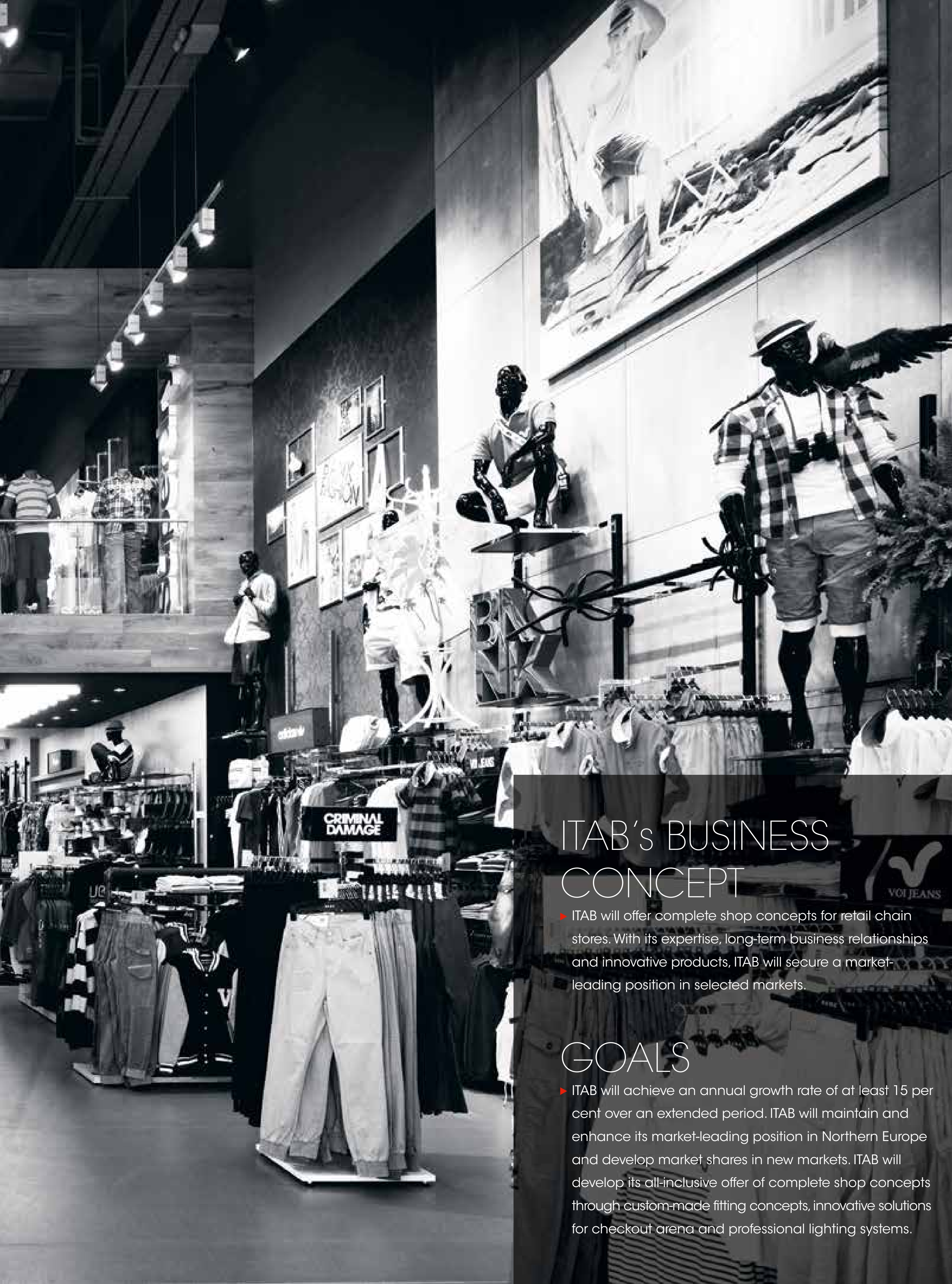
ITAB

2012
ANNUAL REPORT

"Improving the Shop Experience..."



ITAB´s BUSINESS CONCEPT

- ITAB will offer complete shop concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets.

GOALS

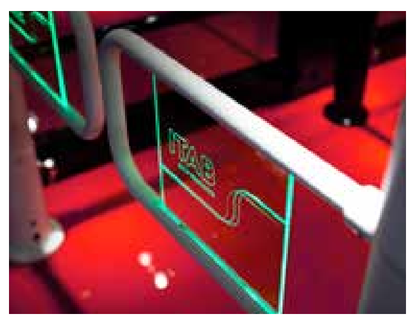
- ITAB will achieve an annual growth rate of at least 15 per cent over an extended period. ITAB will maintain and enhance its market-leading position in Northern Europe and develop market shares in new markets. ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.

CONTENTS

ABOUT ITAB

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems. Customers include the major players throughout most parts of Europe.






▲ ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts including custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.

GEOGRAPHIC PRESENCE

- Market presence
- ITAB Offices/Production

TURNOVER

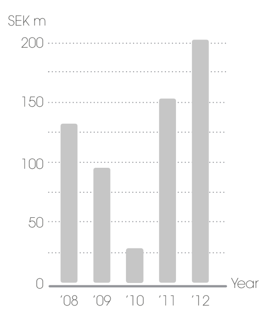
SEK 3,511.4 MILLION

OWN OPERATION

19 COUNTRIES

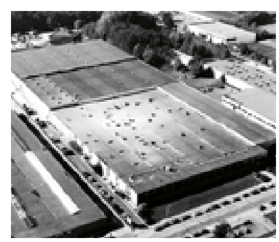
PROFIT AFTER FINANCIAL ITEMS

SEK 202.5 MILLION



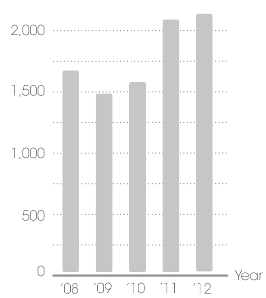
PRODUCTION AND LOGISTICS AREA

260,000 m^2



NUMBER OF EMPLOYEES ON THE CLOSING DAY

2,184 PEOPLE



WORKING MODEL

In order to develop and nurture long-term business relations, ITAB has long worked according to a model that is aimed at working closely with its customers and their markets. The project management function, which is a central element in the model, makes it possible to offer all-inclusive solutions with responsibility for the entire process, from concept to ready-made shop.

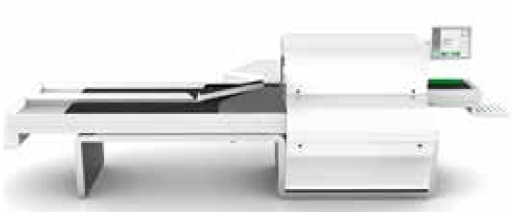
ITAB 2012 IN BRIEF

During the year, sales have increased by 5 per cent and operating profit by 23 per cent. The market has generally been rather sluggish, particularly during the latter part of the year. Measures have been introduced to counteract this, in the form of streamlining operations. Despite a somewhat lacklustre market, ITAB has successfully improved its margins, and with a cash flow of SEK 271 million, net liability has decreased to SEK 896 million. The lighting group Nordic Light has been incorporated into the Group, and the acquisition of the shop fitting company Europa in the UK and the remaining minority interest in Prolight Försäljning has been completed.

SALES

SELF-CHECKOUT

- Interest in ITAB's self-checkout system has grown during the year. Agreements have been entered into regarding deliveries and installations to Sweden, Norway and Germany. EasyFlow, which is based on barcode-free identification of goods, has been taken into use for the first time in a shop environment.



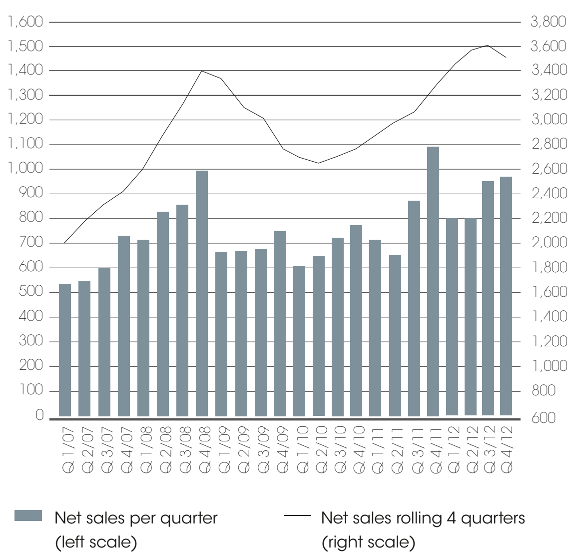
SUMMARY 2012

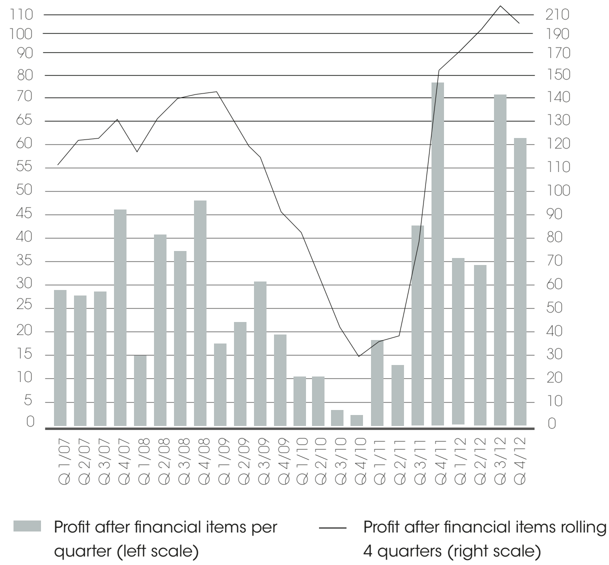
- Sales increased by 5% to SEK 3,511.4 million (3,341.3)
- Operating profit rose by 23% to SEK 235.2 million (190.6)
- Profit after financial items rose by 33% to SEK 202.5 million (152.1)
- Earnings per share rose by 13% to SEK 9.47 (8.40)

THE ITAB GROUP IN FIGURES

		2012	2011
Sales	SEK million	3,511.4	3,341.3
Growth	%	5	22
Operating profit	SEK million	235.2	190.6
Operating margin	%	6.7	5.7
Profit after net financial items	SEK million	202.5	152.1
Profit after tax	SEK million	161.8	123.4
Earnings per share	SEK	9.47	8.40
Dividends per share	SEK	2.50 [1]	1.50
Equity per share	SEK	52.17	39.12
Return on equity	%	20.7	24.1
Portion of risk-bearing capital	%	40.6	35.9
Share price at the end of the period	SEK	101.50	73.00
Average no. of employees	no.	2,194	1,751
Equity/assets ratio	%	36.5	24.2
Net liability	SEK million	896	1,183

[1] *The Board's proposal for dividends for the 2012 financial year*





Q1

- **SALES** SEK 800.4 million (706.5)
- **OPERATING PROFIT** SEK 43.8 million (27.0)
- **PROFIT AFTER FINANCIAL ITEMS** SEK 35.6 million (17.3)
- **BREAKTHROUGH ORDER FOR EASYFLOW.** The order is of major strategic importance for ITAB, as the technology is groundbreaking and provides an indication of what the checkout area of the future may look like in shops.
- **FIRST INSTALLATION OF TWINFLOW IN SWEDEN** An agreement is being entered into with Green Matmarknad regarding the installation of a self-checkout system.

Q2

- **SALES** SEK 800.2 million (657.0)
- **OPERATING PROFIT** SEK 43.0 million (21.9)
- **PROFIT AFTER FINANCIAL ITEMS** SEK 34.7 million (13.2)
- **AGREEMENT ON SELF-CHECKOUT.** ITAB is entering into agreements regarding self-checkout systems with Coop Italia, ICA Sverige and Norgesgruppen.
- **ACQUISITION OF PROLIGHT AND EUROPA.** ITAB is acquiring the shop fitting company Europa in the UK, as well as the remaining portion of Prolight Försäljning.

Q3

- **SALES** SEK 933.6 million (881.5)
- **OPERATING PROFIT** SEK 78.5 million (54.7)
- **PROFIT AFTER FINANCIAL ITEMS** SEK 70.9 million (43.7)
- **FOLLOWING CUSTOMERS INTO NEW MARKETS.** In line with our strategy of following major customers into new markets, a company is being established in Chile that will primarily supply lighting.

Q4

- **SALES** SEK 977.3 million (1,096.3)
- **OPERATING PROFIT** SEK 69.8 million (87.0)
- **PROFIT AFTER FINANCIAL ITEMS** SEK 61.3 million (77.9)
- **AGREEMENT ON SELF-CHECKOUT.** Together with a major POS supplier, ITAB is entering into an agreement relating to selfcheck-outs with one of Germany's largest supermarket chains.
- **AGREEMENT REGARDING TRIAL DELIVERY OF EASY-FLOW.** ITAB is entering into an agreement with one of Europe's largest supermarket chains regarding the trial delivery of EasyFlow.

CEO ULF ROSTEDT COMMENTS ON 2012

We have retained our market positions and improved our margins during the year. The lighting group Nordic Light has been incorporated into the Group, and we have entered into agreements regarding the delivery of our self-checkout systems on the Norwegian, Swedish and German markets.

Currency-adjusted sales figures have risen by 6 per cent compared to the previous year and profit after financial items has increased by 33 per cent during the year. During the year we have succeeded in improving our margin, and operating profit has increased by 23 per cent. The Group had a cash flow of SEK 271 million in 2012, and the net liability has decreased to SEK 896 million. This improvement is primarily due to a higher operating profit and lower working capital. Investments were made during the year in our production facilities in China in order to increase capacity and manage future requirements for both shop fittings and professional lighting systems.

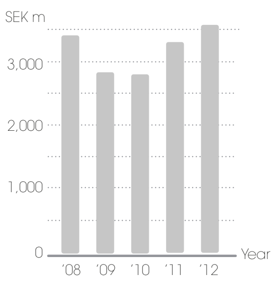
MARKET TRENDS

The market has generally been rather sluggish, particularly during the latter part of the year. Actions have been introduced to counteract this in several parts of the Group, in the form of streamlining operations. All sales areas, with the exception of Central Europe, have developed in line with the previous year and in accordance with our expectations. Central Europe has seen a marked reduction in sales, primarily because some larger customers have made cutbacks in their investment schemes. The current international financial crisis makes it more complicated to predict how the markets will continue to develop in future.

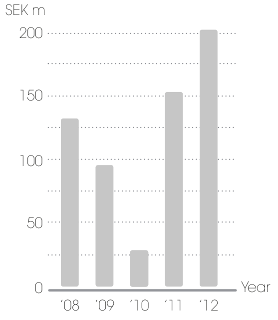
PROFESSIONAL LIGHTING SYSTEMS – A PART OF THE GROUP'S OFFER

Nordic Light has been incorporated into the Group during the year, and so far has developed in line with our expectations. Efforts to offer lighting systems to ITAB's existing customers are continuing. In future we will further reinforce our activities to integrate lighting in our all-inclusive offer to existing customers in all markets. Lighting is an important aspect of the interior design concept for creating attractive store environments. Substantial energy savings and lower maintenance costs for retail chains, something we believe will be even more important in future.

SALES



PROFIT AFTER FINANCIAL ITEMS



CONSIDERABLE INTEREST IN SELF-CHECKOUT SYSTEMS ON THE MARKET

The first installation of our EasyFlow self-checkout system is now in operation. The installation has met our expectations and is running smoothly. We are now ready to take the next step in the process. During the fourth quarter, we signed another agreement for a trial delivery of EasyFlow to one of Europe's largest supermarket chains.

During the year, we have entered into agreements relating to pilot installations of our self-checkout system in the Norwegian, Swedish and German markets. These installations are now in operation and have been well received by our customers. Several major retail chains in Europe have taken an interest in our self-checkout due to the substantial streamlining potential this create. Due to the cost-savings and efficiency improvements that our systems provide, we believe they will have considerable potential impact in the market in future.

ACQUISITIONS AND ESTABLISHMENTS DURING THE YEAR

During the year, we acquired the shop fitting company Europa in the UK with operations comprising sales, project management, manufacture and installation mainly of joinery for chain stores. The acquisition of Europa reinforces our position as an all-inclusive supplier in the non-food segment on the UK market and enhances opportunities to integrate lighting in our concept offer to our customers.

We have acquired the remaining portion of Prolight Försäljning, which means that ITAB is strengthening its position within lighting in the Swedish market. Prolight has an important role to play in the continuing development of our sales of lighting systems in existing markets.

In line with our strategy to follow our major customers into new markets, we established a company in Chile in 2012 that will primarily provide lighting solutions.

CUSTOM-MADE SHOP CONCEPTS – AN ALL-INCLUSIVE OFFER

ITAB can now offer entire shop concepts including custom-made fitting concepts, check-outs, self-checkout systems and professional lighting systems. Through our concept and product portfolio, working model and geographic presence, we have the capacity to offer all-inclusive solutions to major retail chains in Europe. We will continue to develop our offer in order to create more effective and more attractive shop environments for our customers.

LOOKING FORWARD TO 2013

We are looking forward to an exciting 2013 filled with many new opportunities. As in previous years, volumes are expected to be lower at the start of the year before gradually increasing.

The current international financial crisis makes it difficult to predict how our markets will develop in the short term. The market has remained sluggish during the early part of the year, although we believe that our customers will be on the look-out for more effective solutions in the long term, both for existing stores and for the process of establishing new stores.

Our working model, our geographical presence and our all-inclusive offer, which now also includes professional lighting systems and self-checkout solutions – prioritised investment areas for several of our customers – will lead to 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 2012. Thank you also to our customers, business partners and shareholders.

Ulf Rostedt

Ulf Rostedt
CEO

▲ CEO ULF ROSTEDT

THE ITAB SHARE

ITAB's Class B shares were registered on the stock exchange on 28 May 2004. The share is listed on NASDAQ OMX Stockholm in the Small Cap segment. The share capital in ITAB amounts to SEK 42.38 million distributed between 3,900,000 Class A shares and 13,053,205 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares have equal rights to dividends. The nominal value is SEK 2.50 per share.

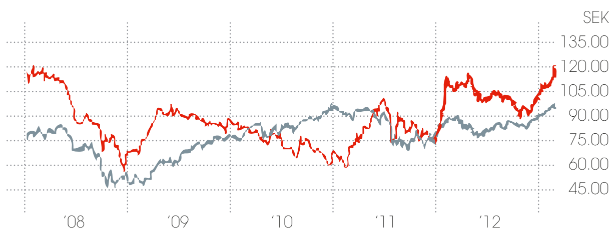
SHARE PRICE DEVELOPMENT

During 2012, ITAB's share price increased by 39 per cent from SEK 73.00 to SEK 101.50. ITAB's market capitalisation as per 31 December 2012 amounted to SEK 1,325 million, based on the last closing price and the total number of shares. The highest price paid during the year was quoted on 27 April at SEK 120 and the lowest price was quoted on 2 January at SEK 72.50.

