Inter IKEA Group

Annual Report 2015

Photo cover: IKEA Delft, the Netherlands,
IKEA flags outside store,
Courtyard by Mariott, Atlas Arena, Amsterdam,
Inter IKEA Investments AB.

Inter IKEA Group is defined as
Inter IKEA Holding S.A. and its subsidiaries

www.inter.IKEA.com

Inter IKEA Holding S.A.
Registered as a société anonyme (public limited company)
under Luxembourg law with a capital of EUR 300,000,000
Registered office: 2, Rue Jean Bertholet
1233 Luxembourg (Luxembourg)
Luxembourg Trade and Companies' Register B38952

Consolidated Financial Statements as at 31 December 2015 and independent auditor's report

Index

Management report
Message from the Chairman and CEO

The overall purpose of Inter IKEA Group is to secure continuous improvement and a long life of the IKEA Concept. IKEA is a brand, not one company. Inter IKEA Systems B.V. is the worldwide IKEA franchisor and owner of the IKEA Concept and trademarks. There are 13 other groups of companies operating under the IKEA Brand.

The IKEA Concept performed well in 2015 showing a worldwide IKEA sales increase of 15.1%, or 11.9% using constant foreign exchange rates to Euro.

The European retail climate continued to improve in 2015, leading to increased sales of IKEA products in our core region. Outside Europe, North America continued to show good growth, along with Asia Pacific and the Middle East.

Revenues related to the Franchise Division increased by 14%, helped by positive foreign currency movements to the Euro. Revenues from the Property Division increased by 29%; growth that is mainly related to the delivery of newly built or refurbished properties in Europe. A number of entities controlled by the Finance Division have been consolidated for the first time, adding €361 m to the overall revenues. This adds-up to a revenue growth of 19%, totalling €3,717 m in 2015, or an adjusted revenue growth of 14% on a like for like basis.

The net profit reached €625 m in 2015, an increase of €80 m on like for like activities. In 2014, the Group realised an exceptional income of €428 m following the sale of its 51% participation in the Retail Centre Division. All divisions have delivered improved results compare to previous year.

The world GDP growth decelerated to 2.4% in 2015, from 2.6% in 2014. Both OECD and emerging markets have followed the same trend. Despite this, our diversified activities have continued to expand on their respective markets. Our financial independence is key to continue to support our long term business development perspective.

A letter of intent was signed in May 2015, whereby Inter IKEA Group will acquire the IKEA range, supply and industry activities from Ingka Group. This is regarded as essential to simplify and improve our structures and to prepare for further growth in the decades to come. Over 25,000 co-workers will join Inter IKEA Group as part of this transaction.

Following this acquisition, Inter IKEA Group will seek a new governance model. We will concentrate and consolidate all IKEA related businesses in one group under a Dutch Holding company and all other activities under a separate holding company in Switzerland. This will further increase focus within our respective businesses and also lead to a simpler and clearer structure.

Our Property Division, now branded as "Vastint", is on a sustainable growth path. Currently, it has 200,000 m^2 of offices and hotels under construction. The MOXY Hotel program (Branded by Marriott International and operated by partners) opened its first hotel at Milan Malpensa Airport (Italy) in 2014. In 2015, an important industrial development and site acquisition plan has prepared readiness to roll-out an ambitious construction program around Europe, starting in 2016.

In December 2015, Inter IKEA Group, through Inter IKEA Systems B.V., donated an additional €29 million to the Kamprad Family Foundation for Entrepreneurship, Research and Charity, based in Växjö, Sweden. This donation is a follow-up on our commitment to the foundation initiated in 2011.

We are proud of our enthusiastic co-workers and look forward to welcome all the new ones who will join our family in 2016.

Inter IKEA Group

Our business in brief

The overall purpose of Inter IKEA Group is to secure continuous improvement and a long life of the IKEA Concept. Since this will require investments in both good and bad times, we strive to be financially independent.

Our business is decentralized and organised into three divisions, each with a different role:

The Franchise Division, Inter IKEA Systems B.V. – is the core of our business. We have found franchising to be the best way to expand the business based on the IKEA Concept, to keep the Concept together and to maintain an entrepreneurial spirit. Inter IKEA Systems B.V. franchises systems, methods and proven solutions to franchisees worldwide for sale of IKEA home furnishing products under the IKEA trademarks. Inter IKEA Systems B.V. is the owner of the IKEA Concept including the IKEA trademarks. Their role is to continuously develop the IKEA Concept and to ensure its successful implementation in existing and new markets. This is done in order to serve the many people over generations.

The Property Division, Vastint Holding B.V. – creates long-term value through real estate investments. The cornerstones of the operations are management of portfolio properties and development of commercial real estate.

The Finance Division – supports the goal of maintaining financial independence through long term investments. The division includes fund management, non-listed equity investments and treasury management.

Our strategic investments in Vastint Group, as well as investments performed by the Finance Division, aim to ensure financial stability and create long term value.

Our heritage

The values and culture of Inter IKEA Group reflect the entrepreneurial spirit of our founder Ingvar Kamprad, who was born and grew up in the Småland region of Sweden. Smålanders have a reputation for being thrifty and innovative with a straightforward, no-nonsense approach to problem-solving in general and to business challenges in particular. This 'Småland legacy' is built into Inter IKEA Group culture and values.

In practice, our values encourage a constant desire for renewal and a willingness to make change, as well as a cost-conscious mind-set in all areas of operation. Trying new solutions, daring to be different, humbleness in approaching our tasks and simplicity in our way of doing things are also cornerstones of the Inter IKEA culture.

