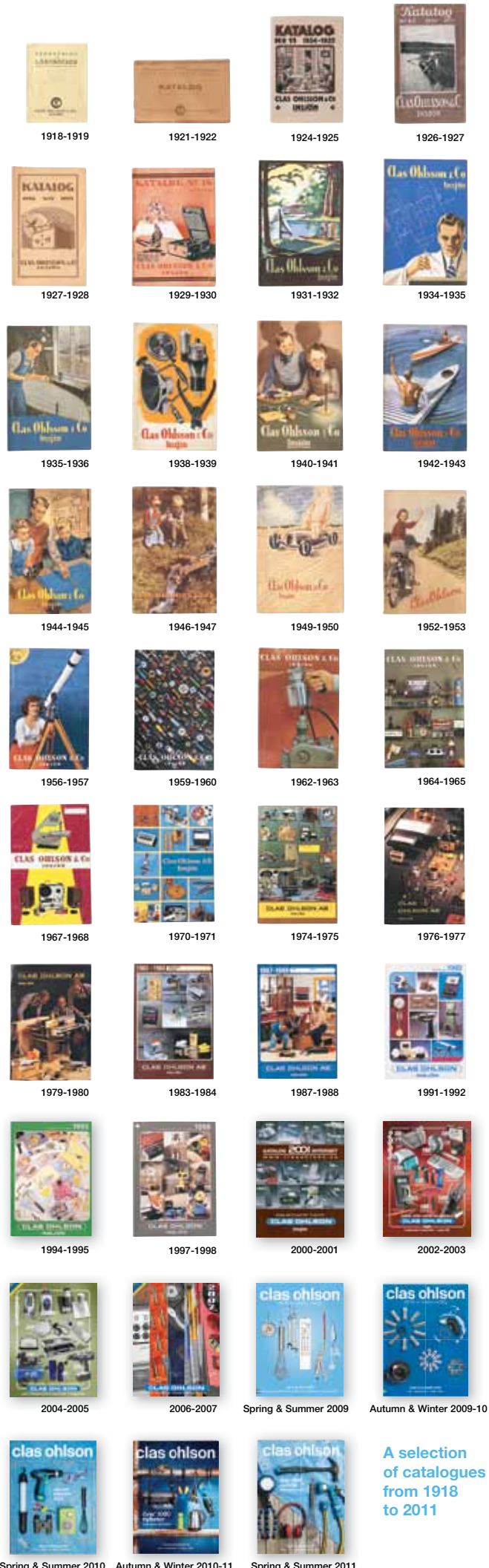


clas ohlson



Annual Report 2010/11

Contents



The year in brief	1
CEO's statement	2
Strategic orientation	5
Market overview	9
Operations	13
Our sales channels	16
Purchasing and product range	20
Own brands	21
Logistics, IT and security	22
Risks and uncertainty factors	24
Sustainable development	29
Our efforts for human rights and better working conditions	32
Clas Ohlson's values and employees	38
Our responsibility for the environment	42
Clas Ohlson's GRI profile	45
One of Sweden's largest Annual General Meetings. Shares and shareholders	47
Annual Report	
Director's report	50
Five-year summary	58
Comments on the five-year trend	59
Consolidated income, comprehensive income and cash-flow statements	60
Consolidated balance sheet and change in equity	61
Parent Company income, comprehensive income and cash-flow statements	62
Parent Company balance sheet and change in equity	63
Accounting policies and notes	64
Certification of the annual accounts	76
Audit report	77
Board of Directors	78
Senior Management	79
Quarterly results	80
Definitions	80
Addresses	81

Proud traditions and roots in Insjön



The first Clas Ohlson store was opened in 1918, in a small 25-square-metre Falun Red cottage in Insjön. The store has been relocated and expanded over the years and, in May 2010, a store popularly known as "Mega-Clas" was inaugurated close to the original premises. The world's first Clas Ohlson store is now the world's largest, with our new and modern store concept and some 3,200 square metres filled with products. One of the most modern and efficient distribution centres in the Nordic region is also located in Insjön with the capacity to handle the growing flow of goods to our stores in Sweden, Norway, Finland and the UK, and to our mail order/Internet customers.

More customers are Yes to Clas Ohlson

Clas Ohlson in one minute

Clas Ohlson is a listed retail company with great visions and ambitious goals. We are very proud of our origins and our strong customer focus.

Our head office, the base for all distribution and the first and largest store, is located in Clas Ohlson's hometown of Insjön in Dalarna.

With a broad and affordable range, personal service and high availability, we assist our customers in finding solutions to practical, everyday problems.

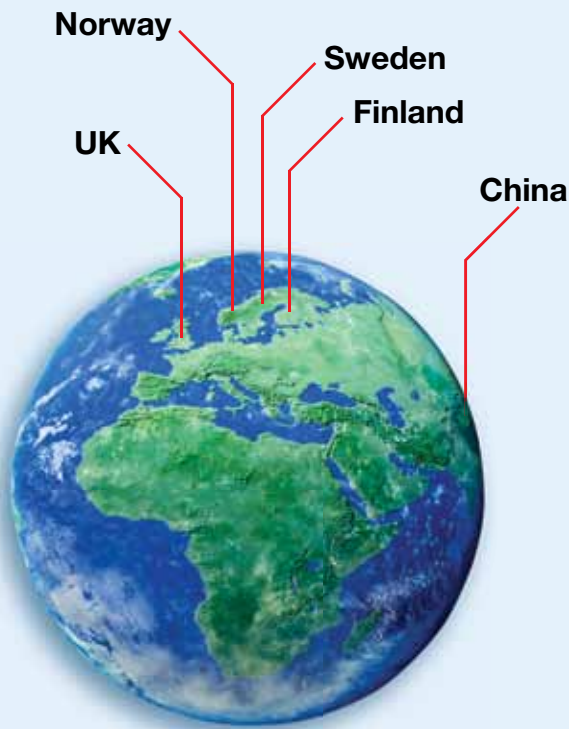
Our range comprises 15,000 products in the Hardware, Home, Multimedia, Electrical and Leisure categories.

Our customers can shop in 120 stores in Sweden, Norway, Finland and the UK. In Sweden and Norway, mail order/Internet shopping is also available through the Internet and by telephone.

The Clas Ohlson spirit is based on a major and honest commitment to customers and employees. Equally important is our involvement in environmental and social issues.

Clas Ohlson has grown and reported a profit every year since 1918. Today, we have nearly 4,000 employees and total annual sales of SEK 5.8 billion.

e saying Ja, Kyllä and



Sweden

Start: 1918. Number of stores: 61, including five new stores opened during the financial year. Number of employees: 1,992 (1,899 in 2009/10). Sales: SEK 2,872 M (2,752 M in 2009/10).

Norway

Start: 1985. Number of stores: 50, including nine new stores opened during the financial year. Number of employees: 1,193 (1,003 in 2009/10). Sales: SEK 2,281 M (2,220 M in 2009/10).

Finland

Start: 2002. Number of stores: 17, including one new store opened during the financial year. Number of employees: 286 (271 in 2009/10). Sales: SEK 447 M (469 M in 2009/10).

UK

Start: 2008. Number of stores: 11, including four new stores opened during the financial year. Number of employees: 454 (257 in 2009/10). Sales: SEK 228 M (115 M in 2009/10). Read more about our continued UK expansion on page 19.

China (Shanghai)

Shanghai is the base for Clas Ohlson's own purchasing office and CSR department with responsibility for controlling, assessing and monitoring activities, as well as training and supplying information to our suppliers and manufacturers in Asia. The operations in China commenced in 2008. Number of employees: 38 (28 in 2009/10). Number of CSR audits performed during the financial year: 426 (444 in 2009/10). Read more about our CSR efforts on page 29-45.

Four exciting events in one year with Clas Ohlson



Clas Ohlson opened 19 new stores during the financial year. One of these, located on Drottninggatan in Central Stockholm, is nearly 3,000 square metres and was opened in October 2010.



The UK expansion continued during the financial year with new stores opened in Birmingham, Doncaster, Cardiff and Norwich. By the end of the financial year, Clas Ohlson had a total of 11 stores in the UK.



Monitoring compliance with Clas Ohlson's Code of Conduct by manufacturers and suppliers is an important part of the company's purchasing work. During the financial year, more than 400 factory audits were performed by the CSR auditors employed at Clas Ohlson's purchasing office in Shanghai.



About 260 new employees, among whom 50 British employees, received training at the Clas Ohlson Academy in Insjön during the financial year, where they underwent our comprehensive basic training, including product knowledge, history, values and our customer service concept.

Sights set on Europe



Clas Ohlson's vision is to develop a strong European retail chain, characterised by high profitability and favourable value growth for our shareholders. We strive to become the obvious choice for people searching for solutions to practical problems in daily life.

During the financial year, we established 19 new stores, including four in the UK, and increased sales by 5 per cent in SEK and 8 per cent in local currencies. Operating profit was SEK 507 M, which was lower than in the preceding year and primarily due to an increase in costs connected to the UK expansion and negative currency effects.

Clas Ohlson received a number of new distinctions during the year, including Best Customer Service for the third year in a row (Market) and Best Store Solution (Retail Awards 2011). We are also the retail chain that Swedish consumers most want in their shopping centre (read more on page 16).

These distinctions give Clas Ohlson's employees, in combination with our customers and shareholders, the inspiration to continue developing the Company with the ambition that more customers in Europe gain access to what Clas Ohlson can offer!

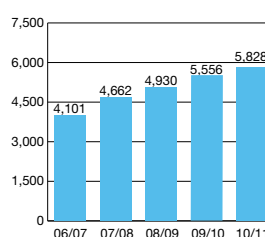
The year in brief

- Sales amounted to SEK 5,828 M (5,556), up 5%
- Operating profit amounted to SEK 507 M (591), down 14%
- Profit after tax amounted to SEK 364 M (433), down 16%
- Earnings per share amounted to SEK 5.71 (6.72), down 15%
- An unchanged dividend of SEK 3.75 per share (3.75) is proposed
- 19 new stores opened

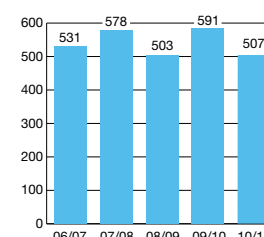
Key ratios	2010/11	2009/10	Change
Net sales, SEK M	5,828	5,556	+5%
Operating profit, SEK M	507	591	-14%
Profit before tax, SEK M	499	588	-15%
Profit after tax, SEK M	364	433	-16%
Operating margin, %	8.7	10.6	-1.9
Return on equity, %	22.5	28.0	-5.5
Return on capital employed, %	24.6	32.6	-8.0
Equity/assets ratio, %	51.5	57.9	-6.4
Earnings per share, SEK	5.71	6.72	-15%
Dividend per share, SEK	3.75*	3.75	+/-0%
Total number of stores	139	120	+16%
Number of full-time equivalent employees	2,219	2,048	+8%

* Proposed dividend

Sales, SEK M



Operating profit, SEK M



Calendar

Interim report, first quarter	7 September 2011
Annual General Meeting for the 2010/11 financial year	10 September 2011
Six-month report	8 December 2011
Interim report, third quarter	8 March 2012
Year-end report for the 2011/12 financial year	13 June 2012

CEO's statement



During the past financial year, Clas Ohlson took another step toward becoming a European retail chain. The objective is clear and concise, the path to achieving it is somewhat uneven in a rather weak retail market, but we can see tangible results of our work. We have never been stronger in our domestic markets in Sweden and Norway, we're gaining momentum in Finland and we have continued to invest in the UK.

Time to summarise an eventful financial year

We are maintaining a rapid pace in our efforts to take Clas Ohlson to the next stage of its development toward becoming a European retail chain. This entails twisting and turning on every item to make our customer offering even better and more attractive for a European market. Large investments are being made in the entire supply chain, from purchases of products all the way to contacts with our customers. Our high standards of customer service are being recognised and acknowledged in the form of various awards, and it's always gratifying to receive confirmation that our customers appreciate our service. Everything from spontaneous comments from customers who receive

assistance to occasions when we receive awards or nominations for our service, our stores or other aspects of our business.

It will become even easier to solve practical problems at Clas Ohlson

Clas Ohlson's concept is to make it easier for people to solve their everyday practical problems – tasks that are usually found on “to-do lists” attached to refrigerator doors in most homes. We can help by offering a wide range of attractively priced products that show consideration both for people and the environment, excellent service with help provided by knowledgeable and helpful store workers, and inspired stores that are situated in locations that people frequent on a daily basis and that are enjoyable to visit and easy to find your way around. During the past year, we have improved our promise to customers in a number of areas. Today, 52 of our 139 stores have our new store concept. The first was our store in Skövde, Sweden, in 2008, and we have continuously improved efforts to develop and refine our stores to provide an even more inspiring shopping experience. The vast majority of our customers appreciate the change. We have also noted that sales rise more rapidly in stores with our new concept. We now help our visitors navigate in the stores with greater clarity and offer improved product exposure. Clas Ohlson has often been called, somewhat in jest, a day-care centre for older men. We don't mind the analogy, but it's also gratifying to note that we are now attracting more women and younger people to the stores, which is a particularly important factor for the future of our brand.

While developing our store concept over the past year, we also refined our ideas about the size of our stores. We work today with three store sizes. As a result, we have been able to increase the store density in our domestic markets in Sweden and Norway without impacting on sales in existing stores to any significant degree.

Focus on Internet sales and more efficient purchasing

During the past year, we also made determined efforts to develop our Internet sales platform, which will be launched during the 2011/12 financial year. A great deal has taken place during recent years in terms of technology and of customer acceptance and willingness to shop on-line. Internet sales are becoming an increasingly important sales channel in our present and future activities and an opportunity to build our brand and closer relations with our customers. We consider our focus on Internet sales as something much greater than simply a new website. We are convinced that tomorrow's customers will place much greater demands on strongly integrated Internet sales and stores with smarter solutions that make it easier, more accessible and more inspirational to shop.

We also worked very hard to further develop our product offering during the past financial year. We launched more than 2,000 new products during the year and clarified

our existing products to help our customers choose the right product from our assortment of 15,000 items. Our purchasing office in Shanghai has enabled us to reduce procurement costs, which will benefit our customers in the form of even more attractive prices while generating improved margins for the company.

As a growing international retail chain, we have opportunities to influence and contribute to improved conditions for people and the environment. Our strategy for the achievement of our sustainability goals is to ensure that sustainability efforts become an integral part of our business activities. With our own office in China, we have made giant strides forward in our sustainability work, and we conduct more than 400 factory audits per year at our suppliers' production plants to ensure compliance with our Code of Conduct. Based on this foundation, we also continue to work with our suppliers to create better conditions both for employees and the environment, thus also helping to strengthen the local suppliers' competitiveness.

United Kingdom – a challenging market with great potential

An important issue during the past year involved creating potential for continued growth. Our established objective is to become a European retail chain, and we shall continue to grow rapidly in order to achieve this objective in parallel with healthy profitability.

We opened our first stores in the UK in 2008. During the recently concluded financial year, we opened four stores in the country, increasing our total number of stores to 11, concentrated in London and Manchester, Leeds and Liverpool. Today, more than 30 per cent of all Englishmen, or more than 20 million people, are no more than a 30-minute drive from a Clas Ohlson store. This provides a very solid platform for further growth and development. Unfortunately, the British retail trade remains seriously impacted by the financial crisis. Austere savings programmes, declining property prices, and rising unemployment are impacting consumption. This makes it more challenging for a new brand to penetrate the market. On the other hand, it provides us with access to attractive store locations on better terms. Under these conditions, it is important to find a balance between our expansion and the current market climate. We have decided to slow down our expansion somewhat, compared with the initial plan, and focus instead on further development of our existing stores. Sooner or later, there will also be a recovery in the UK and the reactions we are receiving from our British customers are highly positive and bode well for the future.

Favourable development in Finland and stronger rate of expansion

Finland was also seriously impacted by the financial crisis, resulting in relatively slow growth for a few years. However, a reversal was noted during the financial year both for the economy in general and for Clas Ohlson. Finland showed strong growth in comparable stores during the year, and

we opened our first new store since 2008. We project a continued significant potential for the Finnish market, where the Clas Ohlson brand has been strengthened and growing numbers of consumers have discovered what we have to offer. We are now increasing our rate of expansion in Finland and plan to open another three or four stores during the 2011/12 financial year.

Robust domestic market but operating profit impacted by expansion in new markets

During the past year, we did not reach the same record-profit level that was reported in the preceding year. Our growth of five per cent and operating margin of slightly less than nine per cent were lower than our long-term objectives. Business growth was affected during the first half of the year by a lower number of new stores and, during the second half, by negative exchange-rate effects due to the strong Swedish krona (SEK). At the same time, however, we are pleased to note that we have never been stronger in our domestic markets in Sweden and Norway, both in terms of sales and profitability. Operating profit for the year, which slightly exceeded SEK 0.5 billion, was also impacted by the negative currency effects and our large investments to establish Clas Ohlson in a European market.

Clas Ohlson spirit makes us unique

We refer often to a special "Clas Ohlson spirit" that forms the foundation of our corporate culture and our organisation. This culture is one of our principal success factors and is also reflected in the service and attention we offer our customers. We are continuing to develop our organisation and our mode of operations, to simplify and become more efficient and prepare ourselves to meet the challenges we see in the future in parallel with the company's continued growth.

We respect the challenges posed by the specific conditions in Clas Ohlson's various markets. At the same time, I am optimistic about future business opportunities for the Group. Our commitment to help people solve practical, everyday problems is strong and offers significant long-term potential in a European market.

I would like to conclude by extending my very warm thanks to all our employees, customers and shareholders for your continued commitment and strong contributions to the development of Clas Ohlson.

Klas Balkow,
CEO and President Clas Ohlson
Insjön, June 2011



clas
ohlson



Strategic orientation

Clas Ohlson's vision is to develop a European retail chain characterised by high profitability and healthy growth in shareholder value. Since market penetration in the Nordic region is relatively high, new markets will be increasingly important for Clas Ohlson's future growth.

There is significant potential in continued growth in new and existing markets. The business concept is assessed to be competitive and distinctive on a European basis, thus facilitating future expansion in a number of new markets.

To strengthen Clas Ohlson and our competitiveness, we are focusing on three strategic development areas: growth and expansion, simplicity and efficiency, and developing our organisation.

Business concept

Our business concept is to make it easy for people to solve their everyday practical problems.

This business concept is based on an original saying by the founder Clas Ohlson: "We will sell dependable products at low prices and the right quality according to need."

Vision and objectives

We want to develop a strong European retail chain characterised by high profitability and healthy growth in shareholder value. This will be achieved by being the self-evident choice for people's practical problem-solving in everyday life.

Growth in sales of at least 10 per cent

The Group's long-term objective is that sales will grow annually at a rate of at least 10 per cent. The objective is measured in terms of the average annual increase in sales over five years. This growth in sales of 10 per cent will be achieved through increased sales in existing sales channels and continued new store openings in both existing and new markets. During the 2010/11 financial year, sales rose 5 per cent in SEK and 8 per cent in local currencies. Sales growth over the past five years has averaged 10 per cent in SEK.

Profit margin at least 10 per cent

The profitability objective is an operating margin of at least 10 per cent. During coming years, it is estimated that establishment in new markets (currently the UK) will have a negative impact on Clas Ohlson's operating margin by up to 2-3 percentage points over a financial year. Growth in new markets in Europe will track the long-term financial objective. The operating margin during the 2010/11 financial year was 8.7 per cent. The operating margin over the past five years has averaged 11.0 per cent.



Strategies

An affordable and attractive range

Our product range will be adapted and focus on meeting the needs of customers in their everyday lives. The products must be attractively priced and at the right quality according to need. Clas Ohlson's range will be versatile and contain smart and affordable solutions.

High level of service

We will provide a high of service level through helpful and knowledgeable employees who guide customers to simple solutions. Our employees have broad and extensive knowledge of the product range.

Accessible and inspiring

Clas Ohlson aims to be present in attractive locations that people frequent in their everyday lives. Customers should find it easy and inspiring to solve their everyday practical problems with us. Our stores should preferably be located in strong central shopping centres. A total of 19 new stores were opened during the financial year, compared with 14 in the preceding year.

Responsibility for people and the environment

We take responsibility for our own operations and our impact on people and the environment. We also make demands on our suppliers with regard to working conditions, the working environment and environmental impact. In addition, Clas Ohlson is engaged in important social issues and supports local associations and purposes in Dalarna where the company has its roots, and a number of selected national or international non-profit organizations where we can help to contribute in a broader context in the countries where we operate.



Sub-objectives

As part of the work to fulfil our objectives, we have established a number of sub-objectives regarding market position, customer and employee satisfaction, logistics and sustainability.

Strengthening the Clas Ohlson brand

The Clas Ohlson brand is one of the strongest retail brands in Sweden and Norway (read more on pages 13-14). Recognition is lower in Finland and the UK, due to the short period that the company has been active in these markets. The brand will be further strengthened through continued development of the company's sales channels and marketing, particularly in new markets where the company is not already known.

Adapting and modernising the product range

We offer our customers a broad and attractive product range. Accordingly, 10-15 per cent of the range is renewed each year by introducing new product areas, and adding and replacing products in existing areas. The breadth of the product range will be maintained or expanded, while certain duplicates, or similar items, will be phased out. Variation between catalogue and store products will be enhanced, in order to work with a more seasonal range and items to order. Since March 2009, Clas Ohlson has published two catalogues per year – one autumn/winter catalogue in late summer, and one spring/summer catalogue in March. This provides greater opportunities to adapt both our product range and prices.

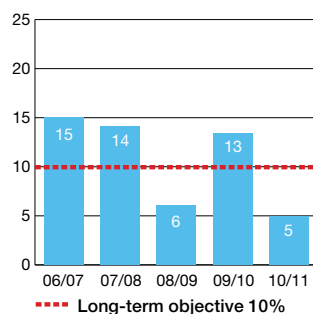
This year's catalogues contained almost 2,250 new products, compared with 2,200 in the preceding year. This means that 18 per cent of the catalogue range has been renewed since 2009/10. Many new products and product lines have been added, including multimedia, leisure and household items.

Clas Ohlson supplements familiar brands with a range of unknown brands, as well as our own brands such as Clas Ohlson, Cotech, Cocraft, Coline and Exibel. The objective is that the proportion of our own brands will account for at least 25 per cent of sales. At the end of the financial year, the proportion was 23 per cent.

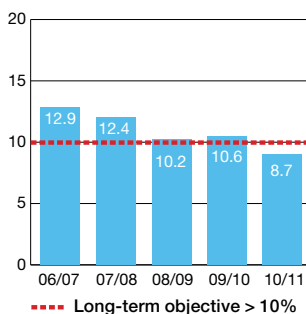
High level of service

The level of service in both stores and mail order/Internet channels is high. We achieve this through integrated and

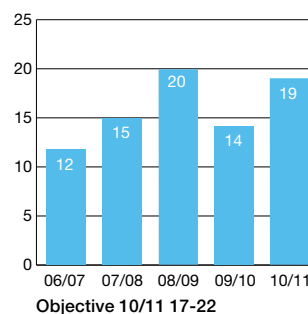
Growth in sales, %



Operating margin, %



Number of new stores



automated logistics and sales systems. Our experience is that the level of service in stores, meaning the availability of items in stores when customers want to buy them, exceeds 95 per cent.

Rate of stock turnover 6-7 times in the distribution centre

Warehouses tie up capital, which means that the rate of stock turnover is an important measure of efficiency. We aim for a stock turnover rate of 6-7 times in the distribution centre.

The stock turnover rate in the distribution centre during the financial year was 5.4 times, compared with 6.4 times in the preceding financial year. This means that we replace the entire stock more often than once every two months. The lower turnover rate is primarily due to a higher proportion of direct purchasing from Asia with earlier storage and a higher number of goods on the road.

Rate of stock turnover in in-store inventories

Inventories in our stores primarily consist of the products that are available for sale. The objective for our large stores is a stock turnover rate of 8-10 times in store inventories, which they also achieve. Clas Ohlson's medium-sized and small stores have individual objectives based on their annual sales.

Customer satisfaction and confidence

Good customer service is key to Clas Ohlson's business concept. Our customer-service policy specifies that politeness and service-mindedness should permeate every customer contact. The aim is a satisfied customer after every contact. To inspire customer confidence, we also apply a 30-day open purchase/cancellation right for customers in stores as well as mail order/Internet shopping customers. All employees in our stores are trained to deal with complaints. Because we firmly believe that good customer care will be one of the principal competitive tools in the future, we strive to become even more professional in our contact with customers.

Motivated, knowledgeable and committed staff

Our Group-wide employee survey was conducted for the second time during the financial year. Some 84 percent (82 percent) of our employees responded to the survey, which is a high response frequency. The survey was conducted in Sweden, Norway, Finland and Shanghai. The total outcome



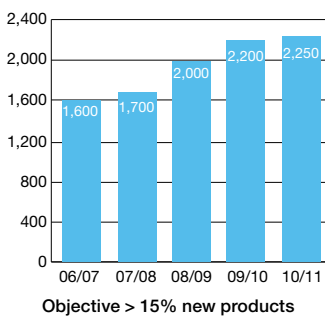
Pulse Watch with GPS Topcom. Measures pulse, while logging your training session with the wireless GPS receiver. Wireless communication between wrist watch, chest strap and GPS receiver. Stores data such as route, speed, altitude, etc. chest strap that measures your pulse. Displays time, date, calorie consumption, etc. Wireless transmission of stored data to your PC to save and analyze your workout. Compatibility: Windows 7 (32/64-bit) / Vista (32/64-bit) / XP. Battery: 2 x CR2032 (included). **36-3741**

for the Group was an ESI (Employee Satisfaction Index) of 74 per cent (72 per cent) which, according to an external comparison, stands up well against other companies. The employee survey provides a solid basis for developing the way we attract, reward and motivate our employees and for developing leadership within the company.

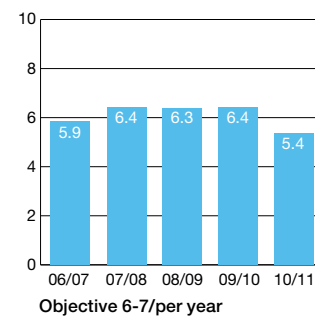
Responsibility for sustainable development

We aim to offer our customers high-quality and affordable products, while contributing to sustainable development for people and the environment. Clas Ohlson's overall environmental objective is to work together with our suppliers to reduce our carbon dioxide emissions by 30 per cent per tonne-kilometre by 2020. Our customers should also feel confident that the products we sell have been manufactured under acceptable conditions for people and the environment. The aim is to audit all manufacturers at least once every two years. During the financial year, Clas Ohlson performed 426 factory audits to verify compliance with the Code of Conduct.

Number of new products



Stock turnover, rate Distribution Centre



...pressede priser på
dingser du ofte trenger. Hold utkikk
etter denne pilen og spenn fast
sikkerhetsbeltet.
Det bærer nedover!

clas
Konstant pressede priser på
dingser du ofte trenger. Hold utkikk
etter denne pilen og spenn fast
sikkerhetsbeltet.
Det bærer nedover!



399,-



Market overview

The retail trade in Sweden, Norway, Finland and the UK experienced higher growth during the year compared with the preceding year but the variations between Clas Ohlson's different markets were significant. The UK market noted lower market growth resulting from VAT increases and other measures to improve public finances. Clas Ohlson continued to expand during the financial year and captured market shares in all countries in which it is active. Sales rose 8 per cent in local currencies during the financial year, corresponding to 5 per cent in SEK when the sales in Norway, Finland and the UK were translated to SEK.

Clas Ohlson sells products that solve customers' everyday practical problems in life. The product range is readily available for a large target group and more than 80 per cent of the products sold have a price that is lower than SEK 300. Clas Ohlson's broad and attractively priced range is less sensitive to economic fluctuations compared with many other retailers. The division into five product categories provides the Group with a good balance and diversification of risk. If demand contracts in one of the categories, it may simultaneously increase in another.

Development in the retail sector

Sweden

During 2010, higher growth was noted in the Swedish retail sector, compared with the preceding year. According to Statistics Sweden, SCB, the average increase was 3.2 per cent in fixed prices compared with 1.5 per cent in 2009. Growth in consumer durables surpassed convenience goods, rising an average of 5.6 per cent in fixed prices, compared with 1.2 per cent in 2009.

Private consumption increased an average of 3.5 per cent, compared with a decline of 0.4 per cent in 2009. In current prices, Clas Ohlson's sales in Sweden rose 4 per cent in 2010/11.

According to the Swedish Research Institute for Trade (HUI), continued growth is anticipated in Swedish retail trade. This will mean an increase of 2.5 per cent in fixed prices during 2011 and 2.5 per cent in 2012, according to HUI. Sales in consumer durables are also expected to increase. HUI forecasts sales growth of 4.5 per cent in 2011 and 3.5 per cent in 2012.

Norway

Retail sales in Norway demonstrated higher growth during the financial year. According to Statistics Norway, SSB, the retail trade rose an average of 2.2 per cent in fixed prices in 2010 compared with 1.4 per cent in 2009.

Private consumption was 3.7 per cent higher in 2010, compared with no growth in 2009. In current prices, Clas

Ohlson's sales in Norway increased 8 per cent in 2010/11. According to the Federation of Norwegian Commercial and Service Enterprises (HSH), the positive trend is expected to continue during the next year. Retail trade is expected to increase 5.0 per cent in current prices in 2011.

Finland

The retail trade in Finland reported continued growth during the financial year. According to Statistics Finland, retail trade rose an average of 3.0 per cent in fixed prices in 2010 compared with a decline of 2.8 per cent in 2009.

Private consumption rose 2.6 per cent in 2010 compared with a decline of 2.1 per cent in 2009. Clas Ohlson's sales in Finland increased 7 per cent in current prices in 2010/11.



Boat flags of woven polyester flag canvas (marine polyester) with extra-long rope to allow direct fastening to the boat flagpole.
Sv 31-868 No 31-887 Fi 31-2529 UK
34-8889



Cocraft Hammer. Forged and hardened steel. Tubular steel handle for ergonomic grip. Weight 16 oz. Ten years guarantee.
40-7699

UK

The UK market reported weaker development due to government actions to improve public finances. Nevertheless, the UK retail trade noted somewhat higher growth in 2010. According to National Statistics in the UK, the retail trade rose an average of 1.6 per cent in fixed prices in 2010 compared with 1.4 per cent in 2009.

Private consumption in the UK rose 4.0 per cent in 2010 compared with 2.0 per cent in 2009. In current prices, Clas Ohlson's sales in the UK increased 112 per cent in 2010/11.

Market trends

International chains

The market for the type of products sold by Clas Ohlson continues to expand throughout Europe but is nevertheless starting to become relatively mature. This trend applies particularly to the largest markets, such as Germany, France and the UK.

The sector has previously been dominated by local chains in each country, which have been able to grow and increase their market shares, mainly at the expense of individual specialist retailers. International chains such as Clas Ohlson have major purchasing volumes and marketing resources, more efficient logistics and benefit from other economies of scale, enabling them to offer better prices and a more up-to-date product range than individual specialist retailers. As the growth rate is now starting to decline, chains are increasingly branching out beyond national borders.

International players are still quite rare in the Nordic region, with the exception of Bauhaus, Hornbach and Media Markt. The weaker trend in the retail sector has also resulted in a few players choosing to withdraw from the Swedish market, including PC City and Silvan. Examples

of cross-border Nordic players, apart from Clas Ohlson, are the Swedish company Biltema with stores in Sweden, Norway, Finland and Denmark; The Swedish company Jula with stores in Sweden and Norway; and the Finnish company K-rauta with stores in Finland and Sweden.

In recent years, large Nordic chains have also captured market shares at the expense of individual specialist retailers. Chains tend to opt for large stores away from town centres, with the exception of Clas Ohlson, which primarily invests in central store locations, frequented by people in their everyday lives.

Larger stores

Another trend is that the size of stores is increasing. In large European countries, it is not unusual to find stores of between 5,000 and 10,000 square metres, primarily located close to out-of-town shopping areas.

Clas Ohlson's establishment strategy is to open stores sized between 700 and 3,000 square metres, preferably in central locations in town centres or in popular out-of-town shopping centres.

Own-brand goods

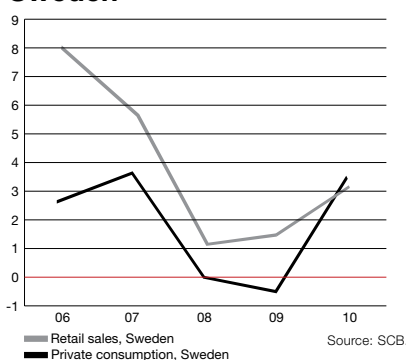
It is becoming increasingly common for retail chains to market products under their own brands.



Cotech circular saw. With in-built spindle lock. Cutting depth: 63 mm (45° 42 mm). Power: 1300 W. No-load speed: 4700 rpm. Comes with 185/16 mm TCT blade and parallel guide. Weight: 4.3 kg.
30-9985

Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Sweden 2006–2010, %

Sweden



Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Norway 2006–2010, %

Norway



For many years, Clas Ohlson has focused on own brands, including Cotech, Cocraft, Coline and Exibel. At the end of the financial year, own brands accounted for slightly more than 23 per cent of sales and the objective is to achieve not less than 25 per cent. By developing own brands, Clas Ohlson is able to offer customers high quality at lower prices, since development costs and marketing costs are lower, and by purchasing goods directly from manufacturers without expensive intermediaries.

Competitors

Few competitors can rival the breadth of product range offered by Clas Ohlson.

The ones who come closest are Biltema, with stores in all Nordic countries and Jula in Sweden and Norway. In

addition to these, Clas Ohlson competes in its five specific product categories with a number of companies, such as Media Markt, Järnia, Bauhaus, K-rauta, Teknikmagasinet and Kjell & Co. The company also competes to some extent with supermarkets and superstores, such as Coop Forum and Ica Maxi in Sweden, Obs in Norway and Anttila in Finland. Of these, only Teknikmagasinet and Kjell & Co have a store-opening philosophy similar to that of Clas Ohlson, with stores located in town centres, preferably in busy shopping centres.

In the UK, Clas Ohlson competes with such store chains as Argos, as well as Maplin and Robert Dyas, which offer products in some of Clas Ohlson's five product categories. However, no competitor in the UK has a concept or product range strategy that resembles that of Clas Ohlson.

Clas Ohlson compared with a selection of competitors

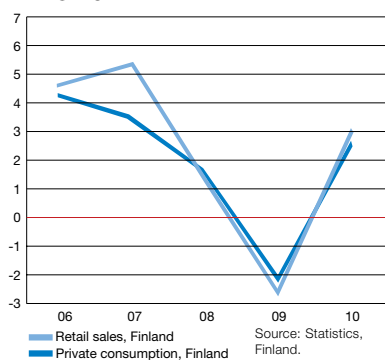
Main competitors and the number of stores in each country

	Sweden	Norway	Finland	UK	Year started*	Electricity	Multimedia	Leisure	Hardware	Home
clas ohlson	61	50	17	11	1918	•	•	•	•	•
Biltema	24	44	9		1963	•	•	•	•	•
Jula	32	11			1979	•	•	•	•	•
Teknikmagasinet	73	20	2		1989	•	•			
Kjell & Co	55				1990	•	•			
Jernia	75	165			1951				•	•
Obs		44			1907	•			•	•
Maxbo		75			1995	•			•	
Anttila			31		1953	•	•		•	•
K-rauta	20		41		1940	•	•		•	
Argos				>700	1973	•	•	•	•	•
Maplin				180	1972	•	•			
Robert Dyas				100	1872	•			•	•

* Source: Websites

Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Finland 2006–2010, %

Finland



Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in the UK 2006–2010, %

UK





annonce
349,-

Storage Shed

Minidrivhus/hylle

UNIVERSAL BAG

Operations

The Clas Ohlson brand is one of the company's greatest assets. We have a unique history and are one of the most popular retail chains in Sweden and Norway, applying a business concept that appeals to men and women of all ages.