SHAREHOLDERS

At the end of 2012, ITAB had 1,855 shareholders (1,593), which is 262 more than at the same time in the previous year. The ten largest shareholders jointly held 93.06 per cent of the votes and 79.08 per cent of the capital. Institutional ownership made up 4.86 per cent of the votes and 14.91 per cent of the capital.

ITAB'S SHARE DATA

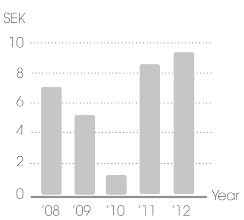


ITAB Shop Concept is listed on OMX Nordic Exchange.

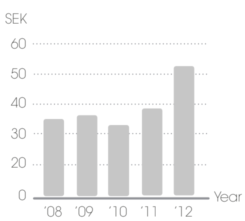
ITAB Shop Concept B
OMX Stockholm PI

SHARE PRICE ON THE CLOSING DAY

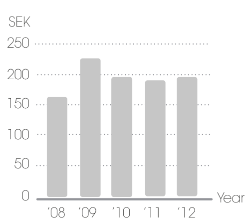
EARNINGS PER SHARE



EQUITY PER SHARE



SHARE PRICE IN RELATION TO EQUITY



DIVIDENDS

DIRECT YIELD

SHARE DATA

	2012	2011
Average number of outstanding shares		
before dilution, shares	16,139,979	14,285,952
after dilution, shares	17,278,408	16,952,762
Actual number of shares at year-end		
before dilution, shares	16,953,205	14,285,952
after dilution, shares	17,278,408	16,952,762
Earnings per share		
before dilution, SEK	9.47	8.40
after dilution, SEK	8.88	7.46
Equity per share	52.17	39.12
Share price on closing day, SEK	101.50	73.00
Share price in relation to equity, %	195	187
Proposed dividend, SEK	2.50	1.50
Direct yield, %	2.5	2.1

SHARE CAPITAL TREND

Year	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
2012	Conversion	6,668	42,383	16,953,205	2.5

DISTRIBUTION OF SHARES 31.12.2012

Share holding	No. of share-holders	Per cent (%)	Number of shares	Per cent (%)	Class A shares	Class B shares
1-500	1,183	63.77	209,521	1.24		209,521
501-1,000	240	12.94	194,436	1.15		194,436
1,001-5,000	316	17.04	683,383	4.03		683,383
5,001-10,000	50	2.70	365,590	2.16	8,000	357,590
10,001-50,000	43	2.31	839,167	4.94		839,167
50,001-100,000	9	0.49	697,116	4.11		697,116
100,001-	14	0.75	13,963,992	82.37	3,892,000	10,071,992
TOTAL	**1,855**	**100**	**16,953,205**	**100**	**3,900,000**	**13,053,205**

DIVIDEND POLICY

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 2.50 (1.50) per share for the 2012 financial year.The total dividend amounts to SEK 42,383 thousand (21,429) based on the number of shares on 31 December 2012.

It is the objective of the Board of Directors that dividends over an extended period will follow the company's results and correspond to about 20-40% 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.

SHAREHOLDERS 31.12.2012

Name	Number of shares	Class A shares	Class B shares	No. of votes	Percentage (%) of votes	Percentage (%) of share capital
Tord Johansson with company	4,110,590	2,614,400	1,496,190	27,640,190	53.10	24.25
Pomonagruppen AB	5,023,508	1,080,000	3,943,508	14,743,508	28.32	29.63
Kennert Persson	643,200	156,200	487,000	2,049,000	3.94	3.79
Carnegie Fonder	1,159,325		1,159,325	1,159,325	2.23	6.84
Livförsäkrings AB Skandia (publ)	643,936		643,936	643,936	1.24	3.80
Christer Persson	234,800	41,400	193,400	607,400	1.17	1.38
Stig-Olof Simonsson with company	537,383		537,383	537,383	1.03	3.17
Gerald Engström with company	414,059		414,059	414,059	0.80	2.44
Petter Fägersten	323,729		323,729	323,729	0.62	1.91
Anna Benjamin	316,910		316,910	316,910	0.61	1.87
Försäkringsaktiebolaget, Avanza Pension	160,172		160,172	160,172	0.31	0.94
Svenska Handelsbanken SA	150,000		150,000	150,000	0.29	0.88
Skandinaviska Enskilda Banken	141,400		141,400	141,400	0.27	0.83
Christoffer Persson	33,400	8,000	25,400	105,400	0.20	0.20
Sune Lantz	104,980		104,980	104,980	0.20	0.62
Länsförsäkringar fondförvaltning AB	100,000		100,000	100,000	0.19	0.59
Alf Svensson	90,000		90,000	90,000	0.17	0.53
Handelsbanken Fonder	82,825		82,825	82,825	0.16	0.49
Danica Pension	82,472		82,472	82,472	0.16	0.49
Karl Johan Wall	75,200		75,200	75,200	0.14	0.44
Humle Kapitalförvaltning AB	75,000		75,000	75,000	0.14	0.44
Nordnet Pensionsförsäkring AB	72,740		72,740	72,740	0.14	0.43
Magnus Olsson	65,879		65,879	65,879	0.13	0.39
Other shareholders	2,311,697		2,311,697	2,311,697	4.44	13.64
	16,953,205	**3,900,000**	**13,053,205**	**52,053,205**	**100.0**	**100.0**

Class A shares grant entitlement to 10 votes and Class B shares grant entitlement to 1 vote. The proportion of institutional ownership as per 31 December 2012 was 4.86% (4.46%) of the voting rights and 14.91% (15.43%) of the share capital. Information about the number of shares refers to shareholdings as per 31 December 2012 and includes, where relevant, holdings via companies, spouses and minors.

BUSINESS CONCEPT, STRATEGIES AND GOALS

ITAB's BUSINESS CONCEPT

ITAB will offer complete shop concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets.

▲ ITAB'S GEOGRAPHIC LOCATION AND WORKING MODEL
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.

ITAB's STRATEGIC APPROACH

▶ LONG-TERM BUSINESS RELATIONS

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.

▶ EXPERTISE, COMMITMENT AND A BUSINESSLIKE ATTITUDE

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

▶ ALL-INCLUSIVE SOLUTIONS

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.

▶ MARKET EXPERTISE AND INNOVATIVENESS

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

▶ HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES

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.

▶ EXPANSION ON SELECTED MARKETS

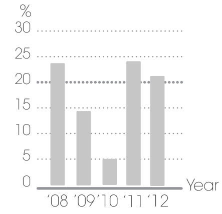
ITAB will use its leading position in Northern Europe to cultivate conditions for further growth and expansion on other selected markets.

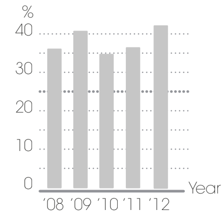
ITAB'S BUSINESS GOALS

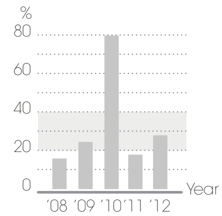
GROWTH TARGET	DESCRIPTION	REALISATION
ITAB will achieve an annual growth rate of at least 15% over an extended period.	The target includes both organic and acquired growth. Organic growth will be accomplished through greater market shares and product development. Acquisitions will be made of both complementary businesses and in new markets.	Sales increased by about 5% in 2012. Over the past five years, average growth was about 8% per year.
ITAB will maintain and enhance its market-leading position in Northern Europe* and develop market shares in new markets. **Northern Europe includes the Nordic countries, the Baltic countries, the UK, Benelux, Poland, Germany, the Czech Republic, Slovakia, Hungary, Russia and the Ukraine.*	This goal is linked to ITAB's business concept, which states "With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position on selected markets". ITAB will use its strong position on the Northern European market to create and retain long-term business relations and follow major customers into new markets.	ITAB retained its leading position in Northern Europe during 2012. As part of its work of following major customers into new markets, ITAB now has operations in the USA, Asia and Chile.
ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.	This goal is linked to ITAB's business concept, which states "ITAB will offer complete shop concepts for retail chain stores". ITAB will develop all-inclusive solutions for more effective and more attractive shops by utilising its extensive market expertise and innovativeness, while also working closely with its customers.	ITAB has been offering shop fitting concepts to retail chains for years. In recent years ITAB has extended its offer with both professional lighting systems and self-checkout systems. ITAB is now an all-inclusive supplier of complete shop concepts.

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. The level has been determined with consideration to ITAB's capital structure and expected earning capacity.	In 2012, return on equity reached 20.7%. Over the past five years, return on equity has averaged about 17%.
RISK-BEARING CAPITAL ITAB will have at least 25% 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 41% at 31 December 2012. Over the past five years, the proportion risk-bearing capital has varied between 35% and 41%.
SHARE DIVIDENDS ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to between 20 and 40% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share re-purchase 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 the 2012 financial year is SEK 2.50, which corresponds to 26% of the earnings per share. Over the past five years, the dividend proportion has varied between 17% and 80%.







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 now one of Europe's leading players for custom-made fitting concepts, checkouts, self-checkout systems and professional lighting systems. Resolute and gradual growth has produced a group with market presence in large parts of Europe. ITAB is now one of the market leaders in Europe.

Throughout the start of the 21st century, ITAB has expanded substantially through organic growth and strategic business acquisitions. ITAB's market position stems from a broad geographic spread with its own effective production facilities, a working model that focuses on project management, as well as a unique concept and product portfolio. ITAB is the market leader in the Nordic, Baltic and UK markets and one of the largest players in Central Europe and the Benelux countries.

HISTORIC REVIEW 1990-2012

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

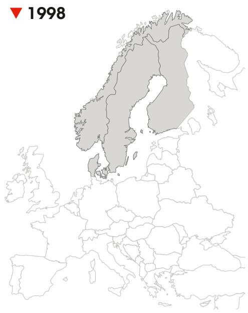
2003–2004
ITAB follows major customers into the Czech Republic, where it acquires a sales company. Apos and ABL in the Czech Republic are acquired, which facilitates the establishment and further development of ITAB in Central Europe and Benelux (now ITAB Shop Concept CZ). The swedish Stenestams Industri (now incorporated in ITAB Shop Concept Jönköping) and the Norwegian company Lindco AS (ITAB Lindco) are acquired. The organisation is hived off from ITAB Industri and forms the Group ITAB Shop Concept AB, which is listed on First North.

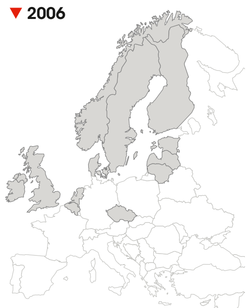
'98 '02 '04 '06

1999–2002
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. One of these customers is the Ahold Group, which leads to the acquisition of companies in the Netherlands and the Baltic countries (now ITAB Shop Concept in the Netherlands and ITAB Baltic).

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 (current operation in the UK). Also acquired are the Norwegian pharmacy fittings company Pharma-Service (now ITAB Pharmacy Concept in Norway), the Dutch project management company PremOers (now incorporated in the Dutch operation), as well as the Lithuanian interior decorating company Novena (ITAB Novena), which has one of the Baltic countries' largest production units.

ITAB'S MARKET PRESENCE AND BUSINESS ACTIVITIES 2012





2007
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. Sintek, one of Sweden's leading players within fittings for pharmacies, is acquired (which is now incorporated in ITAB Pharmacy Concept). ITAB acquires Hansa Kontor Shopfitting Group (current operation in Germany), thereby moving into the German market while simultaneously reinforcing its position in the UK. During the year, the Finnish checkout supplier Pan-Oston is also acquired (now ITAB Pan-Oston).

'07

2008
During 2008 ITAB acquires the Dutch company Scangineers, which develops software systems for self-checkouts (which is now incorporated in ITAB Scanflow), as well as the Swedish company L-Form, which manufactures entrance and queue management systems (which is now incorporated in ITAB Shop Products). Transfer to OMX Nordic Exchange in Stockholm is carried out.

'08

2010–2011
A company is established in Poland in 2010 (ITAB Shop Concept Polska). ITAB further strengthens its all-inclusive customer offer in 2011 through its acquisition of the lighting group Nordic Light Group AB, headquartered in Skellefteå and with production in China.

'11

2012
Europa is acquired in the UK during the year (ITAB Europa) as well as the remainder of Prolight Försäljning. In line with our strategy of following major customers, ITAB is establishing a company in Chile that will primarily supply lighting. ITAB is now the leading European checkout manufacturer and second largest in all-inclusive shop fitting concepts.

'12

JOHN LEWIS
John Lewis' store in Milton Keynes represents ITAB UK's largest single order for shop fitting equipment.

LONG-TERM BUSINESS RELATIONS

ITAB's market position and growth are built on close, long-term collaboration with its customers. The Group's working model and organisational structure generate opportunities to follow customers into new markets while retaining the same level of service.

GEOGRAPHIC PROXIMITY TO CUSTOMERS

ITAB's geographic market extends to the Baltic countries, Benelux, the Nordic region, Poland, Russia, the UK, Germany, the Ukraine and Hungary. ITAB is the market leader in the Nordic countries, the UK and the Baltic countries. The company also ranks among the top market players in Benelux, Germany, Poland, the Ukraine and Hungary. In line with our strategy of following major customers into new markets, ITAB now operates in both Asia and the USA. During 2012, a company was established in Chile that will principally supply lighting.

CUSTOMER RELATIONS WITH EUROPE'S LARGEST PLAYERS

Market demand for shop fitting concepts is driven by new companies and refurbishment of existing 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 relationships and expand at a rate that matches the growth of Europe's most attractive chain stores. To create long-term customer relationships and utilise synergies, ITAB has a number of market area directors who are each in charge of areas that cover several countries.

Several companies in different market areas can jointly co-operate and deliver to one customer. The project manager serves as the hub and co-ordinates all aspects of the deal.

Europe's large retail chains rank among ITAB's customers, including both international and nationwide chains. Our customers include Albert Heijn, Apotek 1, Apotek Hjärtat, Asda, A.S. Watson Group, Axfood, Coop, 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, Statoil, Tesco, Waitrose and Wilkinsons.

"ITAB has the strength and capacity to create long-term customer relationships and expand at a rate that matches the opening of Europe's most attractive chain stores."

MARKET 2012

By and large, the market has slowed, particularly during the latter part of the year, and countermeasures have been taken within the Group. The current international financial crisis makes it more difficult to predict how the markets will develop in the short term. ▶

Several major retail chains in Europe have taken an interest in our self-checkout systems, due to the substantial streamlining effect it has on the stores. Efforts to offer lighting systems to ITAB's current customers are continuing, and our efforts to integrate lighting in our all-inclusive offer to current customers in all markets will be further reinforced.

SWEDEN, NORWAY AND DENMARK

ITAB is the market leader in the region within both the food and non-food segments. The market has been slightly sluggish during the year especially deliveries to smaller retail chains. However, agreements that extend over a number of years have been entered into with customers within both the food and non-food segments. Several of ITAB's customers are continuing to grow both locally and globally, causing international collaborations to expand during the year.

ITAB's self-checkout systems have been installed in both the Swedish and the Norwegian markets, and commercial deliveries of MoveFlow have commenced during the year. A numer of lighting systemproposal have also been made to existing customers during the year.

▲ **KAPPAHL**. ITAB Nässjö and Prolight have worked in collaboration to supply fittings and lighting to the clothing chain's shop in the newly built Emporia shopping centre in Malmö, Sweden.

THE UK AND IRELAND

ITAB is the market leader in the food sector in this region, and one of the largest in the non-food sector. During the year, ITAB has continued to strengthen its position in the UK, providing a stable platform for the future. The acquisition of Europa has further strengthened ITAB's presence in the non-food sector and is supplementing the all-inclusive offer.

▲ **BANANA REPUBLIC.** During the year, ITAB Europa has supplied the exclusive fittings for the clothing chain's shop in the Westfield London Shopping Centre.

Due to the economic climate, several retail chains in the UK have requested streamlining and improvements to the shop environment rather than carrying out major refurbishments and renovations. ITAB has developed its offer to meet this need, with installation and project management becoming an increasingly important part of the offer. Work has commenced on integrating lighting systems into the all-inclusive offer for existing customers in the region.

ITAB will continue working to increase our customer awareness of ITAB's capacity as an all-inclusive supplier of complete shop concepts. Our focus will be on long-term collaboration within both the food and non-food segment.

BELGIUM AND THE NETHERLANDS

ITAB is one of the largest supplier in the Benelux region when it comes to shop fittings for the food and non-food sectors. ITAB is not yet an all-inclusive supplier of shop concepts in the region, as it only sells shop fittings. The market remains uncertain in the area, and somewhat sluggish. However, there is potential to grow by integrating ITAB´s range of products and services including checkouts, self-checkout and professional lighting systems.

SPAR
ITAB's own design company, KB Design, has developed an entirely new concept during the year for the Norwegian supermarket chain.

POLAND, CZECH REPUBLIC, GERMANY AND HUNGARY

ITAB is one of the larger suppliers in the area. The market situation is rather uncertain and it is currently difficult to assess our major customers' investment programmes. Several major retail chains made significant cutbacks in their establishment schemes during the year, which has impacted on ITAB.

However, there is considerable potential to gain new market share especially as both self-checkout systems and professional lighting systems are now included in the all-inclusive offer.

THE BALTIC COUNTRIES, FINLAND, RUSSIA AND THE UKRAINE

ITAB has a strong position within the food sector in Finland, Latvia and Lithuania. In Estonia, Russia and the Ukraine, however, ITAB is still a small player in the market. New-customers are beeing targeted within both the non-food and food sectors throughout the region.

The market situation is still considered rather uncertain, even though ITAB sales increased slightly during the year. Customers are cautious with their investment programmes, and planning with regard to new projects is only short-term in nature.

There is growth potential in the Russian market. At present ITAB principally supplies European chains that have established operations there, which can be a platform to also increase sales to local retail chains in Russia in the future.

COMPETITORS

ITAB has competitors in most markets and in several product areas. Our competitors include Eden, Expedit, Fagerhult, Hermes Metal, HMY/Radford, IBM, Linde, Lival, Mago, NCR, New Store Europe, ROL, Store Best, Tego Metal, Umdasch, van Keulen, Wanzl and Wincor Nixdorf.

MARKET TRENDS

In recent years, the market has generally demanded longer term customer agreements, full-service commitment, refurbishment during re-profiling, efficiency improvements in shops and lower maintenance costs for products, and these trends are expected to continue in future.

