and equity.

PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries and associated companies are recognised in the Parent Company according to the acquisition method. Dividends from subsidiaries are recognised as income. When dividends stem from gains earned before the acquisition, the item is to be tested for impairment.

INTERNAL GROUP TRANSACTIONS

Of the Parent Company's invoiced sales, 100 per cent consisted of invoicing to subsidiaries. No goods were purchased from subsidiaries.

NOTE 3. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group is comprised of some forty operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. None of the Group's customers account for ten per cent or more of the external sales. Most of ITAB's customers are larger chain stores that do business internationally and have stores in several countries. Several of the Group's companies are involved in most business deals.

Because sales largely involve different customised shop concepts, customer sales are often conducted with resources from several Group companies in order to fulfil the customer's various needs in the best possible way. Development and production of the different shop concept segments is carried out by different Group companies depending on where the best conditions exist.

The business model means that a large portion of the decisions that affect the Group's different companies are taken centrally. Because the necessary information regarding sales per product or product group is not available since concept sales, with a mix of several products and services, constitute the greatest proportion of sales, ITAB makes no division between product groups. These circumstances mean that operating profit or loss cannot be used as the basis for deciding on the allocation of resources to different segments of the company and that ITAB makes no allocation according to operating segment or business segments. See also section "Business activities", pages 16-25.

External income

The Group	2011	2010
UK	832,539	749,389
Norway	492,852	430,286
Sweden	430,590	359,413
Germany	277,411	251,802
The Netherlands	209,825	187,366
Finland	145,791	182,048
Czech Republic	143,995	46,561
Poland	136,627	53,105
Denmark	101,206	111,559
Other	570,444	375,943
	3,341,280	**2,747,472**

Property, plant and equipment

The Group	2011	2010
Czech Republic	176,602	197,659
Sweden	61,034	49,819
Finland	56,038	60,322
Norway	53,929	59,782
Germany	52,112	49,709
Belgium	51,531	57,721
UK	38,852	39,881
Other	52,167	32,143
	542,265	**547,036**

The allocation basis for deciding the country for external sales is the country where the product is delivered and/or service is performed.

NOTE 4. EMPLOYEES AND PERSONNEL COSTS

Average number of employees		2011	of which men	2010	of which men
Parent Company	Sweden	14	64%	14	64%
Subsidiaries	Belgium	96	85%	109	86%
	Denmark	14	64%	19	68%
	Estonia	2	100%	3	67%
	Finland	94	70%	94	70%
	The Netherlands	77	15%	80	81%
	China	186	38%	-	-
	Latvia	24	83%	28	89%
	Lithuania	124	82%	106	83%
	Norway	133	80%	133	79%
	Poland	8	75%	3	100%
	Russia	11	91%	10	90%
	UK	247	81%	277	83%
	Sweden	290	77%	235	78%
	Czech Republic	287	71%	258	70%
	Germany	142	82%	143	78%
	Ukraine	2	100%	-	-
TOTAL IN SUBSIDIARIES		**1,737**	**74%**	**1,498**	**78%**
THE GROUP TOTAL		**1,751**	**74%**	**1,512**	**78%**

Salaries, other remuneration and social security expenses (SEK thousands)	2011 Salaries and remuneration	2011 Social security expenses	2010 Salaries and remuneration	2010 Social security expenses
Parent Company	15,724	8,672	12,420	7,795
(of which pension costs)[1]		3,068		3,126
Subsidiaries	517,189	123,830	515,014	121,688
(of which pension costs)		27,936		28,179
THE GROUP TOTAL	**532,913**	**132,502**	**527,434**	**129,483**
(of which pension costs)[2]		31,004		31,305

[1] Of the Parent Company's pension costs, SEK 643 thousands (678) pertain to the Board and CEO. The company's outstanding pension commitments to these persons amount to SEK 0 thousands (0).
[2] Of the Group's pension costs, SEK 5,259 thousands (4,941) pertain to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 235 thousands (0).

…cont. Note 4

Salaries and other remuneration divided per country and between Board members/CEO and other employees	2011 Board of Directors and CEO	2011 Other employees	2010 Board of Directors and CEO	2010 Other employees
PARENT COMPANY SWEDEN	**3,570**	**12,154**	**3,483**	**8,937**
(of which bonuses)	-		-	
SUBSIDIARIES IN SWEDEN	**7,002**	**99,004**	**5,271**	**78,890**
SUBSIDIARIES, OTHERS				
Belgium	1270	32,756	8,587	36,219
Denmark	1,325	9,981	1,297	14,282
Estonia	-	425	-	498
Finland	3,036	36,603	2,271	40,789
The Netherlands	1,183	29,450	1,288	30,981
China	97	6,982	-	-
Latvia	473	3,902	498	4,982
Lithuania	377	12,799	398	11,773
Norway	6,847	90,067	9,459	83,824
Poland	543	1,939	572	1,145
Russia	-	2,656	-	2,244
UK	1,755	87,326	3,127	90,451
Czech Republic	1,601	28,952	1,033	27,801
Germany	3,342	45,330	3,530	53,804
Ukraine	-	166	-	-
SUBSIDIARIES, TOTAL	**28,851**	**488,338**	**37,331**	**477,683**
(of which bonuses)	*2,014*		*2,531*	
THE GROUP TOTAL	**32,421**	**500,492**	**40,814**	**486,620**
(of which bonuses)	*1,834*		*2,531*	

REMUNERATION TO SENIOR EXECUTIVES

The Board's fees

ITAB's Board of Directors comprises seven members, see also the presentation of the Board on page 74. In accordance with the AGM's resolution, the fee for 2011 to the elected Board members amounts to a total of SEK 690 thousand, with SEK 150 thousand to the Chairman of the Board and SEK 90 thousand to each of the other six Board members. The Chairman of the Board is employed by the company and in addition to the fee received a basic salary of SEK 532 thousand in 2011. In addition, select Board members received a fee for their work in the Remuneration Committee and the Audit Committee totalling SEK 100 thousand per committee. Besides these fees, ITAB has paid no other remuneration to Board members who are not employees of the company.

Principles for remuneration to senior executives

Principles for remuneration to senior executives is determined by the Board of Directors based on the guidelines for terms of remuneration adopted by the AGM. The purpose is to offer a market-related remuneration package that enables the company to recruit and retain senior executives.

Remuneration to Group management is comprised of the following:

1. Basic salary
2. Variable result-related salary
3. Pension

Remuneration to Group management is to be market-rate in relation to position, individual qualifications and performance. The variable salary for senior executives is founded on improvements based on the budgeted Group earnings for a maximum three months' salary. Pension is covered by a premium-based pension system. The Chairman is entitled to appropriate an amount corresponding to 10 per cent of the salary for pension insurance, health insurance or the equivalent. The CEO and other senior executives are covered by a defined contribution pension system that corresponds to the ITP plan for pension insurance. Remuneration is review annually by the Board's Remuneration Committee. The Remuneration Committee consists of Thord Johansson, Lottie Svedenstedt, Stig-Olof Simonsson and the CEO as additional member. The CEO is not present when issues regarding remuneration to the CEO are handled.

Other terms and conditions for the CEO and other senior executives

The reciprocal period of notice between the company and CEO is six months. In the event of notice from the company's side, an 18-month severance pay will be paid. Severance pay is deducted from other income. No severance pay will be paid in the event of notice from the CEO.

The reciprocal period of notice between the company and other senior executives is three to six months. In the event of notice from the company's side, a six-month severance pay will be paid. Severance pay is deducted from other income. No severance pay will be paid in the event of notice from the executive.

Incentive schemes 2010 and 2008

The 2010 AGM decided to introduce an incentive scheme for all employees within the ITAB Group. 118 employees opted to participate in the scheme involving 467,250 warrants, in which one warrant gives the right to subscribe for one Class B share at a price of SEK 92.50 during November 2012. Calculated on the current number of shares, this means a dilution of a maximum 3.3% of the capital.

The 2008 Annual General Meeting decided to introduce a performance-based incentive scheme for senior executives and other key individuals employed within the ITAB Group. Some fifty employees are involved in the incentive programme. The programme is running with effect from October 2008, with the potential for subscription during the period September 2011 to 23 March 2012 at a subscription rate of SEK 97 per share. On 8 February 2012, the Board decided to extend a repurchase offer in which the company offered to buy back warrants from warrant holders at a price based on the share's closing price on 9 February 2012. Employees holding 213,000 warrants accepted this offer, which means that 20,500 warrants remain. Calculated on the current number of shares, this means a dilution of maximum 0.1% of the capital.

Remuneration to senior executives (SEK thousands)	Basic salary	The Board's fees	Variable salary	Other remuneration[1]	Total salary and fees[2]	Pension expenses	Total incl. pension	Number of warrants from incentive scheme 2008	Number of warrants from incentive scheme 2010
Chairman of the Board	532	150	-	-	682	30	712	-	-
CEO	2,570	-	630	112	3,312	643	3,955	40,000	30,000
Other senior executives in Group management (2 executives)	3,125	-	819	169	4,112	966	5,078	80,000	60,000
TOTAL	**6 226**	**150**	**1,449**	**281**	**8,106**	**1,639**	**9,745**	**120,000**	**90,000**

1) Other remunerations refer to taxable benefits for cars, newspapers, etc.
2) Salary and fee is recognised above less employers' contribution, pension costs are recognised less special payroll tax.

Fees and remuneration to auditors	2011 Fee to Ernst & Young AB	2011 Fee to other auditors	2010 Fee to Ernst & Young AB	2010 Fee to other auditors
The Group (SEK thousands)				
Audit assignments	3,752	81	3,605	-
Audit activities other than audits	84	-	97	-
Tax consultancy	101	-	115	-
Other services	949	-	824	-
	4,886	**81**	**4,641**	**-**

Above are the fees for audit assignments and other assignments that are expensed during the year. Audit assignment refers to reviewing the annual accounts and the management of the Board of Directors and the CEO.

