

Interim report

1 May 2004 – 31 July 2004

- * Sales amounted to SEK 635.3m (SEK 519.3m)
- * Profit after tax increased to SEK 70.1m (SEK 51.6m)
- * Earnings per share after tax amount to SEK 2.14 (SEK 1.57)
- * Opening of two new stores



CLAS OHLSON

***Insjön - Stockholm: Gallerian, Farsta, Skärholmen, Täby, Kista - Göteborg: Nordstan, Bäckebo
Malmö - Norrköping - Örebro - Sundsvall - Umeå - Uppsala - Halmstad - Västerås - Luleå
Eskilstuna - Borås - Jönköping - Väla - Gävle - Växjö - Linköping
Oslo - Sandnes - Kristiansand - Bergen: Bergen Storsenter, Laguneparken - Strømmen
Trondheim: Solsiden, City Syd - Sandvika - Tønsberg - Haugesund - Ski - Ålesund
Helsingfors: Mannerheimsvägen, Östra Centrum - Tammerfors***

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Market and sales

The operations consist of the sale of DIY products for house and home, technology and hobby items through the company's own retail outlets and by mail order/Internet. The company operates in Sweden, Norway and Finland. At the end of the period, the number of stores was 40, 24 of which were located in Sweden, 13 in Norway and 3 in Finland.

The market for Clas Ohlson's products was very good during our first quarter. The cold, wet summer meant that we had more visitors in our stores than expected, particularly in July.

Two new Swedish stores were opened during the period, in Växjö in May and in Linköping in June.

Sales during our first quarter amounted to SEK 635.3m, compared with SEK 519.3m in the previous year, a rise of 22 per cent. Compared with the same period in the previous year, seven stores have been added. Sales for the last twelve months amount to SEK 2,625.5m.

The sales figure breaks down into SEK 614.5m (SEK 497.8m) from stores and SEK 20.8m (SEK 21.5m) from mail order/Internet. The breakdown by country is SEK 404.0m (SEK 338.6m) in Sweden, SEK 216.3m (SEK 177.5m) in Norway and SEK 15.0m (SEK 3.2m) in Finland.

The 23 per cent increase in sales by the stores is broken down as follows:

Like-for-like stores, in local currency	+10 per cent
New stores	+14 per cent
Exchange-rate effect of Norwegian krone	- 1 per cent
Total	+23 per cent

Mail order sales have fallen as a result of us having opened stores in areas where mail order sales were formerly high. Many of our customers now opt to shop in our stores instead.

The share of Internet orders amounted to 50 per cent of all mail order/Internet orders during the first quarter of the financial year (46 per cent).

Profits

Profit after financial items during our first quarter amounted to SEK 97.8m, an increase of 36 per cent compared with the corresponding period of the previous year (SEK 71.8m).

Operating profit over the same period amounted to SEK 96.3m, an increase of 38 per cent compared with the previous year (SEK 69.8m). Operating profit was SEK 94.2m (SEK 67.7m) for the stores and SEK 2.1m (SEK 2.1m) for mail order/Internet. Operating profit for the last twelve months amounts to SEK 383.1m.

The principal reason why profits have improved so much in comparison with the previous year is the major leap in sales. In addition, we had extra expenses of SEK 5.0m last year in connection with our 85th anniversary. Profit has also improved by SEK 1.8m as a result of reduced start-up costs for new stores. These amount to a total of SEK 2.5m over the period. Against this, administrative expenses have risen by SEK 2.9m to SEK 16.4m and depreciation by SEK 1.7m to SEK 10.6m.

Gross margin is largely unchanged in comparison with the previous year. With regard to our most important foreign currencies, the Norwegian krone was slightly weaker during the

period, which is unfavourable to us as 35 per cent of our sales are made in Norway. The average exchange rate for the Norwegian krone was 1.10 during our first quarter, compared with 1.13 for the corresponding period of the previous year, a decline of 3 per cent. Overall this has nevertheless been outweighed by better purchasing prices due to a lower dollar exchange rate.

Operating margin during the first quarter amounted to 15.2 per cent (13.4 per cent); the margin was 15.3 per cent (13.6 per cent) for the stores, and 10.1 per cent (9.8 per cent) for mail order/Internet.

Hedging has been carried out in USD, HKD and NOK. This had a favourable impact on earnings of SEK 1.1m compared with if trading had been conducted at current rates (previous year SEK -2.1m). Our policy is to hedge half the expected flow during the catalogue period, which now means August 2004 – August 2005.

Investments

Net investments of SEK 64.4m (SEK 13.4m) were made during our first quarter. Of this sum, SEK 4.4m (SEK 5.5m) relates to investments in new and future stores. A further SEK 53.5m relates to investments in the expansion of the central warehouse in Insjön. Other investments are mainly replacement investments.

Financing and liquidity

There was a positive cash flow from operating activities during the first quarter of SEK 129.5m (SEK 70.6m). Cash flow after deductions for investment operations was SEK 65.1m (SEK 57.1m).

Inventories during the first quarter increased by SEK 2.6m to SEK 449.7m. Of this sum, SEK 4.2m relates to new stores.

Liquid assets and current investments amounted to SEK 477.7m (SEK 445.6m) while there were no interest-bearing liabilities at all. The equity/assets ratio amounted to 66.5 (68.6) per cent.

