

Interim report

1 May 2007 – 31 July 2007

1st quarter

- * Sales totalled SEK 1,031.9m (SEK 878.7m), up 17%
- * Operating profit totalled SEK 141.8m (SEK 108.1m), up 31%
- * Profit after tax totalled SEK 103.9m (SEK 79.1m), up 31%
- * Earnings per share was SEK 1.58 (SEK 1.21), up 31%
- * A decision has been taken to establish a purchasing company in Asia, in Shanghai (China), with planned commencement of operation in the 2008/09 financial year
- * Klas Balkow will take up his duties as Chief Executive Officer at the Annual General Meeting on 8 September 2007



CLAS OHLSON

Sweden - Norway - Finland

Interim report 1 May 2007 - 31 July 2007

Market and sales

The operations consist of the sale of DIY products for house and home, technology and hobby items through the company's own retail outlets and by mail order/Internet. The company operates in Sweden, Norway and Finland. At the end of the period, the number of stores was 72, of which 39 were located in Sweden, 24 in Norway and 9 in Finland.

The market for the company's products developed well during the period. The entire range showed good increases in sales in all markets.

One new store was opened during the first quarter, at Sollen-tuna in Sweden.

Sales totalled SEK 1,031.9m, compared with SEK 878.7m in the corresponding period of the previous year, a rise of 17 per cent. Compared with the same period last year, twelve stores have been added. Sales for the last twelve months totalled SEK 4,254.4m (SEK 3,686.9m).

Sales are broken down as follows:

	2007/08	2006/07	Percentage change
<u>Sales channels</u>			
Stores	1 008.6	855.6	+18
Mail order/Internet	23.3	23.1	+1
	<u>1 031.9</u>	<u>878.7</u>	+17
<u>Country</u>			
Sweden	594.0	504.4	+18
Norway	366.8	310.8	+18
Finland	71.1	63.5	+12
	<u>1 031.9</u>	<u>878.7</u>	+17

The 18 per cent increase in sales by the stores is broken down as follows:

Like-for-like stores, in local currency	+ 6 per cent
New stores	+12 per cent
Exchange-rate effects	0 per cent
Total	+18 per cent

Internet orders accounted for 67 per cent of the total number of mail order/Internet orders, compared with 62 per cent in the corresponding period of the previous year.

Profits

Gross margin was 39.4 per cent, compared with 38.5 per cent in the corresponding period of the previous year.

Operating profit totalled SEK 141.8m, a rise of 31 per cent compared with the corresponding period of the previous year (SEK 108.1m). The increase in profit is principally due to increased sales in like-for-like stores and a lower expense ratio. Operating profit was SEK 139.0m (SEK 106.8m) for the stores and SEK 2.8m (SEK 1.3m) for mail order/Internet. Operating profit for the last twelve months totalled SEK 564.6m, a rise of 19 per cent (SEK 473.9m).

Operating margin was 13.7 per cent (12.3 per cent). Operating margin was 13.8 per cent (12.5 per cent) for the stores, while it was 12.0 per cent (5.6 per cent) for mail order/Internet.

Profit after financial items totalled SEK 144.3m, a rise of 31 per cent in comparison with the corresponding period of the previous year (SEK 110.0m).

The selling expense ratio rose by 0.4 percentage points. Profit was also favourably affected to the tune of SEK 1.1m as a result of reduced start-up costs for new stores. These total SEK 3.3m.

Depreciation for the year totalled SEK 20.2m, compared with SEK 17.9m in the corresponding period of the previous year.

The exchange rates for the most important currencies averaged 1.15 for the Norwegian krone and 6.85 for the US dollar, compared with 1.17 and 7.30 respectively in the previous year.

Hedging has been carried out in USD, HKD and NOK. This had a favourable impact on profit to the tune of SEK 0.3m in comparison with current exchange rates (previous year SEK 1.9m).