Gender distribution of Board members/senior executives

	2011	2010
The Group	**Share of men**	**Share of men**
Board members	91%	91%
Senior executives	85%	91%
Parent Company		
Board members	71%	67%
Senior executives	100%	100%

Personnel expenses distributed per function

The Group	**2011**	**2010**
Cost of goods sold	-380,561	-367,951
Selling expenses	-236,013	-230,479
Administrative expenses	-73,715	-70,379
	-690,289	**-668,809**
Parent Company		
Cost of goods sold	-4,295	-3,534
Selling expenses	-9,067	-7,461
Administrative expenses	-10,498	-8,639
	-23,860	**-19,634**

NOTE 5. DEPRECIATION

Depreciation divided per function

The Group	**2011**	**2010**
Cost of goods sold	-62,961	-59,244
Selling expenses	-9,421	-7,600
Administrative expenses	-6,120	-6,419
	-78,502	**-73,263**
Parent Company		
Administrative expenses	-620	-641

NOTE 6. OTHER EXPENSES

Other expenses distributed per function

The Group	**2011**	**2010**
Cost of goods sold	-170,010	-166,484
Selling expenses	-131,063	-117,411
Administrative expenses	-62,654	-49,464
	-363,727	**-333,359**
Parent Company		
Cost of goods sold	-4,249	-3,113
Selling expenses	-8,970	-10,060
Administrative expenses	-9,766	-6,968
	-22,985	**-20,141**

NOTE 7. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	**2011**	**2010**
Dividends received	12,845	50,380
Write-down of shares in subsidiaries	-2,645	-22,215
Profit/loss in case of liquidation of shares in subsidiaries [1)]	285	-
	10,485	**28,165**

[1)] The subsidiary ITAB Shop Concept SK s.r.o in Slovakia was wound-up during the year.

NOTE 8. FINANCIAL INCOME

The Group	**2011**	**2010**
Interest income	666	36
Exchange rate differences	4,473	1,806
	5,139	**1,842**
Parent Company		
Interest income, Group companies	12,264	8,702
Interest income, others	42	2
Received/paid Group contributions	14,421	-5,641
Exchange rate differences	5,701	14,520
	32 428	**17,583**

NOTE 9. FINANCIAL EXPENSES

The Group	**2011**	**2010**
Interest expenses	-42,291	-34,079
Other financial expenses	-1,292	-367
	-43,583	**-34,446**
Parent Company		
Interest expenses, Group companies	-743	-625
Interest expenses, others	-36,071	-28,376
Other financial expenses	-367	-367
	-37,181	**-29,368**

NOTE 10. YEAR-END APPROPRIATIONS

Parent Company	**2011**	**2010**
Changes in excess depreciation	31	-61
Changes in tax allocation reserve	8,320	1,413
	8,351	**1,352**

NOTE 11. TAX

The Group	**2011**	**2010**
Current tax expenses		
Tax expenses for the period	-23,404	-5,159
Adjustment of tax attributable to prior years	-1,030	-697
	-24,434	**-5,856**
Deferred tax expenses (-) /tax income (+)		
Deferred tax attributable to temporary differences	-301	-1,419
Deferred tax income attributable to value of tax losses capitalised during the year	2,322	7,672
Deferred tax expenses due to utilisation of previously capitalised value of tax losses	-312	-6,932
Deferred tax due to reassessment of opening deficit deduction	-5,988	-
	-4,279	**-679**
THE YEAR'S TAX INCOME/ EXPENSE	**-28,713**	**-6,535**

Parent Company		
Current tax	-	-321
Deferred tax	748	-74
	748	**-395**

CONT. NOTE 11. TAX

Difference between Swedish income tax rate and the effective tax rate

The Group	2011	2011	2010	2010
Reported income before tax	152,123		29,089	
Tax at Swedish income tax rate	-40,008	-26,3%	-7,650	-26,3%
Tax effect of				
Effect of foreign tax rate	4,336	2,9%	-72	-0,2%
Utilised non capitalised deficit	4,454	2,9%	-	0,0%
Tax effect of deficit for which tax claims are not considered	-	-	-1,470	-5,1%
Tax effect of reassessment of opening deficit deduction	-5,408	-3,6%	90	0,3%
Deductible goodwill	3,999	2,6%	4,242	14,6%
Adjustment of previous year's tax	-1,030	-0,7%	-697	-2,4%
Tax effect of other non taxable or non deductible	4,944	3,3%	-978	-3,4%
RECOGNISED TAX EXPENSE	**-28,713**	**-18,9%**	**-6,535**	**-22,5%**

Changes in deferred tax

The Group	2011	2010
At the start of the year	-24,315	-24,880
Acquisitions	-7,509	-
Translation differences	-2,022	1,244
Reclassifications	-	-
Recognised in the year's profit/loss	-4,279	-679
AT THE CLOSE OF THE YEAR	**-38,125**	**-24,315**

The deferred tax assets and liabilities recognised in the balance sheets are attributed to:

	Assets	Liabilities
The Group	2011	2011
Current assets	8,913	-
Non-current assets	-	49,515
Pensions	5,537	-
Deficit deductions	8,395	-
Untaxed reserves	-	11,787
Other	1,416	1,084
	24,261	**62,386**

There is no time limit regarding utilisation of the deferred tax assets for deficit deductions recognised in the balance sheets. The Group has a deficit deduction corresponding to SEK 21.9 million that is not recognised in the deferred tax assets. These mature at SEK 1.2 million in 2015. There is no time limit for the remaining SEK 20.7 million.

Note 12. INTANGIBLE NON-CURRENT ASSETS

Patents, licenses, trademarks and similar rights

The Group	2011	2010
Accumulated acquisition values		
At the start of the year	65,548	24,135
New acquisitions	17,333	38,654
Reclassifications	-	4,245
Translation differences for the year	-101	-1,486
	82,780	**65,548**
Accumulated depreciation according to plan		
At the start of the year	-983	-
Depreciation according to plan for the year	-4,861	-1,032
Translation differences for the year	21	49
	-5,823	**-983**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**76,957**	**64,565**

Goodwill

The Group	2011	2010
At the start of the year	418,320	463,333
Acquisitions of subsidiaries	81,995	-
Translation differences for the year	-1,122	-45,013
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**499,193**	**418,320**

The Group's goodwill constitutes primarily synergy effects in product supply, staff, know-how, effective organisation, customer contacts of strategic significance, and a market leading position in select markets.

IMPAIRMENT TESTING FOR GOODWILL

The Group tests goodwill annually for impairment or more often if there are any indications of impairment. No distribution of the Group's goodwill has been performed because all group companies' activities and their cash inflow are to a great extent dependent on each other.

The recoverable value for this unit has been determined based on the value in use which consists of the present value of the estimated projected cash flow. The estimate of projected cash flow is based on an assessment of expected growth in accordance with prepared forecasts for the coming four years. The forecasts are based on experience from previous years, but with consideration for future expected developments. Market shares are expected to increase marginally in the forecast period. Average growth in the organisation is deemed according to the forecast to reach 6% (6%) per year during the coming four years. The estimated sustainable rate of growth is 2% (2%) per year. The assumption of projected growth is the most important assumption and is based on external assessments of the market's growth, past trends and management's assessment of market shares. The gross profit margins are assumed to reach the same level as 2011. The forecasted cash flows have been converted to present value using a discount rate of 10.2% before tax, which corresponds to 8.0% (8.0) after tax.

The discount factor, WACC, has been determined through the capital asset pricing model (CAPM). As a part of the discount factor, risk-free rate of interest corresponding to ten-year government bond is used with additions for the equity market's average risk premium and addition for risk premiums for small companies. Required return is affected also by the debt/equity ratio at optimal capital structure.

The recoverable value exceeds the recognised value by a significant amount, so there is no need for impairment.

A sensitivity analysis in which the sustainable rate of growth is set a 0% and where EBITDA is lowered by two percentage points still indicates no impairment need.

NOTE 13. PLANT, PROPERTY AND EQUIPMENT

2011

The Group	**Buildings**	**Machinery**	**Equipment**	**Construction in progress**
Accumulated acquisition values				
At the start of the year	459,758	502,115	240,283	8,143
Acquisitions subsidiaries	173	83,561	27,877	-
New acquisitions	1,906	10,403	9,625	10,839
Sales and disposals	-	-1,633	-3,531	-
Reclassifications	4,651	6,809	4,747	-16,207
Translation differences for the year	-4,296	532	35	-20
	462,192	**601,787**	**279,036**	**2,755**
Accumulated depreciation according to plan				
At the start of the year	-161,086	-329,822	-172,255	-
Acquisitions subsidiaries	-	-52,689	-18,591	-
Sales and disposals	-	711	2,966	-
Depreciation according to plan for the year	-12,191	-38,496	-22,954	-
Translation differences for the year	1,168	569	-735	-
	-172,109	**-419,827**	**-211,569**	**-**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**290,083**	**181,960**	**67,467**	**2,755**

2010

The Group	**Buildings**	**Machinery**	**Equipment**	**Construction in progress**
Accumulated acquisition values				
At the start of the year	512,442	551,341	259,108	10,283
New acquisitions	347	11,947	15,850	9,034
Sales and disposals	0	-3,800	-13,294	0
Reclassifications	3,230	-7,019	9,493	-9,949
Translation differences for the year	-56,261	-50,354	-30,874	-1,225
	459,758	**502,115**	**240,283**	**8,143**
Accumulated depreciation according to plan				
At the start of the year	-169,013	-332,951	-185,458	-
Sales and disposals	-	3,746	13,138	-
Depreciation according to plan for the year	-12,594	-36,153	-23,484	-
Translation differences for the year	20,521	35,436	23,549	-
	-161,086	**-329,922**	**-172,255**	**-**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**298,672**	**172,193**	**68,028**	**8,143**

Parent Company	**2011 Equipment**	**2010 Equipment**
Accumulated acquisition values		
At the start of the year	5 792	5,147
New acquisitions	215	645
Sales and disposals	-67	-
	5,940	**5,792**
Accumulated depreciation according to plan		
At the start of the year	-4,333	-3,692
Depreciation according to plan for the year	-620	-641
Sales and disposals	67	-
	-4,886	**-4,333**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**1,054**	**1,459**