FULL-SERVICE COMMMITMENT

It has become increasingly common for customer agreement to run for a number of years, and at the same time customers require a comprehensive commitment from a business partner. ITAB can offer an all-inclusive concept including custom-made shop fitting concepts, checkouts, self-checkout systems and professional lighting systems. Through our concept and product portfolio, working model and geographic presence, ITAB has the capacity to offer all-inclusive solutions to major retail chains.

"Through a combination of local, flexible production alongside centralised volume production, strategically located in Europe, ITAB can contribute to increased delivery reliability and reduced transportation distances for customers."

RE-PROFILING

Over the past several years, a number of mergers between shops and chain stores have occurred, this had lead to a greater need for refurbishment and re-profiling.

Fitting solutions and shop concepts have a shorter lifecycle and are changed more frequently in the fashion sector segment. As ITAB's operation is based on long-term customer relations, refurbishments and re-profiling of shop concepts are an important part of the business. ITAB's establishment in each market area also gives the customer a sense of security and facilitates extended partnerships in many different locations.

INCREASE OF CONVENIENCE STORES IN EUROPE

The establishment of convenience stores is increasing dramatically around Europe. Thanks to its range, ITAB is able to offer concepts for convenience stores including fitting products, self-checkout solutions, flexible queue management tapes and entrance systems. ITAB now offers all-inclusive concepts to supermarket chains with both large and small shops.

STREAMLINING IN THE STORE

Several major retail chains in Europe have requested options for streamlining their stores. The cost savings and efficiency improvements provided by ITAB's self-checkout systems are resulting in both larger chain stores and smaller local shops displaying an interest in the systems.

SHOP ESTABLISHMENT

The rate of development for new shop concepts is increasing, and the set-up periods are becoming shorter and shorter. The geographic location of the production facilities has become an increasingly important aspect of the contract negotiations. Through a combination of local, flexible production alongside centralised volume production, strategically located in Europe, ITAB can increase delivery reliability and reduce transportation distances for customers.

ENERGY-SAVING AND LOWER MAINTENANCE COSTS

Lighting is an important aspect of the interior design concept for increased sales and create attractive store environments. The right lighting also means substantial energy savings and lower maintenance costs for retail chains, something we believe will become increasingly important in future, and which is a high priority area of investment for main retail chains. Nordic Light is one of the leading suppliers of shop lighting in Europe, focusing on modern, energy-saving light sources. Product development takes place in Sweden and volume production in the company's two modern production facilities in China. ITAB's checkouts and entrance systems are also being developed and designed to ensure low energy consumption.

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

WORKING MODEL WITH THE FOCUS ON PROJECT MANAGEMENT

»The working model, with the central project management function, is helping to create security and confidence in every customer.«

In order to develop and nurture long-term business relations, ITAB has developed a model aimed at working closely with its customers and their markets. The project management function, which is a central part of the model, makes it possible to offer all-inclusive solutions with responsibility for the entire process – from concept to ready-made shop. ITAB is developing new concepts, products and solutions by utilising its extensive market expertise and innovativeness while also working closely with its customers. The working model, with the central project management function, helps create security and confidence in every customer.

PROJECT MANAGEMENT

CREATING SECURITY AND CONFIDENCE

ITAB's working model is based on a project management function, making it possible to offer all-inclusive solutions with responsibility for the entire process.

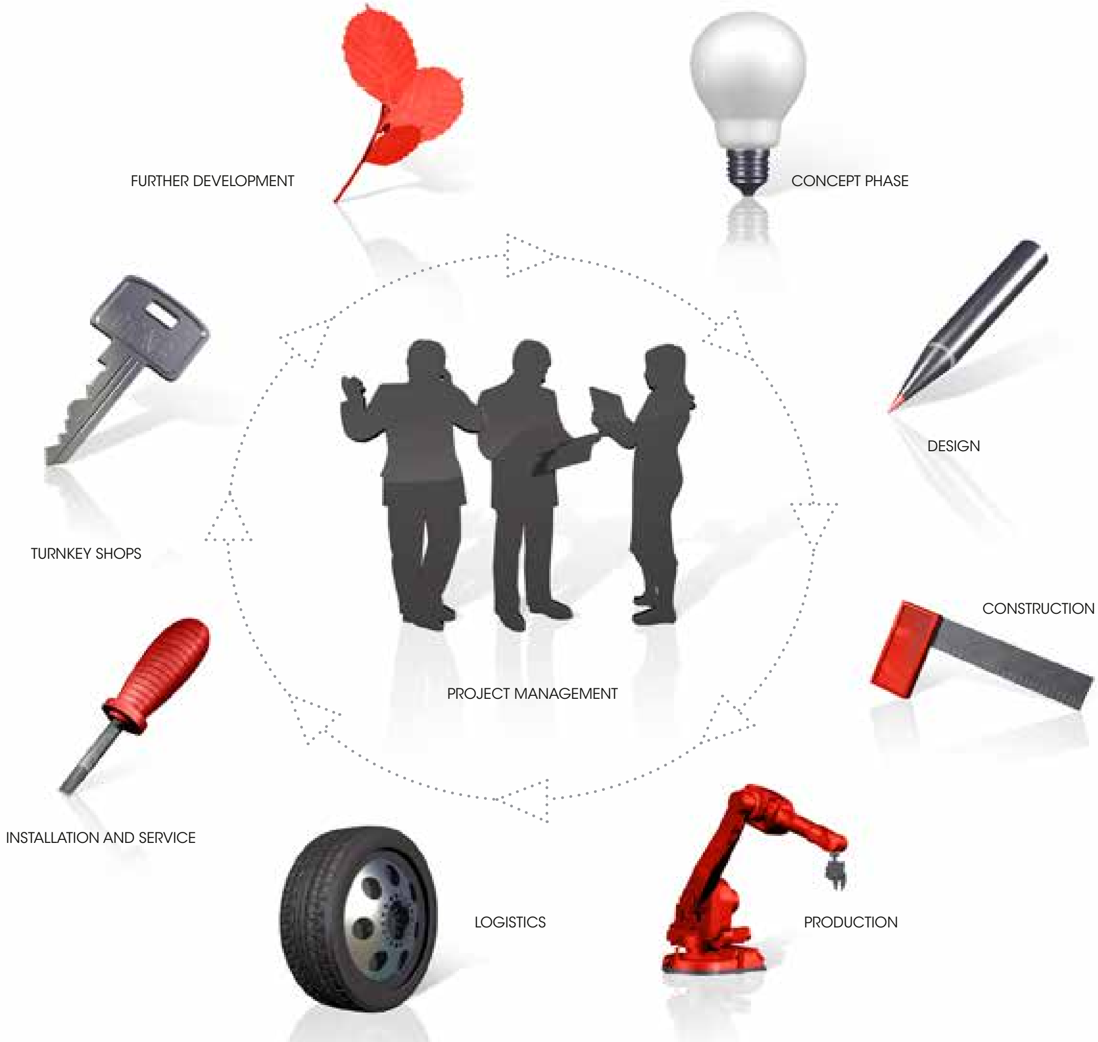
The project manager has access to all of ITAB's purchasing channels, production facilities and products. The project manager's ability to communicate and plan is the key to delivering on time and achieving a cost-effective installation. For those customers that have operations in several countries, one project manager is responsible for all installation and may therefore utilise people from other companies in the Group in order to achieve geographic proximity to the customer and local knowledge about the market.

CONCEPT, DESIGN & CONSTRUCTION

UNIQUE CONCEPT AND PRODUCT PORTFOLIO

Through extensive market expertise, ITAB is developing custom-made shop concepts and innovative products in order to improve and streamline the shop environment. ITAB has been strategically developing and expanding its concept and product portfolio for a number of years, and is now an all-inclusive supplier of complete shop concepts.

▲ **NEW LOOK.** ITAB Europa has supplied complete shop fittings to the clothes chain for more than 20 years.



This development work takes place in the company's product companies and in close co-operation with the customer. Lighting systems are developed in Skellefteå and self-checkout systems in Jönköping.

The Group has local in-house design teams and a design centre, KB Design in Oslo, Norway. ITAB also works with external architects and customers' own design agencies. The focus is on well-thought-out solutions, good features, user friendliness, ergonomics and efficiency. The construction process is carried out using CAD systems that minimise development times and provide support in the decision-making and production processes. ITAB is constantly striving to realise its customers' ideas and works on the basis of its profile and sales strategy.

ITAB's all-inclusive offer comprises custom-made shop concepts, full-service solutions for the checkout aisle as well as professional lighting systems. The shop concept comprises all types of fittings intended for displaying and storing goods in the shop. ITAB is currently the second-largest supplier of shopfitting concept in Europe.

ITAB is Europe's largest supplier of check-outs to the retail sector. The Group has been developing and manufacturing self-checkout solutions as an alternative to staffed checkouts for a number of years. The result is a complete concept adapted for retail checkout aisles.

ITAB is one of Europe's largest suppliers of professional lighting systems, and through its extensive product range it is able to act as an all-inclusive supplier for retail shops and chains. The products are internationally approved, which helps chain stores that are expanding into other countries to avoid problems regarding local requirements and certification agencies. ▶

▲ **WORKING MODEL**
ITAB's working model makes it possible to offer all-inclusive solutions with responsibility for the entire process.

PRODUCTION

LOCAL, FLEXIBLE PRODUCTION UNITS IN COMBINATION WITH CENTRAL VOLUME PRODUCTION

ITAB's production is primarily made-to-order, but also covers production of selected basic products. A combination of local and flexible production coupled with centralised volume production enables the Group to meet specific requirements and preferences from different customers in different markets. The Group has production facilities in several European countries as well as in China, with a total area of approximately 260,000 m^2.

The units in Belgium and the Czech Republic principally manufacture a basic range of shop fittings for ITAB's other companies. The co-ordination of the Group's volume production generates cost-effective production with high availability, while local, flexible production facilities are adapted to the different market areas' specific needs. Volume production of lighting systems takes place in China, and customised lighting products are manufactured in Skellefteå, Sweden. Environmentally-adapted production facilities make it possible to satisfy customers' increasing demand for sustainable, long-term production.

Shop concepts comprise several different materials. ITAB therefore has a broad supplier network in which relationships are distinguished by competence and co-operation. Purchasing expenditure for the Group's volume purchases are controlled by a central purchasing and logistics function. ITAB has an effective purchasing organisation capable of acting both centrally and locally.

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

LOGISTICS

EFFECTIVE LOGISTICS SOLUTIONS FOR PRECISE DELIVERY RELIABILITY

Shop concepts are largely customised, which means that the majority of the items are not held in stock as production is made-to-order. The difficult part is not the production of each individual item, but rather the co-ordination of delivery, at exactly the right time.

Production, purchasing and logistics have to be synchronised in order to deliver at the right time. If an item should be delayed, the cost is higher to both the customer and ITAB than the value of the individual item in question. When a shop concept is not delivered on time, this entails delayed installation which can result in increased costs and lost sales.

Effective logistics solutions with a high level of delivery reliability are decisive for the implementation of a project. By having its own production units, ITAB can control production and thereby ensure that the agreed delivery times are met. Thanks to its organisational structure, with several major production facilities strategically located around Europe, ITAB can help reduce transportation distances for the Group's customers. The strategic location of the Group's production facilities has grown increasingly important during major contract negotiations. When transport is arranged from China, ITAB works to maximise shipments in order to optimise deliveries from an environmental and cost perspective.

INSTALLATION & SERVICE

EFFICIENT INSTALLATION PROCESS

Installation and service are usually carried out by ITAB's own technicians and certified installation teams. In order to achieve an efficient installation it is necessary for all the various parts of the fittings to be in place at the right time. Installation can be carried out in the shop while business is in progress. Through regular visits, the service team can provide service and maintenance of ITAB's concepts and products. ITAB's installation team always works efficiently to meet the agreed times.

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

COMPLETE SHOP ENVIRONMENT & FURTHER DEVELOPMENT

IMPROVING THE SHOP EXPERIENCE...

ITAB manages the product all the way from concept to finished shop. Once the last screw is in place, the customer has a finished product, a new concept or an all-inclusive shop ready for business. For customers with short set-up periods, ITAB can offer manufacturing and storage of a number of all-inclusive shops for immediate delivery. New ideas and needs often crop up while working on a shop concept, a product or a solution. The co-ordinated project management function means that these ideas and needs are smoothly and naturally implemented in future projects.

As ITAB's operation is based on long-term customer relations, refurbishments and re-profiling of shop concepts are an important part of the business. The aim is to work with the customer to create effective and attractive shop environments.

ITAB is continually working to develop its concepts and products. Full use is made of the shop space and the flows are optimised through efficient concept and product solutions. Effective and attractive shops often result in increased sales and an improved shop experience.

NEW LOOK
ITAB Europa has delivered and installed 25 of the fashion chain's stores in 2012.

CUSTOM-MADE SHOP CONCEPTS

ITAB Shop Concept sells, develops, manufactures and installs custom-made shop concepts for chain stores in the food and non-food markets across large parts of Europe. 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. The Group is currently the second-largest supplier of shop concepts in Europe.

Shop concepts are a vital element in chain stores' profile and brand strategies, and include all types of fittings and equipment designed to display and store goods.

To meet the market's needs, ITAB has been strategically developing and expanding its concept and product portfolio for many years. ITAB is now an all-inclusive shop concepts supplier.

GREATER DEMAND FOR CUSTOM-MADE SHOP CONCEPTS

The shop concept can consist of both basic fittings and customised fittings. The basic range comprises standard fittings. In addition, ITAB offers custom-made fitting that reflect the customer's profile. ITAB also provides completely custom-made fittings. The concept 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 solutions that are used vary from market to market, and between different retail chains. ITAB has therefore developed a range that includes many different solutions.

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.

The concept is then supplemented with checkouts, entrance systems, self-checkout systems and professional lighting systems made by the Group's own product companies.

PHARMACY FITTINGS

ITAB has long experience of supplying fittings for pharmacies. Demand for customised pharmacy concepts has increased greatly in recent years in conjunction with deregulation in Norway and Sweden.

ITAB currently delivers modern fittings to both large pharmacy chains and small independent pharmacies all over Europe – always uniquely adapted to the pharmacy's profile and individual specifications.

"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."

INNOVATIVE PRODUCTS FOR EFFECTIVE FLOWS

▶ **ALPHAGATE MKII**
ITAB's fully automatic Alphagate MKII functions both as an entrance gate and as an exit gate to improve self-checkout security.

ITAB sells, manufactures and supplies checkouts to large retail chain stores, primarily in the food sector. The Group has been developing and manufacturing self-checkout solutions as an alternative to staffed checkouts for a number of years. The result is a complete concept adapted for retail checkout aisles. The Group is Europe's largest checkout supplier today.

EUROPE'S LARGEST CHECKOUT SUPPLIER

As Europe's leading supplier, ITAB has the experience and expertise to help retail chains choose the right equipment for the checkout aisle based on the shop's size, flow of goods and number of visitors. The design of checkouts varies between different countries and is also influenced by the shop's size. Shops in urban areas require efficient solutions for rapid flow and maximum utilisation of the shop space, while supermarkets on the outskirts of town can provide more spacious facilities. 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 scales and patented third-customer features. The latter feature means that a third customer can start his or her purchase while the two previous customers are still packing. ITAB supplies compact checkout systems for smaller shops. The checkouts are also adapted for different cash register and payment systems.

SELF-CHECKOUT SYSTEMS

Interest in new methods for reliable checkout and payment in shops has increased in recent years. As an alternative to staffed checkouts, ITAB has developed efficient self-checkout solutions which mean that consumers can quickly, conveniently and reliably check and scan items for themselves at the checkout. ITAB's self-checkout concept provides for cash payment, customer support, surveillance and exiting. The system produces costs savings and frees up resources. The self-checkout solutions are available in several alternatives. One for a high flow that is adapted for larger retail chains, and one for

▶ **CHECKMATE 500**
The CheckMate checkout has been specially designed to generate good ergonomics and a high level of efficiency.

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

local shops that often use shopping baskets and fewer items. ITAB's software is compatible with most known POS systems today.

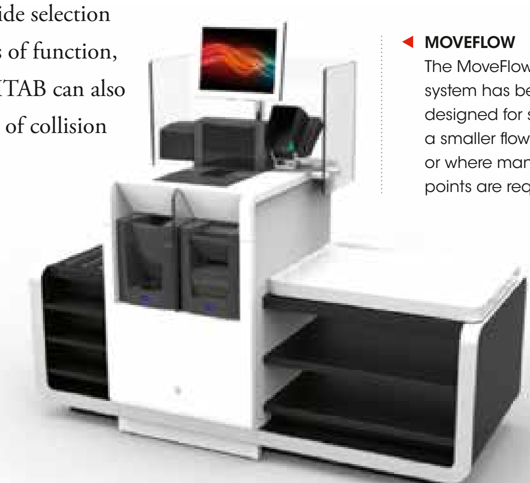
As part of the concept, ITAB's fully automatic EasyFlow self-checkout system has been launched. The technology and method is groundbreaking since the checkout recognize the products not only relying on the barcode – even items sold by weight such as fruit and vegetables. The technology has been patented and is unique on the market, and is based on a unique combination of different identification methods. The first EasyFlow has been installed and is operational. ITAB is extremely confident that this product has the potential to make a breakthrough in the retail trade's rapidly growing self-checkout sector.

STREAMLINING OPTIONS

The improvements in efficiency brought about by self-checkout systems make it possible to make significant cost savings and increase sales for retailers. The self-checkout systems also save space in shops, leaving room for more items and exit checkouts. Accessibility is increased as the self-checkouts can be open at all times, helping to optimise the customer flow in the shop. The combination of traditional staffed checkouts and self-checkout solutions provide the shop with a flexible solution that is suitable for different customer groups. ITAB believes this will be a high priority area of investment by the retail sector over the next few years. An attractive investment sheet combined with improved shop safety and access that a self-checkout system provides means there is a good chance that this will become a new industry standard. ITAB's self-checkout systems and market position in the checkout sector provide an exceptionally competitive combination.

ENTRANCE AND QUEUE MANAGEMENT SYSTEMS

As part of the shop concept, ITAB also develops, manufactures and markets flexible entrance and exit systems intended to optimise the flow of customers and improve safety. The Group is Europe's second largest supplier of entrance and queue management systems in the market today. There is a wide selection of options in terms of function, safety and design. ITAB can also offer various forms of collision protection to protect the fittings in the shop.



◀ **MOVEFLOW**
The MoveFlow self-checkout system has been specially designed for shops with a smaller flow of goods or where many payment points are required.

PROFESSIONAL LIGHTING SYSTEMS

Through the acquisition of Nordic Light, ITAB develops, manufactures and sells complete professional lighting systems, light planning and light service for the food and non-food sectors. Nordic Light has its own in-house product development in order to adapt lighting systems to customer needs on the various markets, and is now one of the largest suppliers in Europe.