Investments

Net investments totalling SEK 27.9m (SEK 51.3m) were made during the period. Of this sum, SEK 6.4m (SEK 15.3m) relates to investments in new and future stores. A further SEK 12.2m (SEK 21.3m) relates to investments in the enlargement of the distribution centre in Insjön. Other investments are mainly replacement investments.

Financing and liquidity

Cash flow from operating activities was SEK 199.3m (SEK 171.4m). Cash flow after deducting investment operations was SEK 33.0m (SEK 120.2m).

Inventories during the first quarter increased by SEK 27.2m to SEK 853.9m. SEK 4.8m of this increase relates to inventories in new stores. In the previous year, at 31.07.2006, inventories totalled SEK 723.9m. Compared with the same month in the previous year, twelve stores have been added.

Cash and cash equivalents and investments totalled SEK 518.8m (SEK 452.7m). There are no interest-bearing liabilities. The equity/assets ratio was 69.3 per cent (70.1 per cent).

Number of shares

The total number of shares is 65,600,000, which is the same as in the previous year.

Employees

The number of employees in the Group averaged 1,664 (1,449), of whom 665 (551) were women. The breakdown by country is 1,148 (1,016) in Sweden, 370 (308) in Norway and 146 (125) in Finland.

Events after the end of the period

Sales in August

Sales during August totalled SEK 362.1m, compared with SEK 320.1m in the previous year, an increase of 13 per cent. Compared with the same month in the previous year, twelve stores have been added. Sales are broken down as follows:

<u>Sales channels</u>	2007	2006	Percentage change
Stores	354.5	312.2	+14
Mail order/Internet	7.6	7.9	-4
	<u>362.1</u>	<u>320.1</u>	+13

Countries	2007	2006	Percentage change
Sweden	202.9	184.1	+10
Norway	134.0	114.4	+17
Finland	25.2	21.6	+17
	<u>362.1</u>	<u>320.1</u>	+13

Decision to establish purchasing company

A decision has been taken to establish a wholly-owned purchasing company in Asia, in Shanghai (China). The Board's judgement is that this will further strengthen the company's competitiveness in its continued expansion.

Preparations for establishment will start immediately and the objective is for the company to be operational during the 2008/09 financial year.

New Chief Executive Officer

Klas Balkow, aged 41, has been appointed by the Board as the new Chief Executive Officer of Clas Ohlson. Klas began his employment on 1 June 2007 and will take over as Chief Executive Officer at the Annual General Meeting on 8 September 2007. He has most recently been managing director of a subsidiary of the Axel Johnson Group, where he has been responsible for AxImage, a business area that comprises several store chains and the agency for Fuji film in both Sweden and Norway.

Remuneration up to the time of retirement in September 2008 for the present CEO Gert Karnberger will be reserved during the second quarter. The total sum will be SEK 10.9m and will be entirely charged as an administrative expense.

Future prospects

The future prospects below are based on previous decisions and objectives for the Group.

The Group's long-term objective is an annual rate of growth in sales of 15 per cent. This will be attained through increased sales in existing stores and through continued opening of new stores in Sweden, Norway and Finland. During the 2008/09 financial year the objective is to establish a presence in the United Kingdom by opening 2-4 stores in city-centre locations in a concentrated geographical area.

It is planned that 15-20 new stores will be opened in the 2007/08 financial year and that 20-25 new stores, including the 2-4 in the United Kingdom, will be opened in 2008/09.

To date 17 new stores have been contracted, five in Sweden, nine in Norway and three in Finland.

The Group's long-term profit target is a profit margin of 13-15 per cent over an economic cycle.

There will be a continued focus on own-brand goods. The target is for own-brand goods at the end of the 2008/09 financial year to account for 25 per cent of sales.

The Board has decided on a further enlargement of the distribution centre in Insjön to create capacity for future expansion. The focus in continued work is on building up capacity to supply around 150 stores. The investment is estimated to total SEK 370m, and it is anticipated that parts of the facility will enter service in the spring of 2009.