NOTE 14. PARTICIPATIONS IN GROUP COMPANIES

2011
Parent Company

Subsidiary	Corp.reg.no.	Reg. office		No. of shares	Holding	Book value
AB ITAB Novena	233393310	Kaunas	Lithuania	635,350	100%	20,006
ITAB Baltic SIA, LV	50003567701	Riga	Latvia	100	100%	2,674
ITAB Belgium N.V	0807.621.010	Antwerp	Belgium	1,000	100%	616
ITAB Germany Gmbh	HR 61998	Cologne	Germany	2	100%	16,674
ITAB GWS UK Ltd.	2154020	Gravesend	England	3,544,684	100%	20,641
ITAB Holding B.V.	32082085	Woudenberg	The Netherlands	180	100%	157
ITAB Konsult AB	556554-1520	Jönköping	Sweden	1,000	100%	309
ITAB Mertens N.V	0413.792.003	Antwerp	Belgium	275,481	100%	81,930
ITAB Pan-Oston Oy	1569393-8	Villähde	Finland	600	100%	25,925
ITAB Pharmacy AB	556603-8245	Stockholm	Sweden	40,000	100%	22,206
ITAB Scanflow AB	556270-5367	Jönköping	Sweden	10,000	100%	992
ITAB Shop Concept AS	960912624	Oslo	Norway	1,534,500	100%	54,640
ITAB Shop Concept CZ a.s	255 68 663	Boskowice	Czech Republic	210	100%	305,384
ITAB Shop Concept Denmark A/S	13769893	Alleröd	Denmark	500	100%	22,218
ITAB Shop Concept Finland Oy	0719064-4	Järvenpää	Finland	77,000	100%	18,097
ITAB Shop Concept Jönköping AB	556132-4046	Jönköping	Sweden	1,000	100%	9,362
ITAB Shop Concept Nässjö AB	556474-2244	Nässjö	Sweden	2,000	100%	10,904
ITAB Shop Concept Polska Sp Zoo	338168	Warsaw	Poland	1,250	100%	42
ITAB Shop Concept s.r.o	283 13 518	Boskowice	Czech Republic	-	100%	22,626
ITAB Shop Products AB	556065-3866	Jönköping	Sweden	10,000	100%	5,000
ITAB Shop Products Ltd	5822228	Milton Keynes	England	2,500,000	100%	34,722
ITAB Sisustus AS	10994786	Tallinn	Estonia	400	100%	249
ITAB UK Ltd	4135080	Hemel Hempstead	England	4,638,740	100%	118,634
ITAB Ukraine LLC	37102073	Kiev	Ukraine	1	100%	281
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1000	100%	376,743
ZAO ITAB Shop Concept Russia	1057811914808	St Petersburg	Russia	100	100%	443
TOTAL						**1,171,475**

NOTE 15. STOCK

The Group	2011	2010
Raw materials and supplies	328,532	196,628
Products in progress	70,384	52,133
Finished products and trading goods	253,559	228,711
Work in progress for other parties	28,485	12,824
Advance payment to suppliers	1,261	465
	682,221	**490,761**

The year's impairment of stock expensed to the year's income totalled SEK 5.9 million (11.3) for the Group.

NOTE 16. PREPAID EXPENSES AND ACCRUED INCOME

The Group	2011	2010
Prepaid rent and leasing fees	9,028	10,186
Prepaid insurance premiums	3,338	2,377
Other prepaid expenses	29,840	21,611
Accrued income	10,421	16,348
	52,627	**50,522**

NOTE 17. OTHER RESERVES

ACCUMULATED EXCHANGE RATE DIFFERENCES

According to IAS 21, exchange rate differences for investment activities abroad are to be recognised as a separate item in equity. When foreign operations are divested, the accumulated exchange rate differences are to be reported as part of the earnings of the divestment. Accumulated exchange rate differences, recognised in comprehensive income as of 2005, amounts to the following:

The Group	2011	2010
Opening balance	-81,483	1,132
Exchange rate differences for the year	148	-82,615
Closing balance	**-81,335**	**-81,483**

NOTE 18. UNTAXED RESERVES

Parent Company	2011	2010
Tax allocation reserve, taxation 2008	-	779
Tax allocation reserve, taxation 2009	-	4 145
Tax allocation reserve, taxation 2010	-	2,991
Tax allocation reserve, taxation 2011	-	405
	-	**8,320**
Accumulated excess depreciation	92	123
	92	**8,443**
Deferred tax included at 26.3%	*24*	*2,221*

NOTE 19. OTHER PROVISIONS

The Group	Guarantee fund	Environmental reserve	Other provisions
Opening balance as per 1 Jan 2011	**889**	**2,701**	**3,318**
The year's provisions	-	-	4,499
Acquisitions of subsidiaries	6,100	-	-
Utilised provisions	-197	-	-
Translation differences	-4	-18	-37
Closing balance as per 31 Dec 2011	**6,788**	**2,683**	**7,780**
of which, current provisions	**-**	**-**	**-**
of which, non-current provisions	**6,788**	**2,683**	**7,780**

NOTE 20. FINANCIAL LIABILITIES

The Group	2011	2010
Maturity date		
within 1 year	1,446,538	1,181,665
between 1 and 5 years	323,981	373,525
after 5 years	1,379	1,840
	1,771,898	**1,557,030**
Financial liabilities include:		
Liabilities to credit institutions	382,217	159,254
Convertible debenture loans	226,465	226,098
Overdraft facilities	546,154	632,858
Derivative liabilities	33,437	17,624
Advance payments from customers	4,043	5,914
Accounts payable, trade	284,473	326,396
Other liabilities	132,671	44,516
Accrued expenses and prepaid income	162,438	144,370
	1,771,898	**1,557,030**

Parent Company	2011	2010
Maturity date		
within 1 year	916,460	416,593
between 1 and 5 years	278,877	338,820
	1,195,337	**755,413**
Financial liabilities include:		
Liabilities to credit institutions	382,217	112,722
Convertible debenture loans	226,465	226,098
Overdraft facilities	515,578	328,897
Accounts payable, trade	3,061	1,387
Liabilities to Group companies	21,748	68,143
Other liabilities	80,390	3,765
Accrued expenses and prepaid income	19,218	14,401
	1,195,337	**755,413**

Some of the company's bank loans are restricted with covenants, stipulated in the loan contract. The restrictions mean that ITAB has committed to keeping the company's interest-bearing net liability in relation to EBITDA and the portion of risk-bearing capital within certain stipulated levels.

NOTE 21. BANK OVERDRAFT FACILITIES

The Group	2011	2010
Granted overdraft facility	1,062,993	958,109
Utilised overdraft facility	546,154	632,858
Unutilised overdraft facility	**516,839**	**325,251**
Parent Company		
Granted overdraft facility	723,540	600,000
Utilised overdraft facility	515,578	328,897
Unutilised overdraft facility	**207,962**	**271,103**

NOTE 22. ACCRUED EXPENSES AND PREPAID INCOME

The Group	2011	2010
Payroll and vacation expenses	61,240	51,211
Accrued social security fees, including pension and payroll tax	18,967	23,524
Accrued sales commissions	13,046	19,284
Accrued service-related expenses	1,153	751
Accrued interest expenses	11,709	9,421
Other accrued expenses	47,589	32,612
Prepaid income	8,734	7,567
	162,438	**144,370**

NOTE 23. PLEDGED ASSETS

The Group	2011	2010
Pledges for own liabilities		
Property mortgages	82,783	83,106
Business mortgages	291,793	173,781
Shares in subsidiaries	917,463	461,849
TOTAL PLEDGED ASSETS	**1,292,039**	**718,736**
Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	782,128	408,030

NOTE 24. PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group	2011	2010
Other contingent liabilities	840	540
Parent Company		
Sureties for subsidiaries	82,025	290,074

NOTE 25. LEASING

Finance leasing	2011	2010
Plant and machinery		
Accumulated acquisition values		
At the start of the year	50,780	50,293
New acquisitions	2,602	1,460
Translation differences for the year	-41	-973
	53,341	**50,780**
Accumulated depreciation according to plan		
At the start of the year	-30,780	-25,503
Depreciation according to plan for the year	-5,576	-5,431
Sales and disposals	-	-
Translation differences for the year	11	154
	-36,345	**-30,780**
RESIDUAL VALUE ACCORDING TO PLAN AT YEAR-END	**16,996**	**20,000**
Borrowing, finance leasing		
Current portion, maturity date within one year	5,198	6,130
Non-current portion, maturity date between one and five years	10,330	10,898
Non-current portion, maturity date over five years	1,379	1,840
	16,907	**18,868**
Operating leases		
In 2011, leasing fees for operating leases were paid amounting to SEK 44,515 thousands (36,608).		
Contracted future fees for operating leases		
Maturity date within one year	45,379	37,317
Maturity date between one and five years	129,226	100,902
Maturity date more than five years	179,314	17,154
	353,919	**155,373**

The Group's significant finance leases refer to some ten machines in Jönköping and Nässjö in Sweden, and Järvenpää in Finland.

NOTE 26. ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES

Information on purchase sums and acquired/divested net assets:

Purchase price	2011	2010
Total purchase sum include acquisition expenses	376,743	-
of which during the year unpaid purchase sum	76,743	-

ACQUISITIONS 2011

All the shares in Nordic Light Group AB, a company primarily involved in retail lighting, were acquired in 2011. Nordic Light Group AB is the Parent Company of the Nordic Light Group, which has twelve subsidiaries in Sweden, the USA and China. The acquisition was incorporated as of 1 September 2011.

ACQUISITIONS 2010

No acquisitions were made in 2010.

DIVESTMENTS 2010 AND 2011

No divestments were made in 2010 or 2011.

The total value of acquired/divested assets and liabilities in 2011, purchase sums and the impact on the Group's liquid assets were:

ACQUIRED VALUE NORDIC LIGHT GROUP AB	Booked value	Fair value
The acquisition balance is definitive		
Intangible assets	**0**	**81,995**
Property, plant and equipment	40,331	40,331
Financial assets	10	4,630
Stock	219,352	204,352
Other current assets	201,372	195,372
Non-controlling share	-33,189	-33,189
Provisions	-9,209	-9,209
Non-current liabilities	-19,551	-19,551
Current liabilities	-87,988	-87,988
Acquired net assets	311,128	376,743
Regulated purchase sum for the year		300,000
Cash and cash equivalent in acquired companies		-22,882
Impact on the Group's cash and cash equivalent from the year's acquisitions		**277,118**
Expensed unpaid share of the purchase sum		**76,743**
The year's investments related to acquired companies		**353,861**

NOTE 27. FINANCIAL INSTRUMENTS/FINANCIAL RISK MANAGEMENT

The financial risks are managed by the finance policy adopted by the Board of Directors. Financial activities such as risk management, liquidity management and borrowing are handled centrally by the Parent Company. This allows the Group to optimise the financial risks and make use of economies of scale and synergy effects. Examples of financial risks include currency, interest, credit and liquidity risks.