▲ **NORDIC LIGHT.** The right lighting can raise a shop concept to an entirely new level.

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

PROFESSIONAL LIGHTING SYSTEMS

Nordic Light is one of the leading suppliers of professional lighting systems in Europe. 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 solid state lighting (SSL)). Nordic Light is one of only a few international manufacturers that develop and produce their own electronic alongside optical solutions for the aforementioned light sources.

Product development takes place in Sweden, where small batches are also manufactured. Volume production takes place in the company's own two modern production facilities in China, where investments have recently been made to further increase production capacity and improve quality. The lighting systems are internationally approved, which helps chain stores that are expanding into other countries to avoid problems with local requirements and certification agencies.

ENERGY-SAVING LIGHT SOURCES

Lighting has become an increasingly important part of today's stores. From a design perspective, the right lighting can lift a shop concept to an entirely new level. From a cost-effectiveness perspective, the right lighting means major energy savings and lower maintenance costs. Energy consumption represents a large proportion of the shop's costs, and the lighting systems' energy requirements and efficiency have a direct impact on this. The amount of heat generated by the systems also affects the cost for ventilation in the shop. These are two areas where Nordic Light's products and systems are excel.

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

NORDIC LIGHT. Through its range of lighting solutions, Nordic Light can be an all-inclusive supplier for retail shops and chains.

INCREASED KNOWLEDGE AND UNDERSTANDING PROMOTES CO-OPERATION

ITAB's organisational structure strengthens its geographic proximity to its customers. Together with our working model, the structure facilitates synergy effects throughout the entire process.

ITAB is active in a total of 19 countries and has 14 production facilities. At the closing day, the Group had 2,184 employees. The Group's Parent Company is based in Jönköping, Sweden, and has 15 employees who work with Group-wide functions. The Group management comprises the CEO, deputy CEO and CFO.

DECENTRALISED WORKING METHOD

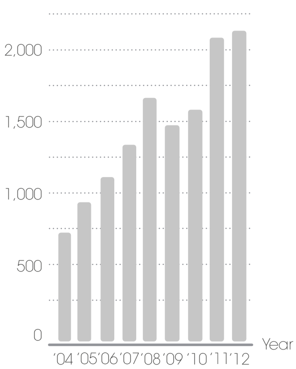
ITAB has five sales areas, where each sales area director has overall responsibility for a geographic area encompassing several countries. The Group management, the sales area directors and the product managers for lighting systems and self-checkout systems are included in the Executive Committee. These individuals have an insight into the whole Group's business activities, which helps to strengthen strategic development.

The Group management takes the strategic decisions while the individual sales area directors are responsible for implemention in accordance with the Group's strategic focus and business goals. This makes it possible to utilise synergies and to satisfy major chain customers that have operations in several countries. The organisational structure, along with the working model, provide the potential for synergy between companies and across national borders.

MORE EMPLOYEES AND CLEARER GUIDELINES

ITAB has expanded dramatically in recent years through organic growth and corporate acquisitions. This expansion has resulted in the average number of employees per year in the Group increasing from 549 when the company was first listed on the stock exchange in 2004, to 2,194 employees in 2012.

AVERAGE NUMBER OF EMPLOYEES



ITAB TRAINEE 2007

OLA SANDGREN, MANAGING DIRECTOR OF ITAB PHARMACY CONCEPT, SWEDEN

Ola attended ITAB's trainee programme in 2007. After the programme he was offered a job in ITAB's pharmacy fittings company. Ola has also attended ITAB Academy, and is now Managing Director of ITAB's entire pharmacy fittings business, including responsibility for contacts with major customers.

ITAB is striving to ensure that all employees feel they are part of the Group and receive clear information about the business, working model and market position. As the Group has grown, the work to strengthen the identity and the brand within the organisation has intensified. A couple of years ago, extensive brand work was carried out in which clear guidelines were developed. This work also gave rise to *"Improving the Shop Experience..."* This is based on the fact that ITAB is constantly working to develop and improve the shopping experience by supplying effective and attractive shops to major retail chains in Europe.

RECRUITMENT AND CAREERS

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

TRAINEE PROGRAMME

For several years, ITAB has run a regular trainee programme that gives young graduates the opportunity to work for one year in different areas of the Group. Following this trainee 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.

ITAB ACADEMY

To further co-operation between the companies and countries, ITAB has an internal training programme called ITAB Academy. Key individuals from most of the companies in the Group are selected, and are given the opportunity to increase their knowledge about ITAB and about leadership and business development. The programme is tailored for every occasion by the Group management alongside professional organisational developers in order to adapt the content to the current conditions.

ITAB Academy lasts for a year, and the group meets in different locations within the Group on a number of occasions. The programme results in increased understanding and knowledge about the operations of the various companies in the Group, which has proven to promote collaboration between them. ITAB Academy creates a network between employees from different companies in different countries. The programme aims to increase understanding of ITAB and its market, and the participants also gain increased knowledge about the working model, the geographic location and the long-term customer relations.

"The programme is resulting in increased understanding and knowledge about the operations of the various companies in the Group, which has proven to promote collaboration between them."

CONVERTIBLE DEBENTURE SCHEME

In order to provide employees at ITAB the potential to participate in the Group's economic development, all employees in 2012 were offered the chance to participate in a convertible debenture scheme running from 1 July 2012 until 30 June 2016. The offer was heavily oversubscribed, and a total of 325,203 convertible debentures were allocated at a conversion rate of SEK 123. For more information about the convertible debenture scheme, see Note 30 on page 68.

ITAB ACADEMY 2013

VIOLA LU, PRODUCTION MANAGER NUCO, CHINA

Viola is participating in the internal training programme ITAB Academy in 2013. She is one of the 780 individuals who, following the acquisition of Nordic Light, is now an ITAB employee. Through Academy she is gaining increased knowledge and understanding of ITAB's business, greater knowledge of leadership and business development, as well as expanding her network within the Group.

LONG-TERM WORK FOR A SUSTAINABLE ENVIRONMENT

"Through its organisational structure comprising several large production facilities, centrally located in Europe, ITAB has been able to help reduce transportation distances for many of the Group's customers."

ITAB has long 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 alternatives. The Group will be sensitive to the wishes of its customers and comply with the market's environmental requirements.

ITAB's operations are conducted in a responsible way in order to achieve a sustainable business. Over the course of several years, ITAB has invested in energy-saving technology. For example, systems that reduce power and gas consumption have been introduced and residual heat from production facilities is used to heat up offices. This includes surplus heat from our powder coating facilities.

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

Through its organisational structure comprising several large production facilities, centrally located in Europe, ITAB has been able to help reduce transportation distances for many of the Group's customers. The strategic location of the Group's production facilities has grown increasingly important during major contract negotiations. When transportation is arranged from China, ITAB works to maximise shipments in order to optimise deliveries from an environmental and cost perspective.

FACTORS THAT AFFECT THE ENVIRONMENT

Factors in ITAB's business activities that have an environmental impact include emissions to air and water, wastewater, noise, packaging, waste and transport. 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 work constantly to minimise its impact on the environment.

RECYCLING SYSTEMS

Materials such as metal, plastic, cardboard, glass and paper are recycled in line with existing recycling systems. Electronics are also recycled or resold to the supplier. 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.

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

RECYCLING CONCEPT

The Group constantly strives to develop new, more eco-friendly methods for the production of fittings and products. An example of this is the recycling concept, which is based on recycling shop fittings through refurbishment instead of buying new fittings each time a shop concept is redone.

QUALITY ASSURANCE AND CERTIFICATION

Four of the Group's companies, ITAB Shop Concept Jönköping AB, ITAB UK Ltd in the UK, AB ITAB Novena in Lithuania and ITAB Shop Concept CZ A.S. in the Czech Republic, have environmental certification in line with the environmental management system ISO 14001:2004.

Certification guarantees that the companies commit to develop and manufacture products and services under controlled resource usage and with 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.

ITAB Sintek AB in Sweden, ITAB Shop Concept CZ A.S. in the Czech Republic, AB ITAB Novena in Lithuania and NLS in China have quality certification in accordance with ISO 9001:2000. ITAB Sintek AB is also quality certified in line with ISO 9001:2008.

ACTIVITIES REQUIRING PERMITS/DISCLOSURE

In accordance with the Swedish Environmental Code, business activities that are deemed to have a particular impact on the environment are subject to disclosure requirements. The ITAB Group conducts activities that require disclosure at its Swedish subsidiaries ITAB Shop Concept Jönköping AB, ITAB Shop Concept Nässjö AB 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.

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.

DEFINITIONS

Operating margin: Operating profit in relation to income.

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

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

Return on total capital: Profit 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 financial expenses.

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

Portion of risk-bearing capital: Equity plus provisions for taxes as well as convertible debenture loans 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 the 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 no. of employees: Number of working hours divided by normal annual working time.

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 2012 financial year.

BUSINESS ACTIVITIES

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, innovative solutions for checkout aisles and professional lighting systems. Customers include the major players throughout most parts of Europe.

ITAB has operations in 19 countries and 14 production facilities in Northern Europe and China. ITAB also has a network of partners across large parts of Europe.

Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific needs and requests. Business operations are founded on long-term business relationships and delivery reliability in combination with streamlined production resources. ITAB is now a leader in the market for retail checkouts in Europe, as well as being one of Europe's largest suppliers of shop fittings and lighting systems.

COMMENTS ON THE GROUP'S DEVELOPMENT

The Group's currency-adjusted sales figures have risen during the year by 6% compared with the same period in 2011. Sales area Central Europe has seen a marked reduction in sales compared with last year. Scandinavia has also experienced a drop in sales, while the remaining sales areas have performed on par with last year. Nordic Light has performed well in terms of our expectations at the time of acquisition.

The Group's operating margin has risen from 5.7 % to 6.7 %, primarily due to a modified sales mix, streamlining measures and lower cost base in several units. The Group's operating profit totalled SEK 235.2 million (190.6), an increase of SEK 45 million compared with last year. Downsizing costs, stock write-downs and losses on trade receivables have been charged to the year's earnings, primarily in Belgium, Denmark, Finland, Lithuania and Sweden. Exchange rate fluctuations had an impact on the period's operating profit in the amount of approximately SEK -5 million.

Earnings for sales areas UK & Ireland, NorthEast and Benelux were better than last year, while sales areas Central Europe and Scandinavia report figures below those of last year. Financial items are lower than previously, mainly because interest on the convertible debenture loan is not paid for 2012 for the share of the loan that has been converted. The period's improved cash flow has also contributed to an improved profit after financial items. Current activities generated a cash flow of SEK 271 million (205), an improvement attributed to higher operating profit and lower working capital. As a result of the positive cash flow and conversion of the convertible debenture loan, net debt has shrunk to SEK 896 million compared with SEK 1,183 million at the same time in 2011.

IMPORTANT EVENTS

- Breakthrough order for ITAB's fully automatic EasyFlow self-checkout system.
- Agreement for a trial delivery of EasyFlow to one of Europe's largest supermarket chains.
- Commercial deliveries of the MoveFlow self-checkout system.
- Agreements for pilot installations of self-checkout systems in the Norwegian, Swedish and German markets.
- Acquisition of Europa in the UK and the remaining minority interest in Prolight Försäljning AB.

FUTURE PROSPECTS

We look forward to an exciting 2013 filled with many new opportunities. As in previous years, volumes are expected to be lower at the start of the year before gradually increasing. The current international financial crisis does, however, make it difficult to predict how our markets will develop in the short term. In the long term, we believe that our customers will be on the look-out for more effective solutions, both for stores but also for the process of establishing stores.

Our working model, our geographical presence and our all-inclusive offer which now also includes professional lighting systems and self-checkouts – prioritised investment areas for several of our customers – will lead to better business for both ITAB and our customers.

SALES AND PROFIT

The year's sales amounted to SEK 3,511.4 million (3,341.3), an increase of SEK 170.1 million compared with last year. ITAB's operating profit amounted to SEK 235.2 million (190.6). Profit after financial items amounted to SEK 202.5 million (152.1), while net profit after tax stood at SEK 161.8 million (123.4).

SHARE DATA

Earnings per share before dilution amounted to SEK 9.47 (8.40), and SEK 8.88 (7.46) after dilution. Equity per share amounted to SEK 52.17 (39.12). The share of risk-bearing capital at the end of the period was 40.6%(35.9).

INVESTMENTS

The Group's net investments amounted to SEK 91 million (402), of which SEK 27 million (354) can be attributed to corporate transactions conducted during the period.

ACQUISITIONS

During the period, ITAB has acquired all the shares in Maxted Holdings Ltd in the UK with the subsidiary Europa Shopfitting and Interiors Ltd ("Europa"). The acquisition strengthens ITAB's range of concepts and position in the non-food market in the UK. Europa has some 30 employees and operations in the UK market include sales, project management, installation and manufacture of joinery. In 2011, the company reported sales of SEK 130 million. The cash consideration amounted to SEK 22 million, which is equivalent to equity plus a small premium. The takeover date was 18 June 2012. At the time of the acquisition, the company had net cash of approx. SEK 10 million.

The Nordic Light Group was acquired during autumn 2011. In 2012, a supplementary acquisition was conducted of the outstanding holding without a controlling influence, corresponding to 49% of the shares in Prolight Försäljning AB. Prolight sells lighting products, primarily in the Nordic markets. The cash consideration amounted to SEK 16 million, which is slightly more than a visible net asset value, plus additional consideration.

FINANCING AND LIQUIDITY

The company's net debt shrank to SEK 896 million (1,183), The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 539 million on closing day.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 35.1 million (36.4) and profit after financial items amounted to SEK 49.7 million (-17.6). Net investments amounted to SEK 0.2 million (452.7).

CONVERTIBLE DEBENTURE LOAN

At the start of the year, ITAB had a convertible debenture of approximately SEK 226.7 million, of which around SEK 225.0 million was converted to shares and the remaining SEK 1.7 million was repaid to creditors.

During the period 4 June to 14 June 2012, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total of SEK 40 million. The offer was considerably oversubscribed. The allotment was 325,203 convertibles that can be converted at a conversion price of SEK 123 during the period 1 June 2016 to 10 June 2016.

RISKS AND UNCERTAINTIES

The Group's significant 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 significant financial risks can be found in Note 28.

EMPLOYEES

The average number of employees at the end of the period amounted to 2,194 (1,751). This increase is due to the acquisition of Nordic Light group in September 2011 and the acquisition of Europa Shopfitting and Interiors Ltd in June 2012. Without these acquisitions, the average number of employees fell by 62 compared to 2011. For more information, see Note 4.

ENVIRONMENTAL IMPACT

The Group conducts activities that require disclosure in accordance with the Environmental Code at three 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 conduct ongoing product development projects, in part alongside customers and in part in-house in order 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 in 2004. Since July 2008, the company has been listed on OMX Nordic Exchange Stockholm. The number of shares on the closing day amounted to 16,953,205, of which 3,900,000 are Class A shares and 13,053,205 are Class B shares. The number of shareholders at closing day was 1,855 (1,593). Shareholders who are represented with holdings exceeding one tenth of the total voting rights are Tord Johansson with company and family, and Pomonagruppen AB; see also the section concerning the distribution of shares and shareholders on pages 10-11.

THE WORK OF THE BOARD IN 2012

For an account of the work of the Board and committees, refer to the Corporate Governance Report on pages 40-41.

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 issue of shares and/or convertibles 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 for manoeuvre in dealing with the company's capital structure and, if deemed appropriate, to facilitate a convertible bond scheme for the Group's employees or the acquisition of businesses paid for with company shares. The Board is authorised to take such decisions on one or more occasions for execution before the 2013 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 the 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 Lottie Svedenstedt, Tord Johansson and Stig-Olof Simonsson, with the CEO as an additional member. The CEO is not present when issues regarding remuneration to the CEO are handled.

See also under Note 4 – Employees and personnel costs.

CORPORATE GOVERNANCE REPORT

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company. ITAB's overall 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 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 annual report and the consolidated accounts, grant discharge of liability for members of the Board and the CEO, and to decide on the appropriation of profits or losses for the past year. The meeting also elects the Board and, when 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 2012

ITAB's 2012 Annual General Meeting was held Wednesday 9 May. Attending the Meeting were 58 shareholders representing 90.06 per cent of the votes and 69.54 per cent of the total number of shares. ITAB's Board of Directors, management and auditors were present at the Meeting. The following decisions were taken:

- Dividends to the shareholders of SEK 1.50 per share, for a total of SEK 25.0 million.
- Anna Benjamin, Tord Johansson, Anders Moberg, Johan Rapp, Per Rodert, Stig-Olof Simonson and Lottie Svedenstedt were re-elected as members of the Board.
- Tord 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 2013 AGM.
- Authorisation to the Board to decide on a targeted new share issue.
- Authorisation to the Board to decide on the purchase and transfer of the company's own shares.

ANNUAL GENERAL MEETING 2013

ITAB's 2013 Annual General Meeting will be held on Tuesday 14 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 2012 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Johan Storm and Johan Rapp. Following the death of Johan Rapp, the other members have decided to appoint Fredrik Rapp as a new member of the Nomination Committee.

The Nomination Committee's task for the 2013 AGM is to propose candidates for Chairman of the Board andBoard members, for the post of meeting chairman and auditors, as well as fees and other remuneration for the Board, committees and the audit. The Nomination Committee has evaluated the work of the Board and, prior to the AGM, convened once with all members present, as well as several other contacts.

BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. 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 2012, the Board convened for a total of seven board meetings, all 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 on issues of a general nature, such as the Group'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 established a Remuneration Committee tasked with:

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

The Committee comprises the Board members Lottie Svedenstedt (Chair), Tord Johansson and Stig-Olof Simonsson, with CEO Ulf Rostedt as additional member.

AUDIT COMMITTEE

The tasks of the audit committee include 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 2012, the Audit Committee comprised Board members Anna Benjamin (Chair), Tord 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 the executive management. The guidelines decided at the 2012 AGM stipulate that the terms should be market rate. In addition to a basic salary, members of the executive management may receive variable remuneration that is limited to a maximum of three months of salary 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 by the company, a severance payment corresponding to 18 months of salary will be paid. The Board has the right to deviate from the guidelines should mitigating circumstances so require.

At the start of 2012, the Group had two outstanding incentive schemes. The first scheme is performance-based and involves some fifty senior executives and key employees. The scheme ran from 2008, with the option to subscribe for shares during the period September 2011 to 23 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 approximately SEK 3.6 million. After the repurchase, 20,500 ITAB TO 1 warrants remained (2008/2012), which were used to subscribe for 20,500 Class B shares in April 2012. The purpose of the repurchase offer was to make it possible 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, which ran from 2010 with the option to subscribe for shares in November 2012; this deviates slightly from the Code rule, according to which the time from the start of the agreement to the time that a 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 were 467,250 warrants, and one warrant gave the right to subscribe for one share at a price of SEK 92.50.