Accounting policies

The interim report has been prepared in accordance with IAS 34. The accounting policies applied are unchanged in comparison with the previous year.

In relation to segment reporting, the operation fully comprises the sale of products for house and home, technology and hobby items, and this is therefore regarded as a primary segment.

Financial information and Annual General Meeting

Up-to-date financial information is available from the Clas Ohlson AB head office in Insjön, telephone +46 247-444 00, fax +46 247-444 25 and on the company's website, www.clasohlson.se.

The interim report for the second quarter of 2007/08 will be published on 6 December 2007. The interim report for the third quarter of 2007/08 will be published on 11 March 2008. The year-end report for 2007/08 will be published on 12 June 2008.

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

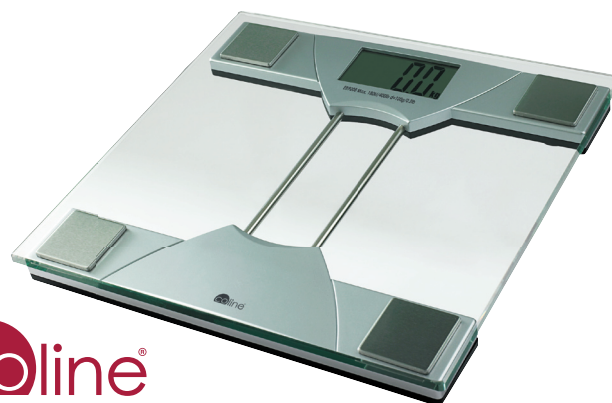
Insjön, 4 September 2007

Gert Karnberger
Chief Executive Officer



EXIBEL®

CD-player with radio, Exibel
No 38-2352



coline®

Electric Scale, Coline
No 34-7283

Consolidated income statement (SEKm)

Rolling 12 months
Latest annual accounts

	3 months 1 May 07- 31 July 07	3 months 1 May 06- 31 July 06	12 months 1 Aug 06- 31 July 07	12 months 1 May 06- 30 April 07	12 months 1 May 05- 30 April 06
Sales	1 031.9	878.7	4 254.4	4 101.2	3 567.6
Cost of goods sold	-624.9	-540.1	-2 558.9	-2 474.1	-2 144.5
Gross profit	407.0	338.6	1 695.5	1 627.1	1 423.1
Selling expenses	-242.5	-210.3	-1 028.6	-996.4	-855.6
Administrative expenses	-22.8	-20.2	-102.6	-100.0	-80.6
Other operating income/expense	0.1	0.0	0.3	0.2	-2.4
Operating profit	141.8	108.1	564.6	530.9	484.5
Net financial income/expense	2.5	1.9	7.5	6.9	6.5
Profit after financial items	144.3	110.0	572.1	537.8	491.0
Tax	-40.4	-30.9	-161.5	-152.0	-138.9
Profit for the period	103.9	79.1	410.6	385.8	352.1
Gross margin (%)	39.4	38.5	39.9	39.7	39.9
Operating margin (%)	13.7	12.3	13.3	12.9	13.6
Operating margin stores (%)	13.8	12.5	13.5	13.2	13.8
Operating margin mail order/Internet (%)	12.0	5.6	6.4	5.1	8.6
Net margin (%)	14.0	12.5	13.4	13.1	13.8
Return on capital employed (%)	-	-	40.9	40.9	42.4
Return on equity (%)	-	-	29.3	29.4	30.4
Equity/assets ratio (%)	69.3	70.1	69.3	70.6	70.4
Sales per sq.m in stores, SEK thousand	-	-	45	45	48
Data per share					
Number of shares at end of period	65.6 milj	65.6 milj	65.6 milj	65.6 milj	65.6 milj
Earnings per share (SEK)	1.58	1.21	6.26	5.88	5.37
Equity per share (SEK)	22.37	20.29	22.37	20.84	19.16