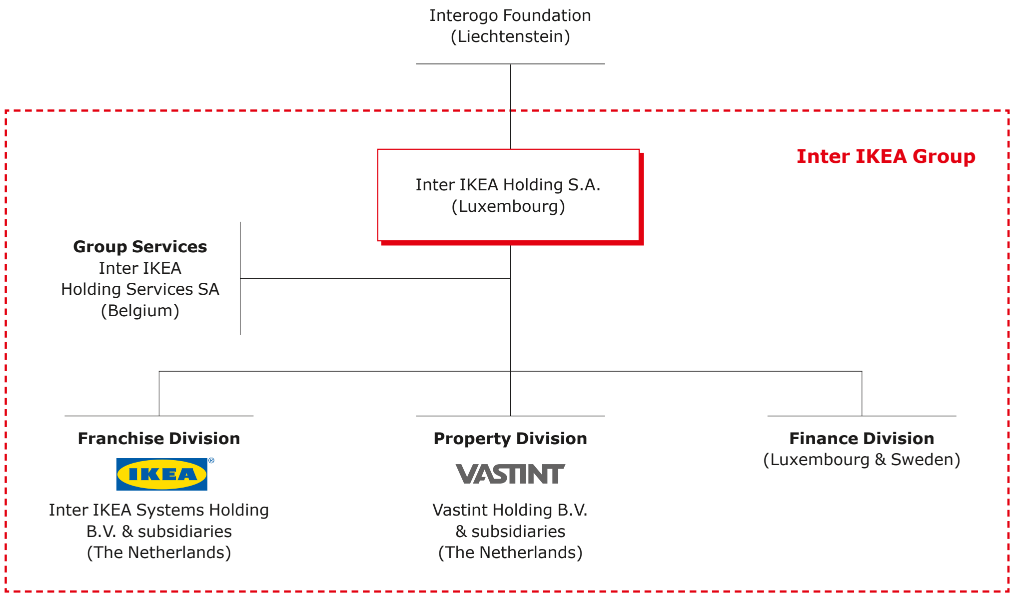
Our spirit is based on a belief that no method is more effective than a good example. We believe that each co-worker is important, that all of us have a responsibility, and that it is by working together, 'tillsammans' in Swedish, that we really make a difference.

Our values have proven to be viable in an international context and we strongly believe that they are one of the most important factors behind our achievements. By keeping them alive and well-rooted, we can continue to turn future challenges into opportunities.

Group Structure

Inter IKEA Holding S.A. is the parent company of Inter IKEA Group. The operations of Inter IKEA Group are decentralised and organised in divisions with far-reaching responsibility for their operations and business.

Around the globe, a large number of companies operate under the IKEA trademarks. All IKEA franchisees are separate from Inter IKEA Group and have different owners.



Key figures consolidated (under Lux GAAP)		2015	2014
Total revenues	€ mil	3,717	3,129
EBITDA	€ mil	998	1,041
Net profit for the year	€ mil	625	969[1]
Total assets	€ mil	15,947	14,999
Shareholder’s equity (incl. result of the year)	€ mil	9,632	8,996
Equity ratio	%	60%	60%
Co-workers (year average)	Nb	3,391	1,254

Financial year starting 1st January and closing 31st December

[1] Including an exceptional item of € 428 m from sale of 51% ownership in Inter IKEA Centre Group A/S.

Franchise division, Inter IKEA Systems B.V.

The business

The Franchise Division includes Inter IKEA Systems B.V., the worldwide IKEA franchisor and owner of the IKEA Concept, including the IKEA trademarks. The IKEA Concept rests on a firm foundation: a low-price offer in home furniture and furnishings.

As the franchisor, Inter IKEA Systems B.V.'s assignment is to continuously develop the IKEA Concept and to ensure its successful implementation in existing and new markets. As of 31 December, 2015, there were 13 IKEA franchisees, present in 47 markets.

Franchisees	Markets (as at 31 December 2015)
Al-Futtaim Group	Egypt, Qatar, United Arab Emirates
Al Homaizi	Jordan, Kuwait, Morocco
Al-Sulaiman	Saudi Arabia
Cebas	Australia South West
Dairy Farm Group	China (Hong Kong), Taiwan
House Market Group	Bulgaria, Cyprus, Greece
IKANO Group	Malaysia, Singapore, Thailand
INGKA Group	Australia East, Austria, Belgium, Canada, China (Mainland), Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Japan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States
Mapa	Turkey
Miklatorg Group	Iceland, Lithuania
Northern Birch	Israel
PT Hero	Indonesia
Sarton Group	Dominican Republic, Spanish Islands

All IKEA stores are franchisees, except IKEA Delft, which is owned and operated by Inter IKEA Systems B.V.

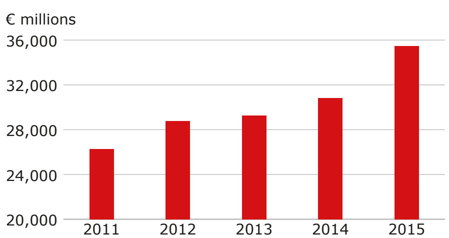
Key figures, Franchise division		2015	2014
Revenues (under Lux GAAP)	**€ mil**	**3,258**	**2,849**
Co-workers (year average)	Nb	1,104	1,040

Market conditions and performance

The evolution of franchise fees is directly linked to the expansion and performance of IKEA franchisees worldwide. A 3% franchise fee on IKEA sales forms the base for the franchise revenues. Worldwide IKEA sales increased by 15.1% in 2015, or 11.9% using constant foreign exchange rates to the Euro.

Key figures		2015	2014
IKEA franchise Stores	Nb	378	365
Markets	Nb	47	47

Worldwide IKEA Sales consolidated in Euro



Key activities

As the owner of the IKEA Concept and the worldwide IKEA franchisor, Inter IKEA Systems B.V. is working to meet consumer needs in life at home as well as new opportunities and challenges that arise from the world around us. The purpose is to create better conditions to develop and successfully implement the IKEA Concept. This enables Inter IKEA Systems B.V. to provide better support and to work in closer collaboration with IKEA franchisees and other business partners to create increased customer value.

IKEA franchisees implement the IKEA Concept, by marketing and selling the IKEA product range and by operating IKEA stores under franchise agreements with Inter IKEA Systems B.V. IKEA franchisees have the responsibility to run, manage and develop their local business. The Franchise Division also includes service companies and distribution companies selling IKEA products to franchisees on certain markets.

Ingka Group is the largest group of the 13 IKEA franchisees, and they currently run IKEA range, supply and industrial activities. In order to meet future challenges and opportunities, Inter IKEA Systems Holding B.V. and Ingka Holding B.V. (the ultimate parent company of Ingka Group) have signed a Letter of Intent to transfer these activities to Inter IKEA Systems Holding B.V. Group. The aim is to close this transaction on 31st August 2016.