In our efforts in the 2010/11 financial year to develop the customer interface in the store, on the Internet and through customer service, we continued to develop our store concept, prepared the launch of e-trade in all markets and increased availability of our customer service with expanded opening hours.

Customers should experience all contact with us as accessible, easy, positive, competent and inspiring. Shopping at Clas Ohlson should be a pleasant experience and it should be easy to find solutions to every imaginable problem in everyday life.

Dialogue with our customers

With the help of regular market surveys and analyses, we gain a solid understanding of how the Clas Ohlson brand is perceived, what type of customer visits our stores and what they think about our concept, stores, customer service, service and range.

Familiarity and the brand's position vary depending on the length of time we have been active in each market. This means that we adapt marketing based on the conditions and requirements in the various markets

One brand, several markets

Clas Ohlson is well established in Sweden and Norway, where nearly everyone (98 per cent) of people between the ages of 18 and 69 are aware of us as a chain. In these markets, our main strategy is to raise the average purchase amount, increase visit frequency, strengthen loyalty and increase customer satisfaction.

In Finland, approximately 80 per cent are aware of Clas Ohlson, signifying a positive trend in the past three years since awareness was barely 60 per cent in 2008. In recent years, we have focused more on brand-building activities, combined with more pronounced sales campaigns.

In the UK, we are still in the start-up phase. In this market, many potential customers are not aware of Clas Ohlson, its range or where its stores are located. This is a challenge that requires an adaptation of our message, activities and media investments in pace with development and awareness of Clas Ohlson as a brand.

Multi-channel strategy

Clas Ohlson offers solutions to everyday problems and we do so in dialogue with our customers. It is essential that customers quickly and easily receive help in their problem solving and are able to purchase through the channel that suits them best.

Consequently, development and customisation of our



catalogue, store concept, mail order/Internet and customer service are conducted in parallel. It is also vital that we capitalise on all the energy and expertise that exists within Clas Ohlson. Our employees are the interface between Clas Ohlson and the customer and they are the ones who build the brand in day-to-day operations, regardless whether the meeting is in the store, via the telephone or online.

Our stores

Our stores are currently our most important marketing channel, through their location in central streets or in shopping centres frequented by customers in their everyday lives. It is also in our stores where most customers meet our skilled employees and receive assistance to solve their practical problems. We continuously develop our stores with, for example, our navigation, merchandising, displays and other forms of customer communications in the stores.

Online communication

During the 2011/12 financial year, Clas Ohlson will launch a new e-com platform, which will make searching for solutions and shopping via all the channels offered by Clas Ohlson more accessible, easier and inspiring.

The starting point for our marketing is to create a common thread in all campaigns, in all sales channels, adapted to the degree of maturity and competition situation in each market.

PR and other communication channels

Interest in Clas Ohlson as a company and the products and solutions we offer is considerable. Our PR work focuses on providing high-quality service to journalists who contact Clas Ohlson for various reasons, to participate in various product tests and evaluations and to contribute knowledge and experience to our operations, our markets, product properties and tips on solutions for practical everyday problems. The significance of the social media has increased in recent years and is thus an important channel for communicating with customers and journalists and other key target groups.

Catalogue

The Clas Ohlson catalogue has been published since 1918 and is today a strategically important communication channel to our customers.

A total of 6.1 million copies of our catalogues were printed during the year, distributed in two catalogues issued in August and March. The transition from one catalogue per year to two per year, which was completed in 2009, provides increased flexibility and the opportunity to update the range and prices more frequently based on the season and market trends. The catalogues are distributed, collected in the stores or ordered via our website.

Marketing prior to store opening

Clas Ohlson's establishment strategy involves local marketing activities in the area in question for a number of weeks prior to the opening of the store. This takes the form of direct advertising, advertisements in publications, radio



advertisements and public relations activities. Marketing efforts are intensified in the final few days prior to opening. Catalogues are also distributed locally in the shopping centres where the stores are to be opened to attract interest and visitors to our newly opened stores.

In the UK, the store-opening campaigns are even more extensive to ensure that the brand is established quickly in the respective catchment areas of the stores.

Sponsoring

Our policy regarding sponsorship is to primarily support clubs, associations and events in the Swedish region of Dalarna, where Clas Ohlson was founded and the company's head office and distribution centre are located.

Our sponsorship commitments during the year included the ice hockey team Leksands IF, Olympic rower Lassi Karonen and the music scene Dalhalla outside Rättvik. Locally at Insjön, Clas Ohlson supports a large number of small associations and operations within sports and culture, focusing on youth activities.

During the year, Clas Ohlson also participated in the two campaigns of the Swedish Cancer Society – against breast cancer och prostate cancer. (Read more about Clas Ohlson's social commitments on page 31).





The testing machine alarm is triggered and blinks red if something is wrong with the multi-way socket.



The strength of rubber cables is tested by freezing to -35° for 16 hours and then being bent.



For three consecutive years, Clas Ohlson has been awarded for "Best customer service" by the Market magazine.



Our purchasing procedures, quality and accuracy in all phases.

Clas Ohlson's range encompasses more than 15,000 products. The range varies between countries, but in general, all products and suppliers are evaluated and documented by the purchasing department in Insjön, in cooperation with Clas Ohlson's CSR and quality manager in China. The 36-2903 multi-way socket is one of the articles that has been approved and included in the range.

Henrik Alfredsson and Krister Beck are two of the approximately 90 employees of the purchasing department at Insjön. They have an additional 38 colleagues at the office in Shanghai, who work with quality and CSR issues, visit plants, train suppliers and conduct continuous checks and audits.

"Today's customers are very aware and well-informed. At the same time, new laws and directives are passed, thus imposing more stringent demands on us and suppliers, which in turn lead to the need for more testing, more documentation and more personnel," says Henrik, responsible for technical and quality issues.

How long does it take to get approval for a new product?

"Sometimes it takes a week, sometimes a year. Products with specific risks, for example multi-way sockets, are always examined extra carefully," says Henrik.

How do you find the correct supplier?

"When a new product is to be included in the range, we first scan the market, comparing the various suppliers, manufacturers, quality, price and delivery capacity. Working conditions, manufacturing methods, social responsibility and environmental policies are also examined," says Krister, range manager at Insjön.

"In the next step, we acquire product samples that are tested and evaluated. We also acquire documentation and check with our product managers and chemical coordinator that everything is in order. Sometimes, testing institutes and authorities are contacted," says Henrik.

Can you guarantee that every multi-way socket functions as it should?

"We minimise risks by the controls that we carry out. For example, our own employees are on location in plants to check the multi-way sockets in various phases of the production process. If a faulty product should slip through, our customer service is the next link in the quality and service chain," says Henrik.

For three consecutive years, Clas Ohlson has received the "Best customer service" award from the Market magazine. Customer service comprises four units:

Contact Centre. Handles questions, complaints, orders and support issues via chat, fax, e-mail and telephone, Monday – Friday 8:00 a.m. to 7:00 p.m. and Saturday 10:00 a.m. to 4:00 p.m.

Workshops. 24 service technicians – distributed in five workshops with varying specialist areas – handle support, repairs, guarantee and claim issues.

Spare-parts and goods. Clas Ohlson has more than 9,000 spare parts in stock, for both new and old products. Everything from clocks to belting and coffee pots.

Concept development. Informs and trains store personnel with respect to consumer purchasing acts, guarantees, policies, product knowledge and other information that will strengthen Clas Ohlson's retail and customer service.

Michael Andersson, head of workshops at Insjön, says that everyone in customer service complies with the simple policy that has always existed at Clas Ohlson: to always solve the customer's problem.

"Clas Ohlson offers 30-days open purchase and a two-year guarantee. We take all complaints seriously, follow up and document claims and guarantee issues, discuss with the purchasing department and share customers' viewpoints," says Michael.

Our sales channels

More than 90 years of successful mail-order operations have laid the foundation for the strong position currently held by Clas Ohlson. We still sell via mail order/Internet, but the largest sales channel today is our 139 stores in Sweden, Norway, Finland and the UK. The stores account for 98 per cent of the sales.

Stores

Central locations

Clas Ohlson's stores should preferably be situated in strong, centrally located shopping centres, where the company works together with other stores and chains to bring about repeat visits. We own and operate our stores ourselves. Store premises are rented on long-term leases. Most of the product range in each store is easily accessible for self-service. Less than 10 per cent of products are sold over the counter.

Three different sizes

Clas Ohlson has customers of all ages. To improve accessibility, the company offers three different store concepts based on size: 1,500 – 3,000 square metres for large cities and catchment areas, 1,000 – 1,500 square metres for medium-sized towns and 700 – 1,000 square metres for small towns or to complement the company's existing stores in large cities.

In smaller stores, the product range concentrates on Clas Ohlson's most popular products. Other products can be ordered and collected from the store within 48 hours. This concept is now in place in several towns in Sweden and Norway.

Popular chain store

Clas Ohlson is an attractive and popular store among customers and companies in its shopping centres. Our

store-openings often result in a substantial increase in the number of visitors to the entire centre. Clas Ohlson stores attract new customer categories, and their broad range brings in visitors of all ages, both men and women. According to a survey conducted by the trade magazine Market (spring 2010), Clas Ohlson is the store that consumers between the ages of 15 and 64 would most like to see in a shopping centre (besides a liquor store and a pharmacy).

New store concept

Our new store concept is designed to make it easier for customers to find their way around the stores. The concept includes a new décor, signs, customer terminals, information and order counters and checkouts.

The new store concept was launched in 2008/09 and all stores opened in the past year were built according to it. Existing stores are gradually being adapted, with seven stores renovated and modernised in 2010/11.

Financial commitment

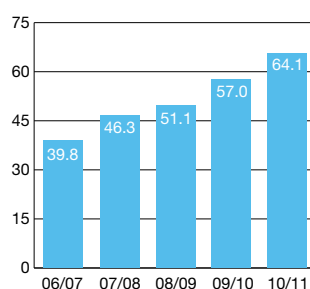
A new store initially entails a financial commitment of SEK 12 – 14 M, broken down into SEK 3 M in start-up expenses, SEK 4 – 5 M in investments in store interiors and computer systems and SEK 5 – 6 M in inventories.

Start-up costs for stores in the UK are initially higher, and amount to approximately SEK 5 – 6 M, mainly due to higher marketing costs. New stores in Sweden and Norway have become profitable as early as their first 12 months of operation. The same applies to some stores in Finland. It generally takes longer to achieve profitability in countries where Clas Ohlson is newly established and where the brand is new.

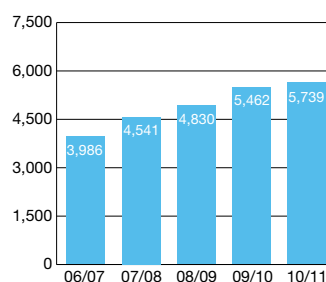
Continued store expansion

Clas Ohlson continues to open new stores in markets where it has already established its presence. During the 2010/11 financial year, a total of 19 stores were opened, which is more than during the preceding year when 14 new stores were established. In the 2010/11 financial year, the company plans to open 17-22 stores, of which two to four in Finland and one to four in the UK. Conditions for opening new stores in the Nordic region are deemed favourable and

Number of visitors, millions



Sales in stores, SEK M



the trend in Finland in the recent year has been positive. Clas Ohlson will continue to expand in the UK but will balance the expansion rate to match prevailing market conditions.

Sales and profits

Store sales during the 2010/11 financial year totalled SEK 5,739 M (5,462), up 5 per cent on the preceding year. In local currency, sales rose 8 per cent. Store sales accounted for 98 per cent of the total Group sales.

Start-up costs for new and refurbished stores, including the disposal of equipment, totalled SEK 89 M (60).

Stores in Sweden

Clas Ohlson's stores in Sweden had 34.9 million visitors during 2010/11, up 0.4 million or 1 per cent compared with the preceding financial year. Of the visitors, 16.5 million also made purchases.

The number of stores increased by five during the financial year, and the total number of stores in Sweden at the end of the financial year was 61.

The Swedish market still offers scope for continuing to opening new stores, despite the company's already relatively high market penetration in the country. Several stores with catchment areas with a population of 30,000 – 50,000 show that the company can also achieve favourable profitability in smaller towns.

Stores in Norway

Clas Ohlson's stores in Norway had 14.8 million visitors during 2010/11, up 1.8 million or 14 per cent compared with the preceding financial year. Of the visitors, 9.6 million also made purchases.

During the financial year, nine new stores were opened and the total number of stores in Norway at the end of the financial year was 50. Similar to the Swedish market, the Norwegian market has not yet reached its saturation point in terms of continued openings of Clas Ohlson stores. Profitability was also strong for stores in smaller towns that have catchment areas with a population of 30 000 – 50 000.

Increase in sales

Comparable stores in local currency	- 1 per cent
New stores	+ 9 per cent
Exchange-rate effects	- 3 per cent
Total	+ 5 per cent



Cocraft rotation laser. Three levels for equalisation. Horizontal and vertical reference line. Projects a 360° line. Suitable for setting up wallpaper border, edging, etc. Stand, maximum height 120 cm. Laser class II, 635 nm. Accuracy: 0.5 mm/m. For indoor use. Delivered with laser goggles, visual disc, wall bracket, stand and bag. **40-7530**

Stores in Finland

Clas Ohlson's stores in Finland had 6.3 million visitors during 2010/11, up 0.3 million or 5 per cent compared with the preceding financial year. Of the visitors, 2.9 million also made purchases.

The number of stores in Finland was 17, and one new store was opened during the financial year. Potential for increasing sales in existing stores by continuing to clarify Clas Ohlson's offering in the Finnish market is considerable.

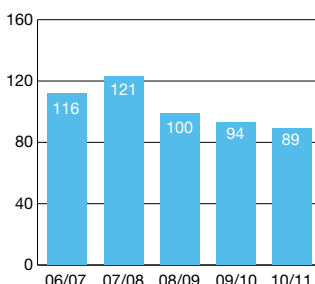
Stores in the UK

Clas Ohlson's stores had 8.3 million visitors in 2010/11, up 4.9 million compared with the preceding year.

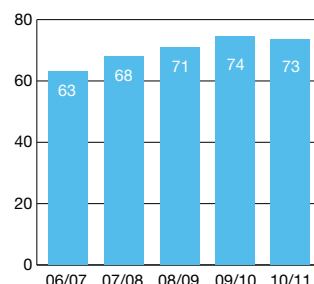
During the financial year, four new stores were opened and the total number of stores in the UK at the end of the financial year was eleven.

Response from customers in our stores in the UK is positive and, despite the tough market climate, the number of visitors and customers in the UK stores matches the Group average. The conversion rate and the average purchase remained lower in the UK compared with the Group average, which is normal when entering new

Mail order/Internet sales, SEK M



Proportion of Internet orders, %



markets. Clas Ohlson expects it will take time to establish the brand and position in an entirely new market and that the conversion rate, average purchase and sales will increase gradually in coming years.

Mail order/Internet

Our mail order/Internet sales (via the Internet, telephone and catalogue) totalled SEK 89 M (94) in 2010/11, down 5 per cent decrease compared with the preceding financial year. The decline was primarily due to Clas Ohlson opening stores during the year in areas that previously were offered only the mail order/Internet channel.

The Internet accounted for 73 per cent (74) of the

company's mail order/Internet sales during the financial year.

Clas Ohlson's mail order/Internet sales are of strategic importance to the Group. Although this channel is currently limited to Sweden and Norway, the company intends to expand the service to Finland and the UK in the future. Customers are displaying a distinct trend of wanting to make purchases both in stores and online. Stores, mail order/Internet and customer services complement each other and offer new opportunities to increase sales and further strengthen customer relations.

During the 2011/12 financial year, a new e-trade platform will be launched, which will lay the foundation for the expansion of mail order/Internet sales.

New stores and future openings*

Location	Opening month	Retail space, square metres
Sweden		
Malmö, Mobilia Shopping Centre	Autumn 2013	1,672
Malmö, Emporia	Oct 2012	1,671
Borlänge, Norra Backa	Autumn 2012	2,900
Lidköping	Spring 2012	1,300
Norrtälje	Spring 2012	1,110
Gävle, Valbo	Dec 2011 - Feb 2012	1,449
Erikslund, Västerås	Sep 2011	1,264
Gränby, Uppsala	Sep 2011	1,200
Halmstad, Flygstaden handelsplats	June 2011	1,631
Jönköping	Dec 2010	1,200
Kiruna	Nov 2010	1,200
Drottninggatan, Stockholm	Oct 2010	2,700
Liljeholmen, Stockholm	Oct 2010	1,241
Bromma Blocks, Stockholm	Sep 2010	1,366
Norway		
Ørsta, Amfi Ørsta	Autumn 2012	1,250
Kongsvinger	Winter/Spring 2012	1,150
Elverum	Nov 2011	1,300
Alta, Amfi	Oct/Nov 2011	1,300
Mo i Rana	Oct 2011	1,400
Oslo, Bogstadsveien	Oct 2011	1,300
Nedre Eiker, Buskerud	Sep 2011	900
Bodø	June 2011	1,300
Horten	June 2011	1,000
Kristansund	March 2011	1,200
Harstad	Feb 2011	1,400
Trondheim, Trondheim Torg	Feb 2011	600
Fredrikstad	Nov 2010	2,100
Lillehammer	Nov 2010	1,390
Stavanger, Mediegården	Nov 2010	1,100
Oslo, Lambertseter	Oct 2010	650
Oslo, Bryn Senter	Aug 2010	950
Kongsberg	June 2010	1,200
Finland		
Kuopio, Matkus handelsplats	Oct 2012	1,500
Hyvinge	Oct 2012	1,423
Lahti, Karisma	Nov/Dec 2011	1,350
Jyväskylä, Palokka	Sep 2011	1,915
S:t Michel	June 2011	1,120
Uleåborg	Nov 2010	1,200
UK		
Newcastle	Aug 2011	1,889
Norwich	Dec 2010	1,570
Doncaster	Dec 2010	1,760
Cardiff	Dec 2010	1,640
Merry Hill, Birmingham	Nov 2010	1,200

* Leases signed as of June 2011.



Expansion in the UK – our fourth market

Clas Ohlson's expansion in the UK continues. During 2010/2011, another four stores were opened and at the end of the financial year, Clas Ohlson had a total of 11 stores, of which four in the London area and one store each in Manchester, Leeds, Liverpool, Birmingham, Cardiff, Norwich and Dorchester. All stores are centrally located in strong city centres with major visitor traffic.

The first store located outside the Nordic region was opened in November 2008 in Croydon, London. The premier in the UK was a major step in Clas Ohlson's efforts to achieve its vision of becoming a leading European retailer. Through surveys in our stores, we know that our customers generally appreciate our business concept, in terms of range, prices and services, and gladly recommend Clas Ohlson to others.

The weaker trend in the UK economy during the financial year had an impact on household belief in the future and scope for consumption. Despite the tough market climate, the number of visitors and customers in the UK stores matches the Group average. The conversion rate (portion of visitors that make purchases) and the average purchase are lower in the UK than the Group average, which is normal when entering new markets. Clas Ohlson believes it will take time to establish the brand and position in an entirely new market and that the conversion rate, average purchase and sales will increase gradually in the coming years.



Major opportunities

With a population of 60 million, the UK presents excellent long-term opportunities for Clas Ohlson. The factors that have had a bearing on the choice of a new market include the number of potential customers. Town-centre trading is strong, and a large proportion of shopping is carried out in centrally located shopping malls. This type of shopping behaviour suits Clas Ohlson's strategy of having stores in strong shopping centres in city locations.

Extensive customer surveys of the target group also indicate favourable demand for a chain like Clas Ohlson in the UK market. No other chain currently offers an equivalent concept in central retail locations. Clas Ohlson's range, stores and service represent a new, sensational and appreciated element in UK retailing.



Product range and deliveries

Some components of Clas Ohlson's range have required adaptation to the UK market since certain standards differ, such as with regard to electrical products. Of the standard catalogue range, approximately 1,400 products had to be adapted, changed or replaced. The company also adapted the range by selecting brands with which UK consumers are familiar and used to buying. Deliveries to the UK stores are conducted from the distribution centre in Insjön. As the operation expands, Clas Ohlson will regularly assess other alternatives that entail shorter transport routes.



Excellent opportunities to sign prime locations leases

Clas Ohlson's entrance in the UK is long term and the continued weak economic climate signifies opportunities to sign leases for prime store locations that were not previously available. The lease levels have also decreased due to the weak trend in retail trade. Clas Ohlson has established stores in prime business locations, either on well-frequented streets in the city centre or in centrally located malls. The continued expansion rate has been adapted to prevailing market conditions and Clas Ohlson plans to open an additional four new stores during the 2011/12 financial year.

Local marketing in the stores' catchment areas

Clas Ohlson's marketing focuses on highlighting the business concept in the catchment areas in which its stores are established. Since Swedish retailers have an excellent reputation in the UK, the company places a particular emphasis on Clas Ohlson's origins and history. To clarify Clas Ohlson's offering, the company has been introduced as a modern hardware store that sells useful products that make everyday life easier. Marketing has reached consumers through outdoor advertisements, direct-mail advertising, PR, radio commercials and local distribution of the Clas Ohlson's catalogue in the areas where stores are located.

Purchasing and product range

Clas Ohlson's product range is intended to help customers in Sweden, Norway, Finland and the UK to solve everyday problems. The range reflects a high rate of renewal, focusing on technology, function and quality. Environmental and ethical issues are also key factors in the choice of products and suppliers.

Attractive and distinct range

Following Clas Ohlson's entrance into new markets, the demands placed on the company's purchasing operations have intensified. It is important to ensure that the product range is always attractive, distinctive and competitive in the various markets in which Clas Ohlson operates, and must focus on meeting and solving customers' practical problems.

In addition to the approximately 15,000 items in Clas Ohlson's range, the company also offers spare parts and accessories. This philosophy is highly appreciated by our customers, who are able to receive advice, tips and repair information from our skilled staff in the stores and from our central customer service at Insjön, Sweden, for which we have received the best customer service award for three consecutive years. Since the products are divided into five categories, the company does not depend on any individual product area and declining demand in one area could be offset by increased demand in another.

Clas Ohlson does not conduct any manufacturing operations itself. It holds no product patents and is not dependent on any single supplier.

Thousands of new products every year

Every year, Clas Ohlson replaces approximately 2,000 products in its range. Demand, customer satisfaction and profitability are decisive factors when determining whether a product will be removed from the range. The product's lifecycle also plays a crucial role in the decision.

When selecting new products, the main criteria are usually technology, function, price and quality. We also search for new products with improved environmental performance or that are able to assist customers to reduce their energy consumption. Many of Clas Ohlson's products have a high technology content, and the company aims to be at the leading edge, without setting trends or being technological pioneers.

Extensive quality and function tests

Before a new product is added to the range, in-depth tests are performed to assess its quality, function, safety, lifecycle and other qualities. The tests are conducted in Clas Ohlson's own workshops. Several products are also passed on to various testing organisations, such as Intertek Semko and the Swedish National Testing and Research Institute. Clas Ohlson also focuses on minimising the use of hazardous substances in the products included in its range.

Active purchasing work

Clas Ohlson's purchasing department is divided into five groups based on the company's product categories: Hardware, Home, Multimedia, Electrical and Leisure. Category and product managers attend large trade fairs and visit suppliers around the world to find new products and develop the existing range.

By conducting regular factory visits, Clas Ohlson, in consultation with its suppliers and manufacturers, is also able to influence product design, choice of materials, manufacturing methods and manufacturing conditions in terms of work environment, working conditions and environmental impact.

Extensive experience and high expertise

Many employees in the purchasing department have worked at Clas Ohlson for several years. Their knowledge and experience is passed on to the next generation of employees, thus providing the company with solid continuity with regard to purchasing and range development.

The company believes it is important for present-day buyers and product managers to feel the same curiosity about new products as the company's founder Clas Ohlson did. This inquisitiveness is part of our culture and something that we strive to uphold.

Employees receive training in the company's Code of Conduct and its methods and tools for checking and supporting suppliers. Purchasers have an important role to play in efforts to improve the work environment and working conditions, and in ensuring that the environmental properties of the products are acceptable.

600 suppliers in 30 countries

Clas Ohlson purchases products from approximately 600 suppliers in 30 different countries. Swedish suppliers accounted for 53 per cent of the company's total purchases during the financial year, while direct purchases from Asia accounted for 38 per cent.

Clas Ohlson's five product areas



Hardware



Home



Multimedia



Electrical



Leisure

The largest Swedish suppliers are trading houses or agents who hold import rights or type approvals for various products. The country of origin of these products is usually in Asia or Europe. When combined with the company's direct purchases, the proportion of products manufactured in Asia was 64 per cent, which is an increase compared with the preceding year. Clas Ohlson is working to concentrate its purchasing activities to fewer suppliers. The aim is to cut purchasing costs and develop closer partnerships with its European suppliers and Asian manufacturers. This will also facilitate monitoring of its Code of Conduct.

Increased share of direct purchasing

Asia, and China in particular, is Clas Ohlson's single most important purchasing market. To further strengthen the company's competitiveness, Clas Ohlson has operated its own wholly owned purchasing company in Shanghai since 2008. By combining purchases through the office in Shanghai and agents in Asia, the company is able to make better and more efficient purchases.

Although Clas Ohlson's partner agents have experience and contact networks that contribute value to the company, the aim is to reduce the number of agents as the company's own buyers in Shanghai begin to purchase more products directly from the manufacturer. Clas Ohlson's purchasing strategy also involves conducting continuous assessments of products that are manufactured in Asia but sold through intermediaries in Sweden and Europe to allow the company to identify alternatives that can be purchased directly from Asian manufacturers. This is important in order to offer the lowest possible prices to our customers.

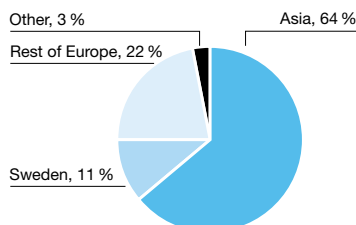
Purchasing policy

One of the stipulations of Clas Ohlson's purchasing policy is that the company must purchase its products as close to the manufacturers as possible so as to avoid costly intermediaries.

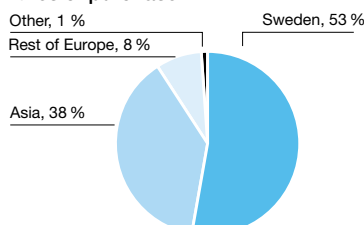
Positive trend of own brands

In recent years, the company has invested heavily in own-brand goods, which now account for approximately 23 per cent of sales. The objective is to increase this figure to at least 25 per cent. The focus of our own-brand products is to offer excellent quality at attractive prices. Offering a combination of own-brand goods and other well-known brands provides Clas Ohlson's customers with a broad selection and an opportunity to choose the price level and product features that best suit their needs.

Countries of origin



Countries of purchase



Own brands

Clas Ohlson has about 15,000 products in its range. The range is divided into five different product areas: Hardware, Home, Multimedia, Electrical and Leisure.

In recent years, the company has invested heavily in own-brand goods, which now account for approximately 23 per cent of sales. The objective is to increase this figure to at least 25 per cent. The products sold as own-brand goods are hallmarked by their high quality and attractive prices.



Logistics, IT and safety

Efficient logistics are one of Clas Ohlson's key success factors. With a new sorting facility and the expansion of its fully automated high-bay warehouse, Clas Ohlson has one of the most modern and efficient logistics facilities in the Nordic region.

Efficient logistics

The company's distribution centre in Insjön is the logistics hub of the entire Group, and all goods destined for Clas Ohlson stores and mail order/Internet customers pass through the facility. Automated systems facilitate high availability in stores and for mail order/Internet sales. The average rate of stock turnover in the distribution centre during the financial year was 5.4 times (6.4). This means that the company replaced its entire stock of a full 15,000 items more often than once every two months. With this high rate of turnover, the distribution centre is more comparable to a terminal than a warehouse. In recent years, Clas Ohlson has been nominated for a number of logistics awards based on its work on developing efficient logistics processes and its involvement in environmental issues.

Expanded distribution centre to handle continued growth

Clas Ohlson's distribution centre in Insjön was expanded during the financial year to create capacity to store and distribute products to at least 150 stores in a highly efficient manner. As of 30 April 2011, SEK 581 M of the total ongoing investment of SEK 615 M had been utilised. With the new picking facility and the new supplementary high-bay warehouse, Clas Ohlson's distribution centre is one of the most modern and efficient logistics facilities in the Nordic region.

Extensive goods flow

The number of pallets delivered to stores during the financial year amounted to 227,000 (209,000), corresponding to approximately 900 per day. The normal delivery time to the stores is one to three days, and ordering takes place automatically via the in-store computer system when a product reaches its re-ordering point in each store. Clas Ohlson also delivered approximately 116,000 (128,000) mail order/Internet consignments, corresponding to 460 per day.

IT system and security

Clas Ohlson has worked for many years to develop IT systems that support its operations. These systems make it easier to handle the ordering, delivery, replenishing, picking and final delivery of goods.

All systems affecting the handling of goods are fully integrated, meaning that the information is only registered once and is displayed in real time. To ensure a high level of service, the systems are built up at three different levels:

the central system, the in-store computer system and the checkout system.

Central system

All information relating to products, customers, suppliers and so forth is registered in the company's shared central database system. Purchasing procedures, warehousing procedures and shared functions, such as financial and accounting systems, are run in this central system. Many of the programmes are customised and developed in-house to suit Clas Ohlson's particular operation. An exception is the financial and accounting system, which is a standard system.

In-store computer system

All data relating to the flow of internal information within a store and between stores is available in the in-store computer system. Ordering points for all items in the store are entered into the system. When an item reaches its re-ordering point, an order is automatically sent to the central system.

Checkout system

A special checkout system that processes the sales transactions in the specific store is linked to each in-store system. The checkout systems communicate with both the in-store computer system and the central system at all times, but can also work completely independently should communication with the other systems fail. During the financial year, a completely new checkout system was procured with a number of improvements and developments for future requirements.



Cocraft laser distance meter. Accurate laser measuring. Measure surface as large as the laser point, which facilitates precise measurements of small surfaces. Memory and mathematical function for calculating surfaces, volume, total measurements and indirect measuring of height. Display with background lighting. Measure area 0.5-50m. Accuracy ± 2 mm regardless of distance. Protective case of silicon, calculator, storage bag and wristband included. Battery type 6LR61 (included).
40-7528



Photo: Ingemar Lind Sjömans Flygfotob

Clas Ohlson's expanded distribution centre, with a new sorting facility and new high-bay warehouse, can store and sort goods for more than 150 stores at a high rate of activity. The facility, which is in Insjön, Dalarna, is one of the most modern and efficient in the Nordic region.

IT security a high priority

Clas Ohlson's operations are based on the integrated systems working with as few interruptions as possible. All of the systems are duplicated to ensure high availability and short down time, thus enabling quicker re-starts and a higher level of security than if the systems were run in a single-computer environment.

All of the systems and transactions are backed up every night. Firewalls and virus protection are other elements of Clas Ohlson's security system.

Other operational systems

During the financial year, a number of key IT projects were conducted to support and develop the Clas Ohlson operation and ongoing internationalisation, including the development of a new technical platform for e-trade. The new e-trade platform will be launched during the 2011/12 financial year, thus enabling us to offer customers in all markets rapid, easy and inspiring e-trade as a complement to our stores. Other examples of systems that were developed or introduced during the year are a new system for customer case management, a new consolidation system for consolidated financial accounting and a new system for publishing information on the intranet and website.

Insurance cover

Clas Ohlson has insurance policies that provide the company with adequate cover for inventories, buildings, machinery and equipment, as well as interruptions and liability, including product liability.

General safety activities

During recent financial years, Clas Ohlson enhanced the general safety work conducted at the company. The safety department focuses on such issues as continuity planning, crisis management, fire safety, information security and safety for the stores, distribution centre and head offices. Shrinkage is a problem for the retail sector as a whole. Clas Ohlson has a group with key functions that work long-term with processes and procedures, training and technical tools to minimise shrinkage within the company.

To prevent fires, stringent regulations govern all handling of flammable substances. All employees receive training in fire safety and a special emergency fire team specialising in fire prevention is also stationed in Insjön to provide rapid assistance in the event of fire.

The distribution centre in Insjön is divided into several fire compartments, which are separated by firewalls and fire shutters. The fire alarm system, which has about 625 fire detectors, is linked directly to the emergency services switchboard and to the internal on-call team.

The building is equipped with a sprinkler system, consisting of about 29,000 sprinkler valves. It is supplied with water via a sprinkler control room with direct-starting diesel pumps. The water is taken from two reservoirs linked to the sprinkler control room. A special fire pond has been created next to the high-bay warehouse section to ensure that water for fire extinguishing is available. Flammable goods are placed in a special part of the building adapted for this specific purpose. Truck loading takes place in a special truck-loading room, which meets all relevant requirements.

Risks and uncertainties

Clas Ohlson's operations are associated with risks that to a varying extent could negatively impact on the Group. These risks can be divided into those related to operations, such as a competitive product range or a changed competitive situation, and those related to financial considerations, principally foreign-exchange exposure.

Both operational and financial risks can have a short and long-term impact on Clas Ohlson's ability to attain the goals set out in its business plan. The scope of the company's work on its general risks was further extended during the financial year, firstly by continuing to conduct audits of the company's risk profile and secondly by continuing to develop processes for pursuing regular risk-related work. The main aim of the company's regular work, undertaken in a coordinated and systematic manner, is to rapidly identify new risks and limit the company's risk exposure and the impact of any risk. This work will remain a high priority as the company grows and develops.

Operational risks

Expansion in the UK

Expansion in the UK, with a population of 60 million, gives rise to opportunities for Clas Ohlson in the form of another market, but also entails risks. One of the risks is that the brand is unknown to most people and is expected to take a long time to establish. Further information on the start-up of the UK operation is provided on page 19.

Purchasing in Asia

Clas Ohlson currently purchases about 38 per cent of its products from Asia, mostly from China. The percentage

of purchases made in Asia is to be further increased through Clas Ohlson's own purchasing company, thus strengthening the company's competitiveness in its continued expansion. The greater exposure to a single country will entail increased risks (political risks, transport risks and so forth).