Consolidated balance sheet (SEKm)

31 July 07 31 July 06 30 April 07

Assets

Tangible assets	688.6	665.2	678.7
Financial assets	4.8	6.2	4.8
Inventories	853.9	723.9	826.7
Other receivables	52.6	51.6	79.6
Current investments	138.8	0.0	0.0
Liquid assets	380.0	452.7	347.9
Total assets	2 118.7	1 899.6	1 937.7

Equity and liabilities

Equity	1 467.6	1 330.9	1 367.3
Long-term liabilities, Non-interest-bearing	24.4	23.8	23.9
Current liabilities, Non-interest-bearing	626.7	544.9	546.5
Total equity and liabilities	2 118.7	1 899.6	1 937.7

CO/TECH
TOOLS



Planer Co/Tech
No 30-9275

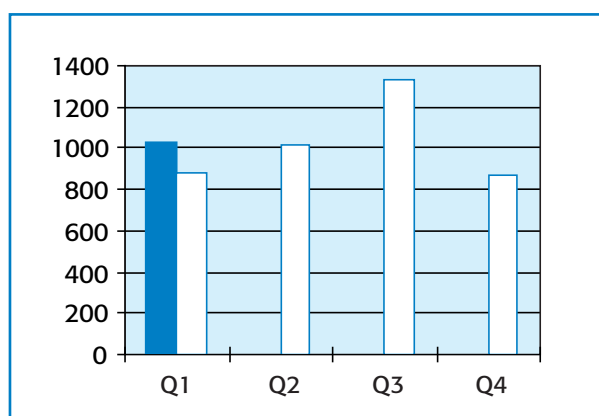


Cocraft
Toolkit Cocraft 1/4" and 1/2"
No 30-9795

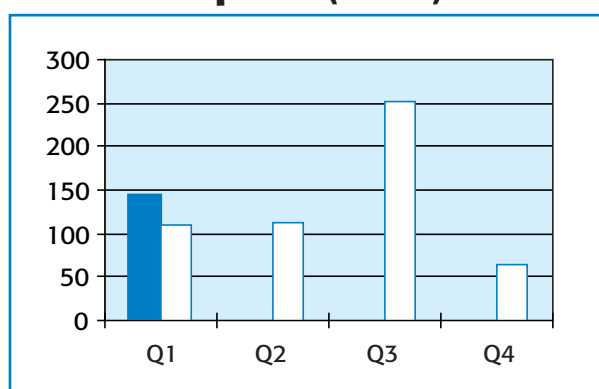
Specification of change in results (After financial items, in SEKm)

	3 months 1 May 07- 31 July 07
Profit from sales	28.0
Change in gross profit margin	9.4
Increased administrative expenses	-2.6
Improved expansion costs new stores	1.1
Increased depreciation	-2.3
Improved financial income/expense	0.6
Other	0.1
Total	34.3

Sales (SEKm)



Profit after net financial income/ expense (SEKm)



Shaded bar = Financial year 1 May 07 – 30 Apr 08
White bar = Financial year 1 May 06 – 30 Apr 07

Quarter 1 relates to period May-July, quarter 2 Aug-Oct, quarter 3 Nov-Jan and quarter 4 the period Feb-Apr.

Change in equity (SEKm)

	3 months 1 May 07- 31 July 07	3 months 1 May 06- 31 July 06
Equity brought forward	1 367.3	1 256.9
Change in translation difference	2.8	-6.5
Change in hedging reserve according to IAS 39	-6.4	1.4
Net profit for the period	103.9	79.1
Equity carried forward	1 467.6	1 330.9