The purpose of this acquisition is to simplify and improve the IKEA franchise system, create better conditions for increased customer focus and secure future expansion.

This project started early in 2015, when a significant amount of resources was assigned to the task. In addition, over 25,000 co-workers will join the enlarged Inter IKEA Systems Holding B.V. Group following the contemplated transaction.

To meet today's customers' needs, multichannel retailing is very much on the radar for IKEA retailers. Pick-up and order points are under conceptual development to improve the customer experience, and hopefully conquer a wider customer base.

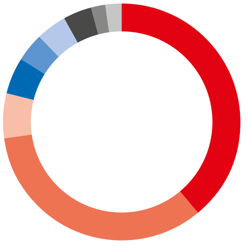
Learning and know-how has been a key franchise activity over the years. New learning platforms, online and offline, accessible to all IKEA franchisees remains a key area for development. We are now introducing new training solutions with the objective to meet current and future expectations.

The way we look at and measure performance on IKEA markets is under review. A tool has been developed to reduce time and effort to benchmark retail prices, so that low price in reality, a corner stone of the IKEA Concept, will remain a living reality.

Experience some of the 2015 highlights from all over the IKEA world at www.IKEA.com/ouryear.

Property Division, Vastint Holding B.V.

Developed square meters 31 Dec. 2015



The business

The Vastint Group – Vastint Holding B.V. and its subsidiaries (Vastint) – was established in 1989 in the Netherlands. The goal of Vastint is to create long-term value through property investments. The markets are defined to achieve critical mass and concentration.

The cornerstones of the operations in Vastint are management of portfolio properties and the development of commercial real estate, including residential development and sales. Vastint does not develop IKEA stores or large retail destinations.

Vastint actively manages developed properties in seven countries: Belgium, Italy, Latvia, Lithuania, the Netherlands, Poland and the United Kingdom. Properties for future development or under construction are secured in Austria, Belgium, Denmark, Germany, Latvia, Lithuania, the Netherlands, Norway, Poland, Romania, Spain and the United Kingdom.

Key figures (under Lux GAAP)		2015	2014
Leased buildings	Nb	42	43
Developed markets	Nb	7	7
Rentable properties	Tm²	697	453
Under construction	Tm²	209	201
Total assets	€mil	1,393	1,022
Total revenues (including sales)	€mil	74	57
Co-workers (year average)	Nb	123	106

Rental revenues increased by 29% during the year, mainly as a result of completed projects / refurbishments as well as sales.

Market conditions

In 2015, the development for our real estate markets was quite similar to 2014. Take-up, new supply and rents were fairly stable or moving up slightly, while vacancies, prime yields, inflation and interest continued the downward trend. Investment volumes recorded an all-time high in many markets and hotel investments became a more sought after real estate asset. The access to real estate financing is increasing overall.

Key activities

The development activities within Vastint include land acquisition, master planning, detailed design, construction and leasing. Currently, over 207 hectares of land is owned for future planning and development.

In 2015 properties were purchased or secured in Belgium, Germany, Italy, Lithuania, the Netherlands, Poland and the United Kingdom. In accordance with the portfolio strategy and as a result of the favourable market situation, some logistic properties in the Netherlands were sold during the year.

In 2015, a continued focus was put on commencing and realizing planning, ground preparation and construction in various projects. The properties under construction or redevelopment at year end were: Offices Business Garden Warsaw phase II, Offices Business Garden Wroclaw phase I, Offices Timpuri Noi Square Bucharest phase 1A, Hotel Courtyard by Marriott Joseph II in Brussels, Offices Rivierstaete in Amsterdam, Hotel Moxy Munich Airport, Hotel Moxy Berlin Ostbahnhof, Hotel Moxy Eschborn, Hotel Moxy Frankfurt Gateway Gardens, Hotel Moxy Aberdeen, Hotel Moxy London Royal Docks and Apartments Magdelena in Riga.

Part of the organisation is dedicated to the hospitality sector. Sites for future construction are continuously being secured around Europe; ten hotel sites were contracted in 2015, which brings the total number of secured hotel sites to twenty-six at year end 2015. Vastint Hospitality is dedicated to build a large program of MOXY Hotels (branded by Marriott International) in the coming years. The first MOXY Hotel opened in 2014 at Malpensa airport (Italy). All hotels will be operated by third parties. Vastint also owns one site for development of student accommodations.

Environmental and sustainability factors continue to be important for tenants, landlords and investors. Vastint is working towards social, economic and environmental solutions that are sustainable in the long run. All new buildings and refurbishments should have an adequate level of environmental certification according to internationally recognised standards (LEED / BREEAM). Further information is presented in the yearly Vastint Sustainability report.

More information about the Vastint Group can be obtained on vastint.eu

BC UNIQ, Vilnius and Business Garden, Poznań

Finance Division

The business

The Finance Division supports the Inter IKEA Group goal of maintaining financial independence through long term investments.

The division is built around three core areas:

- Non listed holdings in funds, co-investments and direct investments
- Fund management
- Treasury management

Each of the above parts of the Finance Division is managed by separate teams with special skill sets and an organisation of its own.

Key figures (under Lux GAAP)		2015	2014
Inter IKEA Group assets under management	€mil	4,308	3,099
Co-workers (year average)	Nb	58[2]	62

[2] A number of controlled entities have been consolidated for the first time in 2015, adding 2,063 co-workers in the consolidation scope, but here excluded to show investment specialists only.

Market conditions

The world economic growth fell short of expectation in 2015, decelerating to 2.4% from 2.6% in 2014. The deceleration was visible both in OECD countries (1.7% to 1.6%) and emerging economies (4.9% to 4.3%). Even though prospects for 2016–18 look slightly better, substantial downside risks remain. Investment yields have continued to compress further in 2015, a continued challenge for investors in search of value.

Investments activities

The non-listed holdings represent 30% of the Group assets under management. Those assets are invested with a reasonable allocation between North America, Europe and emerging markets. Investments are made alongside talented entrepreneurs, with the aim to assist them in building successful businesses. Non-listed holdings are long term commitments. This strategy is carried through investments in funds, collective investment schemes or by directly acting in small to medium size companies as a key investment partner. Skill sets are specific to each investment category.