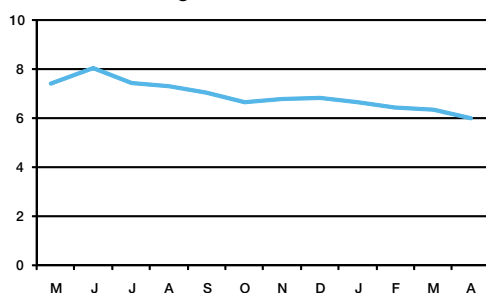
Competition

The European retail sector is showing a clear trend toward the emergence of large, nationwide chains, generally at the expense of smaller, individual specialist dealers. The large chains are also becoming established in more countries through their own stores and acquisitions. Accordingly, the players in the market have become both fewer in number and larger in size. Competition intensified during the financial year, particularly in the Nordic region, as a result of more stores and shopping centres.



Logitech Alert 750e surveillance camera. Camera surveillance system that uses the existing electricity network in the home to connect to your network, no cable-drawing required. Monitoring possible via the Internet or mobile phone, wherever you are. Automatic recording of movement, with warnings via e-mail to your computer or mobile phone. Storage of up to one week's recording. The system can be expanded by up to six cameras. Adaptable to Windows 7/Vista/XP (SP3).
36-4498

USD/SEK exchange rate



The USD is Clas Ohlson's principal purchasing currency. The exchange rate against the SEK at the start of the financial year on 1 May 2010 was SEK 7.23. The exchange rate weakened substantially for most of the financial year. On 30 April 2011, the rate was SEK 6.01, down 17 per cent.

The highest exchange rate during the financial year was SEK 8.07, recorded in June 2010, while the lowest was SEK 6.01, noted in April 2011. The average exchange rate for 2010/11 was approximately SEK 7.26.

Logistics

Clas Ohlson's distribution centre in Insjön represents the hub of the entire Group's logistics chain. Goods are distributed from the centre to all of the stores and to mail order/Internet customers. In recent years, the distribution centre has been expanded to further enhance the efficiency of the company's logistics. However, having logistics concentrated in one place entails risks. This applies, for example, to interruptions to communication and infrastructure, fires or strikes. Investments in the distribution centre also involve higher overheads, which could have a negative impact on profitability if Clas Ohlson's growth rate declines. For further information, see page 22.

Key individuals

An increasingly important factor for success is the ability to attract and retain key skills. Clas Ohlson's remuneration principles were modified during the 2008/09 financial year to include a larger percentage of performance-based variable remuneration. For further information, see page 56.

The company's geographical location necessitates flexible work patterns, which are a vital element in attracting and retaining key individuals from elsewhere.

Social responsibility – CSR

Society is increasingly focusing on issues involving Corporate Social Responsibility (CSR). Clas Ohlson works actively on these issues, which are regarded as strategically important and as an element in pursuing sustainable operations. If the company fails from this point of view, it risks losing sales and market shares. For further information on Clas Ohlson's sustainable development activities, see pages 29-45.

Product range

The company's principal task is to offer its customers a broad and attractive range. If Clas Ohlson misjudges new trends or product areas, this could result in lower growth and profitability.

Shrinkage

Clas Ohlson is exposed on a daily basis to various kinds of shrinkage, such as shoplifting and theft. The company makes efforts to reduce shrinkage through long-term active prevention in the form of training programmes, technical equipment and continuous follow-up and evaluation of security measures.

Financial risks

Economic climate

The retail sector as a whole is being adversely impacted by the weak economic climate. Although Clas Ohlson sells products that people need in their everyday lives, the company's sales are being affected by a generally weaker retail sector.

Nevertheless, Clas Ohlson's broad and affordable product range is less sensitive to fluctuations in the economy than many other retail companies. More than 80 per cent of Clas Ohlson's products cost less than SEK 300. The company's wide range, with five different product categories, also entails a lower risk since demand in one category could rise, while demand in other diminishes.

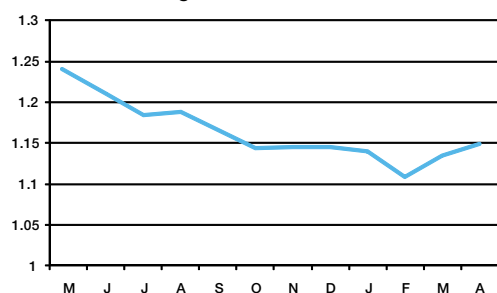
Wage inflation in manufacturing countries

Clas Ohlson is affected by changes in wage levels in the countries where the company's products are manufactured. Changes can vary between different products depending



Wireless Electricity Monitor with USB Port. Monitors consumption throughout the home. Consists of sensors, transmitter and display unit. The sensor and transmitter are placed in the distribution box and wirelessly transmit your electricity consumption to the display unit. The display shows cost, kWh consumption, average consumption and history. Size of display unit: 86x86x24 mm.
36-4500

NOK/SEK exchange rate



Norway accounts for approximately 40 per cent of Clas Ohlson's sales. At the start of the financial year on 1 May 2010, the exchange rate for the Norwegian krone (NOK) against the SEK was 1.23. The exchange rate then weakened during the summer and subsequently appreciated considerably during the autumn. Another decline was recorded during the final quarter of the financial year prior to a subsequent rise. On 30 April 2011, the exchange rate was 1.15, down 7 per cent.

The highest exchange rate during the financial year was 1.25, recorded in May 2010, while the lowest was 1.11, noted in February 2011. The average exchange rate for 2010/11 was approximately 1.16, compared with 1.22 in 2009/10.

on the percentage of the manufacturing process that is labour-related.

Commodities prices

Purchase prices for the company's products are affected to a relatively large extent by prices for individual commodities on the world market. This applies in particular to electrical equipment (copper), batteries (zinc), lighting (aluminium) and plastic products (oil). Since the company does not directly hedge its purchases of raw materials, this gives rise to a risk since the purchase prices for the products concerned may be affected by trends in commodities prices, while selling prices are fixed during the catalogue period.



Ground-fault interrupter. With a disconnecting switch that provides additional protection since it has to be restored manually in the event of power failure. Portable for connection to grounded wall socket. Trips at 30 mA of leakage current. Equipped with test function and indicator. 230V/16A. IP44. Class A. S-labelled.
32-3492

Currencies

The company has relatively high exchange-rate exposure through its sales in Norway and through the Group's purchasing. Approximately 45 per cent of purchases are denominated in currencies other than SEK.

The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). In addition, movements of SEK against the Norwegian krone (NOK) are significant to the Group, since Norway accounts for approximately 40 per cent of sales. Net exposure to EUR is low, since the company is increasing its sales in EUR through its expansion in the Finnish market. The Group is also increasing its exposure to the pound sterling (GBP) as its sales in the UK grow.

The table below shows how profit is affected by a change in volume of sales for existing units and changes in the principal currencies.

Currency hedging

Estimated exchange rates for each currency, set in June and January each year, are used when pricing products in the main catalogue. About 50 per cent of the expected flow is hedged six months ahead. As a result, the company is guaranteed the estimated exchange rate for a large proportion of its purchases, but at the same time takes the risk of paying for the remaining purchases at the current rate.

Hedging in USD and NOK was carried out during the financial year.

Currency movements

The NOK weakened in relation to the SEK during the financial year. The average exchange rate for the NOK was SEK 1.16, down 5 per cent up on the average rate for the 2009/10 financial year, when it was SEK 1.22. This had a negative impact on sales, since approximately 40 per cent of sales take place in NOK.

The USD weakened against the SEK during the most recent financial year. The average exchange rate during the 2010/11 financial year was 4 per cent lower than in the preceding year (SEK 6.95 compared with SEK 7.26). The same applies to HKD, since it is pegged to the USD exchange rate, and both currencies have therefore shown an identical trend. The Chinese currency (RMB) had the same trend as the USD and HKD.

Sensitivity analysis

Factor	Change	Impact on profit before tax, SEK M
Volume of sales	+/- 5 per cent	+129/-144
Currency		
– NOK	+/- 5 per cent	+/- 53
– USD	+/- 5 per cent	-/+ 42
– HKD	+/- 5 per cent	-/+ 7
– EUR	+/- 5 per cent	+/- 1
– GBP	+/- 5 per cent	-/+ 8

The company has relatively major exchange-rate exposure through its sales in Norway and through the Group's purchasing. The table shows how earnings are affected by changes in the principal currencies (excluding the impact of currency hedging). The table also shows how earnings are affected by a change in sales volume for comparable units.



One of the most modern and efficient distribution centres in Europe is located in Insjön.

The distribution centre in Insjön, the hub of our operations

One of the most modern and efficient distribution centres in Europe is located in Insjön. All products sold by mail order/internet and in our stores in Sweden, Norway, Finland and the UK pass through this point. In the last year alone, 227,000 pallets were sent to stores and 116,000 pallets were mail order/internet consignments.



"The job is independent and varied, with a great team of people and a good working environment," says Tomas from the incoming delivery unit.

Jens Gustafsson and Tomas Pellas are two of 104 employees at the inward delivery unit. Products are delivered by rail or road, either directly from the suppliers or from the port in Gothenburg, which receives and forwards all purchases from Asia to Insjön.

What does a normal day at the inward delivery unit look like?

"We work double shifts on weekdays, from 6 a.m. to 8.30 p.m. On a normal day, we empty 12-15 freight containers and 18-20 trucks. In the Christmas rush period, which starts in October, deliveries arrive more frequently and we hire about 50 extra employees to handle the pressure," says Tomas.

"Incoming goods are registered, checked, sorted and distributed. Bulky things like marquees, wood splitters and stepladders are sent to the heavy goods unit. Smaller items like light bulbs, screws and fittings go to the miniload unit. Flammable goods are stored separately. Everything else is sent to our two fully automated high-bay warehouse, which combinedly consume 115,000 fully loaded pallets," says Jens.

When all products are in place in each warehouse, the inventory care group conducts regular inventories and quality control, and reports to the purchasing office.

Store deliveries

The turnover rate in the distribution centre is high. Products that are unloaded in the inward delivery unit are soon standing on a new pallet in the loading hall, ready for transportation to stores. The entire unit is emptied and refilled in about two months. Hans Bergman, Monika Levisson and 130 employees are responsible for store deliveries.

"When a product is running low in the store, orders are automatically placed in our data system. Every day, 800-900 fully loaded pallets are sent to stores in Sweden, Norway, Finland and the UK," says Hans.

That's a lot of stores and deliveries

"We use a smart barcode system to ensure that the right pallet goes to the right store, which means that our error rates are very low. For further quality assurance, we have a group called DIS – Distribution, Information, Service – where three people serve the stores and solve all kinds of questions and problems," says Monika.

Mail order/internet sales

The distribution centre also houses Clas Ohlson's mail order/internet sales, for the dispatch of all orders received from online and telephone stores. 28 people work here, including Patrick Andersson. "Our picking stocks are designed like a store, with shelves that are filled as products are purchased. Each item is sorted individually in sales packs. We print customers' orders twice per day, and then pick the goods for postal delivery. Bulky goods are packed separately and transported by road."

Can you describe a typical mail order customer?

"Well, they can be anybody – from private individuals to companies, hospitals or schools. I have sent deliveries to the Royal Armoury and Kumla Prison, as well as Greenland and Svalbard!"



Our two fully automated high-bay warehouses hold a combined total of 115,016 pallets.



Sustainable development

Clas Ohlson is a dedicated retail company with 139 stores in Sweden, Norway, Finland and the UK. To date, mail order/Internet sales have only been offered in Sweden and Norway, but will also be launched in Finland and the UK during the 2011/12 financial year.

We offer a range of 15,000 products in Hardware, Home, Multimedia, Electrical and Leisure. Our head office and distribution centre are located in Insjön, Dalarna, and we have approximately 4,000 employees. The company does not own any factories but cooperates with approximately 600 suppliers and 750 manufacturers in 30 countries. This sustainability report describes how we work with Corporate Social Responsibility (CSR). These efforts comprise Clas Ohlson's social and environmental responsibility, meaning how it is working for sustainable development.

Basis for Clas Ohlson's CSR work

Our business concept is to make it easy for people to solve their everyday practical problems in life. Our own operations and those of our suppliers and manufacturers are subject to demands concerning working conditions and other human rights, work environment and environmental impact. Through a sustainable business concept and operations, Clas Ohlson aims to create value for its shareholders, customers and employees, as well as for society as a whole.

Clas Ohlson aims to contribute to sustainable development and protect living conditions for current and future generations.

Efforts to contribute to sustainable social development are of critical importance to our business operations; partly due to increasing demands from customers, employees and other stakeholders, but also because sustainability generates new business opportunities for Clas Ohlson. All major investment decisions must take economic, social and environmental implications into account.

Our corporate culture is distinguished by the unique Clas Ohlson spirit, which is characterised by responsibility, team spirit, mutual respect and an open exchange of thoughts and ideas. Clas Ohlson's culture and tradition also include caring about customers, employees and the community as a whole.

Our sustainable vision

We shall commit the company's resources to economic, social and environmental development that contributes to sustainable living conditions for current and future generations.

Clas Ohlson's CSR organisation and responsibility

Clas Ohlson's sustainability programmes are led by the CSR forum comprising the CEO, Director of Information, Director of Purchasing, Director of Supply Chain, Director of HR, environmental Coordinator, Internal Controller and CSR

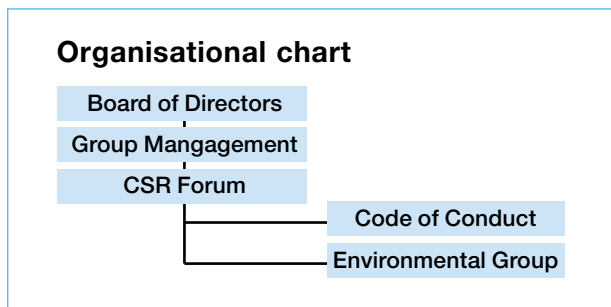
Manager (Code of Conduct).

The CSR forum makes decisions pertaining to goals, strategies and activities for the entire Group's CSR programmes and monitors whether the company is working effectively toward its set goals.

The CEO has overall responsibility and the CSR programmes are to be integrated into and encompass the entire organisation.

Clas Ohlson works according to the philosophy that sustainability issues require an overall approach and that these issues must permeate the entire organisation and its various operations. This requires the involvement of the entire organisation, down to each individual employee, in efforts to achieve a sustainable society.





Policies and reporting period for Clas Ohlson's Sustainability Report

This is the third sustainability report prepared by Clas Ohlson, based on the latest guidelines issued by the Global Reporting Initiative (GRI). Clas Ohlson has chosen to apply C-level* disclosure (not reviewed by an external party). A cross-reference table is presented on page 45 detailing where the various GRI indicators can be identified in Clas Ohlson's Annual Report, Sustainability Report and on the website.

The information and performance indicators provided in the Sustainability Report are selected on the basis of significance and relevance from a sustainability perspective for Clas Ohlson and according to requests from our stakeholders.

The Sustainability Report pertains to the 2010/11 financial year, meaning the 1 May 2010 – 30 April 2011 period. Some sections contain information, performance indicators and diagrams for the 1 January 2010 – 31 December 2010 period.

Restrictions

The Sustainability Report pertains to Clas Ohlson's own operations, meaning our direct impact on people and the environment, but also the impact of our suppliers' and manufacturers' operations on people and the environment. The terms "sustainability" and "Corporate Social Responsibility" (or "CSR") are used interchangeably in the report and entail Clas Ohlson's overall social and environmental responsibility. The term "CSR" is also used in the section that specifically addresses the company's Code of Conduct and our efforts to minimise the risk of non-compliance with the code. In that specific section, CSR is also used as a synonym for our work with the Code of Conduct.

We consider the entire lifecycle of the product, meaning how it is manufactured and used, and its impact on the environment at the end of its operational life.

Our responsibilities in relation to suppliers and manufacturers include making demands, developing long-term relationships and supporting them in their work with human rights, working conditions, the work environment and environmental impact. We also carry out regular verifications and audits, and terminate contracts with manufacturers that are unable or unwilling to live up to our demands.

Clas Ohlson's stakeholders and target groups

Clas Ohlson's key stakeholders and target groups are customers, employees, shareholders, suppliers and manufacturers, as well as the general public.

We engage in a continuous dialogue with key stakeholders

and also conduct internal and external surveys to ensure that we keep abreast of opinions and requests concerning the company's operations and development.

The expectations and demands placed on Clas Ohlson by stakeholders differ. An open dialogue generates increased knowledge and assists in determining the aspects of our sustainability efforts that need improvement.

We engage in meetings with a number of funds and asset management companies and their sustainability analysts concerning various CSR issues and the opportunities and challenges facing Clas Ohlson. Several of these analysts have also been on factory visits to monitor the methods we use to inspect and verify our manufacturers in Asia. During the financial year, Clas Ohlson also held meetings with Amnesty International, Swedwatch and Save the Children in an effort to learn from their experiences, know-how and work in respect of human rights.

Participation in international sustainability initiative

Clas Ohlson is a signatory to the UN petition to promote work in the area of human rights, the UN Global Compact.

During the year, we introduced a policy against corruption and bribes that applies to employees, suppliers and manufacturers.

In addition, for the second consecutive year, we contributed to the international climate initiative, the Carbon Disclosure Project (CDP). This requires that we report both direct and indirect emissions of greenhouse gases from our operations that occurred in 2009.

Employee surveys

Our work environment survey reveals a high level of job satisfaction and an excellent working environment. During the financial year, an employee survey encompassing the entire Group was implemented – the Employee Satisfaction Index (ESI). (Read more on pages 38-40).

Customer survey

Each year, Clas Ohlson conducts an extensive customer survey encompassing Sweden, Norway and Finland. The customer survey for the financial year under review included questions relating to customers' views of sustainability and the areas that they considered most important with respect to the environment, ethics and social responsibility (see the diagram on the next page).

This year's survey shows that customers believe that our social work is most important, followed by a good personnel policy, our environmental programmes and finally our other community involvement. Our dialogue with customers on sustainability issues is important and will be further developed in an effort to involve them in the development of our business and the products we offer.

Our stores

In conjunction with store establishments, Clas Ohlson cooperates with municipalities, regions and government authorities. There is a shared interest in creating a viable local industry, particularly in the city locations where Clas Ohlson primarily establishes its stores. Central locations mean that people can shop where they live and work, reducing the need for driving to business centres outside city centres. Clas Ohlson opens a large number of new stores in our current four markets every year, thus creating many new job opportunities.

Financial development that creates value

Clas Ohlson has reported a profit every year since its inception in 1918. Healthy profitability and sound finances are essential for conducting long-term sustainable operations and creating value for shareholders, employees, suppliers and society at large. As the business grows and expands, new job opportunities are created and, through the taxes paid in our various markets, Clas Ohlson contributes to public finances and the financing of society's joint commitments.

Significant events in 2010/11

The CSR perspective plays a central role in our business strategy and is an integral part of our operations, governance, monitoring and decision-making processes. The CSR perspective was integrated into Clas Ohlson's strategy and business planning during the financial year and is now included in the processes, tools and plans that are used.

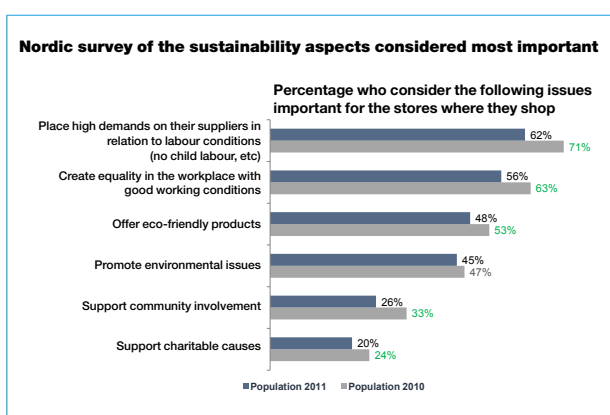
In the 2010/11 financial year, we continued to develop our long-term efforts to monitor our Code of Conduct. Some 426 manufacturers in Asia were audited during the year, compared with 444 in the preceding year. An increased proportion of return visits were made with the purpose of monitoring the action plans that were agreed upon with various manufacturers.

In cooperation with Dalakraft, Clas Ohlson has reduced its annual CO₂ emissions by 1,000 tonnes by introducing district heating in the distribution centre and head office in Insjön, compared with previously when heating was based on oil.

Clas Ohlson has continued to promote the phase-out of conventional light bulbs through various marketing campaigns. Customers are offered assistance by knowledgeable personnel to find the right alternative and there is instructional information in our stores.

A strategy for cooperation with NGOs has been established, which has led to a joint venture with Save the Children concerning cooperation in Sweden, Norway and China with an ambition for future cooperation with Finland and the UK.

Clas Ohlson has also collaborated with Cancerfonden during the financial year and participated in two campaigns – against breast cancer och prostate cancer.



*GRI application levels

The guidelines have three different application levels: A, B and C. The reporting criteria at each level reflect an increased application or coverage of the GRI Reporting Framework. A "plus" (+) can be added at each level to indicate that the item in the report has been externally verified.

The strategies are as follows:

Strategy	Activity
Open dialogue with our stakeholders and opinion-builders concerning our CSR work	<ul style="list-style-type: none"> - Feedback from our stakeholders via Employee Satisfaction Index, customer surveys and participation in Sustainable Brands Image Survey. - Participation and dialogue with NGOs, universities, forums and other parties in relation to CSR issues.
In-depth cooperation with stakeholders and manufacturers to create continuous social and environmental improvements.	<ul style="list-style-type: none"> - Further developed forms for monitoring, controlling and supporting manufacturers in Asia in respect of working conditions and environmental work. - Increased proportion of monitoring factory audits in order to verify agreed action plans for identified deficiencies.
The CSR perspective is to be an integral part of our business. We must capitalise on the business opportunities that exist in the area of sustainable development and strengthen our long-term competitiveness.	<ul style="list-style-type: none"> - Integration of CSR issues into Clas Ohlson's strategy and business planning. - Development of system support for CSR reporting (Code of Conduct). - Internal training to raise expertise and awareness of CSR issues throughout the entire organisation.
Develop the product range and communication, thus helping our customers in their selection of products that contribute to sustainable development.	<ul style="list-style-type: none"> - Range enhancements with new products that help our customers reduce their electricity consumption and environmental impact. - Improved customer communication in relation to CSR issues in our stores and through other sales and communication channels.
We shall make a difference in society by supporting selected charitable causes in countries where we conduct operations.	<ul style="list-style-type: none"> - Cooperation with Cancerfonden (Sweden) and Kreftforeningen (Norway) to help fight cancer. - New long-term cooperation with Save the Children to help improve conditions for children. - Community involvement entailing support for cultural and sporting activities, especially for young people living in and around Insjön.

Our work to promote human rights and better working conditions

Taking responsibility for the environment and the people who are affected by our operations is important for Clas Ohlson. Responsibility in our supply chain involves making demands and verifying compliance, but also developing long-term relationships with our suppliers and supporting their efforts to achieve sustainable improvements.

Our supply chain

Clas Ohlson is a dedicated retailer. The company does not own any factories, and purchases its entire range from suppliers and manufacturers in 30 countries.

Some 38 per cent of our range is purchased directly from factories in Asia. Direct purchasing gives us greater opportunities for influencing, verifying and supporting our manufacturers in their efforts to improve working conditions and their work environment.

The work involved in verifying and supporting our suppliers and manufacturers primarily focuses on the production taking place in countries with a high risk of non-compliance with our Code of Conduct. The high risk in these countries may be due to a lack of national legislation, neglected monitoring of existing laws and regulations or corruption.

We strive for long-term relationships with our suppliers and manufacturers, and believe in cooperation and active dialogue.

The Code of Conduct is developed and updated as required, based on our experiences and cooperation with suppliers and manufacturers.

Long-term commitment and cooperation

Our ambition is to contribute to a better work environment and working conditions in our own operations and for the people involved in the production of products that we purchase from various suppliers and manufacturers. We are also responsible for ensuring that our products generate the least amount of environmental impact possible during their lifecycle. Verifying and working for improvements in our supply chain is a long-term and complex process. It requires commitment and effort from the entire organisation as well as our suppliers and manufacturers. Since the introduction of our Code of Conduct in 2005 and the establishment of our purchasing office and CSR department in Shanghai in 2008, we have come closer to manufacturers and taken several significant steps forward in our efforts to influence, verify and improve conditions in our supply chain.

Integral part of the operations

CSR work is an integral part of Clas Ohlson's operations. Targets are set, planned and monitored by Clas Ohlson's CSR forum (read more on page 29).

In our work on social responsibility in the supply chain, close and effective cooperation between the purchasing office and the CSR department is essential.

Both entities actively ensure that Clas Ohlson's suppliers and manufacturers sign and comply with the requirements of our Code of Conduct and that any deficiencies are addressed. The entities work closely with each other and jointly plan and monitor targets and activities (read more on page 35).

The purchasing office and CSR department have integrated data systems and share information about suppliers and manufacturers. For example, the purchasing office can access information about our manufacturers' CSR status, audit reports and improvement work to support decisions concerning purchases of various products or the selection of a supplier or manufacturer. If suppliers or manufacturers have a serious non-compliance that is not addressed, they are blocked in the system until the problems are rectified.

Clas Ohlson works continuously to improve and develop the company's tools, methods and systems in an effort to enhance and facilitate daily cooperation. During the financial year, new IT support was developed to create more efficient management of all audit reports and other CSR data that CSR work generates.

CSR department in Shanghai

Our CSR department in China is responsible for verifying, assessing and monitoring compliance with Clas Ohlson's Code of Conduct, and for training and communication with our suppliers and manufacturers in Asia. This assignment includes CSR audits of manufacturers and supporting their efforts to improve.

History of Clas Ohlson's CSR work

- 1998 Policy concerning child labour introduced.
- 2001 Environmental policy introduced.
- 2004 Launched process to develop and introduce Code of Conduct.
- 2005 Clas Ohlson's Code of Conduct for suppliers adopted by Board and published.
- 2006 Working basis for the company's systematic CSR work is prepared, approved and tested.
- 2007 First external CSR audits carried out.
- 2008 Establishment of a special Corporate Social Responsibility organisation in Shanghai.
- 2009 Expansion of the number of audits and deepening of cooperation with suppliers in regard to our Code of Conduct.
- 2010 Anti-corruption section added to our Code of Conduct. Additional CSR office established in southern China.
- 2011 Purchasing office in southern China with CSR auditor.



LED-bulb

Stepless dimming (can be used in applications with incandescent dimmer). Rated life up to 20,000 hours. Temperature range -20 °C to +40 °C. Power: 7 W (equivalent to 40 W). Lumens: 470. Base: E27. Size (mm): 106x60.
36-4643

The department reports to Clas Ohlson's CEO and, at the end of the financial year, consisted of:

- One CSR Manager, Supply Chain
- One CSR team leader
- Two administrators
- Four CSR auditors who perform audits of manufacturers and provide training and information to the factories.

Challenges and opportunities

Clas Ohlson has a broad range of about 15,000 products. The company does not have its own factories, but purchases its products from a large number of manufacturers. For many manufacturers, Clas Ohlson is a small customer that accounts for less than 5 per cent of their annual sales. Through our CSR department in China, we have extended our auditing capacity to include verifying compliance with our Code of Conduct.

The factories in Asia represent various types of challenges, such as excessive overtime, poor working conditions, inadequate protective equipment, no or weak unions and manipulated time sheets. Corruption, bribery and other problems can also compound verification processes. We make both announced and unannounced visits to our manufacturers.

All companies operating either directly or indirectly in Asia encounter these challenges and can contribute to improvements in several ways. Clas Ohlson's strategy is to use a combination of its own CSR auditors and external audit firms. Close cooperation between our CSR department in China and our purchasing office in Insjön is also essential for achieving results.

Clas Ohlson works to prevent corruption and bribery. As a company and purchaser of goods and services, we can and must make demands on business ethics, both our own and our sub-contractors'. The Clas Ohlson spirit, our corporate culture, is based on basic values and a strong corporate culture which forms the basis for professional

and ethical conduct in our daily business. We introduced an anti-corruption policy during the financial year and added it to our Code of Conduct, to clarify our position on corruption and bribery in our own operations and those of our suppliers.

The manufacturers with whom we cooperate have various skills and experience of CSR requirements and audits. Many factories have several international customers that impose demands and make recurring visits to the factory, while others have more limited experience since clear requirements and CSR audits by purchasers were previously rare. We have noticed a difference during recent years, and an increased number of purchasers now make demands and verify factories, which is the key to achieving lasting and sustainable improvement.

Joint demands by purchasing companies for better conditions for people and the environment represent a positive trend and can generate even greater effects by means of endeavours to harmonise the various tools and methods that are used. Clas Ohlson is a member of CSR Asia, an organisation that presents opportunities for us to share experiences and contribute to better conditions for workers in Asia. We also cooperate with Save the Children's Centre for Children's Rights and Corporate Responsibility in China to help improve conditions for young workers (read more on page 34).

Training

When trying to promote sustainability efforts throughout the entire organisation – from the Board and management to all of our employees – training courses and information are probably the most significant factors for success in our CSR work.

New Clas Ohlson employees undergo CSR training in conjunction with their introduction programme in Insjön. Employees can receive training in Clas Ohlson's social responsibility on our intranet.

Our purchasing office undergoes regular training in CSR and our work in the supply chain, and purchasers participate in audits every year, thus enhancing their knowledge and experience of the process and insight into how they as a purchaser can contribute to improvements.

Our auditors underwent external environmental training during the year, designed in cooperation with an external audit firm, which dealt with CO₂ emissions, environmental management systems and ecology. Training also took place in factories to raise knowledge of various production processes.

Every year, we arrange training in our CSR programme and monitoring in the supply chain for our agents in Hong Kong, Taipei and Shanghai. Our agents, who assist with direct purchasing in Asia, also participate in audits to acquire more knowledge about the work involved in monitoring, verifying and supporting manufacturers.

External information

Clas Ohlson's sustainability report, which is part of the annual report, is the basis of our external CSR reporting and is prepared in accordance with the Global Reporting Initiative (GRI), which makes it easier for others to monitor our work. Clas Ohlson's stakeholders can receive more information on our website, where we have also published a number of case studies with examples of our work on social, environmental and other sustainability issues. We report our CSR efforts to the UN Global Compact and

CDP (Carbon Disclosure Project). We have also produced a simple brochure on sustainability issues with a brief summary of Clas Ohlson's sustainability work.

Cooperation with other companies and organisations

To increase our opportunities to promote change and influence manufacturers, we endeavour to cooperate with other companies and organisations. Through a strategic partnership with CSR Asia, we gain access to their expertise and network, and an opportunity to take part in forums, seminars and training.

Clas Ohlson has participated in the UN Global Compact (an initiative with ten principles in the areas of human rights, labour standards, the environment and anti-corruption) since 2009.

We have begun cooperating with Save the Children's Centre for Children's Rights and Corporate Responsibility (CCR-CSR) in China in order to – in collaboration with them and other companies – promote children's rights in China. CSR has formed a working group where a number of large multinational companies will work together to protect minors (under 16) who are identified working in factories and to give support to young workers (over 16) in an effort to create a good work environment that meets the needs and requirements of young workers.

During the year, Clas Ohlson participated in seminars arranged by CSR Asia and the Swedish Trade Council. We engage in dialogue with ethics analysts and other representatives for ethical funds that monitor Clas Ohlson and take part in various research projects in the CSR area.

Our tools and processes

The Code of Conduct

The basis for our work on monitoring and improving work in our supply chain is our Code of Conduct. Clas Ohlson's Code of Conduct contains the demands we make on ourselves, and on our suppliers and manufacturers in relation to working conditions, the work environment, ethics and environmental impact.

We refer to international conventions and national laws and regulations. The requirements of the Code are based on the UN Declaration on Human Rights and Rights of the Child, and the ILO core conventions.

The Code is based on the OECD guidelines for multinational companies and also complies with the ten principles in the UN Global Compact in the areas of human rights, labour standards, the environment and anti-corruption.

Our demands in the Code include:

- We do not tolerate child labour or forced labour
- Employees must not be discriminated against on the grounds of personal characteristics or beliefs
- Workers' health and safety must be prioritised in the workplace, for example that proper protection is used, and equipment and buildings are safe
- Hazardous substances and waste must be handled safely
- Employees must have acceptable working conditions, particularly in regard to wages and working hours

Targets	What we wanted to achieve 2010/11	What we achieved 2010/11	What we want to achieve 2011/12
<ul style="list-style-type: none"> • Efforts involved in assessing, verifying and working to improve conditions for people and the environment, at our suppliers and manufacturers 	<ul style="list-style-type: none"> • Continue with our assessments and audits of manufacturers • Systematic efforts to verify manufacturers' improvement work • Measure the environmental impact of factories, and work to reduce their "footprint" in cooperation with a number of manufacturers 	<ul style="list-style-type: none"> • We conducted 426 audits, both initial and recurring • Continuously monitoring of our active manufacturers' improvement work • Completion of a project, Think Green Initiative, where the environmental profile of a number of factories was evaluated 	<ul style="list-style-type: none"> • Active work to increase cooperation with other organisations and companies in relation to harmonised tools and methods for monitoring the Code of Conduct • Increase the number of external audits to make more verifications in addition to our own • Increase proportion of unannounced (window) audits to acquire some idea of normal conditions for our manufacturers • Deeper audits in the manufacturing area where the risk for deviations are assessed greatest
<ul style="list-style-type: none"> • Expand our work with information and training at our manufacturers 	<ul style="list-style-type: none"> • Continue and expand our efforts to inform and train manufacturers 	<ul style="list-style-type: none"> • Our auditors have presented information to factory managements in the areas of health and safety, Human Resources and the environment 	<ul style="list-style-type: none"> • Increase the number of training sessions for factories • Advanced training for our largest and the most important manufacturers
<ul style="list-style-type: none"> • Continuous training of our CSR auditors 	<ul style="list-style-type: none"> • Continuous training 	<ul style="list-style-type: none"> • Production-process training at factories • External environmental training, comprehensive training in relation to CO₂ emissions, environmental management systems, ecology 	<ul style="list-style-type: none"> • Continuous further training of our CSR auditors
<ul style="list-style-type: none"> • Cooperation with other companies and organisations in order to influence and continue improving 	<ul style="list-style-type: none"> • Cooperate with more companies and organisations. • Investigate initiatives that help harmonise companies' CSR work 	<ul style="list-style-type: none"> • Commenced cooperation with CCR CSR (Save the Children in China) • Participation in CSR research as case studies in relation to our CSR efforts 	<ul style="list-style-type: none"> • Continuing participation in CSR Asia and CCR CSR • Continuing participation in various research projects in the CSR area • Extended stakeholder dialogue in countries where we operate
<ul style="list-style-type: none"> • Improved communication both internally and externally 	<ul style="list-style-type: none"> • Increased internal and external communication • Further develop our dialogue with stakeholders 	<ul style="list-style-type: none"> • More information on Clas Ohlson's website • Participation in Sustainable Brands Image Survey 	<ul style="list-style-type: none"> • New interactive CSR training for all personnel • Increased communication with our customers in relation to CSR issues

The Code is available in Swedish, Norwegian, Finnish, English, Mandarin, Vietnamese, Korean and Japanese and has been published in its entirety on Clas Ohlson's website (<http://om.clasohlson.com/en>).

Demands on suppliers and manufacturers

All of our suppliers and manufacturers must sign our Code of Conduct. The suppliers, in turn, are responsible for ensuring that their sub-contractors and manufacturers comply with our Code. Suppliers and manufacturers that are unable or unwilling to sign our Code or comply with our demands are not permitted to cooperate with Clas Ohlson.