On 5 September 2012, the Board decided on a repurchase offer in which the company offered to buy back warrants from warrant holders. Repurchases were conducted on four occasions. On 10 September, 315,000 warrants were repurchased based on the closing price on 6 September. On 17 September, the next repurchase of 31,300 warrants was conducted, based on the closing price on 13 September. On 24 September, 3,750 warrants were repurchased based on the closing price on 20 September. On 30 November, the final repurchase of 117,200 warrants was conducted, based on the closing price on 29 November. As a result, all the warrants, i.e. 467,250, have been repurchased by the company during 2012.

INTERNAL CONTROLS FOR FINANCIAL REPORTING

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 quarterly reports and operative follow-up. Operative follow-up follows an established structure in which orders received, invoicing, liquidity, earnings, capital tied-up and other key ratios of importance for the Group 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, procedures and codes. The Board determines the Group's important policies concerning communication, credit, financing and risk management. The Group management determines other policies and instructions, and the responsible Group functions issue guidelines and oversee the application of the regulatory framework. The Group's accounting and reporting rules are stipulated in an economy handbook that is available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and internal regulatory frameworks constitute the control environment.

RISK ASSESSMENT

ITAB performs regular risk analyses in which the risks of errors in the financial reporting of significant income statement and balance sheet items are examined. Operational risks are also 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 also define which control activities are to 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

The Group 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 forecasts, and examinations are conducted looking at how well investments are following prepared plans. The Audit Committee regularly evaluates the internal control, the code of corporate governance 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 are performed primarily with central resources in an internal audit programme that includes all Group companies according to a pre-determined plan.

It is the company's assessment that this largely corresponds to the work conducted 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 re-examined in 2013.

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

COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES, 2012

Name	Commissions	Remunerations Committee	Audit Committee	Independent in relation to the company and corporate management	Independent in relation to major shareholders	Participation in Board meetings	Participation in Remuneration Committee	Participation in Audit Committee	Board fee including committee remuneration (SEK)
Tord Johansson	Chairman	Board member	Board member	No [1)]	No [2)]	7 (7)	2 (2)	2 (2)	290,000
Anna Benjamin	Board member	-	Chairman	Yes	Yes	6 (7)	-	2 (2)	180,000
Anders Moberg	Board member	-	-	Yes	Yes	7 (7)	-	-	130,000
Johan Rapp	Board member	-	-	Yes	No [2)]	6 (7)	-	-	141,667
Per Rodert	Board member	-	Board member	Yes	Yes	7 (7)	-	2 (2)	160,000
Stig-Olof Simonsson	Board member	Board member	-	Yes	Yes	7 (7)	2 (2)	-	160,000
Lottie Svedenstedt	Board member	Chairman	-	Yes	Yes	7 (7)	2 (2)	-	180,000
Ulf Rostedt	President	-	-	No	Yes	5 (6) [3)]	2 (2) [3)]	-	-
									1,241,667

1) Tord Johansson works for the company on a consultancy basis.
2) Tord Johansson and Johan Rapp each controlled, 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 pages 74-75.

PROPOSAL FOR THE APPROPRIATION OF PROFITS, ETC.

PARENT COMPANY	
The following amounts are at the disposal of the Annual General Meeting: (SEK thousands)	
Share premium reserve	285,378
Profit brought forward	206,505
Profit for the year	59,380
TOTAL	**551,263**
The Board of Directors and CEO propose that these funds be distributed as follows: (SEK thousands)	
To be paid as dividends to shareholders at SEK 2.50 per share (16,953,205 shares)	42,383
To be carried forward to a new account	508,880
TOTAL	**551,263**

The Board's statement regarding 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	2012	2011
Sales	3	3,511,446	3,341,280
Cost of goods sold	4, 5, 6	-2,614,432	-2,477,614
GROSS PROFIT		**897,014**	**863,666**
Selling expenses	4, 5, 6	-521,075	-536,997
Administrative expenses	4, 5, 6	-151,959	-142,489
Other operating income	7	21,643	15,261
Other operating expenses	7	-10,439	-8,874
OPERATING PROFIT		**235,184**	**190,567**
Financial income	9	2,813	5,139
Financial expenses	10	-35,461	-43,583
PROFIT AFTER FINANCIAL ITEMS		**202,536**	**152,123**
Tax expenses for the year	12	-40,718	-28,713
NET PROFIT FOR THE YEAR		**161,818**	**123,410**
Related to:			
Parent Company's shareholders		152,798	120,009
Holding without controlling influence		9,020	3,401
EARNINGS PER SHARE	32		
before dilution, SEK		9.47	8.40
after dilution, SEK		8.88	7.46
AVERAGE NUMBER OF OUTSTANDING SHARES			
before dilution, shares		16,139,979	14,285,952
after dilution, shares		17,278,408	16,952,762
ACTUAL NUMBER OF SHARES AT YEAR-END			
before dilution, shares		16,953,205	14,285,952
after dilution, shares		17,278,408	16,952,762

The number of shares has increased by 2,667,253 shares to a total of 16,953,205 as at 31 December 2012. This increase is due to implemented conversions of ITAB's convertible loans 2008/2012, registered with the Swedish Companies Registration Office, and subscription of shares via warrants ITAB TO1. During the period, the company has repurchased 213,000 warrants ITAB TO1 and 467,250 warrants ITAB TO2.

During June 2012, a subscription for convertible shares was carried out, in which 325,203 convertible shares were subscribed for. The scheme will run during the period 1 July 2012 to 30 June 2016. One convertible can be converted to one share during the period 1 June 2016 to 10 June 2016 at a conversion price of SEK 123. The total number of shares after full dilution will then be 17,278,408.

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

(SEK thousands)	2012	2011
Net profit for the year	161,818	123,410
Translation difference when translating foreign operations	-22,308	11,138
Change in fair value of currency swaps	-5,599	315
Change in fair value of currency swaps transferred to the year's profit or loss	8,969	3,523
Change in fair value of other cash flow hedges	-3,207	-12,220
Change in fair value of other cash flow hedges transferred to net profit for the year	-1,189	-3,710
Actuarial gains and losses on defined-benefit pension commitments	15,272	-2,785
Tax attributable to components in the year's comprehensive income	-5,328	3,956
YEAR'S COMPREHENSIVE INCOME	**148,428**	**123,627**
The year's comprehensive income related to:		
Parent Company's shareholders	140,929	118,147
Holding without controlling influence	7,499	5,480

STATEMENT OF FINANCIAL POSITION – THE GROUP

(SEK thousands)	Notes	2012	2011
ASSETS			
FIXED ASSETS			
Intangible assets			
Patents, licenses, trademarks and similar rights		89,405	76,957
Goodwill		494,037	499,193
	13	**583,442**	**576,150**
Tangible assets			
Buildings and land		286,452	290,083
Plant and machinery		166,417	181,960
Equipment, tools and installations		57,685	67,467
Construction in progress and advance payments for tangible assets		5,507	2,755
	3, 14.26	**516,061**	**542,265**
Deferred tax assets	12	21,148	24,261
Financial non-current receivables		874	1,191
		22,022	**25,452**
TOTAL FIXED ASSETS		**1,121,525**	**1,143,867**
CURRENT ASSETS			
Inventories	16	681,892	682,221
Accounts receivable	28	480,545	522,024
Current tax claims		8,573	25,713
Derivative instruments		7,092	3,722
Other receivables	28	30,152	39,695
Prepaid expenses and accrued income	17, 28	46,979	52,627
Cash and cash equivalent		133,661	1,384
TOTAL CURRENT ASSETS		**1,388,894**	**1,327,386**
TOTAL ASSETS		**2,510,419**	**2,471,253**

STATEMENT OF FINANCIAL POSITION – THE GROUP

(SEK thousands)	Notes	2012	2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital		42,383	35,715
Other contributed capital		290,851	70,556
Other reserves	18	-104,200	-81,335
Retained earnings including net profit for the year		655,450	533,970
Equity related to the Parent Company's shareholders		**884,484**	**558,906**
Holding without controlling influence		31,411	38,661
TOTAL EQUITY		**915,895**	**597,567**
LONG-TERM LIABILITIES			
Liabilities to credit institutions	21	181,295	325,360
Convertible debenture loan	30, 21	39,729	-
Provisions for pensions and similar obligations	29	7,375	22,151
Deferred tax liability	12	63,576	62,386
Other provisions	20	12,254	17,251
		304,229	**427,148**
SHORT-TERM LIABILITIES			
Liabilities to credit institutions		129,036	56,857
Convertible debenture loan	30	-	226,465
Overdraft facilities	22	649,178	546,154
Derivative liabilities		37,833	33,437
Advance payments from customers		581	4,043
Accounts payable, trade		248,749	284,473
Other liabilities		48,379	132,671
Accrued expenses and prepaid income	23	176,539	162,438
	21	**1,290,295**	**1,446,538**
TOTAL EQUITY AND LIABILITIES		**2,510,419**	**2,471,253**

For information about the Group's pledged assets and contingent liabilities, see notes 24 and 25.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

(SEK thousands)	Share capital	Other contributed capital	Other reserves See Note 18	Retained earnings	Related to the Parent Company's shareholders	Related to holdings without controlling influence	Total equity
EQUITY 1 JANUARY 2011	**35,715**	**70,556**	**-81,483**	**433,828**	**458,616**	**707**	**459,323**
Net 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**
Net profit for the year				152,798	152,798	9,020	161,818
Other comprehensive income			-22,865	10,996	-11,869	-1,521	-13,390
YEAR'S COMPREHENSIVE INCOME			**-22,865**	**163,794**	**140,929**	**7,499**	**148,428**
Paid dividends				-24,999	-24,999	-1,933	-26,932
Acquisition of holdings without controlling influence				-10,384	-10,384	-12,816	-23,200
Subscription for shares due to warrants	51	1,938			1,989		1,989
Repurchase of warrants				-6,931	-6,931		-6,931
Conversion of convertible debenture loan KV 2B	6,617	218,357			224,974		224,974
EQUITY 31 DECEMBER 2012	**42,383**	**290,851**	**-104,200**	**655,450**	**884,484**	**31,411**	**915,895**

STATEMENT OF CASH FLOWS – THE GROUP

(SEK thousands)	Notes	2012	2011
Operating activities			
OPERATING PROFIT		**235,184**	**190,567**
depreciation charged to operating profit		82,808	78,502
interest received		1,339	666
interest paid		-34,086	-42,293
changes in provisions		-8,150	10,905
tax paid		-18,786	-22,177
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**258,309**	**216,170**
Change in working capital			
inventories		-11,963	21,616
current receivables		62,211	74,293
current liabilities		-36,758	-107,376
CASH FLOW FROM OPERATING ACTIVITIES		**271,799**	**204,703**
Investing activities			
acquisition of subsidiaries	27	-26,782	-353,861
purchase of intangible fixed assets	13	-18,068	-17,333
purchase of buildings and land	14	-2,407	-1,906
purchase of machinery and other technical facilities	14	-29,925	-10,403
purchase of equipment, tools and installations	14	-14,114	-9,625
purchase of construction in progress	14	-4,132	-10,839
sale of property, plant and equipment	14	3,476	1,488
CASH FLOW FROM INVESTING ACTIVITIES		**-91,952**	**-402,479**
CASH FLOW AFTER INVESTING ACTIVITIES		**179,847**	**-197,776**
Financing activities			
convertible debenture loan		40,000	-
repurchase of warrants		-6,931	-
paid warrant premiums		1,989	-
repayment of loans		-62,773	-26,395
lending of non-current receivables		-	-7,800
repayment of non-current receivables		317	-
Raised loans		11,182	250,933
Paid dividends		-24,999	-17,857
CASH FLOW FROM FINANCING ACTIVITIES		**-41,215**	**198,881**
CASH FLOW FOR THE YEAR		**138,632**	**1,105**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		1,384	305
TRANSLATION DIFFERENCE IN CASH AND CASH EQUIVALENTS		-6,355	-26
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**133,661**	**1,384**

INCOME STATEMENT - PARENT COMPANY

(SEK thousands)	Notes	2012	2011
Net sales		35,147	36,408
Cost of goods sold	4, 5, 6	-8,377	-8,544
GROSS PROFIT		**26,770**	**27,864**
Selling expenses	4, 5, 6	-18,229	-18,037
Administrative expenses	4, 5, 6	-20,478	-20,884
Other operating income	7	9,378	3,970
Other operating expenses	7	-386	-1,873
OPERATING PROFIT		**-2,945**	**-8,960**
Income from participation in Group companies	8	64,749	10,485
Financial income	9	19,150	18,007
Financial expenses	10	-31,284	-37,181
PROFIT AFTER FINANCIAL ITEMS		**49,670**	**-17,649**
Year-end appropriations	11	7,941	22,772
PROFIT BEFORE TAX		**57,611**	**5,123**
Tax expenses for the year	12	1,769	748
NET PROFIT FOR THE YEAR [1)]		**59,380**	**5,871**

1) Net profit for the year corresponds with comprehensive income for the year

BALANCE SHEET – PARENT COMPANY

(SEK thousands)	Notes	2012	2011
ASSETS			
FIXED ASSETS			
Equipment, tools and installations	14	686	1,054
Participations in Group companies	15	1,142,844	1,171,475
Deferred tax assets	12	2,517	748
TOTAL FIXED ASSETS		**1,146,047**	**1,173,277**
CURRENT ASSETS			
Receivables from Group companies		267,136	356,748
Current tax claims		4,283	4,324
Other receivables		186	715
Prepaid expenses and accrued income		2,440	6,531
Cash and cash equivalents		42	63
TOTAL CURRENT ASSETS		**274,087**	**368,381**
TOTAL ASSETS		**1,420,134**	**1,541,658**

BALANCE SHEET – PARENT COMPANY

(SEK thousands)	Notes	2012	2011
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		42,383	35,715
Statutory reserve		6,996	6,996
		49,379	**42,711**
Non-restricted equity			
Share premium reserve		285,378	65,083
Retained earnings		206,505	232,564
Net profit for the year		59,380	5,871
		551,263	**303,518**
TOTAL EQUITY		**600,642**	**346,229**
UNTAXED RESERVES	19	90	92
LONG-TERM LIABILITIES			
Liabilities to credit institutions		216,981	278,877
Convertible debenture loan	30	39,729	-
	21	**256,710**	**278,877**
SHORT-TERM LIABILITIES			
Liabilities to credit institutions		55,000	50,000
Convertible debenture loan	30	-	226,465
Overdraft facilities	22	406,062	515,578
Accounts payable, trade		2,577	3,061
Liabilities to Group companies		84,683	21,748
Other liabilities		1,928	80,390
Accrued expenses and prepaid income		12,442	19,218
	21	**562,692**	**916,460**
TOTAL EQUITY AND LIABILITIES		**1,420,134**	**1,541,658**
Pledged assets	24	**753,497**	**782,128**
Contingent liabilities	25	**225,888**	**82,025**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

(SEK thousands)	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
EQUITY 1 JANUARY 2011	**35,715**	**6,996**	**65,083**	**250,421**	**358,215**
Net profit for the year				5,871	5,871
YEAR'S COMPREHENSIVE INCOME				**28,132**	**28,132**
Dividends				-17,857	-17,857
EQUITY 31 DECEMBER 2011	**35,715**	**6,996**	**65,083**	**238,435**	**346,229**
Net profit for the year				59,380	59,380
YEAR'S COMPREHENSIVE INCOME				**59,380**	**59,380**
Subscription for shares due to warrants	51		1,938		1,989
Repurchase of warrants				-6,931	-6,931
Conversion of convertible debenture loan KV 2B	6,617		218,357		224,974
Paid dividends				-24,999	-24,999
EQUITY 31 DECEMBER 2012	**42,383**	**6,996**	**285,378**	**265,885**	**600,642**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(SEK thousands)	Notes	2012	2011
Operating activities			
OPERATING PROFIT		**-2,944**	**-8,960**
depreciation charged to operating profit		544	620
dividend received		93,380	12,845
interest received		8,539	12,306
interest paid		-27,056	-36,813
tax paid		-	-
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**72,463**	**-20,002**
Change in working capital			
current receivables		4,662	-6,741
current liabilities		-8,979	7,121
CASH FLOW FROM OPERATING ACTIVITIES		**68,146**	**-19,622**
Investing activities			
acquisitions of subsidiaries	27	-	-453,056
purchase of equipment	14	-176	-215
sale of financial assets	14	-	616
CASH FLOW FROM INVESTING ACTIVITIES		**-176**	**-452,655**
CASH FLOW AFTER INVESTING ACTIVITIES		**67,970**	**-472,277**
Financing activities			
convertible debenture loan		40,000	-
repurchase of warrants		-6,931	-
paid warrant premiums		1,989	-
repayment of loans		-55,000	-12,500
change of financial liabilities		-194,147	497,780
lending to Group companies		-	-9,529
repayment from Group companies		163,158	-
group contributions		7,939	14,421
dividend paid		-24,999	-17,857
CASH FLOW FROM FINANCING ACTIVITIES		**-67,991**	**472,315**
CASH FLOW FOR THE YEAR		**-21**	**38**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		63	25
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**42**	**63**

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 of 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, jointly referred to as the Group. Holdings in associated companies are also included in the Group. These consolidated accounts were approved for publication by the Board of Directors on 15 March 2013.

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). 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 thousand. 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:

During the year, the Group has applied the following amended standards from IASB effective 1 January 2012:

Amendments in IFRS 7 Financial instruments: Additional quantitative and qualitative disclosures must be provided when removing financial instruments from the balance sheet.

Amendments in IAS 12, Income taxes. 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 application of these standards and interpretation has not had an effect on the Group's financial results or position.

PUBLISHED AMENDMENTS TO ACCOUNTING STANDARDS TO BE APPLIED FROM 1 JANUARY 2013 OR THEREAFTER

Amendments in IFRS 7, Financial instruments with new disclosure requirement relating to offsetting of financial assets and financial liabilities. The amendments enter into force on 1 January 2013.

IFRS 9, Financial instruments. IFRS 9 is intended to replace IAS 39. At present, the standard is not expected to enter into force before 1 January 2015. The EU has not approved the standard.

IFRS 10, Consolidated financial statements describes when controls exist and when a company is to be included in the consolidated financial statements. The standard provides guidance for assessing when controls exist. The standard enters into force on 1 January 2013. The EU has approved the standard, to enter into force on 1 January 2014.