The remaining Inter IKEA Group assets under management are held as part of the Group treasury management (bonds, money market funds, deposits, etc.), producing safe, but modest returns.

Non-Euro investments are hedged back to back to the Euro using foreign exchange swaps.

Corporate Governance

Shareholder

Inter IKEA Holding S.A. is owned by Interogo Foundation, an enterprise foundation (Unternehmensstiftung) registered under Liechtenstein law.

For more information about Interogo Foundation, please visit the Inter IKEA Group website, www.inter.ikea.com.

Board of Directors

On 31st December 2015, the board of Inter IKEA Group had four non-executive members:

- Mathias Kamprad (Chairman)
- Hans Gydell (Vice Chairman)
- Lennart Sten
- Birger Lund

Directors are elected at the general shareholder meeting and are normally appointed for a period of six years.

The responsibility for the day-to-day management of the company is delegated to Søren Hansen, the CEO. The board meets four times per year, has a formal schedule of matters reserved for it, including approval of the annual overall budget, significant acquisitions and disposals, and the Group's financial statements.

Divisional Boards

Board of directors meetings are held for each division three times per year. The boards are generally composed of the Group CEO, the managing director for each division, a selected panel of Group executives and external members.

The divisional boards are supported by advisory boards and investment committees where appropriate.

Audit Committee

The board of directors has assigned an audit committee to oversee financial reporting and disclosure, and to oversee regulatory compliance and corporate governance. The audit committee reports to the board of directors of Inter IKEA Holding S.A. and meets two times per year. The committee is composed of Hans Gydell (chairman of the committee) and Mathias Kamprad. The CEO, the CFO and the principle audit partner are permanent invitees.

Main risks and uncertainties

The company faces certain risks associated with its business and the sectors in which it operates.

As the worldwide IKEA franchisor, Inter IKEA Systems B.V. franchise earnings are closely related to the expansion of the worldwide furniture market and the success of IKEA franchisees on their respective markets.

In recent years the European markets for IKEA products have produced modest growth. On the other hand, Asia Pacific, North American and Middle Eastern markets have delivered solid growth. Market diversification is contributing to the overall stable progression of revenues. Regional performance is expected to follow the same trend in the near future.

Around 60% of the franchise fees are earned outside the Euro zone, where the Euro is the company's reporting currency. As a result, the company is exposed to the volatility of foreign exchange market.

Distribution of IKEA products products includes a yearly price guarantee to IKEA franchisees for all products contained in the IKEA Catalogue. During the guarantee period, manufacturing or transport prices can fluctuate and affect the profitability of this operation. All related currency flows are hedged on a yearly basis; so there is no foreign exchange risk for this activity.

The Property Division is mainly exposed to the office and hotel market, and to a lesser degree in the residential sector. Real estate development activities in Europe are picking up slowly, but remain weak on average. This offers good development opportunities at regional level and in certain segments of the market. The investment market has been very active and transactions are recorded at record highs. Carefully selected development projects are actively pursued in all markets where the division operates.

The Finance Division is exposed to the sovereign debt market in Europe. The investment strategy is limited to the highest rating quality amongst a limited number of European countries. The division is also globally invested in non-listed equity funds, co-investments and direct investments. Besides the risks inherent to equity investments, a significant portion of the portfolio is invested in USD and SEK. The currency risk is managed through various hedge instruments (currency loans or swaps).

Through a strict financing policy, the Inter IKEA Group has limited exposure to bank financing.

Luxembourg, 12 May 2016

Hans Gydell
(Chairman)

Søren Hansen
(CEO)

Consolidated financial statements of Inter IKEA Holding S.A.

Consolidated balance sheet as of 31 December 2015

ASSETS	Notes	2015 (€ '000s)	2014 (€ '000s)
Non-current assets			
Intangible assets	4	9,224,311	9,107,542
Leased Land	5	23,862	15,886
Tangible assets	6	1,455,050	1,040,613
Property, Plant and equipment		1,239,642	897,866
Tangible assets under construction		215,408	142,747
Shares in undertakings linked by virtue of particip. Interests	7	47,122	27,776
Total non-current Assets		**10,750,345**	**10,191,817**
Current assets			
Inventories	8	59,958	10,857
Trade receivables		613,570	506,809
Amounts due within one year		613,570	506,809
Amounts due after more than one year		-	-
Other debtors		106,493	1,285,996
Amounts due within one year	10	70,301	1,244,695
Amounts due after more than one year		36,192	41,301
Transferable securities	9	4,265,944	2,857,196
Cash at bank and in hand		120,759	129,770
Total current Assets		**5,166,724**	**4,790,628**
Deferred charges		29,877	16,896
Total Assets		**15,946,946**	**14,999,341**

The accompanying notes form an integral part of these consolidated annual accounts.

EQUITY AND LIABILITIES	Notes	2015 (€ '000s)	2014 (€ '000s)
Equity			
Share capital	11/12	300,000	300,000
Share Premium	11/13	4,500,000	4,500,000
Legal Reserve	11	30,000	30,000
Retained earnings	11	4,169,009	3,200,096
Result of the year	11	624,900	968,913
Currency Transl. Adj.	11	8,577	(2,525)
Minority interests	14	40,291	9,369
Total Equity		**9,672,777**	**9,005,853**
Provisions			
Provision for deferred taxes	15	14,576	5,768
Other provisions	16	20,629	19,500
Total Provisions		**35,205**	**25,268**
Non-current & current liabilities			
Amounts owed to credit institutions	17	304,590	86,396
due within one year		179,762	62,803
due after more than one year		124,828	23,593
Trade creditors		272,851	242,837
due within one year		272,851	242,837
due after more than one year		–	–
Other creditors		5,635,352	5,629,696
due within one year		210,714	224,460
due after more than one year		5,424,638	5,405,236
Total non-current & current liabilities		**6,212,793**	**5,958,929**
Deferred income		26,171	9,291
Total equity and liabilities		**15,946,946**	**14,999,341**

The accompanying notes form an integral part of these consolidated annual accounts.