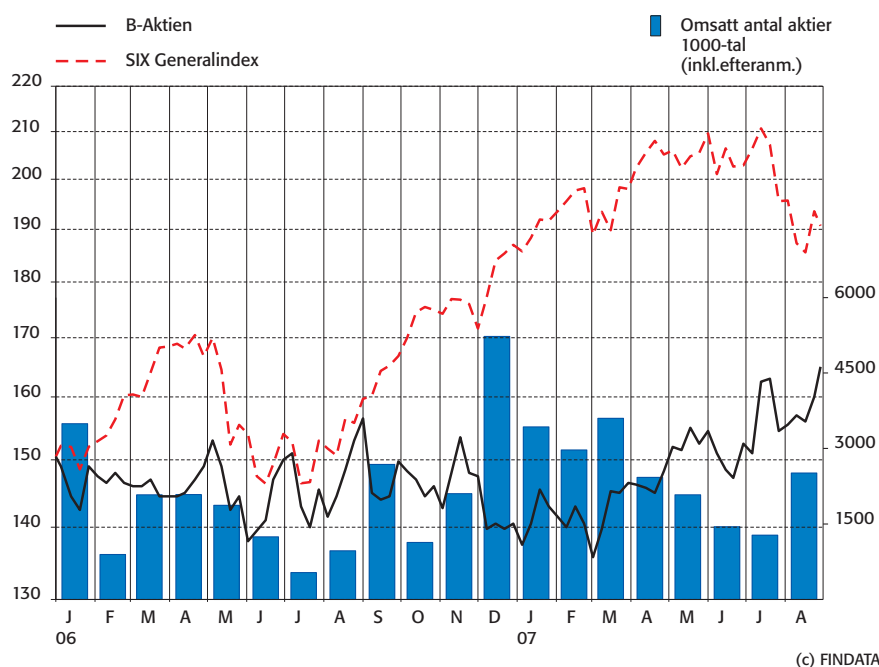
Results per quarter (SEKm)

	Q 1 05/06	Q 2 05/06	Q 3 05/06	Q 4 05/06	Q 1 06/07	Q 2 06/07	Q 3 06/07	Q 4 06/07	Q 1 07/08
Sales	759.4	880.4	1 164.8	763.0	878.7	1 020.4	1 331.2	870.9	1 031.9
Cost of goods sold	-453.3	-524.5	-700.8	-465.9	-540.1	-616.0	-788.7	-529.3	-624.9
Other operating expenses	-187.4	-239.7	-259.5	-252.0	-230.5	-293.1	-292.5	-280.1	-265.2
Net financial income/expense	1.6	1.5	1.5	1.9	1.9	1.6	1.8	1.6	2.5
Profit after financial items	120.3	117.7	206.0	47.0	110.0	112.9	251.8	63.1	144.3
Net margin	15.8%	13.4%	17.7%	6.2%	12.5%	11.1%	18.9%	7.2%	14.0%

Consolidated cash flow (SEKm)

	3 months 1 May 07- 31 July 07	3 months 1 May 06- 31 July 06	12 months 1 May 06- 30 April 07
Profit after financial items	141.8	108.1	530.9
Adjustment for items not included in cash flow	20.0	17.3	75.2
Interest received	0.4	0.0	6.3
Interest paid	0.0	0.0	-0.2
Tax paid	-20.8	-13.2	-143.2
Cash flow from operating activities before changes in working capital	141.4	112.2	469.0
Change in working capital	57.9	59.2	-63.9
Cash flow from operating activities	199.3	171.4	405.1
Investments	-27.9	-51.3	-126.3
Sale of equipment	0.4	0.0	1.1
Change in current investments	-138.8	0.0	0.0
Change in financial assets	0.0	0.1	0.1
Cash flow from investing activities	-166.3	-51.2	-125.1
Divided to shareholders	-	-	-262.4
Cash flow from financing activities	0.0	0.0	-262.4
Cash flow for the period	33.0	120.2	17.6
Liquid assets at the start of the period	347.9	338.4	338.4
Exchange rate difference for liquid assets	-0.9	-5.9	-8.1
Interest paid during the period	380.0	452.7	347.9

Clas Ohlson



CLAS OHLSON

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