IFRS 11, Joint arrangements identifies two types of joint arrangement: joint operations, where the parties have rights to assets and obligations for liabilities, and joint ventures, where the parties have rights to the net assets. In a joint operation, the parties must present their respective assets, liabilities, income and expenses. In a joint venture, the equity method must be applied. As regards the effective date, see above under IFRS 10.

IFRS 12, Disclosures of interests in other entities with disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated "structured entities". As regards the effective date, see above under IFRS 10.

IFRS 13, Fair value measurement contains uniform rules for the calculation of fair values. The purpose of the standard is to ensure that valuations at fair value become more consistent and less complex in that the standard provides a precise definition and a common source in IFRS in respect of fair value valuations and associated information. The standard enters into force on 1 January 2013.

Amendments in IAS 1, Presentation of Financial Statements. Presentation of other comprehensive income is amended so that items that are to be reclassified as profit are reported separately from items that will never be reclassified. The amendments enter into force in the financial year commencing 1 July 2012 or later.

Amendments in IAS 19, Employee benefits primarily entails changes to the accounting of defined-benefit pension plans. The corridor approach and the potential immediately to recognise actuarial gains and losses in income for the year have been removed. Furthermore, the interest rate that is applied when calculating the pension liability will also be used when calculating the return on pension assets. All revaluations will be recognised in other comprehensive income. The amendments enter into force on 1 January 2013 and will not have any effect on the Group, see also Note 29.

IAS 27 Separate financial statements. Recognition and disclosures in legal entities of subsidiaries, "joint arrangements", associates and "unconsolidated structured entities". As regards the effective date, see above under IFRS 10.

IAS 28, Investments in associates and joint ventures describes the application of the equity method, both as regards the recognition of associates and joint ventures. As regards the effective date, see above under IFRS 10.

Amendments in IAS 32, Financial instruments with a clarification in the section "Application guidance" in respect of the offsetting of financial assets and financial liabilities. The amendments enter into force on 1 January 2014.

Annual improvements of IFRSs 2009-2011. Amendments and clarifications of five standards, e.g. IAS 1, Presentation of financial statements, where clarifications are made regarding which additional information is required if more than one comparison period is recognised in the accounts or if an adjusted opening balance sheet for the comparison period is recognised. The amendments enter into force on 1 January 2013. The EU has not approved the amendments.

ITAB Shop Concept AB is currently conducting additional work to evaluate the potential effects of the above determined although not yet implemented new and amended standards.

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, has a controlling influence as per the closing day. A 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 value entered for 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. Holdings without a controlling influence are valued on acquisition as a proportional share of the fair value of identifiable net assets. Subsidiaries are consolidated from the date the Group first has a controlling influence over the company until such time as this 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 when 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 balances in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate value on the transaction day.

Exchange rate gains and losses incurred when paying such transactions and when converting monetary assets and liabilities in foreign currency at the closing day rate are reported in the income statement. Exceptions include when monetary assets and liabilities comprise hedging of net investments in foreign operations, when profits/losses are recognised in Other comprehensive income, see also the section Foreign Group companies.

Foreign 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 presentation currency are translated to the Group's presentation currency as follows:

(i) assets and liabilities for each of the balance sheets are translated at the 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 the 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.

During consolidation, exchange rate differences that arise as a consequence of the translation of net investments in foreign operations and from borrowings and other currency 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 business and translated at the closing day rate.

REVENUE RECOGNITION

The Group's sales consists 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 the case of sales in foreign currencies. Internal Group sales are eliminated in the consolidated accounts.

LEASING

Leases are classified as either financial leasing or operating leasing. Financial 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. Any variable expenses are expensed in the periods in which they occur.

Financial 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 the value of 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 the closing day. Deferred 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 tax assets and liabilities are offset where there is a legally enforceable right to do so and when the deferred taxes relate to the same tax 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 to which the contribution refers. 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 sheet 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 FIXED ASSETS

Development expenses incurred to realise new or improved products are recognised as an asset in the balance sheet from the time when technical and economical feasibility has been established, the company has the resources to complete the development process in order thereafter to 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 reasonably and consistently be attributed to the asset.

Intangible assets other than goodwill are recognised at cost less accumulated depreciation and any impairment.

Depreciation is recognised in the income statement over the estimated useful lives of the intangible assets. Depreciation commences 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, in continuous use, generates cash inflows that are essentially independent of other assets or groups of assets. No distribution of the Group's goodwill is performed because all the 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 flows. Identification of projected cash flows is based in part on an assessment of the expected rate of growth of the business in accordance with forecasts prepared for the next four 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.

TANGIBLE FIXED ASSETS

Tangible fixed assets 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 tangible fixed assets beyond the normal level, increase the asset's value and are 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 following 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 in which 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 with 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. Receivables of this type normally arises when the Group pays cash to a 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 anticipated duration of a trade receivable is short, which is why the value is recognised at the nominal amount.

Financial assets available for sale include 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 in which they arise 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, 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 of 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 the closing day, a financial asset is recognised as a non-current asset. Financial assets that are expected to be settled or disposed of within 12 months after the closing day are consequently classified as current assets. Financial liabilities that fall due later than 12 months after the closing day are recognised as long-term liabilities and those that fall due for payment within 12 months after the closing day are recognised as short-term 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 forecast sales in a foreign currency are 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 consists mainly of interest rate swaps to hedge the company's interest rates.

INVENTORIES

Inventories are measured in accordance with the lowest value principle and the first-in-first-out (FIFO) method. This means that inventories are 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 gains that arise through sales between companies in the Group.

IMPAIRMENT

The recognised values of the Group's assets, excluding inventories, assets available for sale and deferred tax claims, are tested to determine any requirement for impairment when an indicator of a reduction in value has been identified. IAS 36, Impairment of Assets, is used to establish any need for 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.

The impairment requirement for other assets is tested in accordance with IAS 39, Financial Instruments - Recognition and Measurement, refer to the section Financial instruments. An asset is written down if the recognised value exceeds its recoverable value, where the recoverable value is defined as the asset's net sales value or the value in use, whichever is the higher. To estimate the value in use, projected cash flows that 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, known as a cash-generating unit, to test these together for impairment. In cases where the conditions for the impairment change, it is possible to reverse conducted impairments. Impairment losses are expensed to the income statement. The impairment of assets attributed to a cash-generating unit is initially distributed to goodwill. A proportional impairment of other assets included in the unit is then performed. See the section Intangible fixed assets.

The recognised value of inventories, assets available for sale and deferred tax claims is tested in accordance with the relevant standard.

For information regarding cash-generating units and recognised value of goodwill and other intangible fixed 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

A convertible debenture loan is a combined financial instrument that is both liability and shareholders' equity. In accordance with IAS 32, Accounting for Legal Entities, these are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued. The fair value of the liability is estimated by discounting the future payment flows by 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) whose operating results are reviewed regularly by the company's chief operating decision-maker as a basis for decisions about the allocation of resources to the segment and to assess its performance, and

(iii) for which discrete financial information is available.

Identification of the operating segments has been performed 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 the allocation of resources to different parts of the company, there is only 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 RFR 2 means that the Parent company, in the annual report for the legal entity, applies all 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 and additions to IFRS should be applied. The accounting policies stipulated below 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

Group contributions are recognised according to RFR 2's alternative rule, which means that received and paid Group contributions are recognised as year-end appropriations in the income statement.

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.

TAXES

In the Parent company, untaxed reserves including deferred tax liabilities are recognised. In the consolidated statement, however, untaxed reserves are divided up into 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 purchases from subsidiaries during the year.

NOTE 3. BUSINESS AND GEOGRAPHIC AREAS

The ITAB Group comprises of some forty operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for 14% of external sales, although none of the ITAB Group's other customers account for more than 10 per cent of external sales. Most of ITAB's customers are major chain stores that operate 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 the greatest proportion of sales take the form of concept sales, with a mix of several products and services, ITAB performs no division between product groups. These circumstances mean that operating profit or loss is not used as a basis for deciding on the allocation of resources to different parts of the company, and that ITAB makes no allocation according to operating segment or business segments. See also section "Business activities", pages 12-31.

External income [1)]

The Group	2012	2011
UK	870,163	832,539
Norway	509,955	492,852
Sweden	467,254	430,590
Germany	249,312	277,411
The Netherlands	162,285	209,825
Finland	144,625	145,791
Denmark	116,686	101,206
Poland	92,816	136,627
North America	83,010	28,907
France	82,842	54,886
China	80,585	21,840
Belgium	74,630	55,213
Czech Republic	60,342	143,995
Other	516,941	409,598
	3,511,446	**3,341,280**

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

Tangible fixed assets

The Group	2012	2011
Czech Republic	158,181	176,602
Sweden	54,073	61,034
Germany	52,001	52,112
UK	51,356	38,852
Norway	49,890	53,929
Finland	48,779	56,038
Belgium	46,055	51,531
Other	55,726	52,167
	516,061	**542,265**

NOTE 4. EMPLOYEES AND PERSONNEL COSTS

Average number of employees		2012	of which men	2011	of which men
Parent Company	Sweden	15	67%	14	64%
Subsidiaries	Belgium	90	83%	96	85%
	Denmark	11	45%	14	64%
	Estonia	2	100%	2	100%
	Finland	84	74%	94	70%
	The Netherlands	76	80%	77	15%
	China	593	36%	186	38%
	Latvia	23	87%	24	83%
	Lithuania	119	82%	124	82%
	Norway	130	78%	133	80%
	Poland	8	75%	8	75%
	Russia	10	90%	11	91%
	UK	252	80%	247	81%
	Sweden	360	76%	290	77%
	Czech Republic	272	74%	287	71%
	Germany	143	83%	142	82%
	Ukraine	3	67%	2	100%
	USA	3	0%	0	0%
TOTAL IN SUBSIDIARIES		**2,179**	**66%**	**1,737**	**74%**
THE GROUP TOTAL		**2,194**	**66%**	**1,751**	**74%**

CONT. NOTE 4. EMPLOYEES AND PERSONNEL COSTS

Salaries, other remuneration and social security expenses (SEK thousands)	**2012 Salaries and remuneration**	**2012 Social security expenses**	**2011 Salaries and remuneration**	**2011 Social security expenses**
Parent Company	16,877	9,794	15,724	8,672
(of which pension costs)[1]		3,569		3,068
Subsidiaries	545,293	137,306	517,189	123,830
(of which pension costs)		30,589		27,936
THE GROUP TOTAL	**562,170**	**147,100**	**532,913**	**132,502**
(of which pension costs)[2]		34,158		31,004

[1] Of the Parent Company's pension costs, SEK 693 thousand (643) pertain to the Board and CEO. The company's outstanding pension commitments to these persons amount to SEK 0 thousand (0).

[2] Of the Group's pension costs, SEK 5,922 thousand (5,259) pertain to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 0 thousand (235).

Salaries and other remuneration divided per country and between Board members/CEO and other employees	**2012 Board of Directors and CEO**	**2012 Other employees**	**2011 Board of Directors and CEO**	**2011 Other employees**
PARENT COMPANY SWEDEN	**4,901**	**11,976**	**3,570**	**12,154**
(of which bonuses)	*1,130*		*630*	
SUBSIDIARIES IN SWEDEN	**7,526**	**120,597**	**7,002**	**99,004**
SUBSIDIARIES, OTHERS				
Belgium	2,152	33,768	1,270	32,756
Denmark	2,625	5,787	1,325	9,981
Estonia	-	244	-	425
Finland	3,012	28,640	3,036	36,603
The Netherlands	1,297	28,736	1,183	29,450
China	308	26,504	97	6,982
Latvia	562	4,794	473	3,902
Lithuania	484	16,742	377	12,799
Norway	8,863	72,432	6,847	90,067
Poland	437	2,155	543	1,939
Russia	-	1,232	-	2,656
UK	1,675	86,900	1,755	87,326
Czech Republic	2,067	37,164	1,601	28,952
Germany	3,378	44,292	3,342	45,330
Ukraine	-	188	-	166
USA	-	732	-	-
SUBSIDIARIES, TOTAL	**34,386**	**510,907**	**28,851**	**488,338**
(of which bonuses)	*2,502*		*2,014*	
THE GROUP TOTAL	**39,287**	**522,883**	**32,421**	**500,492**
(of which bonuses)	*3,632*		*2,644*	

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 78). In accordance with the resolution at the 2012 AGM, the fee to the elected Board members amounts to a total of SEK 1,200 thousand, with SEK 300 thousand to the Chairman of the Board and SEK 150 thousand to each of the other six Board members. During 2012, the Chairman has carried out consultancy assignments for the company to the value of SEK 844 thousand. 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.

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 comprises of the following:

1. Basic salary
2. Variable result-based 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. ▶

CONT NOTE 4. EMPLOYEES AND PERSONNEL COSTS

The Chairman is entitled to appropriate an amount corresponding to 10 per cent of the salary for pension insurance, health insurance or 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 reviewed annually by the Board's Remuneration Committee. The Remuneration Committee consists of Tord 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, a severance payment corresponding to 18 months of salary will be paid. Severance pay is offset against 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 six months. In the event of notice from the company's side, a severance payment corresponding to six months of salary will be paid. Severance pay is offset against other income. No severance pay will be paid in the event of notice being given by the executive.

Remuneration to senior executives (SEK thousands)	**Basic salary**	**The Board's fees**	**Variable salary**	**Incidental lump sum payment**	**Other remunerations[1]**	**Total salary and fees[2]**	**Pension costs**	**Total incl. pension**
Chairman of the Board [3]	-	290	-	-	-	290	30	320
CEO	2,571	-	630	500	141	3,842	693	4,535
Other senior executives in Group management (2 executives)	3,316	-	849	250	161	4,576	1,006	5,582
TOTAL	**5,887**	**290**	**1,479**	**750**	**302**	**8,708**	**1,729**	**10,437**

[1] *Other remunerations refer to taxable benefits for cars, newspapers, etc.*

[2] *Salary and fees are recognised above less employers' contribution, pension costs are recognised less special payroll tax.*

[3] *In addition to salary and fees, the Chairman of the Board has carried out consultancy assignments for the company for SEK 844 thousand during 2012.*

Fees and remuneration to auditors **The Group** (SEK thousands)	**2012 Fee to Ernst & Young AB**	**2012 Fee to other auditors**	**2011 Fee to Ernst & Young AB**	**2011 Fee to other auditors**
Audit assignments	3,796	548	3,752	81
Audit activities other than audits	288	-	84	-
Tax consultancy	865	-	101	-
Other services	233	-	949	-
	5,182	**548**	**4,886**	**81**

Above are the fees for audit assignments and other assignments that are expensed during the year.
An 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

The Group	**2012 Share of men**	**2011 Share of men**
Board members	93%	91%
Senior executives	82%	85%
Parent Company		
Board members	71%	71%
Senior executives	100%	100%

Personnel expenses distributed per function

The Group	**2012**	**2011**
Cost of goods sold	-400,784	-380,561
Selling expenses	-245,482	-236,013
Administrative expenses	-79,889	-73,715
	-726,155	**-690,289**
Parent Company		
Cost of goods sold	-4,638	-4,295
Selling expenses	-9,792	-9,067
Administrative expenses	-11,337	-10,498
	-25,767	**-23,860**

NOTE 5. DEPRECIATION

Depreciation divided per function

The Group	2012	2011
Cost of goods sold	-66,718	-62,961
Selling expenses	-8,725	-9,421
Administrative expenses	-7,365	-6,120
	-82,808	**-78,502**
Parent Company		
Administrative expenses	-544	-620

NOTE 6. OTHER EXPENSES

Other expenses distributed per function

The Group	2012	2011
Cost of goods sold	-190,497	-170,010
Selling expenses	-143,766	-131,063
Administrative expenses	-64,705	-62,654
	-398,968	**-363,727**
Parent Company		
Cost of goods sold	-3,739	-4,249
Selling expenses	-8,437	-8,970
Administrative expenses	-8,597	-9,766
	-20,773	**-22,985**

NOTE 7. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income

The Group	2012	2011
Operation's exchange rate differences and hedges	11,374	12,164
Other	10,269	3,097
	21,643	**15,261**
Parent Company		
Operation's exchange rate differences and hedges	9,037	3,970
Other	341	-
	9,378	**3,970**

Other operating expenses

The Group	2012	2011
Operation's exchange rate differences and hedges	-5,121	-6,476
Other	-5,318	-2,398
	-10,439	**-8,874**
Parent Company		
Operation's exchange rate differences and hedges	-339	-1,873
Other	-47	-
	-386	**-1,873**

NOTE 8. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2012	2011
Dividends received	93,380	12,845
Write-down of shares in subsidiaries	-28,631	-2,645
Profit/loss in case of liquidation of shares in subsidiaries [1]	-	285
	64,749	**10,485**

[1] *The subsidiary ITAB Shop Concept SK s.r.o in Slovakia was wound-up during 2011.*

NOTE 9. FINANCIAL INCOME

The Group	2012	2011
Interest income	1,339	666
Exchange rate differences	1,474	4,473
	2,813	**5,139**
Parent Company		
Interest income, Group companies	7,459	12,264
Interest income, others	1,080	42
Exchange rate differences	10,611	5,701
	19,150	**18,007**

NOTE 10. FINANCIAL EXPENSES

The Group	2012	2011
Interest expenses [1]	-34,086	-42,291
Other financial expenses	-1,375	-1,292
	-35,461	**-43,583**
Parent Company		
Interest expenses, Group companies	-574	-743
Interest expenses, others	-30,496	-36,071
Other financial expenses	-214	-367
	-31,284	**-37,181**

[1] This includes profit from interest rate swaps reversed from other comprehensive income amounting to SEK 1,189 thousand (3,710)

NOTE 11. YEAR-END APPROPRIATIONS

Parent Company	2012	2011
Changes in excess depreciation	2	31
Changes in tax allocation reserve	-	8,320
Received Group contributions	37,400	41,962
Group contributions paid	-29,461	-27,541
	7,941	**22,772**

NOTE 12. TAX

The Group	2012	2011
Current tax expenses		
Tax expenses for the period	-43,806	-23,404
Adjustment of tax attributable to previous years	685	-1,030
	-43,121	**-24,434**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	164	-301
Deferred tax income attributable to value of tax losses capitalised during the year	2,631	2,322
Deferred tax expenses due to utilisation of previously capitalised value of tax losses	-392	-312
Deferred tax due to reassessment of opening deficit deduction	0	-5,988
	2,403	**-4,279**
TAX EXPENSES FOR THE YEAR	**-40,718**	**-28,713**
Parent Company		
Deferred tax	1,769	748
	1,769	**748**

Difference between Swedish income tax rate and the effective tax rate

The Group	2012	2012	2011	2011
Reported income before tax	202,536		152,123	
Tax at Swedish income tax rate	-53,267	-26.3%	-40,008	-26.3%
Tax effect of				
Effect of foreign tax rates	7,118	3.5%	4,336	2.9%
Utilised non capitalised deficit	1,108	0.5%	4,454	2.9%
Tax effect of deficit for which tax claims are not considered	-427	-0.2%	-	
Tax effect of reassessment of opening deficit deduction	-		-5,408	-3.6%
Deductible goodwill	3,937	1.9%	3,999	2.6%
Tax effect of altered tax rates	3,134	1.5%	-	
Adjustment of previous year's tax	685	0.3%	-1,030	-0.7%
Tax effect of other non-taxable or non-deductible	-3,006	-1.5%	4,944	3.3%
RECOGNISED TAX EXPENSE	**-40,718**	**-20.1%**	**-28,713**	**-18.9%**

Changes in deferred tax

The Group	2012	2011
At the start of the year	-38,125	-24,315
Acquisitions	-218	-7,509
Translation differences	-1,682	-2,022
Recognised in the year's profit/loss	-2,403	-4,279
AT YEAR-END	**-42,428**	**-38,125**

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

	Assets	Liabilities
The Group	**2012**	**2012**
Current assets	6,545	-
Non-current assets	-	53,105
Pensions	2,561	-
Deficit deductions	10,289	-
Untaxed reserves	-	10,240
Other	1,753	231
	21,148	**63,576**

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 23.6 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 22.4 million.