Consolidated income statement for the year ending 31st December 2015

INCOME STATEMENT	Notes	2015 12 AC (€ '000s)	2014 12 AC (€ '000s)
Net turnover		3,660,038	3,088,930
Other operating income		57,243	39,636
Operating income	19	**3,717,281**	**3,128,566**
Use of merchandise, raw material and consumables		(2,132,207)	(1,709,867)
Staff expenses		(256,477)	(192,339)
Value adjustments		(81,648)	(252,265)
In respect of intangible assets		(26,405)	–
In respect of tangible assets		(55,259)	(253,072)
In respect of current assets		16	807
Other operating charges		(330,849)	(185,732)
Operating result		**916,100**	**788,363**
Financial income	20	226,801	168,877
Financial expenses	21	(400,177)	(432,063)
Share in profit/loss in Associates		(6,369)	22,523
Profit before tax		**736,355**	**547,700**
Income tax expense		(103,342)	(84,844)
Profit on ordinary activities		**633,013**	**462,856**
Exceptional income	22	–	428,289
Profit of the year before minority interest		**633,013**	**891,145**
Attributable to:			
Shareholders of the parent compan	11	624,900	968,913
Minority interests	14	8,113	(77,768)

The accompanying notes form an integral part of these consolidated annual accounts.

Consolidated Cash-Flow statement for the year ending 31st December 2015

	2015 (€ '000s)	2014 (€ '000s)
OPERATING ACTIVITIES		
Profit of the year	624,900	968,913
Minority interests	8,113	−77,768
Depreciations, impairments and write-off	81,676	253,890
Provisions	−2,841	−30,438
Accrued taxes	27,289	4,624
Deferred taxes	−250	662
Unrealized fair value adjustments	−29 751	−44,225
Gain / Loss on assets disposals	−166,845	−509,618
Net interest expenses/income	316,670	359,035
Profit / Loss in Associates	−4,115	−22,523
Operating cash-flow before working capital changes	**854,846**	**902,552**
Inventories	−9,143	−2,014
Trade and other receivables	646,140	−558
Other current and non-current assets	−9,485	6,588
Net variation of current assets	**627,512**	**4,016**
Trade and other payables	−28,662	52,536
Other current liabilities	1,232	472
Net variation of current liabilities	**−27 430**	**53,008**
CASH-FLOW FROM OPERATING ACTIVITIES	**1,454,928**	**959,576**

	2015 (€ '000s)	2014 (€ '000s)
INVESTMENT ACTIVITIES		
Acquisition of intangible assets	−97,201	–
Acquisition of tangible fixed assets	−439,347	−677,550
Disposal of tangible fixed assets	53,103	37,461
Acquisition of financial fixed assets	−6,387	−48,761
Disposal of financial fixed assets	12,175	26,073
Acquisitions / Disposals of short-term investments	−1,148,432	−561,454
First consolidation of subsidiaries net cash acquired	13,814	–
Cash disposed as a part of the IICG sale	–	−195,587
CASH-FLOW FROM INVESTMENT ACTIVITIES	**−1,612,275**	**−1,419,818**
FINANCING ACTIVITIES		
Increase / Decrease in Capital	–	14,784
Dividends paid	−3,086	−3,510
Interests paid	−316,670	−359,035
Increase / Decrease of loans	468,092	646,874
CASH-FLOW FROM FINANCING ACTIVITIES	**148,336**	**299,113**
NET CASH VARIATION	**−9,011**	**−161,129**
OPENING VALUE OF CASH ACCOUNTS	129,770	290,899
CLOSING VALUE OF "FREE" CASH ACCOUNTS	**120,759**	**129,770**

The accompanying notes form an integral part of these consolidated annual accounts.

Notes to the Inter IKEA Holding S.A. consolidated financial statements

Note 1 General

Inter IKEA Holding S.A. (hereafter "Holding SA") is a company incorporated in Luxembourg on January 9, 1992 (Luxembourg Trade and Companies' Register B38952) for an unlimited period of time. The consolidated financial statements for the year ending December 31st, 2015 comprise Holding SA, its subsidiaries and its participating interests (hereafter the "Company" or the "Group") accounted for according to the full or equity consolidation methods. The consolidated financial statements are prepared according to Luxembourg legal and regulatory requirements.

The consolidated financial statements were authorized for issue by a resolution of the Board of Directors on 12 May, 2016. Under Luxembourg Law, consolidated financial statements are approved by the shareholders during the annual meeting.

Note 2 Basis for Preparation

The Group accounting year is from 1st January to 31st December.

The consolidated financial statements are presented in thousands of Euros, rounded to the nearest thousand.

The accounting policies set out below are applied consistently to all periods presented in the financial statements.

For comparison purposes, certain reclassifications have been made to the opening balances (notes 4 and 7).

Note 3 Group Accounting Policies

Basis for consolidation

Subsidiaries

Subsidiaries are entities controlled by Holding SA. Control exists when Holding SA has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when Holding SA, directly or indirectly through subsidiaries, owns more than half of the voting rights of an entity.

Participating interests

Participating interests are those entities in which Holding SA has a significant influence. Significant influence is presumed to exist when Holding SA owns, directly or indirectly through subsidiaries, between 20 and 50% of the voting rights. The participating interest value includes the shares owned by Holding SA in the total recognized gains and losses of Participating interests on an equity accounted basis.

Transactions Eliminated on Consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Entities included in consolidation

The most significant companies contributing to the Inter IKEA Group consolidation as at December 31st 2015:

Entities	Country	Ownership, %
Colgardie SL	ES	100%
Equity Estate BV *	NL	53%
Inter Fund Management SA	LU	100%
Inter IKEA Consultancy Ltd.	GR	100%
Inter IKEA Culture Centre AB	SE	100%
Inter IKEA Distribution Cyprus Ltd	CY	100%
Inter IKEA Distribution Far East Ltd	SG	100%
Inter IKEA Distribution Middle East Ltd	DU	100%
Inter Finance SA	LU	100%
Inter IKEA Holding Ltd *	CY	100%
Inter IKEA Holding Services SA	BE	100%
Inter IKEA Investments AB *	SE	100%
Inter IKEA Systems BV	NL	100%
Inter IKEA Systems Holding BV *	NL	100%
Inter IKEA Systems Services AB	SE	100%
International SIF SICAV SA *	LU	91,5%
Parc Louise SA	BE	100%
Vastint Belgium SA *	BE	100%

Entities	Country	Ownership, %
Vastint Holding BV *	NL	100%
Vastint Hospitality BV *	NL	100%
Vastint Land BV *	NL	100%
Vastint Latvia SIA *	LV	100%
Vastint Leeds BV	NL	100%
Vastint Lithuania UAB *	LT	100%
Vastint Netherlands BV *	NL	100%
Vastint Poland Spzoo	PL	100%
Vastint Romania SRL	RO	100%
Vastint UK BV	NL	100%
Vastint UK Services Ltd	UK	100%
Svensk Markservice AB	SE	76%
Hööks Hästsport AB	SE	81%
Play in Motion AB	SE	92%
Forsbergs FritidsCenter AB	SE	54%
Ryds Bilglas AB	SE	61%
Eson Pac International AB	SE	57%
Nordic Modular Group AB	SE	99%

* These entities represent sub-groups present in AN, BE, CY, DE, ES, HK, IT, LT, LU, LV, MT, MU, NL, PL, RO, SE, SG, US, UK.