Since the introduction of our Code of Conduct, a number of suppliers have chosen not to sign the Code or not qualified to be one of our partners for a range of reasons. If our partners do not give us access to audits or are unwilling to work with improvements, despite discussions and attempts, we terminate our partnership with them (read more on pages 36-37).

Manufacturers with a committed management and effective management system for monitoring, control and document management are in general best at meeting the demands of the Code of Conduct.

Assessment and control of new factories

Before Clas Ohlson purchases products directly from a new supplier or manufacturer in Asia, a representative from the company visits the factory to make an initial assessment of various CSR aspects based on our requirements. The factory must also sign our Code of Conduct.

To identify any deficiencies, we also work with self-assessments where the manufacturer completes a comprehensive questionnaire about conditions in the factory in regard to the work environment, working conditions and the environment (based on the requirements of our Code of Conduct). The most comprehensive control is carried out during audits, when our own or external auditors inspect the manufacturing facility, interview the employees and verify various documents. Clas Ohlson bears the costs of these audits (an audit is described on page 37).

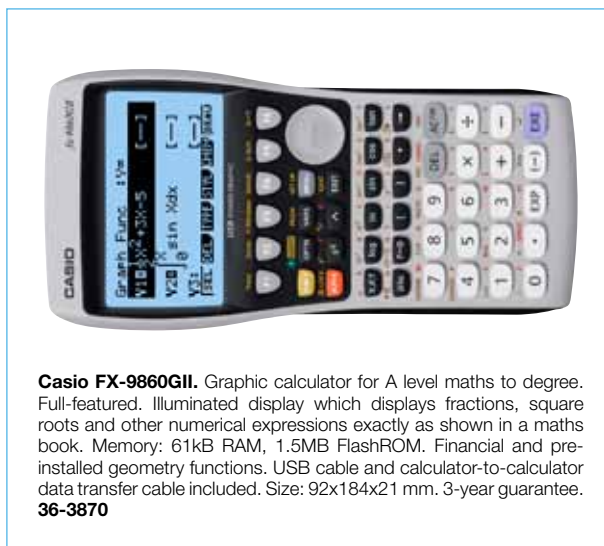
The demands in the Code are based on:

- UN Convention on Human Rights
- UN Convention on Rights of the Child (1989)
- ILO Convention on the Minimum Age for Employment (no. 138, 1973)
- ILO Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labour (no. 182, 1999)
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

Preventive work

Much of our work in relation to the Code of Conduct in the supply chain is focused on manufacturers in Asia from whom we purchase directly via our purchasing office in China or through local agents. This work is based on a shared ambition to gradually improve any deficiencies.

Some manufacturers have very little initial knowledge about our demands and regulations or how they can proceed. During the audits, our auditors inform manufacturers of our requirements and the areas that must be improved. Last year, we produced training materials in the areas of health and safety, human resources and the environment to support manufacturers in their endeavours.



Casio FX-9860GII. Graphic calculator for A level maths to degree. Full-featured. Illuminated display which displays fractions, square roots and other numerical expressions exactly as shown in a maths book. Memory: 61KB RAM, 1.5MB FlashROM. Financial and pre-installed geometry functions. USB cable and calculator-to-calculator data transfer cable included. Size: 92x184x21 mm. 3-year guarantee. **36-3870**

In the coming financial year, we will increase the number of information and training sessions for manufacturers.

Although Clas Ohlson is often a small customer for our suppliers, most of them react positively to being audited and are prepared to improve any deficiencies. However, we do meet manufacturers that for various reasons are not prepared to provide us with access for our audits or are not interested in working with the improvements that are required within the given timeframes. If we cannot convince them to change their position, despite attempts and discussions, we terminate our partnership with them.

Recurring audits

We conduct recurring audits of our active manufacturers, who are reviewed at least every second year.

We conducted 426 audits during the financial year, both initial and recurring. Our own auditors conducted 406 audits, while 20 external audits were carried out by independent audit firms specialised in social responsibility and human rights.

An audit normally takes 1-2 days, depending on the size of the factory and the number of employees. The auditors inspect the factory's premises, interview employees and verify documents. The audit is documented in a report. If we discover non-compliance with our Code, an action plan is prepared with information about actions that must be taken by the factory within a given timeframe (read more under "The CSR audit process" on page 37).

Minimum requirements

Clas Ohlson sets minimum requirements that must be met before we purchase products from manufacturers. Some of our main requirements are:

- Clas Ohlson does not tolerate child labour
- Clas Ohlson does not tolerate forced labour
- There must be a satisfactory level of fire safety at the factory
- The factory must sign our Code of Conduct and be prepared to work with improvements if non-compliance is discovered
- The factory must provide us with access for our audits

If a serious deficiency is identified, it must be rectified immediately before the manufacturer may commence or continue delivering to Clas Ohlson.

Our manufacturers' CSR levels are assessed according to a range of colours:

- Green – Meets the requirements of our Code of Conduct
- Yellow – Identified non-compliance with the Code
- Orange – Identified high-risk non-compliance with the Code
- Red – Identified zero-tolerance non-compliance with the Code

Remarks and improvements

In our audits, most remarks are made regarding health and safety, such as deficiencies in the use of protective equipment, evacuation and fire protection, and wages and working hours, such as excessive overtime or lack of access to social insurance.

During the year, most improvements took place in health and safety. General improvements in relation to wages and working hours take longer to achieve. This issue is complex and requires a long-term process in which both the purchasers and the manufacturers of goods in Asia, in consultation with authorities and NGOs, have to work together to find sustainable solutions. The challenge lies in ensuring a "living wage", meaning a minimum wage that enables employees to live on their wages rather than the situation that exists today, where the minimum wage meets regulatory requirements but does not always permit a decent standard of living.

GRI (Global Reporting Initiative)

In 2009, Clas Ohlson introduced GRI – the global reporting standard for sustainability activities – which made it easier for people to monitor our sustainability efforts. The introduction of GRI has also created value for Clas Ohlson by providing a framework with well-defined performance indicators, which can be used to set targets and monitor results in selected areas.

Status after completed CSR audits per financial year

Year	06/07	07/08	08/09	09/10	10/11
Green			14	11	4
Yellow	4	24	296	332	300
Orange				50	82
Red		14	49	51	40
Total	4	38	359	444	426

Non-compliance based on GRI indicators after completed audits:

GRI indicators	2007/08	2008/09	2009/10	2010/11	Total
HR4K Non-discrimination		16	15	20	51
HR5K Freedom of association and the right to collective bargaining	1	29	9	7	46
HR6K Child labour	1	1	1	6	9
HR7K Forced labour		5	2	0	7

Reporting deviations and actions taken

A number of selected performance indicators in the human rights area are presented below.

Non-discrimination

We identified 20 cases of discrimination in this year's audits. These were related to the lack of a non-discrimination policy, or discrimination against age and/or gender in job advertisements. Clas Ohlson has demanded the introduction of a non-discrimination policy and that the advertisements be changed.

Freedom of association and collective bargaining

We identified seven cases of restricted freedom of association and the right to collective bargaining. We have demanded that suppliers introduce systems that eliminate these obstacles.

In general, freedom of association is a major problem in Asia and represents a large and important area of development that requires collaboration between manufacturers, purchasing companies, NGOs and government agencies.

Child labour

We identified six cases of child labour in our audits during the year. In each case discovered in our audits in China, the workers were 15 years old (children must be at least 16 to start working in China). When we discover under-age workers, we work together with the child/parents and the factory to try and find the best solution for the child.

In a further 27 cases, factories did not have satisfactory ID documentation to verify the age of employees (with no suspicion of child labour at the time of the audit) and in four cases, factories did not have a child labour policy. In these cases, Clas Ohlson demanded that the companies introduce child labour policies and procedures to maintain records of identification documents.

Forced labour

We did not identify any cases of risk of forced labour during the financial year. Previously identified cases in this area have pertained to wages or to workers' identification documents being confiscated by the manufacturer. Clas Ohlson demanded that these activities cease immediately and that the factory concerned introduce policies and procedures to prevent forced labour.

Status per active manufacturers 30 April 2011

Status	Green	Yellow	Orange	Red
Per cent proportion	7%	90%	3%	-



The CSR audit process

At Clas Ohlson's office in Shanghai, four auditors are employed to check conditions in factories. Clas Ohlson performs internal audits using its own auditors and external audits through independent organisations.

An audit comprises the following components

- An audit is initiated when our auditors convene an opening meeting with the owner of the factory or a senior official. During this meeting, we provide information about Clas Ohlson, describe the audit process and the documents that the factory must produce for review.
 - This is followed by a visual inspection of the factory and its premises, including canteens and any housing.
- Some of the items we check are:



- Health and safety

- Fire safety (including fire equipment, escape routes, emergency exits, fire drills)
- Protective equipment for workers, including protective gloves, ear-plugs
- Ventilation, noise and light
- Drinking water
- Toilets
- Canteen and kitchen (including hygiene and certificates)
- First aid equipment
- Electric wires and cables
- Machinery equipped with safety devices

- If the factory provides housing for the workers

- Number of people per rooms
- Personal space
- Toilets
- Gender-separated rooms
- Fire safety (including fire equipment, escape routes, emergency exits).
- Ventilation and light
- Hygiene and safety

- Documents for production and other properties

- Certificates and permits
- Policies
- Attendance lists
- The practise of fines or other disciplinary actions

- Child labour

- Pay attention to and check for young workers

- The environment

- Report the factory's environmental impact and risks
- Relevant documents and certificates
- Hazardous substances and waste are marked and handled safely
- Access to MSDS (Materials Safety Data Sheet)
- Training and medical examinations for people who work with hazardous substances
- Recycling management
- Water purification, air purification

- Documents are verified in the next phase, including payrolls, time sheets, ID documents, employment contracts and various types of certificates and permits.
- Employees at the factory are then interviewed. The interviews are voluntary and confidential, as protection of individual workers is important.
- The visit is concluded with a closing meeting where the factory management is informed of the audit findings. If non-compliances have appeared, we discuss the improvements that must be made and the timeframe for their implementation.
- Another inspection is carried out later to ensure that the factory complies with the audit's improvement requirements. This inspection is conducted by either Clas Ohlson's own representatives or an independent organisation. We also reserve the right to make both announced and unannounced audits of our manufacturers. Clas Ohlson bears the costs of the audits.

Glossary and definitions

CSR (Corporate Social Responsibility)

CSR entails that companies, on their own initiative, demonstrate active commitment and responsibility in terms of social development. The term encompasses companies' social responsibility, environmental responsibility and HR policies.

Code of Conduct

A Code of Conduct includes guidelines that describe how a company should conduct operations, ethically, socially and environmentally. It is often based on various international agreements, such as UN and ILO conventions, national legislation and regulations. Requirements may also pertain to the production carried out by suppliers and manufacturers. By applying a Code of Conduct, companies aim to ensure that products are manufactured under satisfactory working conditions.

GRI (Global Reporting Initiative)

Global reporting standard for sustainability programmes. Introduced in 2009 at Clas Ohlson.

Suppliers

Companies with whom we place orders.

Manufacturers (factories)

Companies that manufacture our products.

Agents

Suppliers in Asia with whom we have a long-standing relationship and who purchase products from other suppliers and manufacturers in Asia.

Read more

The complete Code of Conduct is available on our website at <http://om.clasohlson.com/en>. Further information about Clas Ohlson's efforts to promote human rights is also available on the website.

Clas Ohlson's values and employees

Clas Ohlson's employees are the core of the Clas Ohlson brand. A comment we frequently hear from our customers is that we provide good service and have pleasant and knowledgeable staff, whereby they expect a little more of Clas Ohlson.

Clas Ohlson is continuing to expand at a rapid pace. The company currently has more employees than ever and has stores and offices in Sweden, Norway, Finland, the UK and China. This imposes exacting demands on Clas Ohlson as a responsible employer.

With the purpose of safeguarding expertise for future growth and expansion, we place great importance on attracting and retaining the industry's best employees. Key success criteria in this work include providing access to internal career opportunities, continuous skills development, market-based salaries, and health and diversity programmes.

An eventful year

The following events, measures and activities provide a brief summary of our HR and training work during the 2010/11 financial year.

- A focus on skills development in entrepreneurship is a key priority when creating conditions for increased sales in our stores.
- A review of our variable salaries and continuing efforts to develop the organisation and optimise staffing with a focus on giving the best possible service.
- Our first trainee programme at Clas Ohlson commenced in the autumn of 2010 and a new programme is planned for autumn 2011.

- Implementation of the annual employee survey ESI 2011 (Employee Satisfaction Index).
- Implementation of core value projects with the aim that all employees, regardless of responsibility or market, understand the significance of our origins and our corporate culture.

Proud employees

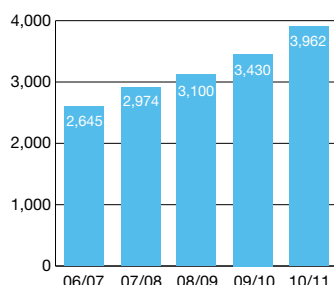
On 30 April 2011, the number of employees in the Group was 3,962. Of these, 53 per cent were full-time employees. During the financial year, 505 new employees were recruited, of whom 190 in Norway, 93 in Sweden, 197 in the UK, 15 in Finland and 10 in China.

During the year, 20 stores, entailing about 260 people, underwent our training programme in Insjön. For our employees from the UK, this was an exciting adventure to say the least.

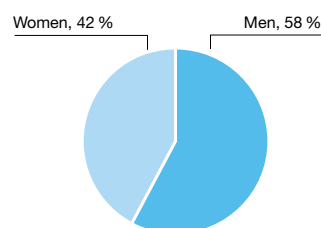
Our Group-wide employee survey was conducted for the second time. A response was received from 84 per cent (82 per cent) of our employees, which is high. The survey was conducted in Sweden, Norway, Finland and China. The total outcome for the Group was an ESI (Employee Satisfaction Index) of 74 per cent (72 per cent), which according to an external comparison stands up well against other companies. The employee survey provides a good basis for developing our way of attracting, rewarding and motivating our employees and how to develop leadership in the company.

The survey shows that most employees feel proud to work at Clas Ohlson and feel involved in the decisions that are made. Confidence in leadership and the management is strong, and our efforts to promote diversity, equality and gender equality are rated highly. Our challenges are linked to growth, which requires continuing care and development in regard to our position as an attractive employer with a focus on core values, leadership and clear feedback on the employee's performance and salary.

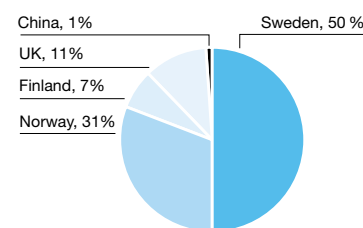
Total number of employees



Number of employees, men/women



Employees per country



Total	Store employees	Supervisors	Store managers	Other managers	Warehouse employees	Total
Total number of training hours	44,773	4,422	2,238	292	2,100	53,825
Average per employee	15	32	6	3	6,3	14



Clas Ohlson's values - a compass for the entire company

Clas Ohlson has a strong corporate culture, whereby caring for employees and customers has always been a natural feature. In the past year, these core values – or the company's heart and soul – have been clarified and adapted to work in all countries where Clas Ohlson currently operates.

Clas Ohlson's core values revolve around an old-fashioned concept, business acumen, which is synonymous with business intuition and always keeping the customer in mind.

To establish and maintain good business acumen, we have chosen to work with four guiding principles: drive, warmth, commitment and innovation.

Drive

Drive, for Clas Ohlson, is the enjoyment, willingness and ability to make things happen. We find answers to everyday problems, no matter how large or small, and turn words into action.

Warmth

Warmth, for Clas Ohlson, is the friendliness, care and service-mindedness we show when we meet each other in the company, in each customer contact and in our relationships with suppliers.

Commitment

Commitment, for Clas Ohlson, means that every individual takes personal responsibility. Regardless of our role or area of responsibility, everyone is equally important for reaching our common goals.

Innovation

Innovation, for Clas Ohlson, is being creative, innovative and curious. We are always looking for new opportunities, products and solutions, while feeling proud of our history.

Why are the core values so valuable?

Core values are the heart of the Clas Ohlson brand. They provide a compass for the entire Group and are the guiding principles for how we communicate with our customers.

"As the Group grows, it is important that our core values remain clear and vital. We want to present the same image and perception of Clas Ohlson to employees and customers in Sweden, Norway, Finland and the UK," says President and CEO, Klas Balkow.

"Distinct core values provide a common platform and compass for our managers as they lead employees towards set targets," says HR Director Susanne Löfås-Hällman.

"Our core values are one of the reasons why so many people want to work for Clas Ohlson, thus making recruitment easier," says Jessica Head, HR Coordinator in the UK.

"The core values help us explain to new employees what the company stands for, while employees who have worked here for a long time are reminded of our origins and what we represent today," says Ingrida Holst, HR Coordinator in Norway.

Basic training for every employee

Thomas Marcusson and Marita Billström are responsible for training at the Clas Ohlson Academy in Insjön. They have also been involved in formulating the core values.

"This has been an exciting journey, even though it has essentially focused on clarifying and strengthening what we already represent. Our main task now is to translate and spread our core values to all countries, and to all levels of the company. It is something we are really looking forward to," say Thomas and Marita.



Key Finder. Helps you keep track of your keys and similar items. Consists of a receiver in keychain format that is affixed to your keys, for example, and a transmitter in credit card format that is kept in your wallet. Pressing the transmitter's search button activates an audio signal in the receiver that helps you locate your keys. Range up to 40 m.
36-4497



Diversity enriches

We firmly believe that good results, satisfaction, commitment and teamwork are attained through diversity. Consequently, we strive to achieve an even distribution of staff with varied experiences and backgrounds. No one is to be discriminated against on the grounds of gender, age, religion or belief, sexual preference or ethnic and national background. Results from the employee survey show positive results in this area.

The Group's gender equality policy underlies our diversity programmes. The objective is that neither gender



LED work light. Three flexible and bendable legs. Can be used standing or wrapped around a pipe. A ball joint between the light and legs enables it to rotate 360°. The light can be detached from the legs and be attached to metallic surfaces with the included magnet or used as a torch. Rubberised, anti-slip legs. 20 cold white LEDs. Two constant beam settings and a flashing setting. **36-4458**

will account for less than 40 per cent in any professional category. This is achieved through strategic competence development combined with the prioritisation of an even gender distribution in connection with recruitment.

During the 2010/11 financial year, 42 per cent of the company's employees were women (41 per cent in 2009/10). The proportion of women in senior management was 13 per cent (13 per cent in 2009/10) and in May 2011, when a reorganisation was conducted, this figure was 20 per cent.

A large number of our store employees are younger than 30 years, which is natural since many of them are students who work part-time in the store during evenings and weekends.

Continuous skills development

Motivated and competent employees are the basis for our continued expansion and success. Ahead of each financial year, we conduct a review of the Group's collective training requirements, which are subsequently compared with the prevailing business targets.

The Clas Ohlson Academy in Insjön is responsible for all training in the Group. This includes mandatory and voluntary training, in all countries and for all professional categories.

The aim is to safeguard employees' skills and career development as well as re-growth and growth within the company. Another important task is to manage, develop and firmly establish the Clas Ohlson spirit.

Some 2,000 employees underwent some form of training during the 2010/11 financial year. Training is provided in both classroom format and via video conferencing. A project will commence during autumn 2011 that simplifies and streamlines our interactive training. This project is in line with both our environmental goals and the creation of a cost-effective administration.

Last but not least, monitoring the project will ensure that our employees have the right skills for their tasks and can give our customers the best possible service.

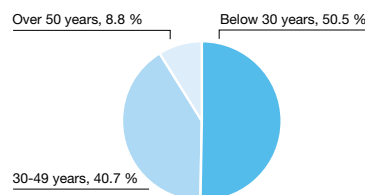
Competitive salaries

Clas Ohlson endeavours to offer a competitive total remuneration. The aim is to offer fixed salary in line with the

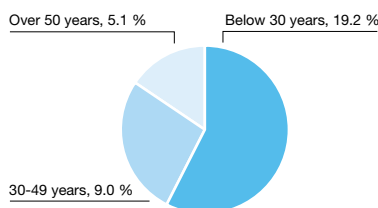
A young organisation

A large proportion of our employees are younger than 30 years, which is natural since many of our store employees work part time. Students often work evenings and weekends in one of Clas Ohlson's stores.

Age breakdown, Clas Ohlson Group

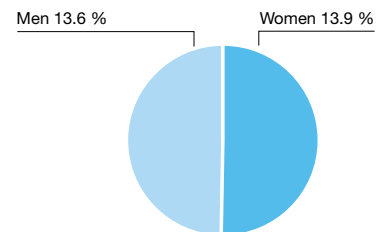


Employee turnover*

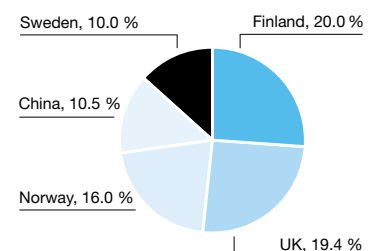


* Current statistics (according to GRI) also include part-time employees.

Employee turnover, men/women*



Employee turnover, per country*





We attach great importance to giving new employees a solid introduction, "Insjön Training", with knowledge of our products, service, corporate culture and history. Our entry into the UK means that the Clas Ohlson spirit has been exported to another country!

comparable market median and total remuneration, when Clas Ohlson reaches or exceeds its targets, which is in the market's upper quartile. In addition to a fixed salary, all employees – regardless of their professional role – receive some form of performance-based variable salary as well as a keep-fit allowance and staff discounts.

Preventive healthcare programmes

Clas Ohlson offers a good working environment, where employees are satisfied, enjoy a sense of security and belonging, and physical and mental well-being at work.

Health considerations underlie all of our work on health and safety issues.

Our annual employee survey shows that the work environment is good and that job satisfaction high, which, in turn, is reflected in low employee turnover in relation to the industry, a total of 13.8 per cent (including part-time employees), and low sickness absence figures.

During the 2010/11 financial year, the total sickness absence amounted to 3.9 per cent. Of the total sickness absence, 1.6 percentage points of absence exceeded 14 days.

Number of employees*	Sweden	Norway	Finland	UK	China	Total
Stores	1,198	1,095	243	421	-	2,957
Distribution centre	344	-	-	-	-	344
Store managers	450	98	43	32	38	661
Total	1,992	1,193	286	453	38	3,962
– of whom women, %	42	38	40	51	66	42
– of whom permanent employees, %	88	89	98	100	100	91
– of whom full-time, %	57	40	50	28	100	48

Average period of employment in the company, years*	Sweden	Norway	Finland	UK	China	Total
Salaried employees	7	7	4	1	1	6.5
Stores/distribution centre	7	3	2	1	-	4.5

Average sickness absence, %	Sweden	Norway	Finland	UK	China	Total
Total sickness absence	3.1	7.4	4.9	2.1	0.0	3.9
– long-term sick leave	1.1	4.3	0.6	0.1	0.0	1.6
– women	3.8	9.8	6.8	2.6	0.0	4.8
– men	2,6	6.0	3.6	1.7	0.0	3.2

* April 30 2011

Our responsibility for the environment

Clas Ohlson purchases products from approximately 600 suppliers in 30 countries. The products are transported by sea, air, road and rail to the distribution centre in Insjön in Dalarna, where they are stored and sorted for onward distribution to our stores in Sweden, Norway, Finland and the UK, and to mail order customers. The goods are mainly transported by road, but transport by sea and rail is increasing by the year.

We work actively to achieve our environmental objectives, and continuously improving the company's environmental performance is a priority. Clas Ohlson's environmental policy states that the environmental perspective must underpin all important decisions, in order to create long-term value for our customers, employees, shareholders and society at large.

This entails a lifecycle perspective that spans the entire chain, from choice of suppliers, manufacturing methods and transport modes to product materials, use, energy consumption and waste management.

Key events during the year

- New design of store lighting system (lighting plan) has been introduced. This creates potential for reducing the installed power from 35-40 W/m² to less than 25 W/m² entailing a significant energy saving.
- Increased resources for operational monitoring in the form of new positions and IT support were introduced during the financial year. This provides greater

opportunities for monitoring the consumption of heating, electricity and water in Insjön, and electricity in stores.

- During the autumn of 2010, information was published concerning health risks when handling cash receipts that contain Bisphenol A. Clas Ohlson uses paper that is free from both Bisphenol A and Bisphenol S.

Environmental work in a wider context

Our greatest challenge, from a risk and cost perspective, is our dependence on fossil fuels and their climate impact, particularly in regard to freight.

The global production of oil is considered to have passed production peak and is now declining. In addition to the threat of a shortage in the longer term, current climate-policy efforts at government level could result in higher taxes and charges.

The impact of logistics on the climate is one of two prioritised areas in our environmental work. In partnership with the transport companies we engage, we are seeking solutions to reduce our carbon dioxide emissions.

Climate change also shifts the focus to energy consumption in society. The EU issues directives (such as ErP) in order to promote the design and development of products with higher energy efficiency.

Clas Ohlson currently offers a broad range of energy-saving alternatives for most types of light sources. As a step in this transition process, our product range and product information is continuously developed to help our customers reduce their own electricity consumption, thus benefiting both the environment and the economy.

The EU's REACH regulation has led to a greater focus on the chemical substances that products could possibly contain. For our part, this entails clearer and more efficient procedures for specifying requirements and communicating with our suppliers. We use a riskassessment model for

Environmental goals	Outcome 2010	Analysis	Goal 2012	Activities
Sea freight -5% CO ₂ /tkm (vs. 2007)	-1.4 % (3.65 vs. 3.70)	Increased sea freight to stores in the UK using vessels with lower environmental performance than vessels between Asia - Europe counters a continued reduction in this performance indicator	3.52	
Road -10% CO ₂ /tkm (vs. 2007)	-6% (48.6 jmf 51.9)	Optimisation of flows results in lower performance indicator.	46.7	Higher utilisation rate. Mixing biofuel into diesel.
Rail +10% of the proportion of land transport (vs. 2007)	11% (17.8 jmf 16.1)	Intermodal transport to stores in the UK results in a higher proportion. The goal for 2012 has been achieved.	17.7	
Air -10% lower proportion (vs. 2007)	-48% (0.049 vs. 0.094)	The proportion of air freight continues to decline, whereby we are surpassing the goal for 2012.	0.085	
Business travel -20% CO ₂ /km (vs. 2007)	-19.7% (99.8 vs. 124.3)	The proportion of road travel decreased (-13%), while train travel increased (47%). Very close to the goal for 2012.	99.4	Revised travel policy. Max 150 gm CO ₂ /km for new company cars
Consumption of operating electricity at the DC in Insjön -25% kWh/pallet (vs. 2007).	-5% (22.6 vs. 23.8)	Increased content per pallet results in relatively fewer pallets, thus countering a continued decrease in the performance indicator.	17.1	Surplus industrial trucks removed from operation. Optimisation of flows, operating times.

Explanation for the table: CO₂/tkm = CO₂ emissions per tonne/kilometre. **Intermodality** means that a freight unit, such as a container, is freighted with several different modes of transport, such as train, boat or truck. **DC** = Distribution Centre.

this work, which basically means that we classify products according to supplier category, brand, area of application and user group. We then adapt our demands on suppliers and products according to the risk classification.

Organisation and responsibility

Environmental efforts are a feature of Clas Ohlson's sustainability work and are coordinated in a CSR forum. The forum formulates targets and strategies, and plans and monitors sustainability efforts. Each function manager is then responsible for measures relative to the environmental impact of his/her own activity.

Read more about Clas Ohlson's CSR forum on page 29.

Freight and business travel

Our overall environmental objectives entail that carbon dioxide emissions per tonne/kilometre for freight and person/kilometre for business travel must be reduced by 30 per cent by 2020, compared with the base year of 2007. The reduction applies to the total performance indicators for current transport modes.

Of the major flow of goods arriving in Gothenburg by sea, about 85 per cent are transported by rail to the terminal at Insjön in Dalarna. Goods from Swedish and European suppliers are coordinated and loaded in several locations for onward transport by road to Insjön.

Transport from the distribution centre to stores and customers mainly goes by road, but the proportion of the flow of goods that is transported by rail and sea increased from 1.9 in 2009 to 16.4 per cent in 2010.

The climate impact of business travel is falling. The performance indicator for travel by road, air and rail is now under 100 gm CO₂/km, which is very close to the target for 2012.

Results

Clas Ohlson's total CO₂ emissions for freight increased from 11,800 tonnes in 2009 to 16,289 tonnes in 2010 due to a greater number of stores, increased sales, a higher propor-

tion of imports from Asia and accordingly, a greater need for transport.

However, emissions per tonne/kilometre declined, and the overall performance indicator was reduced from 6.2 in 2009 to 5.5 grams per tonne/kilometre in 2010. This was mainly due to a lower proportion of air freight and a higher proportion of sea and rail transport.

Product responsibility

Overall environmental goals

The products we sell must have properties that meet or exceed market expectations in regard to material characteristics, energy consumption, safety and quality. Product ranges and information is to be developed to help our customers reduce their own environmental impact.

Chemical risk substances

The number of chemical substances covered by the EU REACH regulation is rapidly increasing. Clas Ohlson has worked extensively to train prioritised suppliers in terms of legal requirements, how to remain updated and the substances that could be present in various products and packaging. The suppliers have been given access to substance guides and quick links to current legislation.

Phase-out of risk substances

All materials and substances in products with known risks must at least meet the requirements of applicable laws. Clas Ohlson is phasing out the substances considered risk substances in the REACH regulation by setting a maximum limit of 0.1 weight per cent. We have identified additional substances for textiles and leather products, beyond legal requirements, which we minimise in our products. These include nonylphenol, formaldehyde and allergenic disperse dyes. We also apply more stringent requirements for identified risk substances in materials that come into contact with skin or food, and for toys, cosmetics and pesticides.

Energy consumption*

	2010	2009	2008
Store premises, kWh electricity**	150	139	136
Offices, kWh total	157	205	233
Distribution centre, kWh	100	83	98
Distribution centre, kWh/pallet	22.6	24.2	24.1
Fuel oil Insjön, m ³	9.4	19.8	91.0

* Per square metre and year.

** Excluding stores in the UK.

Total electricity consumption GWh

	2010	2009	2008
Store premises**	30.9	23.4	19.2
Offices	1.6	2.2	2.5
Distribution centre	5.1	4.4	3.7

** Excluding stores in the UK.

Fossil carbon dioxide tonnes

	2010	2009	2008
Freight	16,289	11,800	9,499
Travel	514	530	420
Heating	186*	286	233
Electricity	2,760	1,079	507

* During 2010, 17% of district heating at Insjön was based on fuel oil and 83% on biomass. This figure also includes 24.4 tonnes of CO₂ from in-house use of fuel oil.

The performance indicators show energy consumption in four different areas: electricity consumption in stores, electricity consumption, district heating and oil consumption at the head office and distribution centre, and electricity consumption per delivered pallet.

Carbon dioxide emissions from transport and travel

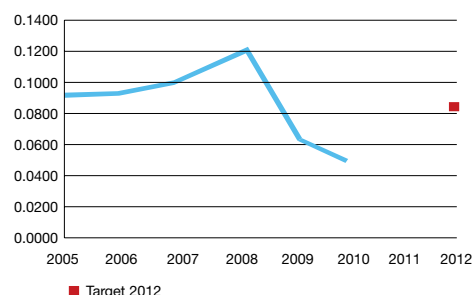
Transport gram CO₂ per tonne/kilometre

	2010	2009	2008
Outgoing freight	47.7	50.1	50.6
Incoming freight - Europe	22.5	24.1	24.1
Incoming freight - Asia	3.76	4.19	4.55

Business travel gram CO₂ per person/kilometre

	2010	2009	2008
Mean value road, air, rail	99.8	112.6	112.8

Proportion of air freight (%) of total goods flow



Energy efficiency

The EuP (Energy-using Products) Directive for electrical and electronic products was introduced in the EU in the autumn of 2007. In November 2009, the name was changed to ErP (Energy-related Products), and the directive was expanded to include products that affect energy needs. The Directive requires that manufacturing companies integrate environmental considerations early in the design phase – so-called eco-design – in order to improve the products' total environmental impact and energy efficiency. To date, the Directive covers approximately 20 product groups, of which a substantial portion is included in Clas Ohlson's range. Concrete examples are requirements for reduced stand-by losses from transformers and the ongoing phase-out of incandescent bulbs.

Sustainability and quality – after-market service

Clas Ohlson offers a range of more than 9,000 spare parts for products sold in Sweden, Norway, Finland and the UK. This is a major environmental benefit, since the lifecycle of products is extended by repairing rather than discarding. Our after-market service, our extensive range of spare parts and employees' product knowledge is highly appreciated by our customers. Customer satisfaction has also been confirmed by Market magazine, which has rated our Customer Service the best in Sweden for the third year in a row.

Energy consumption

Overall environmental objectives

All energy consumption in our own and leased premises and properties must be documented. Efforts are to be directed toward specified savings targets for the distribution centre, head office and stores. The use of energy from fossil sources in our own operations must be discontinued.

Distribution centre

The performance indicator for our combined energy consumption in the distribution centre increased and is now at the same level as in 2007, entailing around 100 kWh/m² per year. This is due to increased production in response to increased sales. The other performance indicators in combination provide a positive view of the trend. Electricity consumption, kWh/pallet, decreased from 24.2 in 2009 to 22.6 in 2010. During the same period, the number of rows picked increased 17 per cent and the number of outgoing pallets increased 13 per cent. The conclusion is that production increased, energy efficiency improved and pallets contained more and, as such, became relatively fewer.

Head office

Clas Ohlson's head office at Insjön, including the Group-wide functions of management, accounting, purchasing, marketing and HR, comprises two buildings totalling 20,000 square metres of floor space. These buildings also house the Insjön store and customer service, with workshops, spare parts store and so forth. Since December 2009, all sections of the buildings have been connected to bio-based district heating. The performance indicator for the total consumption of electricity, district heating and oil continues to fall and over the past three years, 2008 – 2010, has fallen by 42 per cent from 233 to 134 kWh/m² per year.

Stores

Clas Ohlson owns no store premises, with the exception of Insjön. Electricity and energy consumption varies significantly between stores. For example, some stores have their own escalators and additional electric signs, which entails higher electricity consumption.

The performance indicator for electricity consumption in all of our stores continues to increase – from 139 kWh per square metre per year in 2009, to 150 in 2010, excluding stores in the UK. In the Nordic region, cooling/heating is included in the leasing contract. In the UK, all property energy is billed separately, which means that electricity consumption in British stores cannot be compared with that of stores in the Nordic region.

We have good hopes of increasing our energy-efficiency and reversing this trend, primarily by introducing three changes.

1. During the year, we created a new position, an operations and maintenance coordinator, with a focus on monitoring performance.
2. IT support for operational monitoring, which provides good opportunities for monitoring the development and effect of implemented measures.
3. The new lighting planning project in Norway is now finished and the results show significant savings potential.

Waste

The WEEE Directive (Waste Electrical and Electronic Equipment) applies in all countries where we operate and Clas Ohlson accepts producer responsibility through its membership in national waste collection systems in all markets.

For many years, the distribution centre at Insjön has employed efficient systems for sorting waste at source and recycling. Surplus packaging is pressed into large bales that are sold and become raw material for new products. The same applies to various fractions of plastics. Other waste is separated into approximately ten fractions.