CURRENCY RISK

ITAB Shop Concept is exposed to currency risks through its international business activities. These can be divided into transaction risks, risk when translating foreign subsidiaries' income statements and risk when translating foreign subsidiaries' balance sheets.

Transaction risk

Commercial payment flows that occur in a currency other than the respective subsidiary's local currency entail a transaction risk. To reduce currency exposure, attempts are made to match the inflow and outflow in different currencies by, for example, issuing invoices in the same currency in which purchases are made. In line with the finance policy, it is up to each individual Group company to decide on whether to hedge transaction exposure. Any currency exposure hedging is thereafter performed by ITAB Shop Concept AB. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2011, there were cash flow hedges of projected flows in EUR, GBP and CZK. The fair value of the forward agreement used to hedge forecasted flows amounted to net SEK 2.7 million. The year's change in fair value SEK 2.8 million has been recognised in Comprehensive income. The recovered results of the forward agreement amounted to SEK 3.5 million before tax for 2011, which is recognised as Other income in the income statement.

Risks when translating the income statements of foreign subsidiaries

The foreign subsidiaries' income statements are translated at the average exchange rate for the respective period. Given the invoicing and net earnings of 2011, a 5 per cent change in the Swedish krona exchange rate would affect invoicing by about SEK 133 million and net earnings by about SEK 6 million.

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the exchange rate on closing day. The translation risks relate to exchange rate fluctuations that affect the value of the net foreign assets when translating to SEK. The value of net foreign assets amounted to SEK 458 million on closing day. Investments in net foreign assets are partly financed by taking loans in foreign currencies which reduces the translation risks. To reduce the net assets in foreign currencies and thereby reduce the currency risks, assets are financed locally in the foreign subsidiaries, in local currency, where it is commercially possible. Some financing is however arranged via the Parent Company ITAB Shop Concept AB. In addition to loans in foreign currencies, the Group uses currency swaps contracts to hedge net assets in foreign currencies. The fair value of the currency hedges are recognised against other comprehensive income and reclassified as financial gain or loss when the contract is terminated and the results recovered. Recovered results from currency swap contracts amounted to SEK 0 million before tax in 2011, recognised as financial expenses in the income statement. Exchange rate fluctuations in 2011 had an impact on the Group's comprehensive income in the amount of SEK 12.0 million. At the close of 2011, the fair value of the currency swap contracts was estimated at SEK 0 million.

The value of the Group's net assets per currency, 31 Dec 2011:

Currency	SEK m
EUR [1]	194
NOK	80
GBP	77
USD [2]	48
Other	59
	458

[1] EUR refers also to currencies linked to EUR.

[2] USD refers also to currencies linked to USD.

Currency hedges

At the close of 2011, the Group had hedged the following amount via currency swap contracts. The amounts are stated below per currency in the local currency (million) measured at nominal value.

Currency	Nom. amount
SEK	316
EUR	-25
USD	-9
CZK	-81

INTEREST RISK

The interest risk consists of interest rate changes having a negative impact on the Group's results through increased loan costs. All interest-bearing liabilities refer to borrowing from banks and other credit institutions and amounted to SEK 1.188 million on closing day. SEK 576 million is financed with variable interest. The remaining SEK 612 million have an average fixed rate period of 41 months. The average interest rate for outstanding interest-bearing liabilities was 3.57% at year-end. A one percentage point increase in interest would affect net earnings by approximately SEK 4.2 million annually.

LIQUIDITY RISK

Liquidity risk refers to the risk that a company cannot borrow money to fulfil its obligations. ITAB Shop Concept strives to maintain a high level of financing readiness by monitoring and managing the Group's combined capital financing within the Parent Company. Most of the Group's borrowing is arranged through banks in each respective company's local currency. ITAB Shop Concept AB does lend some funds to subsidiaries at market conditions. In 2011, ITAB signed a new credit facilities agreement with its principal bank. This ensures access to cash and cash equivalents. The credit facilities agreement is valid through 2015.

CREDIT RISK

Liquidity risk refers to the risk that a company cannot borrow money to fulfil its obligations. ITAB Shop Concept strives to maintain a high level of financing readiness by monitoring and managing the Group's combined capital financing within the parent company. Most of the Group's borrowing is arranged through banks in each respective company's local currency. ITAB Shop Concept AB does lend some funds to subsidiaries at market conditions.

Time analysis of current financial receivables	2011 Due	2011 Not due	2011 Total	2010 Due	2010 Not due	2010 Total
Trade receivables, not written down						
less than 30 days	63,059	394,711	457,770	52,517	359,069	411,586
31-60 days	35,650		35,650	22,333		22,333
more than 60 days old	28,604		28,604	19,519		19,519
Trade receivables written down						
more than 60 days old	6,122		6,122	10,333		10,333
TOTAL TRADE RECEIVABLES	**133,435**	**394,711**	**528,146**	**104,702**	**359,069**	**463,771**
Deduction for reserves	-6,122		-6,122	-10,333		-10,333
Other receivables		39,695	39,695		27,637	27,637
Accrued income		10,421	10,421		16,348	16,348
BOOK VALUE CURRENT FINANCIAL TRADE RECEIVABLES	**127,313**	**444,827**	**572,140**	**94,369**	**403,054**	**497,423**

The receivable is reserved as doubtful in the case of a suspected bad debt loss. The appraisal is individual and done on a case-to-case basis.

NOTE 28. PROVISIONS FOR PENSIONS

The following tables are an overview of the items included in the net costs for remuneration recognised in the consolidate income statement for defined benefit pension plans. Certain information concerning the outcome of capital management and amounts reported in the Group's balance sheets for this pension plan is also provided.

Defined-benefit pension plans	**2011**	**2010**
Net costs		
Interest on the year's increase of present value of pension commitments	1,181	1,327
Net of earned pensions and paid premiums during the year	-4	-1,870
Expected return on plan assets	-1,023	-997
RECOGNISED PENSION COSTS, NET	**154**	**-1,540**
Recognised provisions per 31 December		
Pension commitments' present value	38,420	35,276
Management asset's fair value	-16,270	-15,619
RECOGNISED PROVISIONS PER 31 DECEMBER	**22,150**	**19,657**
Change in recognised provision		
Opening net liability	19,657	23,177
Actuarial profits and losses	2,005	-537
Realignment	335	-1,443
Pension costs, net	154	-1,540
RECOGNISED PROVISIONS PER 31 DECEMBER	**22,151**	**19,657**
The most important assumptions used for determining commitments for pensions (%)		
Discount factor	3,30%	4,40%
Future wage increases	4,00%	4,00%
Future pension increases	3,75%	3,75%
Expected yield	4,80%	5,40%

DEFINED-CONTRIBUTION PENSION PLANS

Pension plans according to ITP are safeguarded through an insurance policy in Alecta. Alecta is a defined benefit plan but, because Alecta is presently unable to provide information for the Group to report this plan in the balance sheets in accordance with IAS 19, Employee Benefits, the plan is recognised as a defined contribution plan.

The year's fees in Alecta amount to SEK 2,334 thousands (2,611). Alecta's surplus can be distributed to the policy holders and/or the insured. At the close of 2011, Alecta's surplus in the form of collective solvency level was 113% (146). The collective solvency level is comprised of the market value of Alecta's assets in percent of the insurance commitments calculated according to Alecta's insurance-related calculation assumptions, which do not coincide with IAS 19.

NOTE 29. CONVERTIBLE DEBENTURE LOAN

The company has a reported outstanding convertible debenture loan of SEK 226,465 thousands. The original nominal amount was SEK 242,800, of which SEK 15,820 thousands was repurchased and SEK 302 thousands was converted as per 31 December 2011, which means that outstanding convertible debenture loans correspond to 2,666,810 shares.

Transaction expenses that arise in connection with the convertible loan are spread over the term of the loan and expensed as financial expense. The convertible loan runs until 31 July 2012 at an annual interest rate of STIBOR 12M plus 1.5 percentage points, which is judged to be the market-going interest rate. The convertible debenture can during the period 1 August 2008 to 29 June 2012 be converted to shares at a conversion rate of SEK 85 per share. The loan's nominal amount is SEK 85 per convertible debenture.

NOTE 30. INCENTIVE SCHEME

The 2010 AGM decided to introduce an incentive scheme for all employees within the ITAB Group. 118 employees opted to participate in the scheme involving 467,250 warrants, in which each warrant gives the right to subscribe for one Class B share at a price of SEK 92.50 during November 2012.

The employees paid a price of SEK 4.32 for the warrants, a market-rate price calculated according to the Black & Scholes method. Calculated on the current number of shares, this incentive scheme means a dilution of maximum 3.3% of the capital.

The 2008 Annual General Meeting decided to introduce a performance-based incentive scheme for senior executives and other key individuals employed within the ITAB Group. Some fifty employees participated in the incentive scheme with a total of 420,000 options, divided into 233,500 warrants, 166,700 employee options and 20,000 hedging options aimed at financing expenses for the scheme.

The programme is running with effect from October 2008, with the potential for subscription during the period September 2011 to 23 March 2012 at a subscription rate of SEK 97 per share. Because the scheme's performance-based target was not me, employee options cannot be utilised and have therefore matured without value for the employees. Warrants numbering 233,500 remain as per 31 December 2011. The employees paid a price of SEK 11.50 for the warrants, a market-rate price calculated according to the Black & Scholes method.

On 8 February 2012, the Board decided to extend a repurchase offer in which the company offered to buy back warrants from warrant holders at a price of SEK 17, which was based on the share's closing price on 9 February 2012. Employees holding 213,000 warrants accepted this offer, which means that 20,500 warrants remain. Calculated on the current number of shares, this means a dilution of maximum 0.1% of the capital.

NOTE 31. EARNINGS PER SHARE

The Group	**2011**	**2010**
Earnings per share before dilution		
Profit for the period, SEK thousands	120,009	22,465
Average number of outstanding shares	14,285,952	14,285,952
EARNINGS PER SHARE BEFORE DILUTION, SEK	**8,40**	**1,57**
Earnings per share after dilution		
Profit for the period, SEK thousands	120,009	22,465
Interest expenses on convertible debentures, SEK thousands	6,465	4,098
Adjusted profit, SEK thousands	**126,474**	**26,563**
Average number of outstanding shares	14,285,952	14,285,952
Adjustment of conversion of convertible debenture	2,666,810	2,666,810
No. of shares when calculating earnings per share	**16,952,762**	**16,952,762**
EARNINGS PER SHARE AFTER DILUTION, SEK	**7,46**	**1,57**

NOTE 32. RELATED PARTY DISCLOSURES

The ITAB Group's related parties refer to Group management, the Parent Company's Board and companies under the controlling influence of these parties.