Reporting Currency

The reporting currency of the Group is the EUR.

Foreign currency transactions

Transactions in foreign currencies other than the reporting currency are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate effective at that date. Foreign exchange differences, arising from the settlement of foreign currency transactions or on translation of monetary assets and liabilities, are recognized in the income statement.

Foreign subsidiaries

The financial statements of foreign subsidiaries are translated into EUR at year-end exchange rates for Balance Sheet and average exchange rates for Profit & Loss Accounts. The Equity accounts are kept at historical cost. Resulting differences are recorded under Currency Translation Adjustment in equity.

Hedging policies

The Group is hedging two kinds of risks:

- Interest rate risk: The risk that the value of a financial instrument or loan will fluctuate due to changes in market interest rates. For example, the value of a fixed rate bond or the Net Present Value of a fixed rate loan may vary with movements in market interest rate.
- Currency risk: The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, e.g. the value of financial liabilities such as foreign currency denominated trade payable may vary with movements in the exchange rate. Transfer of this risk could be achieved by the execution of forward exchange contracts, fixing the exchange rates which could be obtained at certain dates in the future.

The accounting treatment is as follows:

- The cost or benefit of the hedge should be deferred, and recognised over the term of the contract.
- Any gain or loss in re-measuring the hedging instrument at fair-value is recorded in the financial section of the income statement as unrealized fair value adjustment. The corresponding effect is recorded in the balance sheet as prepayment / deferred income, as positive, negative fair value hedges.
- Any gain or loss on the hedged instrument attributable to an hedged risk is adjusted against the carrying amount of this hedged instrument. The gain or loss impact is recorded in the income statement.

Intangible Assets

An intangible asset shall be recognised if, and only if: (1) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and (2) the cost of the asset can be measured reliably.

The probability shall assess expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

An intangible asset shall be measured initially at cost.

Intangible assets with definite useful life, goodwill included, are amortized over their respective useful life period. The useful life for goodwill is 10 years which corresponds to the period estimated by management to retain in the group the subsidiaries generating the goodwill.

An intangible asset with an indefinite useful life shall not be amortised but is investigated for impairment on an annual basis by comparing its recoverable amount with its carrying amount. Impairment is recorded whenever there is a permanent indication that the intangible asset may be impaired.

Leased Land

A leased land is a long term lease agreement in which the tenant rents and uses the land to erect buildings and infrastructures. The tenant owns the temporary or permanent buildings and infrastructures built upon it.

Leased lands are depreciated over the lease period, which expires between the years 2015 and 2110.

Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement from the date the asset is available for use, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

	Maximum period
Buildings – Retail	25 to 40 years
Buildings – Other	33 years
Building installations	15 years
Leasehold improvements/ leased equipments	Lease period
IT equipments	5 years
Furniture, fixtures and fittings	10 years

Land is not depreciated.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the First-In-First-Out principle. Inventories include costs incurred in relation to the construction of buildings that are destined to be sold.

Trade and Other Receivables

Trade and other receivables are stated at cost, less bad debt allowance, which are reversed when the reason for which the allowance was made have ceased to exist.

Investments

Liquid investments are measured based on their fair value. Non-liquid investments are measured based on the Lower of Cost or Market (LOCOM) principle.

Gains or losses arising from the change in fair value or losses arising from LOCOM value are recognised in the income statement in the period in which they occur when they are considered by the Board of Directors as permanent.

Deferred charges

Deferred charges are costs relating to a subsequent accounting period that are capitalized as assets until they are actually used (e.g. insurance premiums, rent, interest charges and sundry costs paid in advance, non-consumed costs, maintenance contract fees).

Share Capital

Legal reserves

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

Dividends

Dividends are recognized in the period in which they are declared by the Board of Directors.

Employee Benefits

Pension Plans

Obligations for contributions to pension plans are recognized as an expense in the income statement as incurred.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Trade and Other Payables

Trade and other payables are stated at cost.

Revenue recognition

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rental income

Rental income from the tenants is recognised in the income statement on a straight-line basis over the term of the lease.

Finance income

Finance income comprises interest income on funds invested, dividend income, gains on disposal of financial assets, changes in fair value of financial assets, realized foreign currency gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues. Dividend income is recognised when declared by the Board of Directors or Annual General Meeting of the shareholders.

Finance expenses

Finance expenses comprise interest expenses on borrowings, foreign currency losses, changes on fair value of financial assets, impairment losses recognised on financial assets and losses on hedging instruments. All borrowing costs are recognised in the income statement using the effective interest method.

Value adjustments are mainly related to the activities within the financial assets and investments activities. Those adjustments result from the compliance of the fair market value principle applied to financial instruments, such as bonds, shares, warrants, options.

Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Note 4 Intangible assets

(€ '000s)	01/01/15	Additions	Deprec.	Scope change	Trans-lation	31/12/15
At cost						
Trademark	9,000,000	64	–	282	6	9,000,352
Goodwill	107,542	159,884	–	–	5,351	272,777
Accumulated depreciation						
Goodwill	–	–	–47,978	–	–840	–48,818
Total	**9,107,542**	**159,948**	**–47,978**	**282**	**4,517**	**9,224,311**

In 2012, Inter IKEA Systems BV, franchisor of the IKEA retail systems and owner of the IKEA Concept, received from an affiliated company a contribution made up of the IKEA Trademarks for a value of EUR 9 billion against a share premium issuance of EUR 3.6 billion and a debt of EUR 5.4 billion. This intangible asset has an indefinite useful life and is therefore not amortized. In the opinion of the Management, no permanent diminution in value has occurred and therefore no value adjustment was estimated necessary as at 31 December 2015.