Packaging

In cooperation with our suppliers, we aim to reduce the proportion of environmentally damaging product packaging. This will be accomplished by avoiding the use of plastic packaging or by replacing PVC with PE or PET plastics.

In 2010, sales of carrier bags in our stores amounted to 8.4 million. About 17 per cent are paper bags, mainly made of polythene (PE). Sales of the new sustainable reusable bags of reinforced PP plastic amounted to 80,000. Packaging that is sent to our mail order customers is environmentally friendly due to their content of around 50 per cent recycled fibre and bio-based adhesives.

Clas Ohlson accepts its producer responsibility for packaging through membership in national collection and recycling systems in Sweden, Norway, Finland and the UK.

Printed matter

Overall environmental objectives

When choosing communication channels, the environmental impact will influence our decisions. We strive to increase the proportion of online customer and shareholder communications. The production of our printed matter is to take place with technology and materials that are well-documented and have a low environmental impact.

Our printed matter must be recyclable as high-quality fibre.

Clas Ohlson has issued a catalogue annually since 1918. The catalogue is printed in accordance with the Nordic Ecolabel criteria and distributed mainly together with supplies to our stores. Since the 2008/2009 financial year, the catalogue has been published twice annually to facilitate more product-range and price flexibility.

In addition to the catalogue, we issue regular direct mail marketing printed on Ecolabelled paper. The Clas Ohlson Annual Report is also printed on Nordic Ecolabelled paper and is only distributed to the shareholders who have requested printed information from the company. This has led to a 70%-reduction in the number of issues printed and

fewer mailings, thus reducing our environmental impact.

Legislation and guidelines

Clas Ohlson is mainly impacted by the following EU directives:

- Regulations on the use of substances hazardous to the environment and health in products (RoHS, REACH).
- Regulations on the products' energy efficiency (ErP).
- Producer responsibility for waste electrical and electronic equipment (WEEE).

Read more. For further information on our environmental and sustainability programmes, visit our website <http://about.clasohlson.com/en>.

RoHS: 2002/95/EC on the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment.

The RoHS Directive forbids the use of mercury, cadmium, lead, hexavalent chromium and the flame-retardant substances PBB and PBDE in new electrical and electronic products released into the market as of 1 July 2006. The quantity limit is 0.1 per cent by weight (0.01 per cent cadmium by weight) of homogeneous material. RoHS covers the product categories included in WEEE.

In Sweden, the Swedish Chemicals Agency is the regulatory body.

Reach: 1907/2006/EC Registration, Evaluation, Authorisation and Restriction of Chemicals.

The Directive came into effect throughout the EU on 1 June 2007 and REACH regulations will be introduced gradually through 2018. REACH is based on the principle that it is the party that manufactures or introduces a chemical into the market who is responsible for determining the risks associated with the chemical before it is put into use.

Chemical manufacturers and users shall prepare data on the chemicals'

properties and assess the risks. A new authorisation procedure will be introduced for chemicals with properties that are seriously hazardous to the environment and health. Particularly hazardous substances are entered in a so-called candidate list.

All manufacturers, importers or sellers of goods on the candidate list containing more than 0.1 per cent by weight of a substance must present this information to their customers to ensure that the product can be handled safely.

WEEE: 2002/96/EC on Waste Electrical and Electronic Equipment. The aim is to design and produce electrical and electronic products in a manner that prevents waste. When waste anyway occurs, it is to be collected and reused or recycled in an environmentally sound manner. Manufacturers and importers are to pay for future recycling of products and ensure that collection and environmentally sound recycling is performed.

In Sweden, the Swedish Environmental Protection Agency is the regulatory body.

Clas Ohlson's GRI profile

A complete version is available at http://about.clasohlson.com/en Clas Ohlson reports at C level.		
	Performance indicators	Page
	Financial impact	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	60-63
	Environmental impact	
EN3	Direct energy consumption by primary energy source.	43
EN4	Indirect energy consumption by primary energy source.	43
EN16	Total direct and indirect greenhouse gas emissions by weight.	43
EN17	Other relevant indirect greenhouse gas emissions by weight.	43
EN18	Initiatives to reduce greenhouse gas emissions, and reductions achieved.	31, 42, 43, 44
	Social impact	
LA1	Total workforce by employment type, employment terms and region.	41, 75 not 31
LA2	Employee turnover.	40
LA10	Average number training hours per employee and year per employee category.	38
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators.	40, 78, 79
	Human rights	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights, and actions taken.	7, 35
HR4	Number of cases of discrimination and actions taken.	36
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	36
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	36
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	36
	Product responsibility	
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	43, 44



Clas Ohlson's Annual General Meeting attracts a large number of visitors to Insjön in Dalarna every year. As a service to participants, Clas Ohlson offers an enjoyable train trip from the parking lot to the meeting.

One of Sweden's largest Annual General Meetings

Clas Ohlson B shares are listed on the Nasdaq OMX Nordic Exchange Stockholm and have been listed on the Stockholm Stock Exchange since 1999. The issue price was SEK 106, which following the split (4:1) in October 2001 and the additional split (2:1) implemented in October 2004 corresponds to SEK 13.25.

During the financial year extending from 1 May 2009 to 30 April 2010, the share price fell from SEK 128 to SEK 98, down 23 per cent. The Affärsvärlden General Index increased 12 per cent during the same period. The lowest price paid during the period was SEK 88, quoted in February, while the highest price paid was SEK 130, recorded in May 2010.

Share turnover

During the period, 28,116,438 Clas Ohlson shares were traded on the Nasdaq OMX Nordic Exchange Stockholm, equivalent to a turnover rate of 43 per cent. The total turnover rate on the Nasdaq OMX Stockholm during the same period was 91 per cent.

Clas Ohlson's total market capitalization on 30 April 2011 was SEK 6.3 billion.

Share capital

The share capital of Clas Ohlson totals SEK 82 M, represented by 5,760,000 A shares and 59,840,000 B shares, each with a quotient value of 1.25. Each A share carries ten votes, while each B share carries one vote. All shares carry equal rights to payment of dividends. Holders of A shares can request that their A shares be converted to B shares.

Treasury shares

The number of registered shares amounted to 65,600,000, which is unchanged compared with the preceding year. On 30 April 2011, the company held 1,890,000 shares (1,320,000), corresponding to 3 per cent of the total number of registered shares (2 per cent). The number of shares outstanding, net after repurchase, was 63,710,000 at the end of the financial year.

To safeguard the company's undertaking regarding the conditional matching shares and employee stock options in connection with the LTI (Long-term Incentive) programme in 2010, Clas Ohlson bought back 570,000 shares for a total of SEK 62 M at an average price of approximately SEK 109 per share during the first quarter of 2010/11.

Shareholders

On 30 April 2011, the company had a total of 28,333 shareholders, according to the register of shareholders maintained by Euroclear Sweden, compared with 28,405 on 30 April 2010. The ten largest shareholders at that time held 59 per cent of the capital and 77 per cent of the votes.

Non-Swedish shareholders accounted for 30 per cent of the capital and 37 per cent of the votes. Swedish institutions accounted for 33 per cent of the capital and 19 per cent of

the votes. Swedish private individuals accounted for 37 per cent of the capital and 44 per cent of the votes.

Dividend policy and dividend

Financially, Clas Ohlson is to be positioned to generate continued favourable growth in its operations and to be ready to capitalise on business opportunities. It is essential that expansion continues, as it has done to date, with no loss of financial strength or freedom of action.

On this basis, the Board has considered that the level of dividend payments should be equivalent to around half the profit after tax. In addition, the Board may propose that surplus liquidity also be distributed.

For the 2010/11 financial year, the Board proposes that a dividend of SEK 3.75 per share (3.75) be paid.

The Board's proposal is equivalent to about 68 per cent of the Group's profit after tax (56) and 15 per cent (15) of Group equity.

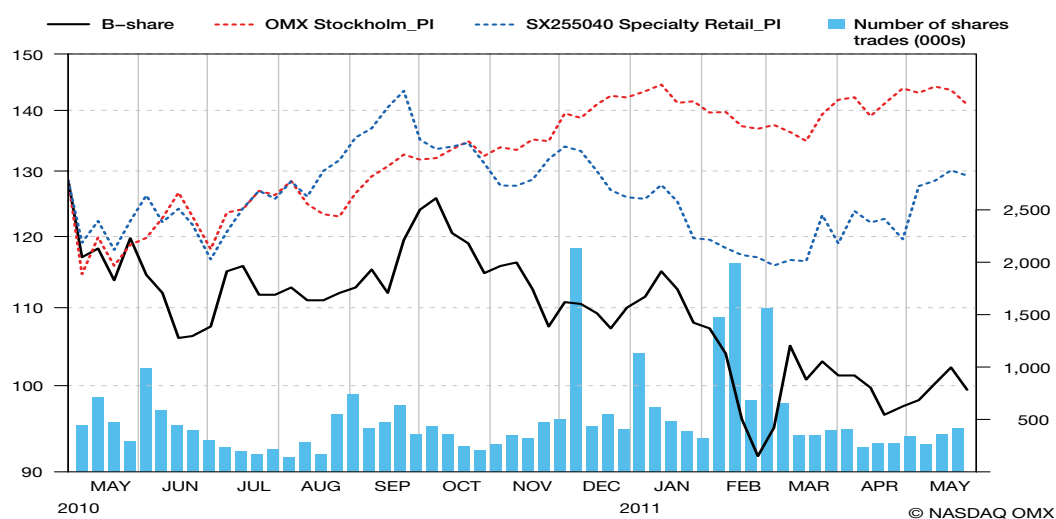
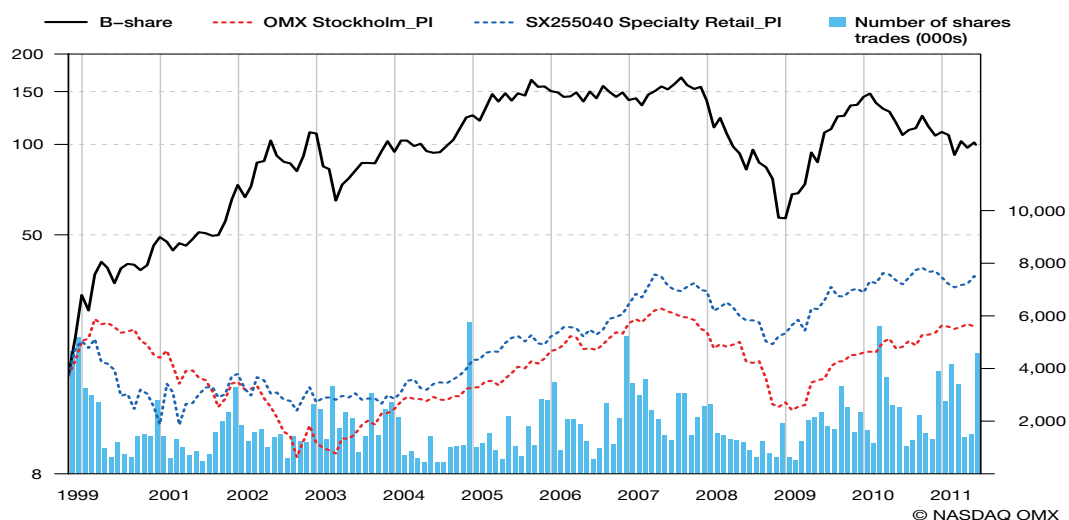
Shareholder information

Since Clas Ohlson is intent on keeping the market continuously informed of its sales figures, these figures are reported as often as once a month. The information is issued in a press release mid-way through the following month. Clas Ohlson's financial results are presented four times a year, at the end of each quarter.

The company distributes a printed annual report by post to all shareholders who so request and also regularly sends interim reports to those who express an interest in receiving them. The interim reports can be delivered by e-mail or in a printed version by post, depending on preference.

All financial information regarding Clas Ohlson is presented on the company's website. Press releases and reports appear there immediately after they are published. The website contains all of the press releases, interim reports and annual reports that the company has published since its initial listing on the stock exchange in October 1999. The prospectus for the initial public offering can also be downloaded as a PDF file. In addition, analysts' presentations that the company holds around the time of the publication of its interim report can be viewed on the website, <http://about.clasohlson.com/en>.

The Clas Ohlson share



Data per share ³

	2010/11	2009/10	2008/09	2007/08	2006/07
Number of shares, millions ²	63.8	64.4	65.1	65.6	65.6
Earnings per share, SEK	5.71	6.72	5.62	6.43	5.88
Gross cash flow per share, SEK	8.27	8.86	7.04	7.71	7.02
Equity per share, SEK	26.01	25.61	22.99	22.86	20.84
Share price at 30 April, SEK	98	128	94	98	150
Dividend per share, SEK	3.75	3.75	3.00	5.00	4.50
P/E ratio, multiple	17 ¹	19	17	15	26
Share price/gross cash flow, multiple	12	15	13	13	21
Price/equity ratio, %	375	502	409	430	722
Dividend yield, %	3.8	2.9	3.2	5.1	3.0
Payout ratio, %	66	56	54	78	77

¹ Proposed dividend.

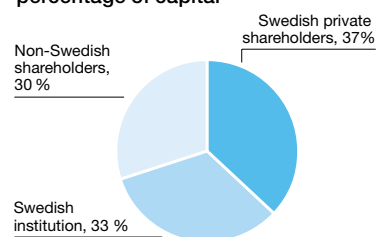
² Average number of shares before and after dilution.

³ See KPI definitions on page 80.

Trend in share capital

Year	Transaction	Additional shares	Accumulated no. of shares	Total share capital
1994			48,000	4,800,000
1999	Split 10:1	432,000	480,000	4,800,000
1999	Bonus issue	6,720,000	7,200,000	72,000,000
1999	New share issue	1,000,000	8,200,000	82,000,000
2001	Split 4:1	24,600,000	32,800,000	82,000,000
2004	Split 2:1	32,800,000	65,600,000	82,000,000

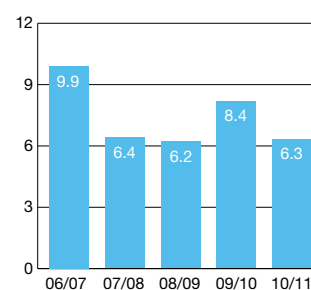
Shareholder categories, percentage of capital



The major shareholders*

Shareholder	Number of A shares	Number of B shares	Percentage of capital	Percentage of votes
Mary Haid	2,735,880	11,905,200	22.3	33.4
Helena Ek Tidstrand	1,368,060	6,179,828	11.5	16.9
Johan Tidstrand	1,368,060	1,909,828	5.0	13.3
Håkan Thylén	288,000	962,356	1.9	3.3
AFA Försäkring		3,575,544	5.5	3.0
IF Skadeförsäkring		2,742,908	4.2	2.3
Lannebo fonder		1,438,118	2.2	1.2
Anders Moberg		1,400,000	2.1	1.1
Swedbank Robur fonder		1,297,164	2.0	1.1
ORKLA ASA		1,275,084	1.9	1.1
Other shareholders		27,153,970	41.4	23.3
Total	5,760 000	59,840,000	100.0	100.0

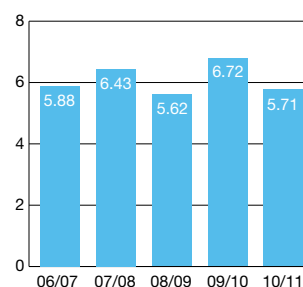
Market capitalisation, SEK billion



Shareholder categories*

Shareholder	Number of A shares	Number of B shares	Percentage of capital	Percentage of votes
Swedish private individuals	3,024,120	21,529,880	37.4	44.1
Swedish institutions		21,670,784	33.0	18.4
Non-Swedish shareholders	2,735,880	16,639,336	29.6	37.5
Total	5,760 000	59,840 000	100.0	100.0

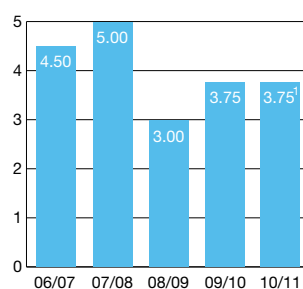
Earnings per share, SEK



Shareholding structure*

Size interval	Number of shares	Percentage	Number of shareholders
1-500	3 439 296	5,3	21 184
501-1000	3 652 519	5,6	4 458
1 001-5 000	4 998 830	7,6	2 304
5 001-10 000	1 661 756	2,5	216
10 001-20 000	1 160 215	1,8	80
20 001-100 000	2 402 034	3,7	60
100 001-500 000	4 252 993	6,0	17
500 001-	44 032 357	67,5	14
Total	65 600 000	100,0	28 333

Dividend per share, SEK



¹ Proposed dividend

* at 30 April 2011

Directors' report

Clas Ohlson AB (publ),
corporate registration number 556035-8672

The Board of Directors and Chief Executive Officer of Clas Ohlson AB (publ), with registered office and head office in Insjön, in the Municipality of Leksand, hereby present the annual accounts for the financial year 1 May 2010 to 30 April 2011. Unless otherwise stated, the figures relate to the Group. Figures in brackets relate to the preceding year. All figures are stated in millions of Swedish kronor (SEK M) unless otherwise indicated.

Operation

The operation consists of the sale of products in the Hardware, Home, Multimedia, Electrical and Leisure categories through the company's own retail stores and by mail order/Internet. The range is focused on reasonably priced products that are needed in everyday life. The company has operations in Sweden, Norway, Finland and the UK. At the end of the period, the number of stores was 139, of which 61 were located in Sweden, 50 in Norway, 17 in Finland and 11 in the UK.

The product range comprises around 15,000 items bought from a large number of suppliers in some 30 countries. The products are bought in to the distribution centre in Insjön and from there are distributed to customers through the company's own stores in Sweden, Norway, Finland and the UK or by mail order/Internet direct to customers.

Significant events

Nineteen new stores were opened during the financial year, of which five in Sweden, nine in Norway and four in the UK. To date, Clas Ohlson has established eleven stores in the UK market.

Customer response to the stores opened in the UK market is positive and, despite the harsh market climate, the number of visitors and customers in the British stores are in line with the Group average. The conversion rate and average purchase in the UK remain lower than the Group average, which is generally the case in conjunction with the penetration of new markets. Clas Ohlson anticipates that it will take time to establish its brand name and position in a completely new market and expects the conversion rate, average purchases and sales revenues to increase gradually in coming years.

Sales and profits

Sales totalled SEK 5,828 M, a rise of 5 per cent compared with SEK 5,556 M in the preceding year. In local currencies, sales increased 8 per cent. Mail order/Internet sales amounted to SEK 89 M, compared with SEK 94 M in the preceding year.

Sales growth during the financial year was impacted by negative exchange-rate effects and lower sales in comparable stores.

Sales are broken down as follows:

Sales areas (SEK M)

Countries	2010/11	2009/10	Percentage change	Percentage change, local currency
Sweden	2,872	2,752	+ 4	+ 4
Norway	2,281	2,220	+ 3	+ 8
Finland	447	469	- 5	+ 7
UK	228	115	+ 99	+112
	5,828	5,556	+ 5	+ 8

The 5 per cent increase in sales by stores is broken down as follows:

Comparable stores in local currency	- 1 per cent
New stores	+ 9 per cent
Exchange-rate effects	- 3 per cent
Total	+ 5 per cent

The gross margin was 41.6 per cent, compared with 40.8 per cent in the preceding financial year. The increased margin derived primarily from a higher share of direct purchases through Clas Ohlson's own purchasing company and the sales mix (countries and products). Factors that affected outcomes negatively included exchange-rate effects, increased freight costs and increased depreciation (distribution centre).

The share of selling expenses rose 2.6 percentage points to 30.2 per cent (27.6). The increase was due primarily to higher costs related to establishment in the UK compared with the preceding financial year, higher start-up costs and lower sales in comparable stores.

During the financial year, 19 (14) new stores were opened. Start-up costs for new and remodelled stores, including the scrapping of fittings, amounted to SEK 89 M (60).

Depreciation/amortisation for the year amounted to SEK 159 M, compared with SEK 130 M for the preceding financial year. The increase was due primarily to new and remodelled stores and the commissioning of Clas Ohlson's new sorting and crane facilities (January 2010).

Operating profit amounted to SEK 507 M (591). Profit was affected by costs incurred in conjunction with expansion in the UK, negative exchange-rate effects, increased start-up costs and lower sales in comparable stores.

The operating margin was 8.7 per cent (10.6).

Profit after financial items amounted to SEK 499 M (588).

Spot exchange rates for key currencies averaged SEK 1.16 for NOK and SEK 6.95 for USD, compared with 1.22 and 7.26, respectively, in the preceding financial year. Currency hedging was undertaken for USD and NOK. The company's policy is to hedge 50 per cent of anticipated flows during a catalogue period.

Prospects for the next financial year

Clas Ohlson's business concept, to offer a broad and attractively priced product range that conveniently solves the little practical problems of everyday life, is highly attractive in established markets. The concept is unique in Europe and has potential to expand in several countries and increase market shares in existing markets.

Clas Ohlson has continued to expand during the current financial year and has noted favourable business growth with healthy profitability in its home markets. Over the coming years, establishment in new markets (currently the UK) is expected to have a negative effect on Clas Ohlson's operating margin in the range of 2-3 percentage points per financial year. Growth in new markets in Europe will take place in accordance with the long-term financial objectives.

During 2011/2012 financial year, Clas Ohlson plans to establish 17-22 new stores, including two to four stores in Finland and one to four in the UK. Conditions for the establishment of new stores in the Nordic region are expected to remain favourable and business development in Finland during the past year has been positive. Clas Ohlson will continue to expand in the UK, but the company is balancing its rate of expansion to match prevailing market conditions.

Continued development of Clas Ohlson's product range and established sales channels are creating additional growth opportunities for the company in its primary markets in the Nordic countries, where Clas Ohlson has reached high market penetration.

The board has reviewed Clas Ohlson's long term growth objective in order to better reflect the group's current development phase. The previous long-term growth objective of 15 per cent annually is changed to an objective of at least 10 per cent annually. The long-term profitability objective of an operating margin of at least 10 per cent annually remains unchanged.

Clas Ohlson's new long-term financial objectives are accordingly the following:

The objective for long-term sales growth is to achieve growth of at least 10 per cent annually, measured as the increase in average annual sales over a five-year period. The objective for the operating margin is that it will be at least 10 per cent.

Financial position

Cash flow from operating activities during the financial year was SEK 350 M (603). The change was due primarily to increased inventories and a decline in operating profit. Cash flow for the year, after investing and financing operations, was SEK 49 M (19). In September 2010, a cash dividend of SEK 239 M (193) was distributed to Clas Ohlson's shareholders.

The average value of inventories during the financial year was SEK 1,401 M (1,147).

At the end of the financial year, inventories amounted to SEK 1,429 M (1,204). Compared with the same month a year earlier, 19 new stores were added. The rise in inventories was due primarily to the increase in stores and a higher share of direct purchases from Asia requiring earlier storage compared with the preceding year.

The company's repurchase of own shares to secure LTI 2010 (long-term incentive programme 2010) amounted to SEK 62 M (73) during the first quarter of the financial year.

The Group's net indebtedness, meaning interest-bearing liabilities less cash and cash equivalents, amounted to SEK 429 M (173), compared with the preceding year. The equity/assets ratio was 51 per cent (58).

Investments

Investments during the 2010/2011 financial year amounted SEK 296 M (317), of which new and remodelled stores accounted for SEK 193 M (93). The increase was due to investments in more stores, compared with the preceding year, and a higher proportion of investments for adaptations of rental premises. Store adaptations in which Clas Ohlson received partial or total non-recurring reimbursements and/or reduced rental fees accounted for SEK 57 M of total investments.

Furthermore, expansion investments at the distribution centre in Insjön amounted to SEK 9 (149). As per 30 April 2011, SEK 581 M of total ongoing investments amounting to SEK 615 M had been charged. Other capital expenditures consist mainly of investments in the head office, IT investments and replacement investments. Ongoing investments of SEK 34 M in the IT environment related mainly to e-commerce and support processes are recognised as intangible fixed assets.

Clas Ohlson's new store concept was launched in November 2008 and is being introduced now in all stores opened by the company. Existing stores will be remodelled successively. During the financial year, seven remodelled stores (conversions to the new store concept) were opened (4). As per 30 April 2011, 53 of Clas Ohlson's 139 stores had introduced the new store concept.

Shares and share capital

Clas Ohlson B shares are listed on the Nasdaq OMX Nordic Exchange Stockholm. The share capital totals SEK 82 M, broken down into 5,760,000 A shares and 59,840,000 B shares, each with a quotient value of 1.25. Each A share carries ten votes, while each B share carries one vote. All shares carry equal rights to payment of dividend. Holders of A shares can request that A shares be converted to B shares. The share capital is unchanged in comparison with the preceding financial year.

On 30 April 2011, there were a total of 28,333 shareholders according to the register of shareholders held by Euroclear Sweden, compared with 28,405 on 30 April 2010. The ten largest shareholders at the same date accounted for 59 per cent of the capital and 77 per cent of the votes. For a list of shareholders, see pages 47-49 of the printed annual report.

The Articles of Association do not contain any reservations for right of first refusal or other restrictions on the transferability of B shares. Apart from authorisation pertaining to the repurchase of shares stated on page 57, there are no other circumstances of the kinds the company is obliged to disclose under the provisions of Chapter 6, Section 2a (4-11) of the Annual Accounts Act. The number of registered shares amounted to 65,600,000, which is unchanged compared with the preceding year. As of 30 April 2011, the company had 1,890,000 shares (1,320,000), corresponding to 3 per cent (2) of the total number of registered shares. The number of shares outstanding, net after repurchase, amounted to 63,710,000 at the end of the year.

To secure the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2010, Clas Ohlson repurchased 570,000 shares during the first quarter of the 2010/11 financial year for a total of SEK 62 M at an average price of approximately SEK 109 per share.

Employees

The number of employees in the Group averaged 2,219 (2,048), of whom 932 (881) were women. The distribution by country is 1,289 (1,275) in Sweden, 548 (481) in Norway, 168 (164) in Finland, 181 (105) in the UK and 33 (23) in China. Further information about employees is contained in Notes 6 and 31 to the annual accounts.

Corporate governance

The governance of Clas Ohlson is based upon Swedish legislation, primarily the Companies Act, the listing agreement with the Nasdaq OMX Nordic Exchange Stockholm and the Swedish Corporate Governance Code. In addition, governance follows the Articles of Association, internal instructions and policies, and recommendations issued by relevant organisations. The corporate governance report has been prepared in accordance with the Code.

The Swedish Corporate Governance Code

The Swedish Corporate Governance Code is applicable to all major companies listed on the Nasdaq OMX Nordic Exchange Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies among the general public and in the capital market. The Code is based on the “comply or explain” principle, which means that it is possible to deviate from the Code if an explanation is provided as to why the deviation has been made. Clas Ohlson followed the Swedish Corporate Governance Code during the financial year.

Annual General Meeting

The ultimate decision-making body within the Group is the Annual General Meeting of Shareholders, which since the initial public offering in 1999, has always been held in Insjön on a Saturday in early September. Each year, the AGM appoints the Board and Chairman of the Board for Clas Ohlson AB. It also appoints auditors for the company at four-year intervals. The AGM also decides how profits are to be appropriated. Other issues that arise are mandatory items under the Companies Act and Clas Ohlson's Articles of Association (the full text can be found at about.clasohlson.com under shareholders/press). The AGM has always been very well attended, and the latest one attracted nearly 2,000 participants, making it one of the largest in Sweden.

On 30 April 2011, the company's largest shareholders, each representing at least 10 per cent of the share capital, were Mary Haid (33.4 per cent), Helena Tidstrand (16.9 per cent) and Johan Tidstrand (13.3 per cent).

Nominating procedure

The Nomination Committee's task is to submit proposals for Board members or auditors and their fees as well as the Board committees to the next Annual General Meeting at which the Board or auditors are due to be elected. The Nomination Committee also proposes the Chairman of the AGM.

At the AGM on 11 September 2010, it was resolved that a nomination process will be introduced for electing the Nomination Committee. The Chairman of the Board is a member of the Nomination Committee along with the four largest registered shareholders or the representatives of otherwise known shareholders (record date 30 September). If the shareholder does not elect a member, the next largest shareholder will be asked. The Nomination Committee elects a Chairman from within the Committee, which, according to the Swedish Corporate Governance Code, shall not be the Chairman of the Board or other

Board member. Prior to the 2011 AGM, a Nomination Committee was elected consisting of Lars Öhrstedt, Chairman (representing AFA Försäkring), Anders Moberg (Chairman of the Board of Clas Ohlson AB), Peter Haid (representing the owner family Haid), Göran Sundström (representing the owner family Tidstrand) and Johan Ståhl (representing Lannebo Fonder AB).

The Nomination Committee fulfils the guidelines pertaining to independence as stated in the Swedish Corporate Governance Code. The Nomination Committee represents broad experience of work in boards of directors and nominating procedures.

The group has worked on the nominating procedure for the Annual General Meeting of Clas Ohlson on 10 September 2011 and held five meetings, at which the composition of the Board was considered and discussed. The focus has been on candidates having to bring the right expertise to the Clas Ohlson Board. The evaluation made of the Board's work, which was implemented by an external party, has also formed the basis for the assessments. The Nomination Committee has also worked to ensure that the directors' fees and committee fees are set at an appropriate level.

The proposals of the Nomination Committee will be presented in the second week of August in conjunction with the publication of the notice of the Annual General Meeting.

Auditors

The Annual General Meeting appoints auditors for the Parent Company at four-year intervals. The current auditors are Öhrlings PricewaterhouseCoopers (ÖPwC), who are represented by Annika Wedin (Auditor-in-Charge from the financial year 2006/07) and Lennart Danielsson (from financial year 2009/10). Both are authorised public accountants at ÖPwC. ÖPwC was elected in 2008 to serve up to the time of the 2012 Annual General Meeting. Payment for audit engagements in the Group in the past three years has totalled SEK 2.6 M, SEK 2.2 M and SEK 1.9 M, respectively. Remuneration for other consultations in the past three years has totalled SEK 0.6 M, SEK 0.9 M and SEK 0.6 M, respectively. Work in addition to auditing relates primarily to issues pertaining to IFRS accounting rules and consultation on tax issues. The independent position of the auditors is ensured firstly by the internal policies of the auditing firm and secondly by the Board's guidelines indicating what engagements the auditing firm may undertake in addition to auditing.

Board of Directors

The Board of Clas Ohlson comprises eight members, including the CEO, who are elected by the AGM. As well as these members, the Board includes two representatives and two deputies for the trade-union organisations in the company. These individuals are elected by their own organisations. The present Board of Directors is described on page 78 of the annual report.

Board meetings

Immediately following the AGM, the first Board meeting is held, at which the rules of procedure for the Board

are approved. The members of the Board's Audit and Remuneration Committees and authorised signatories for the company are also appointed at this meeting. In addition to this meeting, the Board holds at least six further meetings during the year: once a quarter in conjunction with the publication of the company's financial reports, once in June prior to concluding the annual report and once during the autumn for strategic discussions. The strategy meeting usually takes place over two days, while other meetings are held on one day. The strategy meeting principally discusses issues of a strategic nature, such as the Group's goals and strategies, product range, establishment strategy, major investments and so on. Other meetings primarily deal with the usual Board issues, the company's reports and reporting by the Board committees. The company's auditors attend two of the Board meetings to report on what has emerged during the audit. The Board held ten Board meetings during the financial year, of which one was a strategy meeting.

How the Board operates

The rules of procedure for the Board of Directors stipulate which items on the agenda are to be fixed and which may vary. Each Board meeting is normally to be devoted to a specific topic so that the Board can gain more in-depth knowledge and understanding of the various parts of the company's operations. There are also presentations on these topics by employees of the company. Issues addressed by the Board during the year included strategic focus, review of business plans and developments in new markets.

The work of the Board's committees is an important element of the Board's work. The Board has prepared instructions for the committees' work. The Remuneration Committee and Audit Committee discuss issues that fall within the committees' remit. Issues that have been addressed in the committee meetings are minuted and notified to the other Board members at the Board meetings.

The rules of procedure also state that the Board must meet with the company's auditors at least twice per year.

In addition, the rules of procedure also regulate certain formal matters, such as rules for the calling of meetings and secrecy.

Distribution of work between Board and CEO

The Board appoints the Chief Executive Officer (CEO) of the company. The distribution of work between the Board and CEO is indicated in the Board's rules of procedure and in the instructions to the CEO. These state that the Board is responsible for the governance, supervision, organisation, strategies, internal control, budget and policies of the company. In addition, the Board decides on major investments and matters of principle relating to the governance of subsidiaries, as well as the election of Board members and the CEO. The Board is also responsible for the quality of the financial reporting. The CEO in turn is responsible for ensuring that the company is administered in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for budgeting and planning the company's operations so that specified goals are attained. The CEO ensures that the control environment is favourable and that the Group's risk-taking at any time is compatible with the Board's guidelines. Any deviations have to be reported to the Board. The Board also receives regular information from the CEO through a monthly report.

Audit Committee

At its first meeting following the AGM, the Board established an Audit Committee comprising Urban Jansson (Chairman), Cecilia Marlow and Lottie Svedenstedt. The Board has issued instructions for the Committee work. The Audit Committee fulfils the guidelines regarding independence in the Swedish Corporate Governance Code. The Audit Committee is responsible for quality assurance of risk management and internal control relating to the financial reporting. The members of the Audit Committee met the auditors on two occasions during the financial year to learn about the focus of the audit and discuss views on the risks faced by the company. In addition, the auditors attended the

Composition of the Board and attendance during the financial year⁷

Member ^{9, 10}	Elected	Independent ¹	Independent ²	Board meetings	Audit Committee	Remuneration Committee
Anders Moberg	2003	Ja	Ja	10/10 ⁶		3/3 ⁶
Klas Balkow	2007	Nej ³	Ja	10/10		
Björn Haid	1990	Nej ⁴	Nej ⁵	10/10		3/3
Cecilia Marlow	2007	Ja	Ja	9/10	7/7	
Lottie Svedenstedt	2004	Ja	Ja	10/10	6/7	
Sanna Suvanto-Harsaae ⁸	2010	Ja	Ja	7/7		3/3
Urban Jansson	2005	Ja	Ja	10/10	7/7 ⁶	
Edgar Rosenberger	2009	Ja	Ja	9/10		3/3

¹ Independent in relation to the company and company management according to the Swedish Corporate Governance Code.

² Independent in relation to major shareholders of the company according to the Swedish Corporate Governance Code.

³ President and CEO.

⁴ Employed from 1965 to 2006.

⁵ Son of the single largest shareholder Mary Haid, see page 49.

⁶ Chairman.

⁷ The trade-union organisations have had two representatives on the Board.

For further information on Board members, see page 78. The work of the Board and its committees is described on pages 52-54.

⁸ Elected in conjunction with the 2010 Annual General Meeting.

⁹ For information on date of birth, work experience, assignments and shareholdings, see page 78.