Transactions of significance with related parties refer to transactions with a value of more than SEK 1 million with the Group's aforementioned related parties.

Details regarding salary and remuneration to senior executives, see note 4.

TRANSACTIONS WITH RELATED PARTIES

Transactions between ITAB's subsidiaries and companies under the controlling influence of ITAB's Board members do take place. These transactions are part of the company's standard operations and are conducted on market conditions.

- Rent and other property expenses in the amount of SEK 19 million for the properties in Jönköping and Nässjö were paid in 2011 to Tosito AB, owned by Board member Stig-Olof Simonsson.
- Purchases for a value of SEK 11 million were made by ITAB Shop Concept AB from Arion Sweden AB, owned by Board member Johan Rapp, in 2011.
- Purchases for a value of SEK 1 million were made by ITAB Shop Products AB from Värnamo Industri AB, owned by XANO Industri AB, in 2011. Tord Johansson has a controlling influence in XANO.

NOTE 33. EVENTS AFTER CLOSING DAY

No significant events after closing day have occurred in either the Group or the Parent company.

FINANCIAL REVIEW – FIVE YEARS

Income statements (SEK m)	2011	2010	2009[1]	2008[1]	2007
Income	3,341	2,748	2,776	3,412	2,430
Cost of goods sold	-2,477	-2,086	-2,055	-2,577	-1,878
GROSS INCOME	**864**	**662**	**721**	**835**	**552**
Selling expenses	-537	-494	-466	-502	-306
Administrative expenses	-142	-126	-142	-137	-92
Other operating income/expenses	6	20	1	-1	2
OPERATING PROFIT	**191**	**62**	**114**	**195**	**156**
Financial items	-39	-33	-23	-62	-26
PROFIT AFTER FINANCIAL ITEMS	**152**	**29**	**91**	**133**	**130**
Tax on the year's income	-29	-6	-17	-37	-35
PROFIT FOR THE YEAR	**123**	**23**	**74**	**96**	**95**
Related to:					
Parent Company's shareholders	120	23	74	96	95
Holding without controlling influence	3	0	0	0	-

Balance sheets (SEK m)	2011	2010	2009[1]	2008[1]	2007
Assets					
Intangible assets	576	483	487	473	266
Property, plant and equipment	542	547	646	689	461
Non-current receivables	26	21	23	20	6
NON-CURRENT ASSETS	**1,144**	**1,051**	**1,156**	**1,182**	**733**
Stock	682	491	361	447	345
Current receivables	644	545	480	599	465
Cash and cash equivalent	1	0	0	15	8
CURRENT ASSETS	**1,327**	**1,036**	**841**	**1,061**	**818**
TOTAL ASSETS	**2,471**	**2,087**	**1,997**	**2,243**	**1,551**
Equity and liabilities					
Equity related to the Parent Company's shareholders	559	459	534	507	391
Equity related to shareholders without controlling influence	39	1	1	3	-
Non-current liabilities	427	446	483	534	244
Current liabilities	1,446	1,181	979	1,199	916
BALANCE SHEET TOTAL	**2,471**	**2,087**	**1,997**	**2,243**	**1,551**

Cash flow, SEK m	2011	2010	2009[1]	2008[1]	2007
Cash flow from current operations	205	20	294	199	119
Cash flow from investing activities	-403	-76	-72	-418	-208
CASH FLOW AFTER INVESTMENTS	**-198**	**-56**	**222**	**-219**	**-89**
Cash flow from financing activities	199	56	-237	226	81
CASH FLOW FOR THE YEAR	**1**	**0**	**-15**	**7**	**-8**

Key ratios		2011	2010	2009[1]	2008[1]	2007
Operating margin	%	5,7	2,2	4,1	5,7	6,4
Profit margin	%	4,6	1,1	3,3	4,1	5,4
Interest coverage ratio	multiple	4,5	1,8	3,3	3,2	4,7
Depreciation according to plan	SEK m	79	73	73	65	38
Average no. of employees	no.	1,751	1,512	1,555	1,658	1,294
Return on equity	%	24,1	4,6	14,3	23,6	27,7
Return on capital employed	%	11,4	4,1	7,9	12,9	16,6
Return on total capital	%	8,3	3,0	6,0	9,5	11,2
Equity related to the Parent Company's shareholders	SEK m	559	459	534	506	391
Equity/assets ratio:	%	24	22	27	23	25
Portion of risk-bearing capital	%	36	35	40	36	28
Interest-bearing liabilities	SEK m	1,188	1,036	982	1,191	692
Net investments	SEK m	402	76	72	418	208
of which, related to corp. transactions	SEK m	354	0	0	298	52

[1] Adjustment of comparative figures for 2008 and 2009 refers to a correction of transaction expenses related to convertible debenture loans that in 2008 were incorrectly recognised against equity instead of against the convertible debenture loan and then spread over the expected term of the loan. As per 2009, profit brought forward has increased by SEK 1.3 million, the convertible loan has decreased by SEK 0.9 million, and financial expenses have increased by SEK 0.4 million. For 2008, the comparable adjustment is SEK 1.5 million in increased profit brought forward, SEK 1.3 million in reduced convertible loan and SEK 0.2 million in increased financial expenses. As per 2008, expenses related to the transfer to a different stock exchange list were incorrectly recognised directly in equity. These are adjusted, increasing the financial expenses in 2008 by 6.8 million. In 2009, a reversal of part of the previously mentioned listing expenses was recognised directly in equity. This has now been adjusted, increasing the financial item by SEK 1.1 million for 2009.

Definitions, see page 72.

COMMENTS ON FINANCIAL PERFORMANCE

TURNOVER

During the period 2007-2011, ITAB's turnover increased from SEK 2,430 million to SEK 3,341 million. This corresponds to an average annual sales increase of 8%. Over a five-year period, most of this increase constitutes acquired growth. A number of strategic acquisitions, within the framework of a clear growth strategy, have been carried out during the period, contributing to the greatest part of the increase in sales.

During the same period, a number of long-term agreements have been concluded with leading chain stores within the food segment. These laid the foundation for the company's position as the leading all-inclusive supplier of shop fittings in the Nordic countries, and also provide a foundation for growth. Concurrently, significant efforts have been devoted to increase sales to the non-food segment.

In 2008, net sales increased by SEK 982 million to SEK 3,412 million, an increase of 40% compared with 2007. The overwhelming majority of the increase is due to the acquisition of Hansa Kontor Shopfitting Group, Pan Oston, L-Form and Scangineers, where the latter company contributes most to the increase. About one-fifth of the sales increase was organic growth where developments on the Dutch and Swedish markets contributed most to the increase.

In 2009, net sales were down by SEK 636 million, a decline of 19%. No business acquisitions or divestments were made in 2009. The reduction in sales, due to the global recession, was greatest in the British and Dutch markets.

In 2010, net sales were down by SEK 28 million, a decline of 1%. No business acquisitions or divestments were made in 2010. Foreign currency fluctuations had a negative impact on turnover in the amount of SEK 180 million, compared with 2009. Sales, measured in local currency, declined in the Dutch market while sales in most of ITAB's other markets rose. Sales to the pharmacy sector rose markedly during the period, primarily due to the deregulation of the Swedish pharmacy market.

In 2011, net sales were down by SEK 593 million, a decline of 22%. Foreign currency fluctuations had a negative impact on turnover in the amount of about SEK 140 million compared with 2010. Currency-adjusted sales rose by 27%. Two-thirds of the increase was organic growth, the largest of which stems from Central Europe and UK & Ireland. Growth via acquisition refers to Nordic Light Group, which was incorporated as of 1 September 2011.

PROFITABILITY

Operating income during the five-year period varied between a minimum of SEK 62 million (2010) and a maximum of SEK 195 million (2008). Operating margin during the five-year period was stable within an interval of 2.2% and 6.4%. Income after financial items reached between SEK 29 million (2010) and SEK 152 million (2011). The five-year period's profit margin has fluctuated between 1.1% and 5.4%.

In 2008, operating margin was negatively affected by higher raw material costs and continued start-up expenses in the new production unit in the Czech Republic. In terms of profitability, development was positive in Sweden, the Baltic countries and Holland in 2008.

In 2009, profitability was affected primarily by volume downturns due to the recession. Costs for redundancy and intensified marketing activities burdened the year's income. Profitability was negative in Holland and in the Scandinavian countries. The weak profitability reported for 2010 is attributed primarily to fact that only a limited share of the substantial increase in raw material expenses could be transferred to customers. Profit was also burdened by restructuring and one-off expenses of about SEK 30 million which largely consisted of expenses for organisational changes and liquidation of inventory in Denmark. The improvement in profit for 2011 is primarily due to the volume growth reported in all market areas combined with the streamlining and cost-saving measures implemented in 2010 which had an impact in 2011. The acquisition of Nordic Light Group also contributed to improving profitability.

The Group's return on equity after tax has averaged approximately 17% over the past five years. Over a prolonged period, the Group's goal is to achieve a minimum 20% return on equity.

INVESTMENTS

Net investments, excluding business acquisitions, during the period 2007-2011 amounted to between two and six per cent of turnover. During these years, the Group has made extensive investments in machinery. The focus was on unmanned operations, high use of resources and leading technical advances. Subsequently, ITAB is extremely well equipped to face the future with limited investment needs over the next few years. The Group's largest investment is the factory built in the Czech Republic. The new factory measures 20,000 square metres and is equipped with a new, modern machine park. For 2009 and 2011, a significant share of the net investments refers to development of different self-scanning solutions for shops.

The five-year period's investments related to business acquisitions centered on reinforcing the company's position as an all-inclusive shop fittings supplier to the Group's selected markets, and reinforcing and adding to the contents of the product portfolio in certain areas.

FINANCIAL PERFORMANCE

The balance sheet total climbed from SEK 1,551 million in 2007 to SEK 2,471 million in 2011. This increase is in part due to the substantial investments in both production facilities and equipment, and in part to the period's corporate acquisitions. Organic sales growth also had an effect on the balance sheet total, mainly in the form of higher operating capital. Expansion has been realised with the aid of a positive cash flow from current activities, borrowing and new issue of convertible debentures.