NOTE 13. INTANGIBLE FIXED ASSETS

Patents, licenses, trademarks and similar rights

The Group	**2012**	**2011**
Accumulated acquisition values		
At the start of the year	82,780	65,548
New acquisitions	18,068	17,333
Translation differences for the year	-177	-101
	100,671	**82,780**
Accumulated depreciation according to plan		
At the start of the year	-5,823	-983
Depreciation according to plan for the year	-5,199	-4,861
Translation differences for the year	-244	21
	-11,266	**-5,823**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**89,405**	**76,957**

Goodwill

The Group	**2012**	**2011**
At the start of the year	499,193	418,320
Acquisitions of subsidiaries	4,162	81,995
Translation differences for the year	-9,318	-1,122
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**494,037**	**499,193**

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 for impairment annually, 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 the management's assessment of market shares. The gross profit margins are assumed to reach the same level as 2012. The forecast cash flows have been converted to present value using a discount rate of 9.72% (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, a risk-free rate of interest corresponding to ten-year government bond is used, with an addition for the equity market's average risk premium and an addition for risk premiums for small companies. Required return is also affected by the debt/equity ratio at optimal capital structure. The risk-free interest and the premium for small companies have fallen during the year, producing a lower WACC before tax compared to 2011.

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 at 0% or EBITDA is lowered by two percentage points still indicates no impairment need.

NOTE 14. TANGIBLE FIXED ASSETS

2012

The Group	**Buildings**	**Machinery**	**Equipment**	**Construction in progress**
Accumulated acquisition values				
At the start of the year	462,192	601,787	279,036	2,755
Acquisitions, subsidiaries	12,911	3,300	2,222	-
New acquisitions	2,407	29,925	14,114	4,132
Sales and disposals	-	-17,199	-6,673	-
Reclassifications	-1,318	-352	2,935	-1,266
Translation differences for the year	-9,224	-12,401	-2,876	-114
	466,968	**605,060**	**288,758**	**5,507**
Accumulated depreciation according to plan				
At the start of the year	-172,109	-419,827	-211,569	-
Acquisitions, subsidiaries	-	-2,438	-1,737	-
Sales and disposals	-	15,560	4,836	-
Depreciation according to plan for the year	-11,596	-41,528	-24,485	-
Translation differences for the year	3,189	9,590	1,882	-
	-180,516	**-438,643**	**-231,073**	**-**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**286,452**	**166,417**	**57,685**	**5,507**

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	-329,922	-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**

Parent Company	**2012 Equipment**	**2011 Equipment**
Accumulated acquisition values		
At the start of the year	5,940	5,792
New acquisitions	176	215
Sales and disposals	-10	-67
	6,106	**5,940**
Accumulated depreciation according to plan		
At the start of the year	-4,886	-4,333
Depreciation according to plan for the year	-544	-620
Sales and disposals	10	67
	-5,420	**-4,886**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**686**	**1,054**

NOTE 15. PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2012	2011
Opening recognised value	1,171,475	721,396
Business combinations	-	376,743
Investments	-	76,313
Divestments	-	-332
The year's impairment	-28,631	-2,645
CLOSING RECOGNISED VALUE	**1,142,844**	**1,171,475**

Subsidiaries	Corp.reg.no.	Reg. office		Number 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 BE	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	Woundenberg	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	Blansko	Czech Republic	210	100%	276,753
ITAB Shop Concept Denmark A/S	13769893	Allerød	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	0	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	1,000	100%	376,743
ZAO ITAB Shop Concept Russia	1057811914808	St Petersburg	Russia	100	100%	443
TOTAL						**1,142,844**

NOTE 16. INVENTORIES

The Group	2012	2011
Raw materials and supplies	341,936	328,532
Products in progress	64,228	70,384
Finished products and trading goods	252,116	253,559
Work in progress for other parties	23,040	28,485
Advance payment to suppliers	572	1,261
	681,892	**682,221**

The year's impairment of inventories expensed to the year's income totalled SEK 16.4 million (5.9) for the Group.

NOTE 17. PREPAID EXPENSES AND ACCRUED INCOME

The Group	2012	2011
Prepaid rent and leasing fees	12,978	9,028
Prepaid insurance premiums	3,327	3,338
Other prepaid expenses	18,420	29,840
Accrued income	12,254	10,421
	46,979	**52,627**

NOTE 18. OTHER RESERVES

THE GROUP

Other reserves in equity comprise translation reserve and hedging reserve.

Translation reserve

According to IAS 21, translation differences for investment activities abroad are to be recognised as a separate item in equity. When foreign operations are divested, the accumulated translation differences are to be reported as part of the earnings from the divestment. There have been no sales in 2012 and 2011.

Accumulated translation reserve, recognised in comprehensive income as of 2004, amounts to the following:

Translation reserve related to the Parent Company's shareholders	2012	2011
Opening balance	-56,692	-68,580
Translation differences for the year	-17,998	11,888
Closing balance	**-74,690**	**-56,692**

Translation reserve related to holdings without controlling influence	2012	2011
Opening balance	2,079	-
Translation differences for the year	-1,521	2,079
Closing balance	**558**	**2,079**

Hedging reserve

The hedging reserve includes the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet taken place.

	2012	2011
Opening balance	-24,643	-12,903
Translation differences for the year	-4,867	-11,740
Closing balance	**-29,510**	**-24,643**

NOTE 19. UNTAXED RESERVES

Parent Company	2012	2011
Accumulated excess depreciation	90	92
	90	**92**
Deferred tax included at 22% (26.3%).	*20*	*24*

NOTE 20. OTHER PROVISIONS

The Group	2012	2011
Guarantee fund	5,039	6,788
Environmental reserve	2,326	2,683
Other provisions	4,889	7,780
Closing balance	**12,254**	**17,251**

The Group	Guarantee fund	Environmental reserve	Other provisions
Opening balance as per 1 Jan 2012	**6,788**	**2,683**	**7,780**
The year's provisions	140	-	391
Utilised provisions	-1,900	-258	-3,111
Translation differences	11	-99	-171
Closing balance as per 31 Dec 2012	**5,039**	**2,326**	**4,889**
of which, current provisions	**-**	**-**	**-**
of which, non-current provisions	**5,039**	**2,326**	**4,889**

NOTE 21. FINANCIAL LIABILITIES

The Group	2012	2011
Maturity date		
within 1 year	1,290,295	1,446,538
between 1 and 5 years	221,024	323,981
after 5 years	-	1,379
	1,511,319	**1,771,898**
Financial liabilities include:		
Liabilities to credit institutions	310,331	382,217
Convertible debenture loan	39,729	226,465
Overdraft facilities	649,178	546,154
Derivative liabilities	37,833	33,437
Advance payments from customers	581	4,043
Accounts payable, trade	248,749	284,473
Other liabilities	48,379	132,671
Accrued expenses and prepaid income	176,539	162,438
	1,511,319	**1,771,898**

Parent Company	2012	2011
Maturity date		
within 1 year	562,692	916,460
between 1 and 5 years	256,710	278,877
after 5 years	-	
	819,402	**1,195,337**
Financial liabilities include:		
Liabilities to credit institutions	271,981	328,877
Convertible debenture loan	39,729	226,465
Overdraft facilities	406,062	515,578
Accounts payable, trade	2,577	3,061
Liabilities to Group companies	84,683	21,748
Other liabilities	1,928	80,390
Accrued expenses and prepaid income	12,442	19,218
	819,402	**1,195,337**

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. None of these covenants has been breached during the year.

NOTE 22. BANK OVERDRAFT FACILITIES

The Group	2012	2011
Granted overdraft facility	1,049,334	1,062,993
Utilised overdraft facility	649,178	546,154
Unutilised overdraft facility	**400,156**	**516,839**
Parent Company		
Granted overdraft facility	723,540	723,540
Utilised overdraft facility	406,062	515,578
Unutilised overdraft facility	**317,478**	**207,962**

NOTE 23. ACCRUED EXPENSES AND PREPAID INCOME

The Group	2012	2011
Payroll and vacation expenses	59,292	61,240
Accrued social security fees, including pension and payroll tax	23,527	18,967
Accrued sales commissions	14,614	13,046
Accrued service-related expenses	1,525	1,153
Accrued interest expenses	4,201	11,709
Other accrued expenses	53,006	47,589
Prepaid income	20,374	8,734
	176,539	**162,438**

NOTE 24. PLEDGED ASSETS

The Group	2012	2011
Pledges for own liabilities		
Property mortgages	81,691	82,783
Business mortgages	293,120	291,793
Shares in subsidiaries	936,279	917,463
TOTAL PLEDGED ASSETS	**1,311,090**	**1,292,039**
Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	753,497	782,128

NOTE 25. CONTINGENT LIABILITIES

The Group	2012	2011
Other contingent liabilities	716	840
Parent Company		
Sureties for subsidiaries	225,888	82,025

NOTE 26. LEASING

Financial leasing	2012	2011
Plant and machinery		
Accumulated acquisition values		
At the start of the year	53,341	50,780
New acquisitions	-	2,602
Sales and disposals	-7	-
Translation differences for the year	41	-41
	53,375	**53,341**
Accumulated depreciation according to plan		
At the start of the year	-36,345	-30,780
Depreciation according to plan for the year	-5,585	-5,576
Sales and disposals	7	-
Translation differences for the year	-15	11
	-41,938	**-36,345**
RESIDUAL VALUE ACC. TO PLAN AT YEAR-END	**11,437**	**16,996**
Borrowing, financial leasing		
Current portion, maturity date within one year	3,059	5,198
Non-current portion, maturity date between one and five years	8,551	10,330
Non-current portion, maturity date over five years	950	1,379
	12,560	**16,907**

The Group's significant financial leases refer to some ten machines in Jönköping and Nässjö in Sweden, and Järvenpää in Finland. No variable fees are included in leasing costs for the period.

Operating leases	2012	2011
Leasing fees for operating leases paid during the year amounted to SEK 83,896 thousand (44,515).		
Contracted future fees for operating leases		
Maturity date within one year	69,156	45,379
Maturity date between one and five years	171,172	129,226
Maturity date more than five years	174,959	179,314
	415,287	**353,919**

NOTE 27. ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES

INFORMATION ON PURCHASE SUMS AND ACQUIRED/DIVESTED NET ASSETS:

Purchase price	2012	2011
Total purchase price excluding acquisition expenses	45,466	376,743
of which unpaid purchase sum during the year	7,200	76,743

Acquisitions in 2012

During the year, the company acquired all the shares in Maxted Holdings Ltd in the UK with the subsidiary Europa Shopfitting and Interiors Ltd. Europa conducts the sale, project management, installation and production of joinery on the UK market. On acquisition, the company had net cash of SEK 11,482 thousand. The acquisition was incorporated as of 1 June 2012.

During the year, the subsidiary Nordic Light AB has acquired the remaining outstanding holding without a controlling influence, corresponding to 49% of the shares in Prolight Försäljning AB. Prolight sells lighting products, primarily in the Nordic markets. The supplementary acquisition was incorporated as of 1 April 2012.

Acquisitions in 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.

Divestments in 2012 and 2011

No divestments were made in 2012 or 2011.

The total value of acquired/divested assets and liabilities in 2012, purchase sums and the impact on the Group's liquid assets were:

Acquired values - Maxted Holdings Ltd[1)]	Fair value
Intangible fixed assets	4,162
Tangible fixed assets	14,258
Current assets	17,376
Cash and bank balance	11,483
Provisions	-218
Current liabilities	-24,795
Acquired net assets	**22,266**
Regulated purchase sum for the year	22,266
Cash and cash equivalents in acquired companies	-11,483
Impact on the Group's cash and cash equivalents from the year's acquisitions	**10,783**

[1)] *Exchange rate on acquisition GBP 11.2058*

Prolight Försäljning AB

The cash consideration for the remaining shares is SEK 16,000 thousand, which is slightly more than the visible net asset value, plus an additional consideration that will be paid within two years.

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

Acquired values - Nordic Light Group AB	Fair value
The acquisition balance is definitive	
Intangible fixed assets	81,995
Tangible fixed assets	40,331
Financial assets	4,630
Inventories	204,352
Other current assets	195,372
Holding without controlling influence	-33,189
Provisions	-9,209
Non-current liabilities	-19,551
Current liabilities	-87,988
Acquired net assets	**376,743**
Regulated purchase sum for the year	300,000
Cash and cash equivalents in acquired companies	-22,882
Impact on the Group's cash and cash equivalents from the year's acquisitions	**277,118**
Expensed unpaid share of the purchase sum	**76,743**
Investments in 2011 related to acquired companies	**353,861**

NOTE 28. FINANCIAL RISKS

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk picture.

FINANCIAL RISKS

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, which normally occurs with ITAB Shop Concept AB as the counterparty. External currency exposure hedging is thereafter performed by ITAB Shop Concept AB, with consideration for the Group's currency exposure. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2012, there were cash flow hedges of projected flows in EUR, GBP and CZK. The fair value of the forward agreement used to hedge forecast flows amounted to net SEK -3.3 million. The year's change in fair value, SEK 2.8 million after tax, has been recognised in Comprehensive income. The recovered results of the forward agreement amounted to SEK 9.0 million before tax for 2012, 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 2012, a 5 per cent change in the Swedish krona exchange rate would affect invoicing by about SEK 132 million and net earnings by about SEK 9 million.

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the exchange rate on the 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 430 million on the 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 arranged via the Parent Company ITAB Shop Concept AB, however. 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 comprehensive income and reclassified as a 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 2012, recognised as financial expenses in the income statement. Exchange rate fluctuations in 2012 had an impact on the Group's comprehensive income in the amount of SEK -19.6 million. At the close of 2012, the fair value of the currency swap contracts was estimated at SEK 8.9 million.

The value of the Group's foreign net assets per currency, 31 December 2012:

Currency	SEK m
EUR[1]	141
GBP	138
CNY	96
NOK	84
USD [2]	-11
Other	-18
	430

1) EUR refers also to currencies linked to EUR.
2) USD refers also to currencies linked to USD.

Currency hedges

At the close of 2012, the Group had hedged the following net 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	208
EUR	-23
USD	3
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. The Group's interest-bearing net liability refers to borrowing excluding cash from banks, other credit institutions and convertible debenture loans, and amounted to SEK 897 million on the closing day. SEK 500 million is financed with variable interest. The remaining SEK 397 million has an average fixed rate period of 64 months. The average interest rate for outstanding interest-bearing liabilities was 3.51% at year-end. A one percentage point increase in interest would affect net earnings by approximately SEK 4.0 million annually.

Derivative instruments

Interest rate swap agreement	Nom. amount (SEK million)
Duration less than 1 year	-
Duration 1-2 years	22
Duration 2-5 years	175
Duration 6-10 years	164
	361

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, for example by monitoring and managing the Group's combined capital financing centrally 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.

Credit risk

Credit risk refers to the risk that the counterparty in a financial transaction is unable to fulfil its obligations. ITAB Shop Concept's credit risk lies almost exclusively in trade receivables. The Group has historically had low losses on trade receivables. The company's customers are primarily large, well-established companies with sound payment capacity distributed across several geographical markets. The risk of losses on trade receivables is handled through fixed routines for credit restrictions, reminder procedures and penalty interest invoicing. Credit insurance policies exist in conjunction with sales to customers in certain countries. The amount that best represents the maximum exposure to credit losses, without consideration for any security provisions and VAT, is the outstanding accounts receivable on the closing day of SEK 523 million.

CONT. Note 28 FINANCIAL RISKS

Time analysis of current financial receivables		**2012**			**2011**	
	Due	**Not due**	**Total**	**Due**	**Not due**	**Total**
Trade receivables, not written down						
less than 30 days old	71,683	364,632	436,315	63,059	394,711	457,770
31-60 days old	26,048		26,048	35,650		35,650
more than 60 days old	18,182		18,182	28,604		28,604
Trade receivables written down						
more than 60 days old	4,102		4,102	6,122		6,122
TOTAL TRADE RECEIVABLES	**120,015**	**364,632**	**484,647**	**133,435**	**394,711**	**528,146**
Deduction for reserves	-4,102		-4,102	-6,122		-6,122
Other receivables		30,152	30,152		39,695	39,695
Accrued income		12,254	12,254		10,421	10,421
BOOK VALUE CURRENT FINANCIAL TRADE RECEIVABLES	**115,913**	**407,038**	**522,951**	**127,313**	**444,827**	**572,140**

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

NOTE 29. PROVISIONS FOR PENSIONS

The following tables are an overview of the items included in the net costs for the remuneration reported in the consolidated 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 these pension plans is also provided. The amendment of IAS 19 as from 1 January 2013 will not affect the ITAB Group.

Defined-benefit pension plans	**2012**	**2011**
Net costs		
Interest on the year's increase of present value of pension commitments	1,169	1,181
Net of earned pensions and paid premiums during the year	-176	-4
Expected return on management assets	-759	-1,023
RECOGNISED PENSION COSTS, NET	**234**	**154**
Recognised provisions per 31 December		
Pension commitments' present value	25,889	38,420
Management asset's fair value	-18,514	-16,269
RECOGNISED PROVISIONS PER 31 DECEMBER	**7,375**	**22,151**
The net amount is distributed between the following countries		
Norway	3,614	17,906
Sweden	2,281	2,774
Belgium	1,241	1,404
Other	239	67
OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	**7,375**	**22,151**
Change in recognised provision		
Opening net liability	22,150	19,657
Actuarial gains and losses	-15,272	2,785
Realignment	263	-445
Pension costs, net	234	154
RECOGNISED PROVISIONS PER 31 DECEMBER	**7,375**	**22,151**
The most important assumptions used for determining commitments for pensions (%)		
Discount factor	3.90%	3.30%
Future wage increases	3.50%	4.00%
Future pension increases	3.25%	3.75%
Expected yield	3.90%	4.80%

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 3,727 thousand (2,334). Alecta's surplus can be distributed to the policy holders and/or the insured. At the close of 2012, Alecta's surplus in the form of collective solvency level was 129% (113). The collective solvency level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's insurance-related calculation assumptions, which do not coincide with IAS 19.