¹⁰ Remuneration of Board members is stated in Note 6, see page 68.

committee's other meetings. Important tasks for the Audit Committee are to serve as a communication link, between the Board and the company's auditors and to establish what services over and beyond auditing can be procured from the company's auditors. The auditing effort is evaluated annually, after which information is passed to the Nomination Committee on the outcome. The Audit Committee held seven meetings during the financial year. The attendance is shown in the table on page 53. The meetings are minuted and reported at the next Board meeting. Representatives of the company's management and the company's internal controller attended the committee's meetings as co-opted members. The meetings also addressed issues aimed at quality assuring risk management and internal control relating to the financial reporting. Issues concerning such topics as accounting and liquidity were also addressed by the Committee.

Remuneration Committee

A specific Remuneration Committee was appointed by the Board comprising the Chairman of the Board Anders Moberg and three other Board members, Sanna Suvanto-Harsaae, Björn Haid and Edgar Rosenberger. The Board has issued instructions for the Committee's work. The Remuneration Committee fulfils the guidelines pertaining to independence as stated in the Swedish Corporate Governance Code.

The Remuneration Committee submits proposals for guidelines pertaining to basic salary and variable remuneration for senior management. The process regarding variable remuneration for all staff works in a similar way. The Committee met three times during the financial year. Attendance is shown in the table on page 53. The meetings were minuted and reported at the next Board meeting. Work during the year focused primarily on issues concerning variable remuneration and pensions.

Governance of subsidiaries

The four wholly owned subsidiaries Clas Ohlson AS in Norway, Clas Ohlson OY in Finland, Clas Ohlson Ltd in the UK and Clas Ohlson Ltd (Shanghai) in China are governed by their own boards in the country concerned, principally consisting of representatives of Clas Ohlson AB in Sweden. The Board in Sweden receives continuous information about the subsidiaries through the President's monthly reports on the subsidiaries. These reports also include the results of operations and financial position of the company concerned.

Remuneration

Fees paid to the Board during the financial year totalled SEK 2.8 M, in accordance with a decision of the AGM. Of the fees paid, SEK 0.6 M pertained to remuneration for work on the Board's Remuneration and Audit Committees. Of the Board's total fee, SEK 0.7 M was paid to the Chairman of the Board. No fee is paid to Board members who are employees of the company.

No remuneration is paid to members of the Nomination Committee.

The company's CEO received pay totalling SEK 4,8 M during the equivalent period, of which SEK 0.6 M was

in the form of variable remuneration (STI see note 6). In addition, variable remuneration of SEK 0.6 M pertaining to expenses and unpaid remuneration relating to the long-term incentive programmes (LTI 2008, LTI 2009 and LTI 2010) was calculated for the CEO. Remuneration to the other six senior management totalled SEK 10.6 M, of which SEK 2.0 M was in the form of variable remuneration. Five of these, as well as the CEO, receive the additional benefit of a company car. The 2010 Annual General Meeting decided on guidelines for remuneration to senior management pertaining to the 2010/11 financial year

Severance pay

Under the contract of employment with the CEO, the mutual period of notice is six months. Twelve months' salary is payable in the event of termination by the company. Applicable basic salary, variable remuneration and benefits are payable during the period of notice.

Pensions

The members of the Board do not receive any pension benefits for their Board engagements.

The retirement age for the CEO is 65 and for other senior management varies between 65 and 67. The CEO has a defined-contribution pension into which SEK 1.5 M was paid during the year. Other members of senior management receive pension entitlements based on the applicable ITP plan, which also covers other salaried staff in Sweden.

Remuneration principles

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Clas Ohlson shall strive to offer a competitive total level of remuneration, focusing on payments based on performance. This means that variable remuneration may comprise a significant portion of total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson AB meets or exceeds its objectives, shall be in the upper quartile of the market. For further information about remuneration, see Note 6 on pages 67-69.

Internal control pertaining to the financial reporting

The Board has overall responsibility for the company's systems pertaining to internal control. The responsibility is regulated by the Swedish Companies Act, which also states that the Audit Committee has a specific responsibility for monitoring quality assurance in risk management and internal control regarding the financial reporting.

The work on internal control follows the framework develo-

ped by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The framework consists of five individual areas: control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment

The control environment comprises the organisational structure and the values, guidelines, policies, instructions and so on, according to which the organisation works. Effective Board work forms the basis of good internal control, and the Board of Clas Ohlson has established rules of procedure and clear instructions for its work. This also includes the Board's Remuneration and Audit Committees.

Part of the Board's work involves drawing up and approving the policies that govern the Group's work on internal control. Another part involves creating the necessary conditions for an organisational structure with clear roles and responsibilities, leading to effective management of the risks in the operation.

The executive management is responsible for implementing guidelines for the maintenance of good internal control. An ongoing work is being done in developing the internal control. The executive management and the Audit Committee report continuously to the Board according to approved procedures.

All activity is undertaken in accordance with the ethical guidelines drawn up in the Group's Code of Conduct.

Risk assessment and control activities

A model has been devised in the company to assess the risk of errors in financial reporting. The purpose of the model is to identify a number of items in the income statement and balance sheet and processes for drawing up financial information where the risk of errors is judged to be elevated.

The Group's income consists to 98 per cent of sales in stores where payment is principally made in cash or by credit card. This income is documented in its entirety in bank accounts which are reconciled daily. The risk of errors in the reporting of income is limited. Group expenses primarily comprise goods-related expenses, carriage, salaries and social security contributions, rental expenses and marketing. Budgets pertaining to income and expenses have been distributed to each store and department. The outcome is checked monthly against both the budget and the preceding year. Deviations are documented in writing through non-conformance reports, which are reviewed by the immediate superior.

Clas Ohlson's assets consist to 90 per cent of non-current assets and inventories. Accordingly, particular emphasis has been placed on preventing and detecting deficiencies in these areas when designing internal controls

The processes and the control structure are documented in a separate financial manual, which is updated regularly. Work is continuously in progress to evaluate the most essential processes in the Group. The greatest risks in each process are analysed. An assessment is then made of whether the controls that take place are adequate. If there is a need, further compensatory controls are introduced to reduce the risk

to an acceptable level.

During the financial year, work was performed on the company's overall risk management to ensure a continuous up-to-date survey of the company's risk situation, thereby determining the measures to be taken in prioritised areas. This review was conducted at Group level and represents a tool for the Board's and company management's strategic and operational control. The review enables a focus on reducing the company's exposure to risk and the consequences of any risks that have occurred.

Information and communication

Major policies, guidelines, instructions and manuals that are of significance to internal control are regularly updated and communicated to employees concerned. General guidelines and instructions are also posted on the company's intranet, to which all staff in the Group have access. There are both formal and informal information channels to the company management and the Board for information from staff. The Board receives regular feedback from the operations on questions that relate to internal control through the Audit Committee. For external communication, there are guidelines that support the requirement to provide the equities market with correct information.

Follow-up

Company management and the Audit Committee regularly report to the Board on the basis of established procedures. The Board also receives regular information from the CEO every month through a monthly report for the Group. This monthly report also contains information on the results and financial positions of the subsidiaries.

Each interim report is analysed by the Audit Committee with regard to the correctness of the financial information. The Audit Committee also plays a key role in monitoring to ensure that there are sufficient control activities for the most material areas of risk pertaining to the financial reporting and communicating material issues to the company's management, Board and auditors. An important aspect is to ensure that any viewpoints from the auditors are rectified.

Twice a year, the entire Board meets the company's auditors to be informed of the external audit and discuss relevant issues. On the basis of the auditors' reporting, the Board forms a picture of the internal control and the correctness of the financial information. The CEO does not take part in any issues that relate to company management

Internal audit

Following evaluations in 2010/11 and preceding years, the Board has not found it necessary to date to establish an internal audit function. The company's Group-wide controller function has instead been adapted to also deal with work on the company's internal control. The question of whether to establish a separate internal audit function will be re-examined annually.

Risks and uncertainties

Clas Ohlson's business operations are exposed to financial and operational risks. Financial risks comprise primarily wage inflation, raw-material prices and exchange-rate exposure, while operational risks relate to establishment in the UK, purchasing in China, competition, logistics, strike, key employees, social responsibility, product range and shrinkage. With regard to the description and quantification of the financial risks, these are stated in Note 2 of the annual report and on pages 25-26 in the printed annual report.

Social responsibility

Continuous work is conducted at Clas Ohlson with respect to social responsibility, including follow-up activities relating to our Code of Conduct. This work is described on pages 29-45 in the annual report and on the company website: about.clasohlson.com.

Environmental impact

The company has a duty of notification with respect to the activity relating to the temporary storage of electronic waste. This duty of notification applies to any Swedish municipality in which Clas Ohlson has a store. The company does not otherwise have any operations for which there is a duty of notification or for which it is mandatory to obtain a permit under the Environmental Code. With regard to electrical and electronic waste, the company cooperates with the Elkretsen organisation in Sweden, which is the joint company owned by the electrical industry for waste disposal. Clas Ohlson is affiliated to the recycling organisation REPA. In Norway, the company is affiliated to the recycling organisations AS Batteriretur, Renas AS, Elektronikkretur AS and Hvitvareretur AS. In Finland, there is equivalent cooperation with Serty and in the UK with Valpak.

Environmental work is undertaken continuously in the Group, and this is described in greater detail on pages 42-45 of the annual report and on the website, about.clasohlson.com.

Guidelines for remuneration of senior management

The 2010 Annual General Meeting decided that remuneration would be paid according to the following principles, which also will be proposed for the 2011 Annual General Meeting.

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Basic salary

Basic salary will constitute the basis for total remuneration. The salary level will be related to the relevant market and reflect the degree of responsibility the work entails. The basic salary will be reviewed annually to ensure that it is commensurate with the market and competitive.

Variable salary (Short-Term Incentive, "STI")

Senior management will receive, in addition to basic salary, STI for results that surpass one or more predetermined levels of performance during a financial year. The remuneration from the STI programme may constitute no more than 50 per cent of basic salary, which means that the company can calculate maximum levels of remuneration from the outset.

Long-term incentives ("LTI")

On an annual basis, the Board of Directors will evaluate whether a long-term incentive programme (for example based on shares or share price) will be proposed to a general meeting or not. General meeting held in September 2008 adopted the Board's proposal to introduce long-term share-based incentive programme, LTI 2009, for senior management and other key individuals (a maximum of 40 people) judged to have great potential to influence the long-term development of Clas Ohlson. The 2009 Annual General Meeting adopted a corresponding programme for the 2010/2011 financial year (LTI 2010). The 2010 Annual General Meeting adopted a corresponding programme for the 2011/2012 financial year (LTI 2012).

Pension

Pension agreements will, if possible, be defined-contribution and formulated in accordance with levels and practice applicable in the country in which the member of senior management is employed.

Other benefits

Other benefits may occur in accordance with the terms applicable to the country in which the member of senior management is employed. However, such benefits may not constitute a major proportion of the combined remuneration.

Period of notice and severance pay

Senior management will be offered terms in accordance with the legislation and practice applicable to the country in which the person concerned is employed. A member of senior management will be prevented from working in a competing business during the period of notice. In certain cases, prohibition of competition in return for continued remuneration may be applied for a maximum period of 24 months following expiry of the period of notice.

Authorisation for the Board to depart from the guidelines

The Board will be able to depart from these guidelines if there are special reasons for doing so. In the event of a major deviation, the shareholders will be informed of the reasons for this at the next Annual General Meeting.

For further information on remuneration, see Note 6 and page 54 of the printed annual report.

Parent Company

Parent Company sales amounted to SEK 4 619 M (4,753) and profit after financial items totalled SEK 273 M (682).

Investments for the year totalled SEK 132 M (250). Contingent liabilities for the Parent Company totalled SEK 238 M (227).

Events after the end of the year

The Annual General Meeting of Clas Ohlson AB on 11 September 2010 authorised the Board of Directors to acquire a maximum of 820,000 shares during the period until the next Annual General Meeting in order to secure the company's undertakings in conjunction with the introduction of a share-related incentive programme, LTI 2011. A total of 740,000 shares are estimated to be required to secure the undertaking for LTI 2011. A part of the undertaking for LTI 2011 can be secured through the use of shares (613,480) that were bought back to secure LTI 2008, which expired and in which only matching shares were allocated (31,520 shares of the 645,000 that were bought back).

The Board has decided to utilise the AGM authorisation to buy back the remaining 126,520 shares that are required to secure the company's undertaking as regards LTI 2011. The acquisition will take place on NASDAQ OMX Stockholm, during the period until the AGM held on September 10 2011, at a share price in the price range registered at all times. As per 30 April 2011, the company's holding of treasury shares amounted to 1,890,000, corresponding to 3 per cent (2) of the total number of registered shares.

Dividend

Clas Ohlson will be well-positioned financially for continued good growth in operations as well as being ready to exploit business opportunities. It is essential that the expansion takes place, as it has done to date, with retained high financial strength and continued freedom of action.

On this basis, the Board has considered that the level of dividend should be equivalent to about half the net profit. In addition, the Board may propose that surplus liquidity also be distributed.

For the 2010/11 financial year, the Board proposes that a dividend of SEK 3.75 per share be paid (preceding year SEK 3.75). The Board's proposal amounts to SEK 246 M which is equivalent to around 68 per cent of the Group's net profit.

Proposed allocation of earnings

The following earnings (SEK) are at the disposal of the Annual General Meeting:

Profit brought forward	637,343,384
Net profit for the year	106,181,168
Total	743,524,552

The Board and Chief Executive Officer propose:

Dividend payable to shareholders	
SEK 3.75 per share	246,000,000
Carried forward to new account	497,524,552
Total	743,524,552

The record date for payment of dividend is proposed as 14 September 2011. It is anticipated that the dividend decided upon by the Annual General Meeting will be dispatched on 19 September 2011.

With reference to the information presented above and what has otherwise come to the knowledge of the Board, the view of the Board is as follows: A comprehensive assessment of the financial position of the Parent Company and Group indicates that the dividend is justifiable with reference to the demands made by the nature, size and risks of the operation on the equity and liquidity of the Parent Company and Group. The Group's equity/assets ratio is 51.5 per cent before payment of dividend and 43.8 per cent after payment of dividend. This is judged to be an adequate equity/assets ratio, even when the future expansion in the Nordic countries and the United Kingdom is taken into account.

Regarding the company's earnings and position in other respects, reference should be made to the following income statements and balance sheets and the associated notes to the accounts.

Five-year summary

SEK M	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
RESULTATRÄKNING					
Net sales	5,828.0	5,555.8	4,930.2	4,661.6	4,101.2
Operating profit	507.1	590.5	502.8	577.5	530.9
Profit before tax	499.0	588.2	503.8	587.8	537.8
Income tax	-134.6	-155.4	-138.3	-166.0	-152.0
Net profit for the year	364.4	432.8	365.5	421.8	385.8
BALANCE SHEET					
Non-current assets	1,480.4	1,366.5	1,197.5	852.0	683.5
Inventories	1,429.2	1,204.1	1,117.2	952.6	826.7
Current receivables	176.7	173.4	164.5	107.1	79.6
Cash and cash equivalents, current investments	132.6	98.8	92.0	280.3	347.9
Total assets	3,218.9	2,842.8	2,571.2	2,192.0	1,937.7
Equity	1,656.8	1,646.1	1,493.1	1,499.5	1,367.3
Non-current liabilities, interest-bearing	300.0	100.0	65.0	-	-
Non-current liabilities, non-interest-bearing	165.9	90.3	86.4	26.9	23.9
Current liabilities, interest-bearing	261.7	171.4	208.6	-	-
Current liabilities, non-interest-bearing	834.5	835.0	718.1	665.6	546.5
Total equity and liabilities	3,218.9	2,842.8	2,571.2	2,192.0	1,937.7
CASH FLOW					
Cash flow from operations	350.3	602.8	339.7	480.0	405.1
Investments	-295.3	-315.8	-433.1	-250.6	-125.1
Cash flow after investments	55.0	287.0	-93.4	229.4	280.0
Financing activities	-6.0	-267.9	-109.2	-295.2	-262.4
Cash flow for the year	49.0	19.1	-202.6	-65.8	17.6
KEY RATIOS					
Growth in sales, %	4.9	12.7	5.8	13.7	15.0
Gross margin, %	41.6	40.8	40.8	40.2	39.7
Operating margin, %	8.7	10.6	10.2	12.4	12.9
Return on capital employed, %	24.6	32.6	32.6	41.8	40.9
Return on equity, %	22.5	28.0	24.4	29.4	29.4
Equity/assets ratio, %	51.5	57.9	58.1	68.4	70.6
Sales per square metre in store, SEK 000s	34	38	38	44	45
Number of stores at year-end	139	120	106	86	71
Number of full-time equivalent employees	2,219	2,048	1,938	1,801	1,647
DATA PER SHARE					
Average number of shares before dilution	63,802,230	64,383,906	65,065,008	65,600,000	65,600,000
Average number of shares after dilution	63,870,584	64,432,321	65,075,701	65,600,000	65,600,000
Earnings per share before dilution, SEK	5.71	6.72	5.62	6.43	5.88
Earnings per share after dilution, SEK	5.71	6.72	5.62	6.43	5.88
Gross cash flow per share, SEK	8.27	8.86	7.04	7.71	7.02
Equity per share, SEK	26.01	25.61	22.99	22.86	20.84
Dividend, SEK	3.75 ¹	3.75	3.00	5.00	4.50

¹ Proposed dividend.

Comments

Sales

Sales amounted to SEK 5,828 M, up 5 per cent compared with SEK 5,556 M in the preceding year. In local currencies, sales increased 8 per cent. Mail order/Internet sales amounted to SEK 89 M, compared with SEK 94 M in the preceding year.

Sales growth during the financial year was adversely affected by negative exchange-rate effects and lower sales in comparable stores.

Number of stores

A total of 19 new stores were opened in 2010/11. The number of stores at the end of the financial year was 139, of which 61 in Sweden, 50 in Norway, 17 in Finland and 11 in the UK

Operating profit

Operating profit amounted to SEK 507 M (591). Profit was charged with expenses for expansion in the UK, negative exchange-rate effects and increased start-up costs.

Gross margin

The gross margin was 41.6 per cent compared with 40.8 per cent in the preceding year. The higher margin was primarily attributable to a larger share of direct purchases

through own purchasing companies and the sales mix (countries/products). Factors that had an adverse impact include exchange-rate effects, increased freight costs and increased depreciation (distribution centre).

Operating margin

The operating margin was 8.7 per cent (10.6 per cent) and was affected by costs associated with expansion in the UK, negative exchange-rate effects, higher start-up costs and lower sales in comparable stores.

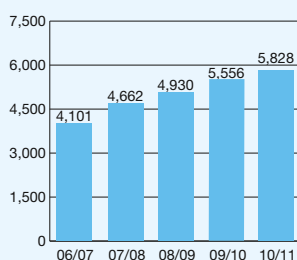
Cash flow

Cash flow from operating activities during the financial year totalled SEK 350 M (603). The change was due primarily to increased inventories and lower operating profit. Cash flow for the financial year, after investment and financing activities, was SEK 49 M (19). The cash dividend paid to Clas Ohlson's shareholders in September 2010 totalled SEK 239 M (193).

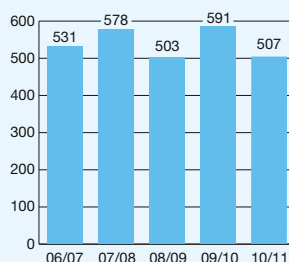
Return

The return on capital employed amounted to 24.6 per cent (32.6 per cent) and the return on equity was 22.5 per cent (28.0 per cent).

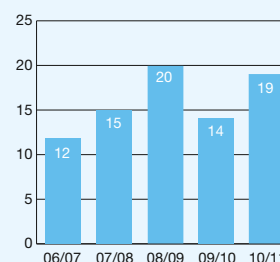
Sales, SEK M



Operating profit, SEK M



Number of new stores



Group

Income statement

SEK M	Note	1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2010
	1, 2		
Net sales		5,828.0	5,555.8
Cost of goods sold	4	-3,401.7	-3,287.9
Gross profit		2,426.3	2,267.9
Selling expenses	4, 5, 6	-1,761.6	-1,531.7
Administrative expenses	4, 5, 6, 7	-156.9	-138.4
Other operating income	3	3.1	2.5
Other operating expenses	3	-3.8	-9.8
Operating profit		507.1	590.5
<i>Financial items</i>			
Financial income	8	3.2	2.4
Financial expense	8	-11.3	-4.7
Profit before tax		499.0	588.2
Income tax	9	-134.6	-155.4
Net profit for the year		364.4	432.8
Number of shares, million		63.8	64.4
Earnings per share, SEK (before and after dilution for earnings attributable to the Parent Company's shareholders during the year)	10	5.71	6.72
Proposed dividend per share, SEK	11	3.75	3.75

Comprehensive income, Group

SEK M		1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2011
Profit for the year		364.4	432.8
Other comprehensive income, net after tax:			
Exchange-rate differences		-52.3	-19.9
Cash flow hedging		-6.3	1.4
Other comprehensive income, net after tax:		-58.6	-18.5
Comprehensive income for the year		305.8	414.3

Cash flow statement

SEK M		1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2010
<i>Operating activities</i>			
Operating profit		507.1	590.5
<i>Adjustment for non-cash items</i>			
- depreciation		159.3	137.8
- profit from sale/disposal of fixed assets		2.9	0.2
- other non-cash items		8.5	4.7
Interest received		3.2	2.4
Interest paid		-10.3	-6.1
Tax paid		-127.7	-96.5
Cash flow from operating activities before changes in working capital		543.0	633.0
<i>Cash flow from changes in working capital</i>			
- accounts receivables		13.5	-18.3
- inventories		-255.0	-94.7
- other receivables		-16.6	4.7
- accounts payables		-69.2	80.5
- other current interest-free operating liabilities		134.6	-2.4
Cash flow from operating activities		350.3	602.8
<i>Investing activities</i>			
Investments in intangible assets		-33.9	0.0
Investments in tangible assets		-262.5	-316.7
Sale of equipment		0.9	0.9
Changes in financial assets		0.2	0.0
Cash flow from investing activities		-295.3	-315.8
<i>Financing activities</i>			
Changes in current interest-bearing liabilities		90.3	-37.2
Bank loans			
- new loans		200.0	300.0
- amortization		0.0	-265.0
Change in long-term liabilities, Non-interest-bearing		5.0	0.0
Repurchase of own shares		-62.4	-72.9
Divided to shareholders		-238.9	-192.8
Cash flow from financing activities		-6.0	-267.9
Cash flow for the year		49.0	19.1
Cash and cash equivalents at start of year		98.8	92.0
Exchange-rate differences in cash and cash equivalents		-15.2	-12.3
Cash and cash equivalents at end of year		132.6	98.8

Group

Balance sheet

SEK M	Note	30 Apr. 2011	30 Apr. 2010
Assets			
Non-current assets	12		
<i>Intangible assets</i>		33.5	0.0
<i>Tangible assets</i>			
Land and buildings		571.1	543.4
Equipment, tools, fixtures and fittings		864.9	787.6
Construction in progress		0.0	34.5
Total tangible assets		1,436.0	1,365.5
<i>Financial assets</i>			
Shares and interests		0.1	0.1
Deferred tax asset	9	10.4	0.3
Non-current receivables		0.4	0.6
Total financial assets		10.9	1.0
Total non-current assets		1,480.4	1,366.5
Current assets			
Inventories	13	1,429.2	1,204.1
Accounts receivables	14, 20	15.7	30.1
Other receivables	17	30.5	32.1
Prepaid expenses and accrued income	15, 20	130.5	111.2
Cash and cash equivalents	16, 20	132.6	98.8
Total current assets		1,738.5	1,476.3
Total assets		3,218.9	2,842.8

Balance sheet

SEK M	Note	30 Apr. 2011	30 Apr. 2010
Equity and liabilities			
Equity	18		
<i>Capital and reserves attributable to Parent Company shareholders</i>			
Share capital, 65,600,000 shares with a quotient value of SEK 1.25		82.0	82.0
Other contributed capital		90.4	90.4
Other reserves		-75.9	-17.3
Profit brought forward including net profit for the year		1,560.3	1,491.0
Total equity		1,656.8	1,646.1
Non-current liabilities			
Deferred tax liabilities	9	160.8	90.0
Bank loans	20	300.0	100.0
Pension obligations	19	0.3	0.3
Other provisions		4.8	0.0
Total non-current liabilities		465.9	190.3
Current liabilities			
Utilised credit facilities	20	261.7	171.4
Accounts payables	20	329.5	403.3
Tax liability		70.9	122.1
Other current liabilities	17, 20	37.3	17.2
Accrued expenses and deferred income	21	373.4	270.8
Other provisions	22	23.4	21.6
Total current liabilities		1,096.2	1,006.4
Total equity and liabilities		3,218.9	2,842.8

Change in Group equity (not 18)

SEK M	Attributable to Parent Company shareholders				
	Share capital	Other contributed capital	Other reserves	Profit brought forward	Total
Opening balance at 1 May 2009	82.0	90.4	1.2	1,319.5	1,493.1
Comprehensive income					
Profit for the year				432.8	432.8
Other comprehensive income					
Cash flow hedging after tax ¹	0.0	0.0	1.4	0.0	1.4
Exchange-rate differences	0.0	0.0	-19.9	0.0	-19.9
Total other comprehensive income	0.0	0.0	-18.5	0.0	-18.5
Total comprehensive income	0.0	0.0	-18.5	432.8	414.3
Transactions with shareholders					
Repurchase of own shares	0.0	0.0	0.0	-72.9	-72.9
Employee stock options plan: value of employees' service	0.0	0.0	0.0	4.4	4.4
Dividend	0.0	0.0	0.0	-192.8	-192.8
Total transactions with shareholders	0.0	0.0	0.0	-261.3	-261.3
Closing balance at 30 April 2010	82.0	90.4	-17.3	1,491.0	1,646.1
Opening balance at 1 May 2010	82.0	90.4	-17.3	1,491.0	1,646.1
Comprehensive income					
Profit for the year	0.0	0.0	0.0	364.4	364.4
Other comprehensive income					
Cash flow hedging after tax ²	0.0	0.0	-6.3	0.0	-6.3
Exchange-rate differences	0.0	0.0	-52.3	0.0	-52.3
Total other comprehensive income	0.0	0.0	-58.6	0.0	-58.6
Total comprehensive income	0.0	0.0	-58.6	364.4	305.8
Transactions with shareholders					
Repurchase of own shares	0.0	0.0	0.0	-62.4	-62.4
Employee stock options plan: value of employees' service	0.0	0.0	0.0	6.2	6.2
Dividend	0.0	0.0	0.0	-238.9	-238.9
Total transactions with shareholders	0.0	0.0	0.0	-295.1	-295.1
Closing balance at 30 April 2011	82.0	90.4	-75.9	1,560.3	1,656.8

¹ Tax has been taken into account at SEK 0.5 M. ² Tax has been taken into account at SEK 2.3 M.

Parent Company

Balance sheet

SEK M	Note	1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2010
	1, 2		
Net sales	23	4,619.4	4,753.0
Cost of goods sold	4, 23	-3,388.6	-3,201.5
Gross profit		1,230.8	1,551.5
Selling expenses	4.5,6	-829.4	-751.8
Administrative expenses	4,5,6,7	-121.0	-108.7
Other operating income	3	2.7	2.1
Other operating expenses	3	-1.4	-8.1
Operating profit	4,5,6,7	281.7	685.0
<i>Financial items</i>			
Dividend from Group companies	24	0.0	0.1
Interest income	8	6.8	3.4
Interest expenses	8	-15.4	-6.6
Profit after financial items		273.1	681.9
Appropriations	25	-114.9	-210.6
Profit before tax		158.2	471.3
Income tax	9	-52.0	-124.8
Net profit for the year		106.2	346.5
Proposed dividend per share, SEK (before and after dilution)	11	3.75	3.75

Comprehensive income, Parent Company

Mkr		1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2010
Profit for the year		106.2	346.5
Other comprehensive income, net after tax:			
Exchange-rate differences		-29.5	-14.9
Comprehensive income for the year		76.7	331.6

Cash flow statement

SEK M		1 May 2010 -30 Apr. 2011	1 May 2009 -30 Apr. 2010
<i>Operating activities</i>			
Operating profit		281.7	685.0
<i>Adjustment for non-cash items</i>			
- depreciation		106.4	93.3
- profit from sale/disposal of fixed assets		1.1	0.2
- other non-cash items		6.8	4.6
Interest received		6.8	0.1
Interest paid		-14.5	-6.1
Tax paid		-119.2	-78.8
Cash flow from operating activities before change in working capital		269.1	698.3
<i>Cash flow from changes in working capital:</i>			
- accounts receivables		-0.4	-2.0
- inventories		-154.4	-65.5
- other receivables		5.5	331.6
- accounts payables		-44.5	32.4
- other current interest-free operating liabilities		186.0	14.9
Cash flow from operating activities		261.3	1,009.7
<i>Investing activities</i>			
Investments in intangible assets		-33.9	0.0
Investments in tangible assets		-98.2	-250.1
Sale of equipment		0.6	0.9
Change in financial assets		-115.7	-334.4
Cash flow from investing activities		-247.2	-583.6
<i>Financing activities</i>			
Repurchase of shares		-62.4	-72.9
Overdraft facility		90.3	-147.3
Bank loans			
- new loans		200.0	300.0
- amortization		0.0	-265.0
Change in long-term liabilities, Non-interest-bearing		5.0	0.0
Dividend to shareholders		-238.9	-192.8
Cash flow from financing activities		-6.0	-378.0
Cash flow for the year		8.1	48.1
Cash and cash equivalents at start of year		62.1	14.0
Cash and cash equivalents at end of year		70.2	62.1

Parent Company

Balance sheet

SEK M	Note	30 Apr. 2011	30 Apr. 2010
Assets			
Non-current assets			
Non-current assets	12		
<i>Intangible assets</i>		33.5	0.0
<i>Tangible assets</i>			
Land and buildings		569.6	541.5
Equipment, tools, fixtures and fittings		548.5	551.4
Construction in progress		0.0	34.5
Total tangible assets		1,118.1	1,127.4
<i>Financial assets</i>			
Receivables, Group companies		400.9	314.7
Participations in Group companies	24	45.7	45.7
Shares and participations		0.1	0.1
Total financial assets		446.7	360.5
Total non-current assets		1,598.3	1,487.9
Current assets			
<i>Inventories</i>			
Merchandise	13	1,020.7	866.3
Total inventories		1,020.7	866.3
<i>Current receivables</i>			
Accounts receivables	14, 20	9.4	9.0
Receivables from Group companies	23	107.0	111.0
Other receivables		0.8	9.4
Prepaid expenses and accrued income	15, 20	69.2	62.2
Total current receivables		186.4	191.6
Cash and bank balances	20, 26	70.2	62.1
Total current assets		1,277.3	1,120.0
Total assets		2,875.6	2,607.9

Balance sheet

SEK M	Note	30 Apr. 2011	30 Apr. 2011
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital, 65,600,000 shares with a quotient value of SEK 1.25		82.0	82.0
Statutory reserves		106.8	106.8
Total restricted equity		188.8	188.8
<i>Non-restricted equity</i>			
Fair value fund		-29.5	-14.9
Profit brought forward		666.9	630.4
Net profit for the year		106.2	346.5
Total non-restricted equity		743.6	962.0
Total equity		932.4	1,150.8
Untaxed reserves	27	574.5	459.6
Provisions			
Other provisions	22	13.3	12.6
Total provisions		13.3	12.6
Non-current liabilities			
Other non-current liabilities	20	5.0	0.0
Bank loans	20	300.0	100.0
Total non-current liabilities		305.0	100.0
Current liabilities			
Utilised overdraft facilities	20	261.7	171.4
Accounts payables	20	281.9	326.4
Liabilities from Group companies		248.7	107.7
Tax liability		28.8	89.6
Other current liabilities	20	11.2	10.4
Accrued expenses and deferred income	21	218.1	179.4
Total current liabilities		1,050.4	884.9
Total equity and liabilities		2,875.6	2,607.9
Pledged assets	28	97.0	97.0
Contingent liabilities	29	237.9	226.8

Change in Parent Company equity

SEK M	Share capital	Statutory reserve	Non-restricted equity	Total
Opening balance at 1 May 2009	82.0	106.8	891.7	1,080.5
Dividend			-192.8	-192.8
Repurchase of own shares			-72.9	-72.9
Employee stock options plan: value of employees' service			4.4	4.4
Net profit for the year			331.6	331.6
Closing balance at 30 April 2010	82.0	106.8	962.0	1,150.8
Opening balance at 1 May 2010	82.0	106.8	962.0	1,150.8
Dividend			-238.9	-238.9
Repurchase of own shares			-62.4	-62.4
Employee stock options plan: value of employees' service			6.2	6.2
Net profit for the year			76.7	76.7
Closing balance at 30 April 2011	82.0	106.8	743.6	932.4

Accounting policies and notes

Amounts are in SEK M unless stated otherwise

Note 1 Accounting and valuation policies

Compliance with standards and legislation

The consolidated financial statements for Clas Ohlson have been prepared in accordance with the Annual Accounts Act, RFR 2 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as approved by the EU. The financial statements were prepared in accordance with the cost method, apart from financial assets and liabilities measured at fair value.

The annual accounts of the Parent Company have been prepared in accordance with the Swedish Companies Act and RFR 2 Accounting for Legal Entities. The same accounting policies are applied for the Group except in cases indicated under "Parent Company accounting policies". The differences that occur between the policies applied for the Parent Company and Group derive from limitations on the possibilities to apply IFRS in the Parent Company resulting from the Swedish Annual Accounts Act.

New standards from 1 May 2010

The IASB (International Accounting Standards Board) has issued new and revised IFRS and interpretations. However, they had no appreciable impact on the consolidated income statements and balance sheets.

Information on future standards

Standards, amendments and interpretations of current standards that have not yet come into effect and will not be applied in advance by the Group.

IFRS 9 Financial Instruments: (applies from financial years beginning 1 January 2013 or later). IFRS 9 deals with Measurement and classification of financial assets. It contains two primary measurement categories: amortized cost and fair value. Classification is based on the company's business concept and characteristic properties in contractual cash flows. If the company's business concept is to hold financial assets for the purpose of collecting contractual cash flows and the contractual cash flows represent only capital amounts and interest, it shall be measured at amortized cost. All other financial assets shall be measured at fair value. The standard will be supplemented with additional requirements relating to, for example, liabilities, impairment and hedge accounting. When the standard is complete, its impact on the consolidated financial statements will be evaluated.

IAS 24 (revised) Related Party Disclosures, issued in November 2010. This standard replaces IAS 24 Related Party Disclosures issued in 2003. IAS 24 (revised) is to be applied to financial years beginning on or after 1 January 2011. Premature application is permitted for the entire or parts of the standard.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement of a government-related entity to provide details of all transactions with the government and closely related companies to the government. The Group will apply the revised standard as of 1 May 2011. The revised standard is not deemed to have any impact on the financial statements.

In addition, there are new standards, amendments and interpretations of current standards that have not yet come into effect and that are not relevant to the Group or are not deemed to have any impact on the consolidated income statements or balance sheets

Basis of preparation

The items included in the financial statements for the various units in the Group are valued in the currency used in the financial environment in which each company primarily operates (functional currency). The consolidated financial statements use Swedish kronor (SEK), which is the Parent Company's functional currency and the reporting currency for the Group. All sums, unless otherwise stated, are rounded to the nearest million Swedish kronor plus one decimal point.