The Group's equity/assets ratio has stood at between 22% and 27% the last five years, and the proportion of risk-bearing capital has varied between 28% and 40%. The Group's goal is to have risk-bearing capital of at least 25%.

The Board of Directors and the CEO hereby verify that the consolidate accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, the Annual Accounts Act and RR 32 and provide a true and fair view of the Group's and the Parent Company's financial position and results and that the Directors' Report presents a fair and true view of the Group and the Parent Company's business activities, position and financial results and describes significant risks and uncertainties that the Parent Company and companies within the Group face.

Jönköping, 15 March 2012

Thord Johansson *Chairman*	Stig-Olof Simonsson	Johan Rapp	Per Rodert
Anna Benjamin	Anders Moberg	Lottie Svedenstedt	Ulf Rostedt *CEO*

AUDITORS' REPORT

To the Annual General Meeting of ITAB Shop Concept AB (publ)
Corporate identity number 556292-1089

STATEMENT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts for ITAB Shop Concept AB (publ) for the 2011 financial year, with the exception of the Corporate Governance Report on Pages 40-41. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 37-70.

The Board of Directors and CEO are responsible for the annual accounts and consolidated accounts.
The Board of Directors and CEO are responsible for the preparation and fair presentation of the annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, the Annual Accounts Act, and for such internal control as the Board of Directors and CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the annual accounts and the consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts to in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Board of Director and CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company's as of 31 December 2011 and of its financial performance and cash flow for the year in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and their financial performance and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinion does not include the Corporate Governance Report on pages 40-41.

The statutory Directors' Report is consistent with the other parts of the annual accounts and the consolidated accounts. We therefore recommend to the Annual General Meeting of shareholders that the income statement and balance sheets of the Parent Company and the Group be adopted.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and CEO of ITAB Shop Concept AB (publ) for the year 2011. We have also performed a statutory review of the Corporate Governance Report.

Responsibilities of the Board of Directors and CEO
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and CEO are responsible for administration under the Companies Act and that the Corporate Governance Report on pages 40-41 is prepared in accordance with the Annual Accounts Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Moreover, we have read the Corporate Governance Report and based on this and our knowledge of the company and the Group, believe we have sufficient grounds for our opinion. This means that our review of the Corporate Governance Report has a different orientation and a significantly lesser scope compared with the orientation and scope that an audit in accordance with Internal Standards on Auditing and generally accepted auditing standards in Sweden has.

Opinions
We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the Directors' Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

A Corporate Governance Report has been prepared, and its statutory information is consistent with the Annual Accounts Act and the remainder of the consolidated accounts.

Jönköping, 30 March 2012

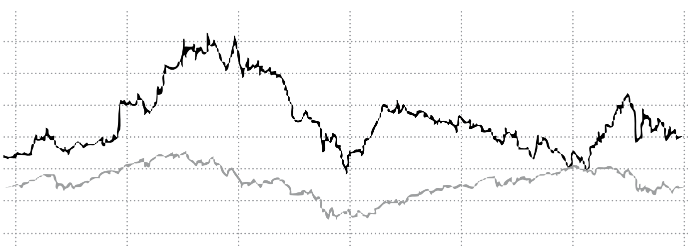
Stefan Engdahl
Authorised Public Accountant

Håkan Sundberg
Authorised Public Accountant

SHARE DATA

	2011	2010
Average number of outstanding shares		
before dilution, shares	14,285,952	14,285,952
after dilution, shares	16,952,762	16,952,762
Actual number of shares at year-end		
before dilution, shares	14,285,952	14,285,952
after dilution, shares	16,952,762	16,952,762
Earnings per share		
before dilution, SEK	8.40	1.57
after dilution, SEK	7.46	1.57
Equity per share	39.12	32.10
Share price on closing day, SEK	73.00	62.00
Share price in relation to equity, %	187	193
Proposed dividend, SEK	1.50	1.25
Direct yield, %	2.1	2.0

ITAB's SHARE DATA



ITAB Shop Concept is listed on OMX Nordic Exchange.
■ ITAB Shop Concept ■ OMX Stockholm PI

INFORMATION ABOUT THE DISTRIBUTION OF PURCHASE COSTS

Information about the distribution of purchase costs due to the allocation of shares in ITAB Shop Concept (formerly ITAB Inredning) AB as of 2005 tax year.

In accordance with the Swedish National Tax Board's ruling, the dividend is exempt from tax. The purchase costs for shares in ITAB Industri are to be distributed between these shares and the shares received in ITAB Shop Concept. This is done so that a value reduction of one share in ITAB Industri attributable to the allocation is carried over to the allocated shares in ITAB Shop Concept. The remainder of the purchase cost for shares in ITAB Industri becomes a new purchase cost for this share.

In accordance with the National Tax Board's calculations, 52% should pertain to the shares in ITAB Industri and 48% to the shares in ITAB Shop Concept.

More information is available in SKV M 2004:8 and SKV A 2004:19 on the National Tax Board's website (www.skatteverket.se).

DIVIDEND POLICY

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.50 (1.25) per share for financial year 2011. The total dividend amounts to SEK 21,429 thousands (17,857) based on the number of shares on 31 December 2011.

It is the objective of the Board of Directors that dividend over an extended period will follow the company's results and correspond to about 20-30% of the company's profit after tax.

The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.

DEFINITIONS

Operating margin: Operating profit in relation to income.

Profit margin: Income after financial items in relation to income.

Return on equity: Income for the year in relation to average equity.

Return on total capital: Income after financial items plus financial expenses in relation to average total capital.

Return on capital employed: Income after financial items plus financial expenses in relation to average balance sheet total minus non interest-bearing liabilities.

Interest coverage ratio: Income after financial items plus financial expenses in relation to average total capital.

Equity/assets ratio: Equity in relation to total capital.

Portion of risk-bearing capital: Equity plus provisions for taxes in relation to total capital.

Earnings per share: Income for the year in relation to average number of shares.

Equity per share: Equity in relation to the number of shares at year-end.

Direct yield: Proposed dividend in relation to the share price on closing day.

Discount rate (WACC): Weighted Average Cost of Capital – weighted required return for equity and borrowed capital against the company's future earnings.

Average number of employees: Number of hours worked divided by normal annual working hours.

SHARE CAPITAL TREND

Yr	Transaction	Change in share capital (SEK thousands)	Total share capital, SEK thousands	Total no. of shares	Nominal value per share (SEK)
1987	Forming of company	50	50	500	100
1997	New share issue	50	100	1,000	100
1998	New share issue	8,500	8,600	86,000	100
2004	Bonus issue	8,600	17,200	172,000	100
2004	20:1 split	-	17,200	3,440,000	5
2004	New share issue	16,281	33,481	6,696,200	5
2006	New share issue	1,500	34,981	6,996,200	5
2007	2:1 split	-	34,981	13,992,400	2,5
2008	New share issue	725	35,706	14,282,400	2,5
2008	Conversion	0	35,706	14,282,500	2,5
2009	Conversion	9	35,715	14,285,940	2,5
2010	Conversion	0	35,715	14,285,952	2,5

DISTRIBUTION OF SHARES 31 DECEMBER 2011

Share holding	No. of shareholders	Per cent (%)	Number of shares	Per cent (%)	Class A shares	Class B shares
1-500	983	61,70	185,635	1,30		185,635
501-1,000	224	14,06	181,898	1,27		181,898
1,001-5,000	291	18,27	606,176	4,24		606,176
5,001-10,000	42	2,64	297,505	2,08		297,505
10,001-50,000	35	2,20	746,579	5,23	8,000	738,579
50,000-100,000	4	0,25	310,629	2,17		310,629
100,001-	14	0,88	11,957,530	83,70	3,892,000	8,065,530
TOTAL	**1,593**	**100**	**14,285,952**	**100**	**3,900,000**	**10,385,952**

SHAREHOLDERS 31 DECEMBER 2011

Name	Number of shares	Class A shares	Class B shares	No. of votes	Percentage (%) of votes	Percentage (%) of share capital
Thord Johansson with company and family	3,466,950	2,614,400	852,550	26,996,550	54,7	24,3
Johan Rapp with company	4,182,090	1,080,000	3,102,090	13,902,090	28,1	29,3
Kennert Persson	643,200	156,200	487,000	2,049,000	4,1	4,5
Carnegie Fonder	1,050,000		1,050,000	1,050,000	2,1	7,3
Christer Persson with family	244,800	41,400	203,400	617,400	1,3	1,7
Livförsäkringsbolaget AB Skandia	616,221		616,221	616,221	1,2	4,3
Stig-Olof Simonsson with company	439,713		439,713	439,713	0,9	3,1
Petter Fägersten	300,000		300,000	300,000	0,6	2,1
Anna Benjamin with family	280,400		280,400	280,400	0,6	2,0
Gerald Engström with company	218,020		218,020	218,020	0,4	1,5
Svenska Handelsbanken	150,000		150,000	150,000	0,3	1,0
Skandinaviska Enskilda Banken	140,600		140,600	140,600	0,3	1,0
Tanglin Asset Management	117,793		117,793	117,793	0,2	0,8
Avanza Pension	107,743		107,743	107,743	0,2	0,8
Christoffer Persson	33,400	8,000	25,400	105,400	0,2	0,2
Alf Svensson	90,000		90,000	90,000	0,2	0,6
Sune Lantz	87,900		87,900	87,900	0,2	0,6
Handelsbanken fonder	70,729		70,729	70,729	0,2	0,5
Karl-Johan Wall	62,000		62,000	62,000	0,1	0,4
Nordnet Pensionsförsäkring	44,021		44,021	44,021	0,1	0,3
Spiltan Fonder AB	40,508		40,508	40,508	0,1	0,3
Magnus Olsson	37,600		37,600	37,600	0,1	0,3
Andra AP-fonden	35,994		35,994	35,994	0,1	0,3
Ulf Rostedt	33,000		33,000	33,000	0,1	0,2
Other shareholders	1,793,270		1,793,270	1,793,270	3,6	12,6
	14,285,952	**3,900,000**	**10,385,952**	**49,385,952**	**100,0**	**100,0**

Class A shares entitle to 10 votes and Class B shares entitle to 1 vote. The proportion of institutional ownership as per 31 December 2011 was 4.46% (4.51%) of the voting rights and 15.43% (15.60%) of the share capital. Information about the number of shares refers to shareholdings as per 31 December 2011 and includes, where relevant, holdings via companies, spouses and minors.