NOTE 30. CONVERTIBLE DEBENTURE LOAN

The company has a reported outstanding convertible loan of SEK 39,729 thousand. During June 2012, a subscription for convertible shares was carried out, in which 325,203 convertible shares were subscribed for at a conversion rate of SEK 123. The nominal amount is SEK 40,000 thousand, which corresponds to 325,203 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 will run until 30 June 2016 at an annual interest rate of STIBOR 3 months plus 2.55 percentage points. The interest rate is determined annually and is judged to be the market-going rate. During the period 1 June 2016 to 10 June 2016, the convertible debenture can be converted to shares at a conversion rate of SEK 123 per share. The loan's nominal amount is SEK 123.

In 2012, the company has a reported outstanding convertible debenture loan of SEK 226,465 thousand. The original nominal amount was SEK 242,800 thousand, of which SEK 15,820 thousand had been repurchased and SEK 302 thousand converted 2011. During 2012, SEK 224,974 thousand has been converted and the remaining SEK 1,705 thousand has been repaid. Transaction expenses that arose in connection with the convertible loan have been spread over the term of the loan and expensed as financial expense. The convertible loan ran 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. During the period 1 August 2008 to 29 June 2012, the convertible debenture could be converted to shares at a conversion rate of SEK 85 per share. The loan's nominal amount was SEK 85 per convertible debenture.

NOTE 31. 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 gave 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. In the calculation, the average price during the period 6 May to 12 May 2010, SEK 71.17, has been used as the share price, the 2-year Swedish government bond interest, 1.47%, was used as risk-free interest, an analysis of the historic volatility of the ITAB share, which was 25%, was used as volatility, and assumed discounted dividends during the duration of the warrants, SEK 2.69, was used as the dividend. On 5 September 2012, the Board decided on a repurchase offer in which the company offered to buy back warrants from warrant holders. Repurchases were conducted on four occasions. On 10 September, 315,000 warrants were repurchased based on the closing price on 6 September. On 17 September, the next repurchase of 31,300 warrants was conducted, based on the closing price on 13 September. On 24 September, 3,750 warrants were repurchased, based on the closing price on 20 September. On 30 November, the final repurchase of 117,200 warrants was conducted, based on the closing price on 29 November. As a result, all the warrants, i.e. 467,250, have been repurchased by the company during 2012.

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, 166,500 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 met, employee options cannot be utilised and have therefore matured without value for the employees. A total of 233,500 warrants remained 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. In the calculation, the average price during the period 3 September to 17 September 2008, SEK 84.36, has been used as the share price, the market interest on Swedish government bond 1,046, which was 3.61%, was used as risk-free interest, an analysis of the historic volatility of the ITAB share, which was 25%, was used as volatility, and assumed discounted dividends during the duration of the warrants, SEK 5.64, was used as the dividend. 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, and 20,500 were subscribed for shares during April 2012.

NOTE 32. EARNINGS PER SHARE

The Group	2012	2011
Earnings per share before dilution		
Net profit for the period, SEK thousands	152,798	120,009
Average number of outstanding shares	16,139,979	14,285,952
EARNINGS PER SHARE BEFORE DILUTION, SEK	**9.47**	**8.40**
Earnings per share after dilution		
Net profit for the period, SEK thousands	152,798	120,009
Net interest expenses on convertible debentures, SEK thousands	673	6,465
Adjusted profit, SEK thousands	**153,471**	**126,474**
Number of outstanding shares as per the closing day	16,953,205	14,285,952
Adjustment for assumed conversion of convertible debentured	325,203	2,666,810
Number of shares after dilution	**17,278,408**	**16,952,762**
EARNINGS PER SHARE AFTER DILUTION, SEK	**8.88**	**7.46**

NOTE 33. 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 at market conditions.

- Rent and other property expenses in the amount of SEK 23 million for the properties in Jönköping and Nässjö were paid in 2012 to Tosito AB, owned by Board member Stig-Olof Simonsson.
- Purchases at a value of SEK 3 million were made by ITAB Shop Concept AB from Arion Sweden AB, owned by Board member Johan Rapp, in 2012.
- 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 2012. Tord Johansson has a controlling influence in XANO.

NOTE 34. EVENTS AFTER CLOSING DAY

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

FINANCIAL REVIEW – FIVE YEARS IN SUMMARY

Income statements (SEK m)	2012	2011	2010	2009[1]	2008[1]
Sales	3,511	3,341	2,748	2,776	3,412
Cost of goods sold	-2,614	-2,477	-2,086	-2,055	-2,577
GROSS PROFIT	**897**	**864**	**662**	**721**	**835**
Selling expenses	-521	-537	-494	-466	-502
Administrative expenses	-152	-142	-126	-142	-137
Other operating income/expenses	11	6	20	1	-1
OPERATING PROFIT	**235**	**191**	**62**	**114**	**195**
Financial items	-32	-39	-33	-23	-62
PROFIT AFTER FINANCIAL ITEMS	**203**	**152**	**29**	**91**	**133**
Tax on the year's income	-41	-29	-6	-17	-37
NET PROFIT FOR THE YEAR	**162**	**123**	**23**	**74**	**96**
Related to:					
Parent Company's shareholders	153	120	23	74	96
Holding without controlling influence	9	3	0	0	0

Balance sheets (SEK m)					
Assets					
Intangible fixed assets	583	576	483	487	473
Tangible fixed assets	516	542	547	646	689
Long-term receivables	22	26	21	23	20
FIXED ASSETS	**1,121**	**1,144**	**1,051**	**1,156**	**1,182**
Inventories	682	682	491	361	447
Current receivables	573	644	545	480	599
Cash and cash equivalents	134	1	0	0	15
CURRENT ASSETS	**1,389**	**1,327**	**1,036**	**841**	**1,061**
TOTAL ASSETS	**2,510**	**2,471**	**2,087**	**1,997**	**2,243**
Equity and liabilities					
Equity related to the Parent Company's shareholders	885	559	459	534	507
Equity related to shareholders without controlling influence	31	39	1	1	3
Long-term liabilities	304	427	446	483	534
Short-term liabilities	1,290	1,446	1,181	979	1,199
TOTAL EQUITY AND LIABILITIES	**2,510**	**2,471**	**2,087**	**1,997**	**2,243**

Cash flow (SEK millions)					
Cash flow from current operations	271	205	20	294	199
Cash flow from investing activities	-91	-403	-76	-72	-418
CASH FLOW AFTER INVESTMENTS	**180**	**-198**	**-56**	**222**	**-219**
Cash flow from financing activities	-41	199	56	-237	226
CASH FLOW FOR THE YEAR	**139**	**1**	**0**	**-15**	**7**

Key ratios						
Operating margin	%	6.7	5.7	2.2	4.1	5.7
Profit margin	%	5.8	4.6	1.1	3.3	4.1
Interest coverage ratio	multiple	6.7	4.5	1.8	3.3	3.2
Depreciation according to plan	SEK m	83	79	73	73	65
Average no. of employees	no.	2,194	1,751	1,512	1,555	1,658
Return on equity	%	20.7	24.1	4.6	14.3	23.6
Return on capital employed	%	12.9	11.4	4.1	7.9	12.9
Return on total capital	%	9.4	8.3	3.0	6.0	9.5
Equity related to the Parent Company's shareholders	SEK m	885	559	459	534	506
Equity/assets ratio	%	37	24	22	27	23
Portion of risk-bearing capital	%	41	36	35	40	36
Interest-bearing net liability	SEK m	896	1,183	1,036	982	1,176
Net investments	SEK m	91	402	76	72	418
of which, related to corp. acquisitions	SEK m	27	354	0	0	298

[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 were adjusted by 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 by increasing the financial expenses by SEK 1.1 million for 2009.

Definitions, see page 37.

COMMENTS ON FINANCIAL PERFORMANCE

SALES

During the period 2008-2012, ITAB's sales increased from SEK 3,412 million to SEK 3,511 million. This corresponds to an average annual sales increase of 1%. During the five-year period, two strategic acquisitions within the framework of a clear growth strategy have contributed positively to the change in sales, while altered exchange rates have had a negative effect.

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

In 2009, 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 on 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. Exchange rate fluctuations had a negative impact on sales in the amount of approximately SEK 180 million, compared with 2009. Sales, measured in local currency, declined on the Dutch market while sales on 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, sales were down by SEK 593 million, a decline of 22%. Exchange rate 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, with the largest increases stemming from Central Europe and the UK & Ireland. Growth via acquisitions refers to Nordic Light Group, which was incorporated as of 1 September 2011.

In 2012, sales increased by SEK 170 million, an increase of 5%. Currency-adjusted sales rose by 6%. Organic growth was negative, principally due to a marked reduction in sales for Central Europe, while Scandinavia's sales also decreased compared to 2011. Europa Shopfitting in the UK was acquired during 2012, and was incorporated as of June 2012.

PROFITABILITY

Operating income during the five-year period varied between a minimum of SEK 62 million (2010) and a maximum of SEK 235 million (2012). The operating margin during the five-year period was stable within an interval of 2.2% and 6.7%. Income after net financial items reached between SEK 29 million (2010) and SEK 203 million (2012). The five-year period's profit margin has fluctuated between 1.1% and 5.8%.

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 the Netherlands 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 profitability for 2011 was 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 the early part of 2011. The acquisition of Nordic Light Group also contributed to improving profitability. Profitability improved further during 2012, which can primarily be explained by a modified sales mix, streamlining measures and lower cost base in several units.

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

INVESTMENTS

Net investments, excluding business acquisitions, amounted to between one and four per cent of turnover during the period 2008-2012. The Group has made extensive investments in machinery, particularly during the early part of this period. The focus has been on unmanned operations, high use of resources and leading technical advances. Consequently, 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 facility measures 20,000 square metres and is equipped with a new, modern machinery. For 2009-2012, a significant share of the net investments refers to development of various self-checkout solutions for shops.

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

FINANCIAL PERFORMANCE

The balance sheet total has climbed from SEK 2,243 million in 2008 to SEK 2,510 million in 2012. This increase is in part due to the investments in both production facilities and equipment, and in part to the period's corporate acquisitions. Expansion has been realised with the aid of a positive cash flow from current activities as well as a new issue of convertible debentures, which have been converted to equity during 2012. At the same time, this has meant that the interest-bearing net liability has been reduced from SEK 1,176 million in 2008 to SEK 896 million in 2012.

The Group's equity/assets ratio has stood at between 22% and 37% over the last five years, and the proportion of risk-bearing capital has varied between 35% and 41%. 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 consolidated 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 true and fair view of the Group's 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 2013

Tord Johansson Chairman	Anna Benjamin	Anders Moberg	
Per Rodert	Stig-Olof Simonsson	Lottie Svedenstedt	Ulf Rostedt CEO

Our audit was submitted on 4 April 2013

Stefan Engdahl *Authorised Public Accountant*	Håkan Sundberg *Authorised Public Accountant*

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 carried out an audit of the annual accounts and consolidated accounts for ITAB Shop Concept AB (publ) for the 2012 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 36-72.

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 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 Directors 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 as of 31 December 2012 and of its financial performance and cash flow for the year in accordance with the Annual Accounts Act. 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 2012 and of its 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 Directors' Report is consistent with the remainder of the annual report and the consolidated accounts.

We therefore recommend to the Annual General Meeting of shareholders that the income statement and balance sheet of the Parent Company and the income statement and statement of financial position for 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 2012. 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 proposed appropriations of the company's profit or loss, and the Board of Directors and CEO are responsible for administration under the Companies Act and for ensuring 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 statutory review of the Corporate Governance Report has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with Internal Standards on Auditing and generally accepted auditing standards in Sweden.

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, 4 April 2013

Stefan Engdahl
Authorised Public Accountant

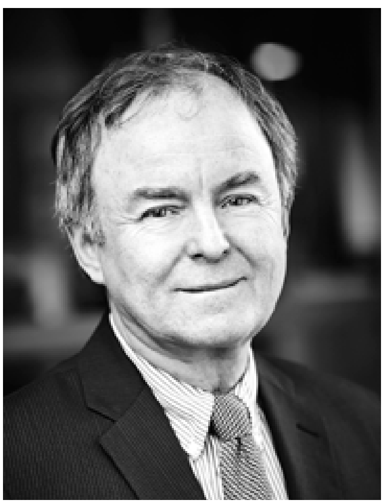
Håkan Sundberg
Authorised Public Accountant

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 of Blue Wall Construction AB, Eolus Vind AB, Prolight AB and others.
Shareholding in ITAB Shop Concept AB:
Class A: 2,614,400 shares
Class B: 1,496,190 shares

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: 316,910 shares

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 of 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)]



PER RODERT
(born 1953)
Board member since 2005
Degrees: B.Sc. Economics, Stockholm School of Economics
Commissions: CEO of Rörvik Timber AB, Board member of Alfaros AB, CC Pack AB and Combi Craft AB, DEVPORT AB, HV 71 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: 537,383 shares

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, Stampen AB, Swedavia AB, Thule Group AB and Vanna AB.
Shareholding in ITAB Shop Concept AB:
Class B: 10,000 shares

1) Owned via an endowment policy

JOHAN RAPP HAS PASSED AWAY

On Wednesday 9 January, ITAB Shop Concept's Board member Johan Rapp passed away after a period of illness. Johan Rapp has been a member of ITAB's Board since 1994 (then ITAB Industri). It is with great sorrow and deep loss that Johan has left us.

Board of Directors of ITAB Shop Concept AB

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 audit 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

GROUP MANAGEMENT

ULF ROSTEDT
(born 1967)
CEO since 2008 and member of the Group management.
Employed in ITAB since 1997.
Shareholding in ITAB Shop Concept AB:
Class B: 39,600 shares
Convertibles corresponding to Class B shares: 12,600 shares

MIKAEL GUSTAVSSON
(born 1964)
Deputy CEO since 2008 and member of the Group management.
Employed in ITAB since 2003 (previously employed 1995-1999).
Shareholding in ITAB Shop Concept AB:
Class B: 21,300 shares
Convertibles corresponding to Class B shares: 12,600 shares

MAGNUS OLSSON
(born 1965)
CFO since 2004 and member of the Group management.
Employed in ITAB since 1994.
Shareholding in ITAB Shop Concept AB:
Class B: 65,879 shares
Convertibles corresponding to Class B shares: 12,600 shares

Information about the number of shares refers to shareholdings as per 31 December 2012 and includes, where relevant, holdings via companies, spouses and minors.

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@itabpharmacy.se
www.itabpharmacy.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
Leif Weldings Vei 20
NO-3208 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: +358-10 281 3880
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.ee
www.itab.ee

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 LTD
ITAB EUROPA LTD
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 PROLIGHT UK LTD
CMB House, Sherbourne Drive
Tilbrook, Milton Keynes
MK7 8BA England
Tel: +44-1908 765 688
Fax: +44-1908 640 258
sales@itabprolight.co.uk
www.itabprolight.co.uk

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 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 4,
Jawczyce
PL-05-850 Ozarów Mazowiecki
Tel: +48-22 360 07 80
Fax: +48-22 360 07 88
info@itab.pl
www.itab.pl

CZECH REPUBLIC

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
6th Verhny Pereulok
Bld 12, Letter A, Office 222
RU-194,000 St. Petersburg
Tel: +7-812 240 09 75
Fax: +7-812 340 09 74
info@itab.ru
www.itab.ru

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.kiev.ua
www.itab.kiev.ua

NORDIC LIGHT GROUP

NORDIC LIGHT AB
Box 390
SE-931 24 Skellefteå
(Visiting address: Servicegatan 13)
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
jonas@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 LIGHTING
TECHNOLOGY CO, LTD.
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 INC.
426 McCormick Blvd
Columbus, OH 43213, USA
na@nordiclight.se
www.nordiclight.com

NORDIC LIGHT
SOUTH AMERICA
Napoleon 3565 Of. 202
Las Condes 755 02 19
Santiago, Chile

GLOSSARY

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

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

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

EASYFLOW
A fully automatic self-checkout system that is based on barcode-free identification of goods.

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

EXITFLOW
An automatic gate specially adapted for ITAB's self-checkout system.

MOVEFLOW
A self-checkout system specially designed for stores where customers primarily use shopping baskets and the number of items per customer is low.

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.

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.

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.

TWINFLOW
A self-checkout system adapted for retail chains where customers primarily use shopping trolleys and the number of items per customer is high.

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

WELCOME TO THE ANNUAL GENERAL MEETING, 2013

The Annual General Meeting will be held on Tuesday 14 May 2013, at 3 pm in ITAB's offices at Instrumentvägen 2 in Jönköping, Sweden.

REGISTRATION

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders register maintained by the securities register centre Euroclear Sweden AB (formerly VPC AB) on Tuesday 7 May 2013, and must notify the company of their intention to participate in the Meeting not later than 4 pm on Tuesday 7 May 2013 to the address ITAB Shop Concept AB, Box 9054, SE-550 09 Jönköping, by phone on +46-36 31 73 00 or by email at 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 temporarily re-registered in their own names before Tuesday 7 May 2013 to be eligible to attend the AGM.

DIVIDENDS

The Board of Directors proposes a dividend of SEK 2.50 per share for financial year 2012. The record date will be Friday 17 May 2013. Subject to the Meeting's approval of the proposal, it is expected that dividends will be remitted by Euroclear Sweden AB on Wednesday 22 May 2013.

NOMINATION COMMITTEE

At the 2012 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Johan Rapp and Johan Storm. Following the death of Johan Rapp, the members of the board have elected to appoint Fredrik Rapp as a new member of the Nomination Committee. The Nomination Committee's task for the 2013 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 statement and balance sheet, discharge from liability for Board members and the CEO, and the election of Board members. Other matters are presented in the agenda, which will be sent together with the invitation to the Annual General Meeting.

FINANCIAL STATEMENTS FOR 2013

Interim report, January - March	14 May
Annual General Meeting 2013	14 May
Interim report, January - June	9 July
Interim report, January - September	5 November
Year-end report 2013	5 February 2014
Annual Report 2013	March/April 2014
Annual General Meeting 2014	May 2014

Fru Berg | Photo: Patrik Svedberg and others. | Printed by: Hylte Tryck

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