In 2015, subsidiaries of Inter IKEA Investment AB were consolidated for the first time, while they were previously accounted for using the equity accounting method. This goodwill has been capitalized and depreciated based on its estimated useful economic life (10 years). The balance as at 31 December 2014 have been reclassified for comparative purposes for an amount of EUR 107.5 m from the line Shares in undertakings linked by virtue or participating interest to the line Intangible assets.

Note 5 Leased land

(€ '000s)	01/01/15	Acquisi-tions	Disposals	Amorti-sation	31/12/15
The Netherland	10,786	18	–439	–1,203	9,162
UK	5,100	9,600	–	–	14,700
Total Leased Land	**15,886**	**9,618**	**–439**	**–1,203**	**23,862**

Note 6 Tangible Fixed Assets

(€ '000s)	Land & building	Machinery	Other assets, tools & equipment	Tangible assets under construction	Total
At cost					
As at January 1, 2015	1,148,817	85,287	33,242	142,747	1,410,093
Additions	222,691	10,845	6,434	189,759	429,729
Disposals	–43,891	–2,882	–12,759	–603	–60,135
Transfers	113,773	1,474	1,318	–116,565	–
Entry in consolidation scope	89,424	6,056	176,321	30	271,831
Translation adjustment	1,621	322	4,188	40	6,171
As at December 31, 2015	1,532,435	101,102	208,744	215,408	2,057,689
Accumulated depreciation					
As at January 1, 2015	299,282	47,066	23,132	–	369,480
Additions	35,328	7,187	12,744	–	55,259
Disposals	–16,319	–2,878	–8,617	–	–27,814
Transfers	–	–	–	–	–
Entry in consolidation scope	75,827	2,741	123,676	–	202,244
Translation adjustment	161	238	3,071	–	3,470
As at December 31, 2015	394,279	54,354	154,006	–	602,639
Net book value					
– beginning of year	849,535	38,221	10,110	142,747	1,040,613
– end of year	1,138,156	46,748	54,738	215,408	1,455,050

The tangible assets are mainly composed of land and buildings managed and developed by the Property Division.

Two logistic properties were sold during 2015 in the Netherlands.

The Property division acquired new sites in 2015 to be developed or refurbished in the Netherlands, Poland, United Kingdom, Germany, Italy, Lithuania and Belgium for a value of around EUR 220 m. The bulk of the remaining capital expenditure was deployed to build or refurbish new properties: Office constructions in Bucharest, Vilnius, Wroclaw, Gdynia; Hotel constructions in Gdynia, Amsterdam, Munich; a mixed development in East London.

Transfers occurred from constructions in progress to land & building resulting from the completion of real estate project in Lithuania, Poland and Netherlands.

Entry in consolidation scope mainly relates to newly consolidated subsidiaries of Inter IKEA Investments AB.

Note 7 Shares in undertakings linked by virtue of participating interests

(€ '000s)	01/01/15	Additions	Disposal	Scope change	Translation	31/12/15
Other investments (gross)	61,676	6,251	−12,029	23,703	1,421	81,022
Impairment	−33,900	–	–		–	−33,900
Total	27,776	6,251	−12,029	23,703	1,421	47,122

This caption solely comprises investments in companies considered to be held for a long period. The increase in 2015 mainly results from the normal investment activities operated by Inter IKEA Investments AB.

Note 8 Inventories

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Raw material and consumables	6,751	449
Inventory in progress	8,082	1,331
Finished goods and goods for resale	38,539	5,794
Assets held for sale	6,586	3,283
Total Inventory	**59,958**	**10,857**

Inventories have significantly increased in 2015 as a consequence of newly consolidated subsidiaries of Inter IKEA Investments AB. Those subsidiaries are active on a variety of segments, mainly in Scandinavia: retailing, manufacturing and services. The new consolidation contributed to an increase in the raw material, inventory in progress and finished goods. Assets held for sale comprise residential projects, at various stage of development, to be sold in Latvia.

Note 9 Transferable securities

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Hedge funds	187	271
Non-listed equity investments	1,299,682	1,008,892
Government bonds & equivalent	2,966,075	1,848,033
Total Transferable Securities	**4,265,944**	**2,857,196**

Government bonds and equivalents are the group liquidity reserve. The increase from previous year is mainly due to the sale of the 51% participation in Inter IKEA Centre Group A/S at the end of 2014, including repayment of corresponding loans, for which the proceeds were received in 2015.

Note 10 Other debtors

Other debtors due in less than one year are composed of:

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Loans	1,912	370,860
Prepayments	18,091	4,323
Other receivables	50,298	869,512
Total other debtors	**70,301**	**1,244,695**

Other debtors decreased in 2015 mainly due to the payment received from the sale of a 51% participation in Inter IKEA Centre Group A/S in 2014 and the reimbursement of the related loans.

Note 11 Shareholders' equity

The movement in equity during the year can be summarized as follow:

(€ '000s)	Balance at 1 Jan. 2015	Result brought forward	Result of the year	Conversion Difference	Balance at 31 Dec. 2015
Share capital	−300,000	–	–	–	−300,000
Share premium	−4,500,000	–	–	–	−4,500,000
Legal reserve	−30,000	–	–	–	−30,000
Retained earnings	−3,200,096	−968,913	–	–	−4,169,009
Result of the year	−968,913	968,913	−624,900	–	−624,900
Currency Transl. Adj.	2,525	–	–	−11,102	−8,577
Total equity	**−8,996,484**	**–**	**−624,900**	**−11,102**	**−9,632,486**

Note 12 Share capital

As at 31 December 2015 and 31 December 2014, the subscribed capital is represented by 10,000,000 shares fully paid-up of EUR 30 each.

Note 13 Share premium

As at 31 December 2015 and 31 December 2014, the share premium amounted to EUR 4,500,000,000.