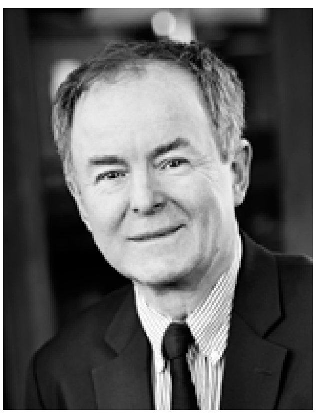
BOARD OF DIRECTORS

TORD JOHANSSON
(born 1955)
Chairman of the Board since 2004 (also Board member 1987-1998)
Degrees: Degree from Technical University of Linköping
Commissions: Chairman of the Board of XANO Industri AB, Kieryd Gård AB, and SW Exergon AB. Board member, Eolus Vind AB, Prolight AB and others.
Shareholding in ITAB Shop Concept AB:
Class A: 2,614,400 shares
Class B: 852,550 shares
Convertible debentures: SEK 54,617,600

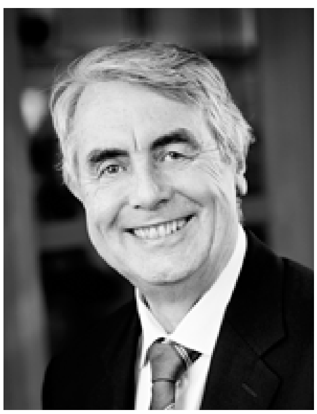
ANNA BENJAMIN
(born 1976)
Board member since 2004
Degrees: Master in Economics and Finance, Jönköping International Business School
Shareholding in ITAB Shop Concept AB:
Class B: 280,400 shares
Convertible debentures: SEK 3,100,000

ANDERS MOBERG
(born 1950)
Board member since 2011
Commissions: Chairman of the Board, Biva A/S, Clas Ohlson AB and OBH Nordica AB.
Board member, DFDS A/S, Husqvarna AB, Byggmax AB, Ahlstrom Corporation, Hema B.V, ZetaDisplay AB, Rezidor AB and Amor GMBH.
Shareholding in ITAB Shop Concept AB:
Class B: 150,000 shares[1)]

JOHAN RAPP
(born 1939)
Board member since 2004.
Degrees: Master in Politics, Stockholm University
Commissions: Chairman of the Board, Pomona Group AB. Board member, Binar AB, Segulah AB, XANO Industri AB and others.
Shareholding in ITAB Shop Concept AB:
Class A 1,080,000 shares
Class B: 3,102,090 shares
Convertible debentures: SEK 71,520,530



PER RODERT
(born 1953)
Board member since 2005
Degrees: B.Sc. Economics, Stockholm School of Economics
Commissions: CEO of Rörvik Timber AB, Board member, Alfaros AB, CC Pack AB and Combi Craft AB, DEVPORT AB and others.
Shareholding in ITAB Shop Concept AB:
Class B: 3,000 shares



STIG-OLOF SIMONSSON
(born 1948)
Board member since 2004
Degrees: Bachelor of Arts
Commissions: Chairman of the Board of Simonssongruppen AB, TOSITO Invest AB, and others. Board member of Jeeves Information Systems AB, XANO Industri AB, and others.
Shareholding in ITAB Shop Concept AB:
Class B: 439,713 shares
Convertible debentures: SEK 8,301,950

LOTTIE SVEDENSTEDT
(born 1957)
Board member since 2009
Degrees: Master of Law, Uppsala University
Commissions: Board chairman, MiL Institute. Board member Byggmax AB, Clas Ohlson AB, Global Health Partner AB, Liberala Tidningar i Mellansverige AB, Mediebolaget Promedia i Mellansverige AB, mkt media ab, Stampen AB, Swedavia AB, Thule Group AB and Vanna AB.
Shareholding in ITAB Shop Concept AB:
Class B: 10,000 shares

Information about the number of shares refers to shareholdings as per 31 December 2011 and includes, where relevant, holdings via companies, spouses and minors.

[1)] *Owned through endowment insurance.*

GROUP MANAGEMENT

ULF ROSTEDT
(born 1967)
CEO since 2008 and member of Group management.
Employed in ITAB since 1997.
Shareholding in ITAB Shop Concept AB:
Class B: 33,000 shares
Convertible debentures: SEK 561,000
Warrants: TO1 40 000 shares, TO2 30 000 shares

MIKAEL GUSTAVSSON
(born 1964)
Deputy CEO since 2008 and member of Group management.
Employed in ITAB since 2003 (previously employed 1995-1999).
Shareholding in ITAB Shop Concept AB:
Class B: 17,500 shares
Convertible debentures: SEK 323,000
Warrants: TO1 40 000 shares, TO2 30 000 shares

MAGNUS OLSSON
(born 1965)
CFO since 2004 and member of Group management.
Employed in ITAB since 1994.
Shareholding in ITAB Shop Concept AB:
Class B: 37,600 shares
Convertible debentures: SEK 1,468,715
Warrants: TO1 40 000 shares, TO2 30 000 shares

Information about the number of shares refers to shareholdings as per 31 December 2011 and includes, where relevant, holdings via companies, spouses and minors.

AUDITORS

The auditors are appointed by the shareholders at the AGM. The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

The company's auditors are Stefan Engdahl and Håkan Sundberg, both of Ernst & Young AB. The appointment is valid until and including the 2013 AGM. Alongside his duties for ITAB Shop Concept AB, Stefan Engdahl has auditing assignments for XANO Industri AB, Hexpol AB, Kabe AB and Liljedahl Group AB. Håkan Sundberg has auditing assignments for EAB AB and Gislaved Gummi AB.

Stefan Engdahl
(born 1967)
Auditor to ITAB since 2006.
Authorised Public Accountant
Member of FAR SRS, Ernst & Young

Håkan Sundberg
(born 1970)
Auditor to ITAB since 2009.
Authorised Public Accountant
Member of FAR SRS, Ernst & Young

CONTACT DETAILS FOR ALL GROUP COMPANIES

SWEDEN

Parent company:
ITAB SHOP CONCEPT AB (publ)
Box 9054
SE-550 09 Jönköping
(Visiting address: Instrumentv. 2)
Tel: +46-36 31 73 00
Fax: +46-36 31 73 73
info@itab.se
www.itab.se

ITAB SHOP CONCEPT JÖNKÖPING AB
Box 9054
SE-550 09 Jönköping
(Visiting address: Instrumentv. 2)
Tel: +46-36 31 73 00
Fax: +46-36 31 73 08
info.jonkoping@itab.se
www.itabsverige.se

ITAB SHOP CONCEPT NÄSSJÖ AB
Box 304
SE-571 24 Nässjö
(Visiting address: Tryckerigatan 2)
Tel: +46-380 51 48 00
Fax: +46-380 162 52
info.nassjo@itab.se
www.itabsverige.se

ITAB SHOP PRODUCTS AB
Box 9054
SE-550 09 Jönköping
Tel: +46-36 299 46 00
Fax: +46-36 299 46 66
info@itabshopproducts.com
www.itabshopproducts.com

ITAB SCANFLOW AB
Box 9054
SE-550 09 Jönköping
(Visiting address: Instrumentv. 2)
Tel: +46-36 299 46 70
Fax: +46-36 299 46 88
info@itabscanflow.com
www.itabscanflow.com

ITAB SINTEK AB
Söder Mälarstrand 71
SE-118 25 Stockholm
Tel: +46-8 669 03 45
Fax: +46-8 84 83 13
sintek.international@sintek.se
www.sintek.se

ITAB PHARMACY CONCEPT AB
Söder Mälarstrand 71
SE-118 25 Stockholm
Tel: +46-8 669 03 45
Fax: +46-8 84 83 13
info@pharmaservice.se
www.pharmaservice.se

NORWAY

ITAB SHOP CONCEPT AS
Postboks 6677 Rodeløkka
NO-0502 Oslo
(Visiting address: Trondheimsveien 156)
Tel: +47-23 23 35 30
Fax: +47-23 23 35 67
firmapost@itabnorge.no
www.itabnorge.no

ITAB BUTIKKINNREDNINGER AS
Postboks 6677 Rodeløkka
NO-0502 Oslo
(Visiting address: Trondheimsveien 156)
Tel: +47-23 23 35 30
Fax: +47-23 23 35 31
firmapost@itabnorge.no
www.itabnorge.no

ITAB BUTIKKINNREDNINGER AS
Granåsveien 3
NO-7048 Trondheim
Tel: +47-73 89 06 60
Fax: +47-73 89 06 66
firmapost@itabnorge.no
www.itabnorge.no

ITAB INDUSTRIER AS
NO-7105 Stadsbygd
Tel: +47-73 85 63 50
Fax: +47-73 85 63 99
itab.industrier@itabnorge.no
www.itabnorge.no

KB DESIGN AS
Postboks 6660 Rodeløkka
NO-0502 Oslo
(Visiting address: Trondheimsveien 156)
Tel: +47-23 23 35 30
Fax: +47-23 23 35 31
firmapost@itabnorge.no
www.kbdesign.no

ITAB PHARMACY CONCEPT AS
Bekkeveien 9
NO-3236 Sandefjord
Tel: +47-33 44 84 70
Fax: +47-33 44 84 71
salg@pharmaservice.no
www.pharmaservice.no

ITAB LINDCO AS
Postboks 152 Holmlia
NO-1203 Oslo
(Visiting address: Bjørnerudsveien 19, 1266 OSLO)
Tel :+47-22 75 40 60
Fax: +47-22 75 40 70
lindco@lindco.no
www.lindco.no

DENMARK

ITAB SHOP CONCEPT
Denmark A/S
Borupvang 2
DK-3450 Allerød
Tel: +45-47 17 40 33
Fax: +45-47 17 97 17
info@itab.dk
www.itab.dk

FINLAND

ITAB SHOP CONCEPT
Finland Oy
Box 81
FI-04401 Järvenpää
(Visiting address: Ammattikoulunkatu 12)
Tel: +358-207 482 700
Fax: +358-207 482 701
info@itab.fi
www.itab.fi

ITAB PAN-OSTON OY
Teollisuustie 1
FI-15540 Villähde
Tel: +358-3 873 370
Fax: +358-3 873 3710
info@itab.fi
www.itab.fi