The accounting policies for the Group indicated below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have been applied consistently to the reporting and consolidation of the Parent Company and subsidiaries.

Estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that impact upon the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These are based on historical experience and a number of other factors that appear reasonable under the prevailing conditions. The estimates and assumptions are reviewed regularly and are not judged to entail any significant risk of

material adjustment of carrying amounts for assets and liabilities during the next financial year. Any changes to estimates are recognised in the period in which the change is made if the change has only impacted upon this period, or in the period in which the change is made and future periods if the change impacts upon both the current period and future periods. Further information on estimates and assumptions made is presented in Notes 13 and 22.

Consolidated financial statements

The consolidated financial statements pertain to the Parent Company and all companies over which the Parent Company directly or indirectly has controlling influence. The consolidated financial statements include the wholly owned subsidiaries Clas Ohlson AS, Clas Ohlson OY, Clas Ohlson Ltd (UK) and Clas Ohlson Ltd (Shanghai). The purchase method has been applied in preparing the consolidated financial statements. The annual accounts of the foreign subsidiaries have been translated using the current rate method, which means that assets, liabilities and equity have been translated from the functional currency to Swedish kronor at the exchange rate prevailing on the reporting date and income statements at the average exchange rate for the year. The translation difference resulting from this, and resulting from the net investment having been translated at a different exchange rate at the end of the year than at the start of the year, is recognised in other comprehensive income. Intra-Group sales and inter-company profits have been eliminated in full from the consolidated financial statements.

Translation of foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rates applicable on the transaction date. Exchange-rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the rate prevailing on the reporting date are recognised in profit or loss. An exception is when transactions represent hedging that fulfils the conditions for hedge accounting of cash flows, in which case gains/losses are recognised in other comprehensive income. For derivatives, refer to the section on financial instruments.

Income

The Group's income is generated through the sale of products to consumers in accordance with the terms of sale. Sale income is reported net less VAT, returns, reservations for open purchase and discounts. Income is recognised at the time of sale/delivery to the customer, when material risks and benefits associated with ownership of the goods have been transferred to the purchaser. Interest income pertains to interest on bank balances. The income is recognised in the period to which the interest pertains.

Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when an underlying transaction is recognised directly in other comprehensive income including the associated tax effect. Current tax is tax that is due for payment or receipt in the current year, with application of the tax rates decided upon or in practice decided upon at the balance-sheet date, including adjustment of current tax attributable to prior periods. Deferred tax according to the balance-sheet method is calculated on all temporary differences arising between carrying amounts and values for tax purposes of assets and liabilities. Deferred tax is calculated with application of the tax rates and tax rules decided upon or in practice decided upon at the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are only recognised insofar as it is likely that it will be possible for these to be utilised. The value of deferred tax assets is reduced when it is no longer judged likely that it will be possible for them to be utilised. These temporary differences have mainly arisen from the depreciation of non-current assets, recognition of untaxed reserves, valuation of inventories and provisions for pensions.

Assets

Assets are recognised at cost less accumulated depreciation/amortisation and any accumulated impairment losses. Cost includes the purchase price and expenses directly attributable to the asset in order to bring it into the position and condition necessary for it to be utilised in accordance with the purpose of the acquisition. Depreciation/amortisation is based on the cost and estimated useful life of the assets. Straight-line depreciation/amortisation is used for all assets. Land is not depreciated. The Group applies component depreciation, which means that depreciation is

based upon the estimated useful life of the components. The following depreciation periods are applied:

Intangible assets	5 years
Equipment, tools, fixtures and fittings	3–15 years
Buildings	20–33 years
Land improvements	20 years

New acquisitions and replacements are capitalised, while maintenance and repair costs are expensed. As assets are sold or disposed of, the cost and apportioned accumulated depreciation are written off. Any profit or loss is recognised. All of Clas Ohlson's properties are owner-occupied properties.

Impairment

Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

Capitalised IT and software costs

Costs for the maintenance of software are expensed when they arise. Development costs directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria have been fulfilled:

- It is technically possible to complete the software so that it can be used,
- The company's intention is to complete the software and use or sell it,
- The conditions for using the software exist,
- How the software generates probable financial advantages can be proven,
- Adequate technological, financial and other resources for completing the development and for using or selling the software are available, and
- The costs attributable to the software over the course of its development can be reliably calculated.

Directly attributable costs are capitalised as a portion of the software and include costs for employees and a reasonable share of indirect costs.

Other development costs, which do not meet these criteria, are expensed when they arise. Development costs that were previously expenses are not recognised as an asset in subsequent periods.

Development costs for software recognised as an asset are amortised of the software's estimated useful life.

Leasing

In the Group and in the Parent Company, lease contracts occur primarily in the form of rental contracts for retail premises. All the stores, except the one in Insjön, are leased. These contracts have been classified as operational leases as they do not signify that the economic benefits and risks associated with ownership have been transferred to the tenant.

Loan expenses

Loan expenses attributable to the forming of what is known as qualified assets are capitalised where appropriate as part of the qualified asset's cost. A qualified asset is an asset that as a necessity takes a significant amount of time to complete. There are currently no qualified assets.

Other loan expenses are charged against earnings during the period in which they arose.

Inventories

Inventories have been valued at the lower of cost and net selling price on the balance-sheet date, applying the "first in, first out" principle. Net selling price is the estimated selling price in operating activities less selling expenses. Inter-company profits arising from delivery between companies forming part of the Group are deducted. Necessary provision for obsolescence has been made. Inventory expenses include transfers from other comprehensive income of any gains/losses from cash flow hedging fulfilling the conditions for hedge accounting, attributable to purchases of goods.

Receivables

Receivables with a due date more than 12 months after the balance-sheet date are recognised as non-current assets, while others as regarded as

current assets. Receivables are recognised at the amount expected to be paid after individual testing.

Accounts receivables are recognised initially at fair value and then at amortised cost applying the effective interest rate method, less any provision for depreciation. A provision for depreciation is posted when there is objective evidence that the Group will not be able to receive all sums due according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

Financial instruments

The Group classifies its financial instruments in the following categories: financial assets measured at fair value through profit or loss, loan receivables and accounts receivables, financial instruments held to maturity and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. The company's management establishes the classification of the instruments at the time of the first reporting.

Purchases and sales of financial instruments are recognised on the trade date - the date when the Group binds itself to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction expenses, which applies to all financial assets not measured at fair value through profit or loss. If the market for a financial asset is not active (and for unlisted securities), the Group will establish the fair value by applying such valuation methods as the use of information concerning recently completed transactions on an arms-length basis, reference to the fair value of another instrument that is essentially equivalent, analyses of discounted cash flow and options valuation methods. In this connection, market information is widely used while company-specific information is used as little as possible. Financial instruments are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all the risks and benefits associated with right of ownership.

Financial assets measured at fair value through profit or loss

Available-for-sale financial assets and financial assets measured at fair value through profit or loss are recognised after the time of acquisition at fair value. Realised and unrealised gains and losses due to changes in fair value pertaining to the category of financial assets measured at fair value through profit or loss are included in profit or loss in the period during which they arise. In cases when the transactions constitute hedging that fulfils the conditions for hedge accounting of cash flows, gains/losses are recognised in other comprehensive income (see under Translation of foreign currency).

Loan receivables and accounts receivable

Loan receivables and accounts receivable are recognised at amortised cost with application of the effective interest method.

Available-for-sale financial assets

With regard to any derivatives that are not categorised as an instrument in currency hedging, changes in fair value are recognised in profit or loss. In hedging cash flow qualified for hedge accounting, the effective portion of changes in the fair value of the hedging instruments is recognised under other comprehensive income until the underlying hedged item is recognised, whereby all apportioned hedging items in other comprehensive income are simultaneously transferred to profit or loss and recognised in cost of goods sold. Clas Ohlson applies hedge accounting for forward exchange contracts insofar as they qualify for hedge accounting according to the requirements. In all cases, the hedging pertains to cash flow hedging. Hedging of net investments in foreign operations is recognised in a similar manner as for cash flow hedging. For information concerning the Group's exchange hedging policy, see Note 2 under the section on Currency Risk.

Only loan receivables and accounts receivable existed when the accounts were closed. Financial instruments in the form of interest-bearing securities may occur on a current account basis during the financial year. All financial liabilities belong to the "Other liabilities" category.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances at banks and equivalent institutions, as well as short-term investments with a term of less than three months from the time of acquisition.

Employee benefits

Both defined-benefit and defined-contribution pension plans exist. There are both defined-contribution and defined-benefit pension plans in the Parent Company. However, in accordance with statement UFR 3, the defined-benefit ITP pension plan (Alecta) is treated as a defined-contribution pension policy. Defined-benefit pension plans are available in the Norwegian subsidiary. Future obligations with regard to defined-benefit pension plans are calculated annually according to a method described in detail below.

In defined-contribution plans, the company pays set contributions to a separate legal entity and is not obligated to pay any further contributions. Expenses are charged against Group profits as the benefits are vested. In defined-benefit plans, payments are made to employees and former employees based on final salary and the number of years of service. The Group bears the risk associated with the pledged payments being made. The net sum of the estimated value of obligations and fair value of plan assets is recognised on the balance sheet as either a provision or a non-current financial receivable. In cases where a surplus in a plan cannot be fully utilised, only that part of the surplus that the company can recover through reduced future contributions or repayments is recognised.

Regarding defined-benefit plans, the pension expense and pension obligation are calculated according to the so called Projected Unit Credit Method. Under this method, the expense is distributed as the employees perform services for the company that increase their entitlement to future remuneration. The calculation is performed annually by independent actuaries. The company's commitments are measured at the current value of expected future payments using a discount rate which is equivalent to the interest on municipal bonds (pertaining to Norway) with a term equivalent to the current commitments. The principal actuarial assumptions are stated in Note 19.

Actuarial gains and losses may arise in establishing the present value of the obligation and the fair value of plan assets. These arise either through the fair value deviating from the assumption made previously, or through a change in assumptions. The part of the cumulative actuarial gains and losses, at the end of the preceding year, exceeding 10 per cent of the greater of the present value of the obligations and the fair value of the plan assets is recognised in profit or loss over the average remaining period of service of employees.

Furthermore, long-term incentive programmes (LTI) that entitle employees to acquire shares and require the approval of the Annual General Meeting (AGM). LTI 2008, LTI 2009 and LTI 2010 are recognised in accordance with IFRS 2 Share-based Payment. The Group posts a provision for anticipated social security contributions that will be paid when the shares are allotted and when the options are exercised. The provision for social security contributions is reassessed every balance-sheet date based on the fair value.

Provisions

Provisions are recognised in the balance sheet among current and non-current liabilities when the Group has a legal or informal obligation resulting from an event that has occurred and it is likely that an outflow of resources will be required to discharge the commitment and a reliable estimate can be made of the amount. Provisions are made for open purchase, unredeemed gift cards and estimated future guarantee commitments.

Accounts payable

Accounts payable are initially recognised at fair value and thereafter at amortised cost applying the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net after transaction expenses. Borrowing is thereafter recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in profit or loss distributed over the borrowing period, applying the effective interest method.

Charges paid for credit facilities are recognised as transaction costs for borrowing insofar as it is probable that the credit will be utilised in full or in part. In such cases, charges are recognised when the credit has been utilised. When there is no evidence that the credit will be utilised in full or in part, the charges will be recognised as advance payment for financial services and distributed over the term of current credit facilities.

Borrowing is classified as current liabilities if the Group is not unconditionally entitled to postpone payment of the debt for at least 12 months after the balance-sheet date.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The recognised cash flow comprises only transactions that entail receipts or disbursements. In addition to cash or bank balances, current financial investments that are subject only to an insignificant risk of fluctuation in value and have a remaining term of less than three months from the time of acquisition are classified as cash and cash equivalents.

Segment accounting

Clas Ohlson has the following segments: Sweden, Norway, other segments (Finland and the UK) as well as Group-wide. The Group-wide segment pertains to the group-wide functions in Sweden that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites.

Parent Company accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council. This means that the Parent Company, in the annual accounts of the legal entity, has to apply all EU-approved IFRS standards and interpretations as far as possible under the terms of the Annual Accounts Act and in consideration of the connection between accounting and taxation. The recommendation specifies the exceptions from and additions to IFRS that are to be made. At Clas Ohlson, the difference between the consolidated and Parent Company accounting policies is that IAS 1 is not applied with regard to preparation of the balance sheets and income statements for the Parent Company, which instead are prepared in accordance with the Annual Accounts Act. The regulations in IAS 39 pertaining to financial guarantee agreements are not applied with respect to guarantee agreements for subsidiaries. In the Parent Company, loan expenses are charged against profits for the period to which they refer. Shares in the subsidiaries are recognised at cost less deductions for any impairment.

The accounting policies for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial statements.

Note 2 Financial risks

The Group is exposed to a variety of financial risks through its operations: market risk (including currency risk, interest-rate risk and price risk), credit risk, liquidity risk and cash-flow risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results. The Group uses derivatives to hedge certain risk exposure.

Risk management is dealt with by a central financial department (Group Finance) in accordance with policies adopted by the Board. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board draws up policies for overall risk management and specific areas, such as currency risk, use of derivatives and investment of surplus liquidity.

MARKET RISK

Currency risk

A significant portion of accounts payable comprises liabilities in foreign currencies and is therefore subject to currency risks. In the Group, the principal currencies used in purchases are hedged in order to reduce any currency risks, in accordance with the financial policy. Approximately 50 per cent of the anticipated flow six months ahead is hedged when prices in the main catalogue are set.

Approximately 45 per cent of the company's purchases are made in currencies other than Swedish kronor (SEK). The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR).

In addition, movements of SEK against the Norwegian krone (NOK) are very significant to the Group, because more than a third of sales take place in Norway. Net exposure to EUR is low, because the company has higher EUR-denominated sales due to its expansion in the Finnish market. The table below shows how profit is affected by changes in the principal currencies.

Currency	Change	Impact on profit before tax, SEK M
NOK	+/- 5 per cent	+/- 53
USD	+/- 5 per cent	-/+ 42
HKD	+/- 5 per cent	-/+ 7
EUR	+/- 5 per cent	+/- 1
GBP	+/- 5 per cent	-/+ 8

Cash and cash equivalents are also exposed to currency risk since a certain proportion of the funds is invested in the subsidiaries.

Refinancing and liquidity risk

Refinancing and liquidity risk pertains to the risk that Clas Ohlson is unable to extend existing loans or meet payment obligations due to insufficient liquidity. Refinancing requirements are regularly reviewed by Clas Ohlson's central finance function, which is responsible for external borrowing. Refinancing requirements are primarily contingent on market trends and investment plans.

Interest-rate risk

The interest-rate risk is low since the company's interest expense is low in relation to total earnings.

Price risk

The price risk is regarded as low as the company buys from more than 600 suppliers. In accordance with its purchasing policy, the company also avoids entering into long-term supply contracts, to retain flexibility with regard to suppliers and products.

Credit risk

Accounts receivables are characterised by a very low risk, as each sub-item is small and the Group's credit policy is restrictive. Provisions for doubtful receivables are made following individual examination, but this has not been necessary in the past four financial years for either the Group or the Parent Company.

Cash and cash equivalents are invested in various bank accounts, mainly at Svenska Handelsbanken and its international branches in Norway, Finland and the UK. The credit risk is considered insignificant.

Capital risk

The capital risk is regarded as low because the Group had a low portion of liabilities at the end of the financial year and an equity/assets ratio of 51.5 per cent.

Note 3 Other operating income and operating expenses

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Other operating income				
Exchange-rate differences	0.0	2.5	0.0	2.1
Rental income	2.3	0.0	2.3	0.0
Gain/loss on sale or disposal of property, plant and equipment	0.8	0.0	0.4	0.0
Total	3.1	2.5	2.7	2.1
Other operating expenses				
Exchange-rate differences	0.0	-2.6	0.0	-2.2
Gain/loss on sale or disposal of property, plant and equipment	-3.8	-7.2	-1.4	-5.9
Total	-3.8	-9.8	-1.4	-8.1

Note 4 Depreciation

Group	2010/11	2009/10
Depreciation broken down by type of asset		
Intangible assets*	0.4	0.0
Land and buildings	29.0	24.3
Equipment, tools, fixtures and fittings	129.9	105.9
Total	159.3	130.2

Depreciation broken down by function

Cost of goods sold	64.3	54.1
Selling expenses	91.0	72.8
Administrative expenses	4.0	3.3
Total	159.3	130.2

Parent Company	2010/11	2009/10
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Depreciation broken down by type of asset

Intangible assets*	0.4	0.0
Land and buildings	28.7	24.3
Equipment, tools, fixtures and fittings	77.3	63.5
Total	106.4	87.8

Depreciation broken down by function

Cost of goods sold	59.0	50.2
Selling expenses	43.4	34.1
Administrative expenses	4.0	3.5
Total	106.4	87.8

* Depreciation on intangible assets belongs to selling expenses

Note 5 Expenses distributed by type of cost

Payroll expenses including social security expenses during the financial year totalled SEK 1,204.9 M (1,109.2) in the Group and SEK 752.9 M (704.7) in the Parent Company. Depreciation during the financial year totalled SEK 159.3 M (130.2) in the Group and SEK 106.4 M (87.8) in the Parent Company.

Note 6 Expenses for employee benefits

	2010/11	2009/10
Salaries and other remuneration		
Parent Company	556.0	522.4
Subsidiaries	388.6	347.6
Group total	944.6	870.0

	2010/11		2009/10	
	Social security expenses	of which, pension expenses	Social security expenses	of which, pension expenses
Social security expenses				
Parent Company	196.9	35.2	182.3	30.9
Subsidiaries	63.4	15.4	56.9	16.3
Group total	260.3	50.6	239.2	47.2

Note 6 cont.

Of the Parent Company's pension expenses, SEK 2.2 M (2.1) pertained to the group consisting of the Board, CEO and Deputy CEO. Of the subsidiaries' pension expenses, SEK 0.9 M (1.1) pertained to managing directors of subsidiaries.

In the Group, expenses for defined-contribution pensions amounted to SEK 42.5 M (38.9) and defined-benefit pensions to SEK 0.3 M (0.6).

The Parent Company only has defined-contribution pensions (including Alecta), for which the year's expenses amounted to SEK 27.4 M (23.6). In the Parent Company, the year's expenses for special employer's contribution on pension premiums totalled SEK 7.8 M (7.3). For further information on the defined-benefit pension plans in the Group, see Note 19.

Remuneration of Board members, managing directors and other senior management.

	2010/11	2009/10
<i>Parent Company</i>		
Salaries and other remuneration	19.5	20.5
– of which variable remuneration	0.0	0.0
Pension expenses	4.4	5.5
Number of individuals in group	14	15

	2010/11	2009/10
<i>Group</i>		
Salaries and other remuneration	26.0	30.1
– of which variable remuneration	0.0	0.0
Pension expenses	5.3	6.6
Number of individuals in group	18	19

Board remuneration

Fees are paid to the members of the Board according to AGM resolutions. The fees are paid in the form of salary or by invoice. Board members who are employed in the company do not receive director fees. No pensions or other incentive programmes are paid to the company's Board.

No director fees were paid in the subsidiaries.

	2010/11		2009/10	
	Director fees	Other remuneration	Director fees	Other remuneration
<i>The Board</i>				
Anders Moberg. Chairman	0.55	0.12	0.50	0.12
Björn Haid. member	0.28	0.06	0.25	0.06
Cecilia Marlow. member	0.28	0.07	0.25	0.06
Sanna Suvanto-Harsaae member	0.28	0.06	0.00	0.00
Klas Balkow. member and CEO	0.00	0.00	0.00	0.00
Lottie Svedenstedt. member	0.28	0.07	0.25	0.06
Urban Jansson. member	0.28	0.14	0.25	0.12
Edgar Rosenberger. member	0.28	0.06	0.25	0.06
Elisabet Salander Björklund. member	0.00	0.00	0.25	0.06
Board total	2.20	0.59	2.00	0.56

Board member Klas Balkow received remuneration as President and CEO of the company.

During the financial year, the gender distribution among Board members elected by the AGM was five men and three women. In percentage terms, the distribution was thus 62.5 per cent male and 37.5 per cent female. The equivalent distribution in the preceding financial year was the same.

Remuneration of senior management

Remuneration paid to the Chief Executive Officer and other members of senior management is made up of basic salary, variable remuneration and pension contributions. Other members of senior management are the six individuals who together with the Chief Executive Officer made up the Group management team during the financial year.

For the composition of the senior management at 30 April 2011, see page 79 of the printed annual report. i den tryckta årsredovisningen.

	2010/11				2009/10			
	Basic salary	Vari. STI	remu. LTI ¹	Bene-fits	Basic salary	Vari. STI	remu. LTI ¹	Bene-fits
<i>Salaries paid to senior management</i>								
Klas Balkow. CEO	4.2	0.6	0.6	0.2	3.9	1.4	0.5	0.2
Deputy CEO ²	2.4	0.3	0.4	0.1	1.3	0.3	0.2	0.1
Other senior management (5 respektive 6)	6.2	0.5	0.8	0.4	7.8	1.9	0.8	0.4
Summa ledningen	12.8	1.4	1.8	0.7	13.0	3.6	1.5	0.7

¹ LTI (long-term incentive programme) pertains to recognised expenses but not definitive remuneration pertaining to LTI 2008, LTI 2009 and LTI 2010. Refer to the description of the STI (short-term incentive programme) and LTI below.

² 2009/10 pertains to remuneration to the Deputy CEO for the period from appointment (seven of 12 months). The remaining portion of the remuneration is recognised under other senior management.

	2010/11		2009/10	
	Defined-contribution	Defined-benefit	Defined-contribution	Defined-benefit
<i>Pension expenses for senior management</i>				
Klas Balkow. CEO	1.5	0.0	1.4	0.0
Deputy CEO ²	0.7	0.0	0.4	0.0
Other senior management (5 respektive 6)	2.2	0.0	3.7	0.0
Total management	4.4	0.0	5.5	0.0

Under the contract of employment with the Chief Executive Officer, the mutual period of notice is six months. Twelve months' salary is payable should employment be terminated by the company. Applicable salary and benefits are payable during the period of notice. The retirement age is 65, and the current pension contribution is equivalent to SEK 1.5 M.

Salary and other remuneration payable to the CEO are decided by the Board and discussed by a Remuneration Committee appointed within the Board. Salary is reviewed at the end of each calendar year.

Salaries and other remuneration for other senior management are decided by the Chief Executive Officer, supported by the Remuneration Committee within the framework decided by the Board.

The principles for variable remuneration are resolved by the AGM. The performance targets are prepared by the Remuneration Committee and decided by the Board. During the year, two different types of variable remuneration, STI and LTI, were payable.

Provisions for STI and LTI are posted continuously. All members of senior management are entitled to annual pension contributions, primarily in accordance with the ITP plan. Retirement age varies between 65 and 67 years.

The gender distribution among senior management of the Parent Company, and of the Group, is seven men and one woman during the financial year. In percentage terms, the distribution is thus 87 per cent male and 13 per cent female. The distribution in the preceding year was the same.

Further information on decision-making processes in the Group is presented on pages 52-54 of the printed annual report.

Remuneration principles

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions.

Clas Ohlson aims to offer a competitive total level of remuneration, focusing on payments based on performance. This means that variable remuneration may comprise a significant portion of total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson AB meets or exceeds its objectives, shall be in the upper quartile of the market.

Basic salary

The basic salary is to comprise the basis for total remuneration. The salary should be related to the relevant market and reflect the extent of the responsibilities included in the position. The basic salary's trend is to depend on how well work is performed and how well the employee develops his/her competencies to assume future work assignments with greater responsibility. The basic salary is to be reviewed annually to ensure that it is market-based and competitive.

Short-term Incentive "STI"

In addition to basic salary, senior management are to qualify for STI for profits that exceed one or several predetermined performance levels during a financial year. Clearly defined performance targets are decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results.

Remuneration from the STI plan is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position and may not exceed 50 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI.

Long-term Incentive "LTI"

The aim of long-term incentive programmes is to create the prerequisites for retaining and recruiting competent employees to the Group, provide competitive remuneration and unite the interests of shareholders and senior management.

Long-term incentive programmes that entitle employees to acquire shares are subject to AGM approval. LTI 2008, LTI 2009 and LTI 2010 were in effect during the financial year. LTI 2008 was concluded after the close of the financial year and LTI 2011 was launched. LTI 2008, LTI 2009, LTI 2010 and LTI 2011 are share matching and profit-based employee stock option plans.

Long-term incentive programmes LTI 2008, LTI 2009 and LTI 2010

LTI 2008 was approved at an Extraordinary General Meeting held in 2008 and LTI 2009 and LTI 2009 were approved at the AGMs held in 2009 and 2010, respectively. The programmes encompass 30-45 members of senior management and other individuals regarded as having a long-term impact on Clas Ohlson's development.

To participate in the plan, employees must acquire series B shares in Clas Ohlson corresponding to a value of not less than 5 per cent and not more than 10 per cent of their annual basic salary. Participants acquired series B Clas Ohlson shares, at market price, which the company will later match (1:1) free of charge through allotment of shares. If the employee holds the acquired shares and is still employed by the Group three years after the date of acquisition, the company will issue matching shares to the employee.

The employee may also be allotted profit-based employee stock options. Employee stock options are allocated free of charge and each stock option entitles the holder to acquire one series B Clas Ohlson share. When the option is exercised, the price per share is calculated at 110 per cent of the average of the volume-weighted average price paid for the series B Clas Ohlson share on the Nasdaq OMX Stockholm established for each

day during a period of 10 trading days prior to the acquisition period. The exercise price for the LTI 2009 and LTI 2010 has been set at SEK 98.10 and SEK 141.30 per share. The options may be exercised not earlier than three years and not later than seven years from the date of allotment. For an option to be exercised, the holder must still be employed by the Clas Ohlson Group and have retained his/her personal investment for three years from the date of allotment. The option holdings do not provide entitlement to receive dividends on the underlying shares.

The number of employee stock options that may be exercised depends on the number of series B shares that the employee has acquired within the framework of the plan, and whether the company's growth and profit growth during the first three financial years increase to the levels set by the Board. These established levels are: Entry, Target and Stretch, with a straight-line increase between each profit level.

Entry is a minimum level that must be exceeded in order for an employee stock option to be exercised. The three levels correspond to the following number of employee stock options:

- Entry: five options per acquired series B share
- Target: ten options per acquired series B share
- Stretch: 15 options per acquired series B share

Accordingly, the total number of employee stock options that may be exercised by each participant is limited to 15 per acquired series B share.

The qualification and performance periods for the LTI 2008 were valid from 1 May 2008 until 30 April 2011. A total of 31,520 shares were allotted on 2 May, after the close of the financial year, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period. The established performance criteria regarding average sales growth and increased earnings per share for the period 2008-2011 were not achieved, meaning that no options were allotted to the participants and, accordingly, the LTI 2008 has been concluded.

It was not possible to exercise any of the options in the remaining programmes on 30 April 2011. The number that may be exercised after three years is based on achievement of growth and profit targets. The sum that is expensed is based on the level of 0 options per share for LTI 2008, 10 options per share for LTI 2009 and 10 options per share for LTI 2010.

In accordance with the above, LTI 2009 and LTI 2010 will include the following number of series B shares and employee stock options for the various participant categories if the target level is achieved (refer to the table below).

The cost recognised in profit or loss for 2010/11 totalled SEK 7.4 M, of which social security contributions accounted for SEK 1.2 M.

Share repurchased for the LTI programmes

During 2008, 2009 and 2010, Clas Ohlson repurchased series B Clas Ohlson shares to fulfil the company's long-term obligations under the incentive programmes. The shares will be allotted or sold to participants. Clas Ohlson intends to sell additional shares in the market in conjunction with options being exercised or shares being allotted to cover payment of social security contributions.

Long-term incentive programmes LTI 2009 and LTI 2010³

Participants	LTI 2009			LTI 2010		
	Matching shares No. of B shares ¹	No. of employee stock options ¹	Target value SEK M ²	Matching shares No. of B shares ¹	No. of employee stock options ¹	Target value SEK M ²
CEO	3,602	36,020	1,0	3,197	31,970	1,4
Other members of Group management	4,846	48,460	1,4	4,863	48,630	2,2
Other participants	23,352	233,520	6,6	21,659	216,590	10,0
Total	31,800	318,000	9,0	29,719	297,190	13,6

¹ The number of shares and employee stock options may be recalculated due to decisions concerning a new share issue.

² The target value of the plan is calculated based on the fair value on the date of allotment. The share value on the date of allotment was SEK 77.22 (LTI 2009)/SEK 116.49 (LTI 2010) and the fair value of the option was SEK 20.44 (LTI 2009)/SEK 33.47 (LTI 2010). To calculate the fair value of the options, the binomial model for option valuation was used. The values were adjusted for the discounted value of future dividends.

³ Initially, at the start of the programme, the participants acquired 35,767 and 30,614 shares under the frameworks of the LTI 2009 and LTI 2010 respectively.

Note 7 Remuneration of auditors

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Öhrings				
PricewaterhouseCoopers				
Remuneration for audit engagements	2.4	2.0	1.1	1.1
Remuneration for other consultations	0.2	0.2	0.2	0.2
Tax consultations	0.5	0.8	0.2	0.5
Other	0.1	0.1	0.1	0.1
Total	3.2	3.1	1.6	1.9

Note 8 Financial income and expenses

Financial income and expenses are broken down as follows:

Group	2010/11	2009/10
Interest income	3.2	2.4
Group total	3.2	2.4

Parent Company	2010/11	2009/10
Interest income	0.2	0.1
Interest income, subsidiaries	6.6	3.3
Total Parent Company	6.8	3.4

Financial expenses are broken down as follows:

Group	2010/11	2009/10
Interest expenses	-11.3	-4.7
Parent Company		
Interest expenses	-11.3	-4.6
Interest expenses, subsidiaries	-4.1	-2.0
Total Parent Company	-15.4	-6.6

Note 9 Income tax

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Tax on net profit for the year				
Income tax on net profit for the year	73.8	148.5	52.0	124.8
	73.8	148.5	52.0	124.8
Deferred tax				
Deferred tax pertaining to temporary differences	58.8	6.9	0.0	0.0
Deferred tax pertaining to the tax value in capitalised loss carry-forwards	2.0	0.0	0.0	0.0
	60.8	6.9	0.0	0.0
Total reported tax expense	134.6	155.4	52.0	124.8

Reconciliation of applicable tax rate and effective tax rate

	2010/11	2009/10	2010/11	2009/10
Reported profit before tax	499.0	588.2	158.2	471.3
Income tax calculated according to national tax rates pertaining to profit in each country (26-28%)	-134.2	-156.1	-41.6	-124.0
Tax effect of:				
Non-deductible expenses	-2.8	-1.7	-2.4	-1.6
Taxable accrued income	0.0	0.0	-7.8	0.0
Not earlier accounted deficit	2.0	0.0	0.0	0.0
Other	0.6	2.4	0.0	0.8
Adjustment earlier taxation	-0.2	0.0	-0.2	0.0
Recognised tax expense	-134.6	-155.4	-52.0	-124.8
Applicable tax rate for income tax, %	26.9	26.5	26.3	26.3
Effective tax rate, %	27.0	26.4	32.9	26.5
Deferred tax items recognised directly in equity	0.0	-0.6	0.0	0.0

Group	2010/11	2009/10
Recognised deferred tax assets and tax liabilities		
Equipment, tools, fixtures and fittings	-2.1	-4.7
Inventories	0.0	1.1
Inter-company profit in inventories	-7.7	31.9
Tax accruals	8.2	2.7
Pensions	0.2	0.1
Accelerated depreciation	-74.1	-60.4
Tax allocation reserve	-77.0	-60.4
Deficit in subsidiaries	2.0	0.0
Total deferred tax asset (+) deferred tax liability (-), net	-150.5	-89.7
Deferred tax asset	10.4	0.3
Deferred tax liability	-160.9	-90.0

The Group does not have any unrecognised deferred tax assets or tax liabilities on temporary differences.

Group	Amount at start of year	Recognised in profit and loss	Amount at the end of year
Change in deferred tax in temporary differences during the year			
Equipment, tools, fixtures and fittings	-4.7	2.6	-2.1
Inventories	1.1	-1.1	0.0
Inter-company profit in inventories	31.9	-39.6	-7.7
Tax accruals	2.7	5.5	8.2
Pensions	0.1	0.1	0.2
Accelerated depreciation	-60.4	-13.7	-74.1
Tax allocation reserve	-60.4	-16.6	-77.0
Deficits in subsidiaries	0.0	2.0	2.0
Total	-89.7	-60.8	-150.5

Note 10 Earnings per share

	2010/11	2009/10
<i>Earnings per share before dilution</i>		
Net profit for the year	364.4	432.8
Average number of shares outstanding	63.8	64.4
Earnings per share before dilution	5.71	6.72
<i>Earnings per share after dilution</i>		
Net profit for the year	364.4	432.8
Average number of shares outstanding	63.9	64.4
Earnings per share after dilution	5.71	6.72

Earnings per share before and after dilution

The calculation of earnings per share has been based on net profit for the year attributable to the Parent Company's shareholders, totalling SEK 364.4 M (432.8), and on a weighted average number of shares outstanding before and after dilution during both 2009/10 and 2010/11.

Note 11 Dividend per share

The dividends paid in 2010/11 and 2009/10 totalled SEK 238.9 M (SEK 3.75 per share) and SEK 192.8 M (SEK 3.00 per share), respectively. A dividend pertaining to 2010/11 of SEK 3.75 per share, totalling SEK 246 M, will be proposed at the Annual General Meeting to be held on 10 September 2011. The proposed dividend has not been recognised as a liability in these financial statements.