Note 14 Minority interests

The movement in minority interests during the year can be summarized as follow:

(€ '000s)	Balance at 1 Jan. 2015	Result brought forward	Result of the year	Dividends paid out	Conversion Difference	Scope var.	Balance at 31 Dec. 2015
Minority reserves	87,137	−77,768	–	−3,086	743	25,152	32,178
Minority result fo the year	−77,768	77,768	8,113	–	–	–	8,113
Total	**9,369**	**–**	**8,113**	**−3,086**	**743**	**25,152**	**40,291**

Minority interest increase in 2015 as a result of the newly consolidated subsidiaries of Inter IKEA Investments AB.

Note 15 Provision for deferred taxes

Deferred tax liabilities are attributable to the following items:

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Depreciation and amortization	14,576	5,768
Total deferred tax liabilities	**14,576**	**5,768**

Note 16 Other provisions

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Provisions for pensions	17,202	15,786
Other provisions	3,427	3,714
Total Provisions	**20,629**	**19,500**

Other provisions mainly refer to risk and uncertainties related to various litigations.

Note 17 Amounts owed to credit institutions

(€ '000s)	31 Dec. 2015	31 Dec. 2014
More than 5 years	2,065	–
Between 1 to 5 years	122,763	23,593
Less than one year	179,762	62,803
Total amounts owed to credit institutions	**304,590**	**86,396**

The majority of the long-term loans are secured by real estate mortgages. The evolution compared to prior years is explained by new loans raised by the Property Division for EUR 102 million and by loans contracted by subsidiaries of Inter IKEA Investments AB for EUR 122 million.

Note 18 Off balance sheet financial commitments

Group companies have issued guarantees towards third parties for a total amount of EUR 2.5 million (EUR 2.4 million in 2014). The Company has foreign exchange contracts outstanding as of 31 December 2015. These contracts were entered into in order to hedge the intercompany loans. The Company has unrealised gains on spots, swaps and forwards on foreign exchange transactions for a total amount of EUR 16.9 million (2014: EUR 2.7 million) and unrealised losses amounting to EUR 8.6 million (2014: EUR 14.3 million). The nominal value of transactions amounts to EUR 1,479 million (2014: EUR 1,091 million). As at 31 December 2015, the Company has no interest payables and receivables related to Interest Rate Swaps anymore. The Group also has commitments into conditional land purchase agreements for EUR 23.5 million (2014: EUR 30.1 million).

Note 19 Operating income

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Retail sales	464,996	141,086
Wholesales sales	1,896,381	1,616,332
Media sales	141,788	163,219
Franchise fees	1,059,333	920,817
Property rental income	97,540	247,476
Service income	18,291	24,962
Gain on disposal of tangible assets	14,522	12,857
Other	24,430	1,817
Total operating income	**3,717,281**	**3,128,566**

The strong increase in the retail sales results from the newly consolidated subsidiaries of Inter IKEA Investments AB. On a like for like, retail sales have increased by 6.1% (IKEA Concept Store located in Delft, Netherlands).

Wholesale sales represents the sales of IKEA products to IKEA franchisees located mainly in the Middle East and Asia Pacific.

Sales of media concerns mainly the IKEA Catalogues produced and distributed each year.

Franchise fees are income from franchising the IKEA Retail Systems. IKEA franchisees pay 3% franchise fees of their sales for the right to operate under the IKEA brand on their respective markets.

The property rental income has significantly decreased due to the sales of the Inter IKEA Centre Group A/S in 2014. The newly consolidated subsidiaries of Inter IKEA Investments AB contributed to a rental income increase of EUR 32 m. On a like for like, rental income increased by 29% (the Property Division).

Note 20 Financial income

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Dividend income	17,733	28,690
Interest income	19,869	20,529
Gain on disposal of financial assets	185,641	110,604
Fair value adjustments on current liquid assets	2,479	6,986
Net foreign exchange gain realized	–	1,794
Other financial income	1,079	274
Total Financial income	**226,801**	**168,877**

cont. Note 20 Financial income

Financial income evolution is mainly explained by the completion of significant sales of financial assets in 2015 by the Finance Division.

Note 21 Financial expenses

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Interest expenses	336,538	379,565
Loss on financial assets trading	33,234	41,985
Fair value adjustments on financial assets	25,257	3,989
Net foreign exchange losses	4,563	–
Other	585	6,524
Total financial expenses	**400,177**	**432,063**

Note 22 Exceptional income

In 2014, an exceptional income of EUR 428 million was reported from the sale of a 51% participation in Inter IKEA Centre Group A/S.

Note 23 Employees

The average full time equivalent number of employees amounted to 3,391 in 2015 (1,991 in 2014). An additional 2,063 employees comes from the newly consolidated subsidiaries of Inter IKEA Investments AB. Without the newly consolidated subsidiaries, the count goes down to 1,328 employees. The sale of the Inter IKEA Centre Group A/S in 2014 is the main cause for the decrease in 2015.

Note 24 Fees information

Fees expensed by the Group during the year 2015 can be broken down as follow:

(€ '000s)	31 Dec. 2015	31 Dec. 2014
Audit fees	1,053	1,152
Other assurance services	23	255
Tax advisory services	12	134
Other services	280	325
Total audit fees	**1,368**	**1,866**

Note 25 Remuneration to the Board of Directors

The remuneration paid in 2015 by the Company to members of the Board of Directors amounts to EUR 282,640 (EUR 362,095 in 2014).

Note 26 Subsequent events

The legal seat of Inter IKEA Holding S.A., the parent company of the Inter IKEA Group, has been transferred to Switzerland with effect from 29 April 2016.

Independent Auditor's Report

To the Shareholder of Inter IKEA Holding S.A.

Report on the consolidated accounts
Following our appointment by the General Meeting of the Shareholder dated 26 May 2014, we have audited the accompanying consolidated accounts of Inter IKEA Holding S.A., which comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated accounts
The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"
Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated accounts.

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

Opinion
In our opinion, the consolidated accounts give a true and fair view of the financial position of Inter IKEA Holding S.A. as of 31 December 2015, and of the results of its operations and its cash flows for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated accounts.

Report on other legal and regulatory requirements
The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Luxembourg, 12 May 2016

Jeannot Weyer

Inter IKEA Group

For further information please
visit the Inter IKEA Group website,
www.inter.ikea.com