ESTONIA

ITAB SISUSTUS AS
Pärnu mnt 238
EE-11642 Tallinn
Tel: +372-6140 325
Fax: +372-6140 324
info@itab.se
www.itab.se

LATVIA

ITAB BALTIC SIA
Dzelzavas iela 120s
LV-1021 Rīga
Tel: +371-6714 78 92
Fax: +371-6714 78 97
info@itab.lv
www.itab.lv

LITHUANIA

AB ITAB NOVENA
Draugystés g. 12
LT-51260 Kaunas
Tel: +370-37 49 09 00
Fax: +370-37 31 37 08
novena@novena.lt
www.itabnovena.lt

UK

ITAB UK LTD
ITAB SHOP CONCEPT UK LTD
ITAB INTERIORS
City House, Swallowdale Lane
Hemel Hempstead, Herts
HP2 7EA England
Tel: +44-1442 419 419
Fax: +44-1442 419 101
sales@itabuk.com
www.itabuk.com

ITAB SHOP PRODUCTS UK LTD
CMB House, Sherbourne Drive
Tilbrook, Milton Keynes
MK7 8BA England
Tel: +44-1908 765 688
Fax: +44-1908 640 258
sales@itabuk.com
www.itabuk.com

ITAB SHOP CONCEPT UK LTD
East Mill, Imperial Business Park
Gravesend, Kent
DA11 0DL England
Tel: +44-1474 537 744
Fax: +44-1474 535 849
sales@itabuk.com
www.itabuk.com

ITAB SHOP CONCEPT UK LTD
Wentworth One,
Wentworth Industrial Estate,
Barnsley, South Yorkshire
S75 3DL England
Tel: +44-1442 419 419
Fax: +44-1442 419 101
sales@itabuk.com
www.itabuk.com

ITAB SHOP CONCEPT UK LTD
Unit 11,
Basepoint Business Centre
Rivermead Drive, Swindon,
Wiltshire
SN5 7EX England
Tel: +44-1474 537 744
Fax: +44-1474 535 849
sales@itabuk.com
www.itabuk.com

NETHERLANDS

ITAB SHOP CONCEPT B.V.
Postbox 296
NL 3900 AG Veenendaal
(Visiting address: Klovenier 2)
Tel: +31-318 58 47 47
Fax: +31-318 58 47 49
info@itab.nl
www.itab.nl

ITAB SHOP CONCEPT BV
Postbox 296
NL-3900 AG Veenendaal
(Visiting address: Parallelweg 26, 3931 MT Woudenberg)
Tel: +31-33 285 91 61
Fax: +31-33 285 91 85
info@itab.nl
www.itab.nl

BELGIUM

ITAB MERTENS N.V.
Terbekehofdreef 51-53
B-2610 Antwerp (Wilrijk)
Tel: +32-3 829 89 11
Fax: +32-3 829 89 00
info@itab-mertens.eu
www.itab-mertens.eu

ITAB BELGIUM NV
Terbekehofdreef 53
B-2610 Antwerp (Wilrijk)
Tel: +32-3 829 89 13
Fax: +32-3 829 89 03
info@itab.be
www.itab.be

GERMANY

ITAB GERMANY GMBH
Bonner Str. 324
D-50968 Cologne
Tel: +49-221 376 33 0
Fax: +49-221 376 33 99
info@itab-germany.de
www.itab-germany.de

ITAB HARR GMBH
Gewerbepark 5-6
D-02694 Malschwitz OT. Niedergurig
Tel: +49-3591 2185 0
Fax: +49-3591 2185 11
info@itab-harr.eu
www.itab-harr.eu

POLAND

ITAB SHOP CONCEPT POLSKA SP. ZO.O.
Ul. Wspólna Droga Str. 4
PL-05-850 Jawczycek
(Warsaw)
Tel: +48-22 360 07 80
Fax: +48-22 360 07 88
info@itab.pl
www.itab.pl

CZECH REPUBLIC

ITAB CZECH REPUBLIC S.R.O.
Chrudichromská 2364/19
CZ-680 01 Boskovice
Tel: +420-516 805 900
Fax: +420-516 805 901
info@itab.cz
www.itab.cz

ITAB SHOP CONCEPT CZ A.S.
Chrudichromská 2364/19
CZ-680 01 Boskovice
Tel: +420-516 805 900
Fax: +420-516 805 901
info@itab.cz
www.itab.cz

HUNGARY

ITAB HUNGARY
Budaörsi u. 153
HU-1112 Budapest
Tel: +36-1 782 67 85
Fax: +36-1 782 67 86
sales@itab.hu
www.itab.hu

RUSSIA

ZAO ITAB SHOP CONCEPT RUSSIA
V.O. 18 Liniya 31, office B 423
RU-199 178 St. Petersburg
Tel: +7-812 332 75 40
Fax: +7-812 332 75 41
info@itab.ru
www.itab.se

UKRAINE

LLC ITAB UKRAINE
20 Esplanadna Str. Office 22
Ukraine 01001, Kiev
Tel: +38-067 507 46 37(Ukraine)
+37-128 32 83 41 (Latvia)
Fax: +38-044 233 62 79
erik@itab.org.ua
www.itab.org.ua

NORDIC LIGHT GROUP

NORDIC LIGHT AB
Box 390,
SE-931 24 Skellefteå
Tel: +46-910 733 790
Fax: + 46-910 16445
info@nordiclight.se
www.nordiclight.com

SKELACK AB
Servicegatan 15
SE-931 76 Skellefteå
Tel: +46-910 71 35 50
Fax: +46-910 71 35 55
mikael@skelack.se
www.skelack.se

DOTLIGHT SWEDEN AB
Box 390
SE-931 76 Skellefteå
(Visiting address: Servicegatan 5)
Tel: +46-910 73 37 90
support@dotlight.se
www.dotlight.se

PROLIGHT AB
Kyrkängsgatan 6
SE-503 38 Borås
Tel: +46-33 20 56 50
info@prolight.se
www.prolight.se

NORDIC LIGHT HONG KONG
Rm 1308, 13/F
Tai Yau Building
No 181 Johnston Road,
Wanchai, Hong Kong
asia@nordiclight.se
www.nordiclight.com

NORDIC LIGHT SUZHOU
No.53 East Loufeng District
Industrial Park Suzhou
215123 China
Tel: +86-512 65935118
Fax: +86-512 65935998

NUCO SOURCING & MANUFACTURING FACTORY
The 2nd industrial District
Hongxing Village,
Songgang Town
Baoàn District Shenzhen
518105 China
Tel: +86-755 2709 8425
Fax: +86-755 2709 8441
info@nucohk.com
www.nucohk.com

NORDIC LIGHT AMERICA
426 McCormick Blvd
Columbus, OH 43213, USA
na@nordiclight.se
www.nordiclight.com

GLOSSARY

CAD SYSTEM
A CAD system is an advanced software for producing product drawings.

CONVEYOR BELT SCALE
A scale in the convey belt that automatically weighs the item at checkout.

ENTRANCE SYSTEMS & QUEUE MANAGEMENT SYSTEMS
Entrance systems comprise gates, posts and partitions commonly found in shop entrances. Queue management systems are systems of rails and posts that guide customers to the checkout.

SCO
SCO stands for self-checkout.

SELF-CHECKOUT
Self-checkout lets the consumer quickly, conveniently and reliably check and scan their items themselves at the checkout.

SHOP CONCEPT
A shop concept comprises all types of fittings and equipment intended for displaying and storing goods in shops.

RADAR SYSTEMS, PHOTOCELL SYSTEMS AND CEILING OR MOVEMENT SENSORS
Radar systems, photocell systems and ceiling or movement sensors are different names for movement detectors that open the entrance gates.

THIRD-CUSTOMER FEATURE
The third-customer feature is a support system for the checkout that allows a third customer to start the purchasing process while the first two customers are still packing their items.

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▶ Download or order copies of the financial statements on ITAB's website.

THE ANNUAL GENERAL MEETING, 2012

The Annual General Meeting will be held Wednesday, 9 May 2012 at 3 pm at ITAB's offices on Instrumentvägen 2 in Jönköping, Sweden.

REGISTRATION

Shareholders wishing to participate in the Annual General Meeting shall be registered in the shareholders register maintained by the securities register centre Euroclear Sweden AB (formerly VPC AB) on Thursday, 3 May 2012 and shall notify the company of their intention to participate in the Meeting not later than 4 pm on Thursday, 3 May 2012 to the address ITAB Shop Concept AB, Box 9054, SE-550 09 Jönköping, by phone +46 36 31 73 00 or by email info@itab.se. The notification is to include the participant's name, social security number/corporate identity number, address, daytime telephone number and the number of owned shares.

Shareholders whose shares are registered in the names of trustees must have their shares re-registered temporarily in their own names before Thursday, 3 May 2012 to be eligible to participate in the Meeting.

DIVIDENDS

The Board of Directors proposes a dividend of SEK 1.50 per share for financial year 2011. The record date will be Tuesday, 14 May 2012. Subject to the Meeting's approval of the proposal, it is expected that dividends will be remitted by Euroclean Sweden AB on Friday, 18 May 2012.

NOMINATION COMMITTEE

At the 2011 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Johan Rapp and Johan Storm. The Nomination Committee's task for the 2012 AGM is to propose candidates for chairman of the Board and Board members, for the post of Meeting chairman, as well as fees and other remuneration for the Board and auditors.

AGENDA

The Meeting will address the issues that the Swedish Companies Act and the Articles of Association require be brought before an Annual General Meeting, such as presentation of the annual report and auditors' report, resolutions on the adoption of the income statements and balance sheet, discharge from liability for Board members and the Managing Director, and the election of Board members. Other matters are presented in the agenda which will be sent in connection with the invitation to the Annual General Meeting.

FINANCIAL INFORMATION FOR 2012

Interim report, January - March	9 May
Annual General Meeting 2012	9 May
Interim report, January - June	10 July
Interim report, January - September	6 November
Year-end report 2012	5 February 2013
Annual Report 2012	March/April 2013
Annual General Meeting 2013	May 2013

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ITAB Shop Concept AB (publ)
Box 9054
SE-550 09 Jönköping
Instrumentvägen 2 (Visiting address)
Tel. +46 (0)36 31 73 00
info@itab.se
www.itab.se