Note 12 Non-current assets

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
<i>Property, plant and equipment</i>				
Land and buildings				
Opening cost	681.3	376.9	678.9	376.4
Acquisitions for the year	25.3	2.5	25.3	0.6
Reclassifications	31.5	301.9	31.5	301.9
Translation differences	-0.6	0.0	0.0	0.0
Closing accumulated cost	737.5	681.3	735.7	678.9
Opening depreciation	137.9	113.6	137.4	113.1
Depreciation for the year	29.0	24.3	28.7	24.3
Translation differences	-0.5	0.0	0.0	0.0
Closing accumulated depreciation	166.4	137.9	166.1	137.4
Closing residual value according to plan	571.1	543.4	569.6	541.5
Carrying amount, land	6.5	6.4	6.5	6.4
Equipment, tools, fixtures and fittings				
Opening cost	1 139.7	814.1	790.4	486.3
Acquisitions for the year	219.2	135.5	54.8	73.4
Reclassifications	21.0	264.2	21.0	264.2
Sales and disposals	-34.3	-64.4	-16.9	-33.4
Translation differences	-44.1	-9.7	0.0	0.0

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Closing accumulated cost	1,301.5	1,139.7	849.3	790.4
Opening depreciation	352.1	304.9	239.0	202.4
Depreciation for the year	129.9	104.0	77.3	63.5
Sales and disposals	-32.5	-54.4	-15.4	-26.9
Translation differences	-12.9	-2.4	0.0	0.0
Closing accumulated depreciation	436.6	352.1	300.9	239.0
Closing residual value according to plan	864.9	787.6	548.4	551.4

Intangible assets

Activated IT-costs

Opening cost	0.0	0.0	0.0	0.0
Acquisitions for the year	33.9	0.0	33.9	0.0
Closing accumulated cost	33.9	0.0	33.9	0.0
Opening depreciation	0.0	0.0	0.0	0.0
Depreciation for the year	0.4	0.0	0.4	0.0
Closing accumulated depreciation	0.4	0.0	0.4	0.0
Closing residual value according to plan	33.5	0.0	33.5	0.0

Construction in progress

Opening cost	34.5	423.2	34.5	423.2
Acquisitions for the year	18.0	177.4	18.0	177.4
Reclassifications	-52.5	-566.1	-52.5	-566.1
Closing accumulated cost	0.0	34.5	0.0	34.5

Financial assets

Opening cost	1.0	2.0	360.5	41.1
Decrease/increase in non-current receivables	9.9	-1.0	86.2	314.7
Increase in participations in Group companies	0.0	0.0	0.0	4.7
Closing accumulated cost	10.9	1.0	446.7	360.5
Fair value	10.9	1.0	446.7	360.5

Investment commitments

Contracted investments on the balance-sheet date not yet recognised in the financial statements total the following amounts:

Land and buildings	0.1	48.0	0.1	48.0
Equipment, tools, fixtures and fittings	116.5	7.0	47.5	7.0

Note 13 Inventories

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Merchandise	1,429.2	1,204.1	1,020.7	866.3
Total	1,429.2	1,204.1	1,020.7	866.3
Cost of goods sold	3,401.7	3,287.9	3,388.6	3,201.5
Of which, obsolescence	20.4	15.6	14.8	10.1

Obsolescence is calculated according to individual assessment on the basis of age analysis in stores and the distribution centre.

Note 14 Accounts receivables

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Accounts receivables	15.7	30.1	9.4	9.0
Total	15.7	30.1	9.4	9.0
Fair value	15.7	30.1	9.4	9.0

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Prepaid rent	65.6	47.8	35.5	24.9
Prepaid costs of materials	28.3	20.1	26.9	16.2
Other prepaid expenses	36.6	43.3	6.8	21.1
Total	130.5	111.2	69.2	62.2

Note 16 Cash and cash equivalents

Group	2010/11	2009/10
Cash and bank balances	132.6	98.8
Group total	132.6	98.8

At the end of the year, utilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 261.7 M in the Group; refer to Note 20.

Unutilised overdraft facilities in the Group, which are not included in cash and cash equivalents, amounted to SEK 88.3 M at year-end.

Note 17 Forward contracts

As per the balance-sheet date, outstanding cash-flow hedging existed according to the following table.

Currency pair	Carrying amount and fair value		Nominal amount		Average remaining term in months	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Sell/buy						
NOK/SEK	-1.6	0.6	183.1	196.2	2	2
USD/SEK	-7.0	1.4	84.1	57.8	2	1
Total	-8.6	2.0	267.2	254.0		

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on the balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 7.

In the currency pairs, there are only negative market values. Forward contracts with negative market values totalled SEK 8.6 M (0.3), which was recognised in the item Other current liabilities.

Deferred tax of SEK 2.3 M was taken into account and the remaining fair value of SEK 6.3 M was recognised in the hedging reserve within equity.

Note 18 Equity

The total number of ordinary shares is 65,600,000 (2009/10: 65,600,000) with a quotient value of 1.25. The number of series A shares is 5,760,000, while the number of series B shares is 59,840,000. Each series A share carries ten votes, while each series B share carries one vote. All issued shares are fully paid up. The company has outstanding stock option plans, whose outcome was hedged through the repurchase of 1,890,000 B shares. The number of shares outstanding at the end of the year was 63,710,000. The average number of shares before and after dilution is reported in Note 10.

The Groups other reserves contains of exchange-rate differences of SEK -69.6 M (-18.7) and cash flow hedging after tax of SEK -6.3 M (1.4).

Note 19 Pension obligations

The pension obligation pertains to employees in subsidiaries in Norway. It is a defined-benefit pension plan, which means that payments to employees and former employees are based on final salary and number of years of service. The obligation is secured in the insurance company Storebrand AS.

Group	2010/11	2009/10
Surpluses (-)/obligations (+) in the balance sheet for:		
Pension benefits	0.3	0.3
Group total	0.3	0.3

Group	2010/11	2009/10
Recognition in profit and loss pertaining to:		
Pension benefits	0.3	0.6
Group total	0.3	0.6

Pension benefits

The amounts recognised in the balance sheet have been calculated as follows:

	2010/11	2009/10	2008/09	2007/08	2006/07
Present value of funded obligations	8.7	9.0	9.7	9.4	17.9
Fair value of plan assets	-8.6	-9.3	-8.0	-6.6	-10.1
Unrecognised actuarial gains/losses	0.2	0.6	-1.6	-3.4	-6.9
Asset/liability in balance sheet	0.3	0.3	0.1	-0.6	0.9

The amounts recognised in the balance sheet are as follows:

	2010/11	2009/10	2008/09
Expenses for service during current year	0.4	0.5	0.7
Interest expense	0.4	0.3	0.4
Expected return on plan assets	-0.5	-0.3	-0.3
Actuarial gains/losses reported during the year	0.0	0.1	0.2
Total, included in personnel expenses	0.3	0.6	1.0

Of the total expense, SEK 0.0 M (0.1) was included in the item Cost of goods sold, SEK 0.2 M (0.3) in Selling expenses and SEK 0.1 M (0.2) in Administrative expenses.

The actual return on plan assets was SEK 0.3 M (0.3).

Changes to the asset/liability recognised in the balance sheet are:

	2010/11	2009/10
At the start of the year	0.3	0.1
Exchange-rate differences	0.0	0.0
Total expenses recognised in profit and loss	0.3	0.6
Contributions paid	-0.3	-0.4
At end of year	0.3	0.3

The principal actuarial assumptions used were as follows:

	2010/11	2009/10
Discount rate, %	4.0	4.5
Expected return on plan assets, %	5.4	5.7
Future pay increases, %	4.0	4.5
Future pension increases, %	1.3	1.4
Estimated average remaining period of service, years	6	7

Defined-contribution plans

Defined-contribution plans exist in Sweden, Norway and Finland. Payment to these plans takes place on a continuous basis according to the rules for the plan concerned.

	2010/11	2009/10
Group	42.5	38.9
Parent Company	27.4	23.6

Of the Group's total expense for defined-contribution plans, SEK 8.6 M (8.6) pertained to the ITP plan financed in Alecta. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2010, Alecta's surplus in the form of the collective funding ratio was 146 per cent (2009: 141 per cent). The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19.

Note 20 Financial liabilities

Financial instruments by category

Assets	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Hedging:				
Forward contracts	0.0	2.3	0.0	0.0
Financial assets:				
Accounts receivables	15.7	30.1	9.4	9.0
Cash and cash equivalents	132.6	98.8	70.2	62.1
Total	148.3	131.2	79.6	71.1

Liabilities	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Hedging:				
Forward contracts	8.6	0.3	0.0	0.0
Other financial liabilities				
Bank loans	300.0	100.0	300.0	100.0
Accounts payables and other liabilities	1,087.6	1,006.1	1,050.4	884.9
Total borrowing	1,396.2	1,106.4	1,350.4	984.9

Financial liabilities

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Accounts payables	329.5	403.3	281.9	326.4
Other short term liabilities	37.3	17.2	11.2	10.4
Total	366.8	420.5	293.1	336.8
Fair value	366.8	420.5	293.1	336.8

The average period of credit is 44 days (41 days) for accounts payable and 19 days (15 days) for other current liabilities.

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Non-current portion				
Bank loans	300.0	100.0	300.0	100.0
Current portion				
Overdraft facilities	261.7	171.4	261.7	171.4
Total borrowing	561.7	271.4	561.7	271.4

All bank loans and overdraft facilities are denominated in SEK. The bank loan is renewed on a monthly basis and is estimated to extend until 2012. The current average interest rate is 1.85 per cent per year. The overdraft facility carries floating interest rates. During the year, the average interest rate was 1.78 per cent.

The total borrowing includes secured bank loans and overdraft facilities totalling SEK 97.0 M (97.0). Collateral for bank loans consists of chattel and property mortgages. The credit limit on the overdraft facilities totalled SEK 350 M (350). The Parent Company's credit is included in a cash pool for the Group in which utilised credit totalled SEK 261.7 M.

The fair value on borrowing corresponds to its carrying amount, since the discounting effect is not significant.

Note 21 Accrued expenses and deferred income

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Accrued salary expenses	73.1	80.9	40.9	48.8
Accrued holiday pay expenses	125.7	115.0	77.8	68.2
Accrued social security contributions	65.8	60.1	54.6	47.4
Other items	108.8	14.8	44.8	15.0
Total	373.4	270.8	218.1	179.4

Note 22 Other provisions

Pertains to provisions for guarantee commitments, unredeemed gift cards and open purchase, which are all expected to be utilised during the subsequent financial year. The provision for estimated future guarantee commitments is equivalent to the guarantee expenses for the year with respect to the length of the warranty period. Thirty days open purchase is applicable in the terms of purchase. The provision for open purchase is calculated according to these terms with respect to the estimated return rate.

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Opening provisions	21.6	21.8	12.6	12.4
Utilised during the year	-21.6	-21.8	-12.6	-12.4
Allocated during the year	23.4	21.6	13.3	12.6
Total other provisions	23.4	21.6	13.3	12.6
<i>Break-down of items:</i>				
Guarantee commitments	7.9	7.3	4.5	4.4
Open purchase and unredeemed gift cards	15.5	14.3	8.8	8.2
Total other provisions	23.4	21.6	13.3	12.6

Note 23 Intra-Group transactions

Of the Parent Company's invoiced sales, intra-Group sales accounted for SEK 1,747.9 M (2,000.9). Of this sum, SEK 1,543.7 M (1,706.8) related to sales to Clas Ohlson AS in Norway, SEK 191.8 M (284.2) to sales to Clas Ohlson OY in Finland and SEK 12.4 M (9.9) to sales to Clas Ohlson Ltd in the UK. No purchases were made from subsidiaries.

Note 24 Participations in Group companies

The subsidiary Clas Ohlson AS in Norway, with corporate registration number NO 937402198 and registered office in Oslo; 10,000 shares with a par value of NOK 100. Shareholding 100 per cent. Carrying amount NOK 50,475.

The subsidiary Clas Ohlson OY in Finland, with corporate registration number FI 1765891-7 and registered office in Helsinki; 500,000 shares with a par value of EUR 1. Shareholding 100 per cent. Carrying amount SEK 30.4 M, of which value of shareholders' contribution SEK 25.8 M.

The subsidiary Clas Ohlson Ltd in the UK, with corporate registration number 6298382, 300,000 shares with a par value of GBP 1. Shareholding 100 per cent. Carrying amount SEK 4.0 M.

The subsidiary Clas Ohlson Ltd in Shanghai, with corporate registration number 3110000400574190, 900,000 shares with a par value of USD 1. Shareholding 100 per cent. Carrying amount SEK 11.3 M. A dividend has been paid from the subsidiary in Shanghai amounting to SEK 0.0 M (0.1).

Note 25 Appropriations

Parent Company	2010/11	2009/10
<i>The difference between recognised depreciation and depreciation according to plan on:</i>		
- equipment, tools, fixtures and fittings	-52.9	-53.6
- land and buildings	1.0	1.0
<i>Provision for tax allocation reserve</i>		
Taxation 2012 and 2011	-63.0	-158.0
Total Parent Company	-114.9	-210.6

Note 26 Cash and bank balances

Parent Company	2010/11	2009/10
Cash and bank balances	70.2	62.1
Total Parent Company	70.2	62.1

Unutilised overdraft facilities, which are not included in cash and bank balances, totalled SEK 261.7 M (171.4) at the end of the year. The credit is included in a cash pool for the Group in which utilised credit totalled SEK 261.7 M; refer to Note 20.

Note 27 Untaxed reserves

Parent Company	2010/11	2009/10
<i>Accumulated difference between recognised depreciation and depreciation according to plan on:</i>		
- equipment, tools, fixtures and fittings	275.1	222.2
- land and buildings	6.8	7.8
<i>Provision for tax allocation reserve</i>		
Tax 2010	71.6	71.6
Tax 2011	158.0	158.0
Tax 2012	63.0	-
Total Parent Company	574.5	459.6

Note 28 Pledged assets

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Cash and cash equivalents	14.0	12.7	0.0	0.0
Property mortgages	23.0	23.0	23.0	23.0
Floating mortgages	74.0	74.0	74.0	74.0
Total pledged assets	111.0	109.7	97.0	97.0

Assets indicated above, for own obligations, are pledged to credit institutions as general security for currency forward contracts and utilised overdraft facilities, which at the end of the year totalled SEK 261.7 M in the Group and in the Parent Company. In the preceding year, unutilised overdraft facilities totalled SEK 88.3 M in the Group and Parent Company.

Note 29 Contingent liabilities and commitments

Parent Company	2010/11	2009/10
<i>Contingent liabilities</i>		
Guarantee in favour of Group companies pertaining to future rental commitments	237.9	226.8

Commitments

All store premises, with the exception of Insjön, are leased and treated as operating leases. The company's policy is that rent should be fixed and not based on store turnover. The average contract period at 30 April 2011 was five years.

Agreed leases have been calculated according to rent levels for 2011.

	2010/11	2009/10			
Rents and lease payments in financial year	193.5	150.2			
<i>Contracted future rents</i>					
	2011/12	2012/13	2013/14	2014/15	2015-
Contracted future rents	211.5	220.1	208.6	176.6	693.1

Note 30 Related-party transactions

The number of shareholders in the company at the end of the financial year was 28,333. The largest shareholders are Clas Ohlson's descendents Mary Haid, Johan and Helena Tidstrand, with 40 per cent of the capital and 64 per cent of the votes. No transactions with related parties took place during the financial year. Remuneration of the Board and senior management is presented in Note 6 to the Annual Report.

Note 31 Average number of employees

	Group		Parent Company	
	2010/11	2009/10	2010/11	2009/10
Sweden	1,289	1,275	1,289	1,275
– of whom women	(542)	(523)	(542)	(523)
Total Norway	548	481		
– of whom women	(208)	(188)		
Total Norway	168	164		
– of whom women	(67)	(66)		
Total Norway	181	105		
– of whom women	(92)	(56)		
Total Norway Kina	33	23		
– of whom women	(25)	(17)		
Total	2,219	2,048	1,289	1,275
– of whom women	932	881	542	523

The average number of employees is based on the total number of hours worked in relation to total annual working time. For further information on our employees, see pages 38-41 of the printed annual report.

Note 32 Segment reporting

Clas Ohlson reports segment information distributed in Sweden, Norway, other segments (Finland and the UK), as well as Group-wide. The Group-wide segment pertains to the group-wide functions that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites. Transactions between Group-wide and sales organisations consist primarily of deliveries and payment for goods, internal invoicing of services rendered and interests on Group-wide loans. The income measure recognised per segment consists of operating profit. Clas Ohlson has no customers that individually account for more than 10 per cent of the Group's sales.

	2010/11	2009/10
Net sales per segment (SEK M)		
Sweden	2,871.5	2,752.1
Norway	2,281.5	2,219.9
Finland and the UK	675.0	583.8
Group-wide	1,747.9	2,000.9
Elimination of sales to other segments	-1,747.9	-2,000.9
Total	5,828.0	5,555.8
Operating profit per segment (SEK M)		
Sweden	91.5	93.5
Norway	69.0	81.1
Finland and the UK	16.0	16.7
Group-wide	330.6	399.2
Total	507.1	590.5

Assets per segment (SEK M)

Sweden	512.8	524.1
Norway	466.3	398.8
Finland and the UK	357.6	268.2
Group-wide	1,749.6	1,552.9
Totalt	3,086.3	2,744.0

Cash and cash equivalents are not included in the above tables.

Investments and depreciation per segment (SEK M)

	Investments		Depreciation	
	2010/11	2009/10	2010/11	2009/10
Sweden	36.2	38.0	27.6	23.8
Norway	85.9	35.2	30.3	26.2
Finland and the UK	79.6	31.1	22.2	15.6
Group-wide ¹	94.7	212.4	79.2	64.6
Totalt	296.4	316.7	159.3	130.2

¹ Investments in intangible assets amounts to SEK 33.9 M (0). Depreciations regarding intangible assets amounts to SEK 0.4 M (0).

Note 33 Events after the end of the period

Försäljningen under maj ökade med 8 procent till 414 Mkr (384 Mkr). I lokala valutor ökade försäljningen med 12 procent. Jämfört med samma månad föregående år har nitton butiker tillkommit och det totala antalet butiker uppgick per den sista maj till 139 butiker. Mail order/Internet sales amounted to SEK 6 M (6).

Sales channels (SEK M)

Countries	2011	2010	Percentage change,	
			change	local currency
Sweden	203	198	+ 3	+ 3
Norway	161	138	+ 17	+ 26
Finland	33	30	+ 8	+ 17
UK	17	18	- 5	+ 5
Total	414	384	+ 8	+ 12

On 11 September 2010, the Board was authorised by the Annual General Meeting of Clas Ohlson AB to acquire, during the period up to the next Annual General Meeting, not more than 820,000 shares to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2011. Supported by this mandate, the Board decided to acquire 126,520 shares during the period until the 2011 Annual General Meeting. The shares will be acquired on the Nasdaq OMX Nordic Exchange Stockholm at a price within the share price range registered at the particular time. The company's holding of Clas Ohlson treasury shares at 30 April 2011 totalled 1,890,000 shares, corresponding to 3 per cent of the total number of registered shares.

Note 34 Contingent liabilities and commitments

The Group does not have any contingent liabilities

Commitments

All store premises, with the exception of Insjön, are leased and treated as operating leases. The company's policy is that rent should be fixed and not based on store turnover. The average contract period at 30 April 2011 was six years.

Agreed leases have been calculated according to rent levels for 2011.

Group	2010/11	2009/10
	Rents and lease payments in the financial year	476.7

	2011/12	2012/13	2013/14	2014/15	2015–
Contracted future rents	528.5	530.4	483.3	441.0	1,563.2

Certification of the annual report

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's financial position and results of operations. The Directors' Report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Insjön, 29 June 2011

Anders Moberg
Chairman of the Board

Björn Haid

Sanna Suvanto-Harsaae

Lottie Svedenstedt

Urban Jansson

Cecilia Marlow

Edgar Rosenberger

Mikael Öberg
Employee representative (Handels)

Caroline Persson
Employee representative (Unionen))

Klas Balkow
Chief Executive Officer

Our audit report was issued on 4 July 2011

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant
Auditor-in-charge

Lennart Danielsson
Authorised Public Accountant

The balance sheets and income statements are to be adopted at the Annual General Meeting to be held on 10 September 2011.

Audit report

To the Annual General Meeting of Clas Ohlson Aktiebolag (publ)
Corporate Registration Number 556035-8672

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Clas Ohlson Aktiebolag (publ) for the financial year from 1 May 2010 to 30 April 2011. The company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 50-76. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member 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 our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act, and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act, and give a true and fair view of the Group's financial position and results of operations. The directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with 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.

Insjön, 4 July 2011

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant
Auditor-In-Charge

Lennart Danielsson
Authorised Public Accountant

Board of Directors



Anders Moberg
Chairman of the Board since 2004, Board member since 2003. Born in 1950
Professional experience: CEO of the retail company Majid Al Futtaim Group in Dubai 2007-2008, CEO of Royal Ahold 2003-2007.

Division President of Home Depot 1999-2002. Previously employed for a number of years by IKEA, where he was President and CEO 1986-1999. **Other directorships:** Sweden: Husqvarna, Bygghmax AB, Zeta-Display AB, Rezidor AB, ITAB AB. Denmark: Biva A/S. DFDS. Finland: Ahlstrom OY. Netherlands: HemA B.V.
Number of shares in Clas Ohlson AB: 1,400,000¹
Independent*



Klas Balkow
President and CEO from 8 September 2007
Born in 1965
Professional experience: Formerly President of a subsidiary of the Axel Johnson Group, where he was responsible for

Aximage, a business area that comprises several store chains and the agency for Fujifilm in both Sweden and Norway. Previously Bredbandsbolaget. Prior to that a number of senior positions in Procter & Gamble over a period of ten years in both the Nordic countries and the United States. **Other directorships:** Member of the Board of Inflight Service Group.
Number of shares in Clas Ohlson AB: 20,713



Urban Jansson
Member of the Board since 2005. Born in 1945. Advanced bank education (Skandinaviska Enskilda Banken).
Professional experience: CEO of Ratos 1992-1998, Executive Vice President of

Incentive 1990-1992, CEO of HNJ Intressenter 1984-1990, various senior positions in SEB 1972-1984. **Other directorships:** Positions include Chairman of Bergendahls, HMS Networks and Svedbergs and others. Member of the Boards of companies including Höganäs and SEB and others.
Number of shares in Clas Ohlson AB: 15,000
Independent*



Cecilia Marlow
Member of the Board since 2007. Born in 1960. MSc in Business and Economics, Stockholm School of Economics.
Professional experience: President of Kronans Droghandel since 2008.

Formerly CEO of JC/J-Store 2006-2007, CEO of Polarn&Pyret 2004-2006, CEO of Ordning&Reda 2001-2003, CEO of Publicis Welinder 1997-2001. **Other directorships:** Member of the Board of Hand in Hand.
Number of shares in Clas Ohlson AB: 0
Independent*



Björn Haid
Member of the Board since 1990
Born in 1945
Grandson of Clas Ohlson.
Professional experience: Product range development at Clas Ohlson 1965-2006.

Number of shares in Clas Ohlson AB: 395,500



Lottie Svedenstedt
Member of the Board since 2004. Born in 1957. Master of Laws, Uppsala University.
Professional experience: CEO of KID Interiör 2006-2007. Own consultancy business in organisational

and leadership development 2000-2006. Head of business area IKEA of Sweden 1998-2000. Deputy General Manager of Inter IKEA Systems BV 1996-1998. President of IKEA Systems AS 1993-1996. Regional manager H&M 1989-1992. **Other directorships:** Chairman of the Board of MiL Institute. Member of the Boards of companies including Stadium AB, Stampen AB, Global Health Partner AB, Bygghmax AB, Thule Group AB, Swedavia AB and others.
Number of shares in Clas Ohlson AB: 3,300
Independent*



Sanna Suvanto-Harsaae
Member of the Board since 2010
Born in 1966. MSc in Business and Economics, Lund University.
Professional experience: President of Reckitt

Benckiser Nordic region 2004-2008. Marketing and Business Development Director, Synoptik 2001-2004. European Marketing Manager and other senior positions at Procter & Gamble Nordic, Germany and Europe 1991-2001. **Other directorships:** Chairman of Babysam AS, BTX AS and Sunset Boulevard AS and Board member of Jetpak AB, CandyKing AB, Paulig AB, Sats AB and Upplands Motor AB.
Number of shares in Clas Ohlson AB: 0
Independent*



Edgar Rosenberger
Member of the Board since 2009
Born in 1953. Master of Business Administration, Mannheim University.
Professional experience: President of consultancy company RETAIL BRAND

SERVICES since 2002, President of IPURI GmbH 1991-2002, President of Esprit Europe GmbH 1987-1991, President of H&M Germany GmbH 1980-1987. **Other directorships:** Member of German-Swedish Chamber of Commerce.
Number of shares in Clas Ohlson AB: 0
Independent*



Caroline Persson
Born in 1978
Board member since 2007
Employee representative (Unionen)
Number of shares in Clas Ohlson AB: 0



Mikael Öberg
Born in 1963
Board member since 2009
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 2



Deputy member
Emma Lindqvist
Born in 1976
Styrelseledamot sedan 2006
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 0



Deputy member
Johan Åhlberg
Born in 1969
Board member since 2009
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 100

¹ Owned through endowment insurance

* Independent in relation to the company and company management and major shareholders in the company.

Senior management



Klas Balkow
 President and CEO
 Born in 1965
 Employee since 2007
Professional experience: Formerly managing director of a subsidiary of the Axel Johnson Group, where he was responsible for Aximage, a business area comprising several store chains and the agency for Fujifilm in both Sweden and Norway. Previously at Bredbandsbolaget. Prior to that a number of senior positions in Proctor & Gamble over a period of ten years in both the Nordic countries and the United States.
Number of shares in Clas Ohlson AB: 20,713



Peter Jelkeby
 Executive Vice President
 Born in 1963
 MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg. Employee since 2008. **Professional experience:** Deputy Head of IKEA in the UK, 2006-2008. Previously held senior positions at IKEA in sales, marketing and purchasing since 1989.
Number of shares in Clas Ohlson AB: 8,173



Göran Melin
 CFO
 Born in 1962
 MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg. Employee since 2010. **Professional experience:** Employed at Öhrlings PricewaterhouseCoopers since 1987. Authorised Public Accountant since 1991 and partner since 2001.
Number of shares in Clas Ohlson AB: 4,071



Susanne Löfås-Hällman
 Director of HR Born in 1964. MA. Business Administration, University of Gävle. Employee since 2001
Professional experience: HR Manager, Würth Svenska AB, 1998-2001. Recruitment and Staffing, Resursen i Dalarna AB, 1997-1998. Accounts Department clerk Profilium Fastighets AB/Domberg & Andersson, 1990-1992.
Number of shares in Clas Ohlson AB: 3,572



Bo Heyman
 Director of Establishment Born in 1952
 Employee since 1983
Professional experience: Director of Establishment at Clas Ohlson in Sweden and Finland, 2002-2007. Head of Marketing and Business Area Clas Ohlson Sweden, 1996-2002. Sales Manager and Store Manager for our Swedish stores, Sweden Establishment Manager 1992-1996. Seller, interior decorator, supervisor and store manager at Clas Ohlson 1983-1992.
Number of shares in Clas Ohlson AB: 4,638



Tony Dahlström
 Director of Purchasing Born in 1964
 Employee since 1982
Professional experience: Category Manager, Clas Ohlson 2009-2010. President of OS Technology Nordic 2008-2009. Head of Products, Clas Ohlson 1996-2008. Various positions in stores, warehouse and customer service at Clas Ohlson 1982-1996.
Number of shares in Clas Ohlson AB: 3,526



John Womack
 Director of Information and IR Born in 1966. BA. Economics, Lund University. Marketing Communication Program, Stockholm University. Employee since 2008
Professional experience: Senior Vice President Communications & IR, IBS 2003-2008. Senior Consultant Spider Relations/Sund Kommunikation, 2000-2003. Head of Investor Relations, NCC 1998-2000. Press Officer, Postgirot Bank 1995-1998.
Number of shares in Clas Ohlson AB: 8,210



Ulrika Göransson
 Director of Business Development Born in 1970
 MSc in Business and Economics, Stockholm University. Employee since 2008
Professional experience: Marketing Director Clas Ohlson, 2008-2011. Head of Marketing Nordics, Novartis, 2007-2008. Brand Strategist, LynxEye, 2003-2007. Consumer Insight Specialist Asia Pacific, Kraft Foods, 2003-2003. Senior Marketing Manager, General Mills, 1999-2002.
Number of shares in Clas Ohlson AB: 5,922



Lars Andréason
 Director of Sales and Communication Born in 1971
 MSc in Business and Economics, Lund University. Employee since 2008
Professional experience: Head of Business Area Sweden, Clas Ohlson 2008-2011. Nordic Sales Director, Siba 2004-2008. Marketing Manager, Fujifilm Sweden 2002-2004. Head of Business Area Consumer Services, Bredbandsbolaget 2000 -2002.
Number of shares in Clas Ohlson AB: 3,554

Ulrika Göransson and Lars Andréason took office on 1 June 2011 and are included among senior management from that date.

Quarterly results

SEK M	2010/11				2009/10			
	Q 1 1 May 2010 –31 July 2010	Q 2 1 Aug. 2010 –31 Oct. 2010	Q 3 1 Nov. 2010 –31 Jan. 2011	Q 4 1 Feb. 2011 –30 Apr. 2011	Q 1 1 May 2009 –31 July 2009	Q 2 1 Aug. 2009 –31 Oct. 2009	Q 3 1 Nov. 2009 –31 Jan. 2010	Q 4 1 Feb. 2010 –30 Apr. 2010
Sales	1,323.5	1,434.9	1,906.0	1,163.6	1,288.3	1,372.5	1,817.3	1,077.7
Cost of goods sold	-769.0	-840.2	-1,097.6	-694.9	-779.7	-816.1	-1,049.6	-642.5
Gross profit	554.5	594.7	808.4	468.7	508.6	556.4	767.7	435.2
Selling expenses	-369.9	-442.0	-493.7	-429.0	-337.8	-373.0	-436.8	-384.1
Administrative expenses	-40.2	-35.3	-42.7	-38.7	-30.6	-35.4	-38.1	-34.3
Other operating income/ expense	-1.9	1.1	-2.5	2.6	1.0	-2.6	-3.0	-2.7
Operating profit	115.5	118.5	269.5	3.6	141.2	145.4	289.8	14.1
Net financial items	-1.2	-2.3	-1.7	-2.9	-0.8	-0.9	-0.6	0.0
Pre-tax earnings	114.3	116.2	267.8	0.7	140.4	144.5	289.2	14.1
Income tax	-29.9	-30.4	-73.7	-0.6	-39.2	-38.8	-75.7	-1.7
Profit for the period	84.4	85.8	194.1	0.1	101.2	105.7	213.5	12.4
KEY RATIOS FOR THE PERIOD								
Gross margin. %	41.9	41.4	42.4	40.3	39.5	40.5	42.2	40.4
Operating margin. %	8.7	8.3	14.1	0.3	11.0	10.6	15.9	1.3
Earnings per share before dilution, SEK	1.32	1.35	3.05	0.00	1.56	1.64	3.32	0.19
Earnings per share after dilution, SEK	1.32	1.35	3.04	0.00	1.56	1.64	3.32	0.19

Definitions

Cash flow from operations

Internally generated funds including changes in working capital.

Working capital

Total of current assets excluding cash and cash equivalents, less current liabilities.

Capital employed

Balance-sheet total less non-interest-bearing liabilities and provisions. Average capital employed is calculated as the average of opening and closing capital employed during the year.

Gross margin

Gross profit in the income statement as percentage of net sales for the financial year.

Operating margin

Operating profit as a percentage of net sales for the financial year.

Return on equity

Net profit for the year as stated in the income statement and expressed as a percentage of average equity.

Equity/assets ratio

Equity at the end of the year as a percentage of the balance-sheet total.

Sales per square metre in store

Store sales in relation to effective retail space. For new stores, a conversion has been made in relation to how long the store has been open

Earnings per share

Profit after tax in relation to average number of shares.

Gross cash flow per share

Profit after tax plus depreciation in relation to average number of shares.

Addresses

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This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Sweden

Borås – Knalleland
Eskilstuna – Cityhuset
Falun – Falan Gallerian
Gävle – Affärshuset Nian
Göteborg – Bäckebo
Göteborg – Nordstan
Göteborg – Partille
Göteborg – Västra Frölunda
Halmstad – Combihuset
Helsingborg – Kullagatan
Helsingborg – Väla centrum
Hudiksvall – Gallerian Fyren
Insjön – Dalarna
Jönköping – City
Jönköping – A6
Kalmar – Baronen
Karlstad – Mitt i City
Kiruna – Centrum
Kristianstad – Domus-huset
Kungsbacka – Kungsmässan
Linköping – Centrum
Luleå – Smedjan
Malmö – Burlöv
Malmö – Triangeln
Motala – Centrum
Norrköping – Domino
Norrköping – Hageby Centrum
Nyköping – Nyckeln
Piteå – Gallerian Piteå
Skellefteå – Citykompaniet
Skövde – Centrum
Stockholm – Bromma
Stockholm – Drottninggatan
Stockholm – Farsta
Stockholm – Gallerian
Stockholm – Haninge
Stockholm – Häggvik
Stockholm – Kista Galleria
Stockholm – Liljeholmen
Stockholm – Nacka
Stockholm – Sickla
Stockholm – Skärholmen
Stockholm – Solna Centrum
Stockholm – Täby
Stockholm – Vällingby Centrum
Stockholm – Väsbys Centrum
Strömstad – Nordby
Sundsvall – Birsta
Sundsvall – Nya hamnen
Södertälje – Lunagallerian
Trelleborg – Valen
Uddevalla – Centrum
Umeå – MVG
Uppsala – S:t Per Gallerian
Visby – Centrum
Västerås – Igor
Växjö – Affärshuset Tegnér
Örebro – Marieberg
Örebro – Krämaran
Örnsköldsvik – Magasinet
Östersund – Mittpunkten

Norway

Arendal – Amfi Arena
Asker – Trekanten Kjøpesenter
Bergen – Bergen Storsenter
Bergen – Laguneparken
Bergen – Sartor
Bergen – Åsane
Bryne – M44
Drammen – Gulslogen Kjøpesenter
Fredrikstad – Dikeveien

Fredrikstad – Torvbyen Kjøpesenter
Gjøvik – CC Mart'n
Hamar – Maxi Kjøpesenter
Haugesund – Oasen Storsenter
Hønefoss – Sentrum
Jessheim – Jessheim Storsenter
Kongsberg – Stortorvet senter
Kristiansand – Sentrum
Kristiansand – Sørlandssenteret
Kristiansund – Amfi Futura
Larvik – Sentrum
Lillehammer – Strandtorget Kjøpesenter
Lørenskog – Lørenskog Storsenter
Molde – Moldegård Storsenter
Moss – Amfi Senter
Narvik – Narvik Storsenter
Oslo – Alna Senter
Oslo – Oslo City
Oslo – Bryn Senter
Oslo – Lambertseter Senter
Oslo – Storo Storsenter
Oslo – Torggata
Porsgrunn – Down Town
Sandnes – Kvadrat
Sandvika – Sandvika Storsenter
Sarpsborg – Storbyen
Ski – Ski Storsenter
Skien – Herkules
Stavanger – Kilden
Stavanger – Madla
Stavanger – Mediagården
Steinkjer – Amfi
Strømmen – Strømmen Storsenter
Tromsø – Jekta Storsenter
Trondheim – City Syd
Trondheim – Lade
Trondheim – Solsiden
Trondheim – Trondheim Torg
Tønsberg – Farmandstredet
Ålesund – Stormoa Kjøpesenter

Finland

Esbo – Entresse köpcentrum
Esbo – Sello
Helsingfors – Kamppi
Helsingfors – Mannerheimvägen
Helsingfors – Östra Centrum
Joensuu – Centrum
Karleby – Chydenia köpcentrum
Kuopio – Centrum
Villmanstrand – Gallerian köpcentrum
Lembois – Ideapark
Rovaniemi – Rinne köpcentrum
Seinäjoki – Centrum
Tammerfors – Centrum
Uleåborg – Centrum
Vanda – Jumbo köpcentrum
Åsa – Rewell Center
Åbo – Forum köpcentrum

UK

Birmingham – Merry Hill
Cardiff – St Davids
Croydon – The Whitgift Centre
Doncaster – Frenchgate
Kingston – Centrum
Leeds – Headrow Street
Liverpool – Clayton Square
Manchester – Arndale Centre
Norwich – Chapelfield
Reading – Broad Street
Watford – The Harlequin

For information on the addresses and telephone numbers of stores, see www.clasohlson.se.

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