Accounting principles and number of shares

The accounting principles adopted are unchanged in comparison with the previous year. The total number of shares is 32,800,000, which is the same as in the previous year.

Employees

The number of employees in the Group averaged 1,085 (946), of whom 390 (340) were women. Of the employees, 825 (739) are in Sweden, 210 (192) in Norway and 50 in Finland (15).

Bonus and pension for the CEO

The bonus payable to the Chief Executive Officer has been limited to no more than 50 per cent of fixed annual pay, while the basis of calculation has otherwise remained unchanged. In addition, agreement has been reached on a contribution-based direct pension premium of SEK 1.5m per financial year over and above the occupational pension which amounts to 10 price base amounts in premium.

The changes apply with effect from the present financial year, that is to say 2004/05.

Events after the end of the period

Sales during August amounted to SEK 225,9m, compared with SEK 196.2m in the previous year, an increase of 15 per cent. Sales for the first four months of the financial year thus amount to SEK 861,2m, an increase of 20 per cent (SEK 715.5m). Compared with the same period in the previous year, seven stores have been added.

The main catalogue for 2005 and a new catalogue for computer accessories were issued on 23 August. All the products in the catalogues are also available from our Internet store. The catalogues contain around 1,600 new products, and the main catalogue has a print run of 3.1 million copies. The new catalogues have so far been well received by our customers.

Future prospects

Future store openings contracted to date are Åsane outside Bergen in Norway (September 2004), Vasa in Finland (October 2004), Haninge (December 2004), Kuopio in Finland (February 2005), Turku in Finland and Skellefteå (March 2005), Solna and Östersund (April 2005), Albergå in Finland (September 2005) and Karlstad in September 2006. Our objective is to open between six and ten new stores per financial year.

Stage 3 of the expansion of our central warehouse in Insjön is in progress and will be completed in three phases. The first phase involves extending the actual bodies of the buildings and establishing a new high-bay storage facility. It is anticipated that this phase will be completed in the autumn of 2004. The next phase comprises sorting equipment for store deliveries, and completion of this phase is anticipated in the autumn of 2005. The third phase entails installing "mini-load" storage with associated picking equipment, and it is expected that this phase will be completed in the autumn of 2006 to the spring of 2007.

The investment signifies substantial expansion of the central warehouse which, when complete, will have capacity to serve 90 stores as well as mail order/Internet. The investment also includes more efficient picking and sorting equipment, which will enable us to improve the efficiency of our store deliveries even more in the future. It is estimated that the investment for all three phases will total SEK 300m and will be financed from our own funds. To date, up to 31 July 2004, SEK 161m has been invested.

We expect continued good growth over the coming financial year. We believe that our range has good prospects of continuing to generate good growth in the future. Historically, we have not been particularly susceptible to fluctuations in the economic cycle. This is due to the fact that our range contains a good mix of typical Clas Ohlson products, do-it-yourself, finished products and consumables. Another reason is our low prices, which make our products attractive even in periods of falling demand.

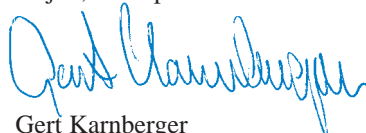
Financial information

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

The interim report for the second quarter of 2004/05 will be issued on 9 December 2004. The interim report for the third quarter of 2004/05 will be issued on 10 March 2005. The intended publication date for the press release containing unaudited annual earnings figures is 15 June 2005.

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

Insjön, 10 September 2004



Gert Karnberger
Chief Executive Officer



Consolidated income statement (SEKm)

Rolling 12 months Latest annual accounts

	3 months 1 May 04- 31 July 04	3 months 1 May 03- 31 Juli 03	12 months 1 Aug 03- 31 July 04	12 months 1 May 03- 30 Apr 04	12 months 1 May 02- 30 Apr 03
Sales	635,3	519,3	2 625,5	2 509,5	2 130,8
Cost of goods sold	-378,8	-310,1	-1 569,8	-1 501,1	-1 272,2
Gross profit	256,5	209,2	1 055,7	1 008,4	858,6
Selling expenses	-144,4	-126,0	-607,3	-588,9	-483,7
Administrative expenses	-16,4	-13,5	-64,8	-61,9	-49,3
Other operating income/expense	0,6	0,1	-0,5	-1,0	-0,3
Operating profit	96,3	69,8	383,1	356,6	325,3
Net financial income/expense	1,5	2,0	6,5	7,0	6,6
Profit after financial items	97,8	71,8	389,6	363,6	331,9
Tax	-27,7	-20,2	-110,2	-102,7	-93,1
Profit for the period	70,1	51,6	279,4	260,9	238,8
Gross margin (%)	40,4	40,3	40,2	40,2	40,3
Operating margin (%)	15,2	13,4	14,6	14,2	15,3
Operating margin stores (%)	15,3	13,6	14,8	14,5	15,5
Operating margin mail order/Internet (%)	10,1	9,8	9,4	9,4	12,4
Net margin (%)	15,4	13,8	14,8	14,5	15,6
Return on capital employed (%)	-	-	45,3	45,2	51,6
Return on equity (%)	-	-	32,3	32,2	36,3
Equity/assets ratio (%)	66,5	68,6	66,5	67,3	69,1
Sales per sq.m in stores, SEK thousand	-	-	49	49	51
Number of shares at end of period	32,8 milj	32,8 milj	32,8 milj	32,8 milj	32,8 milj
Earnings per share (SEK)	2,14	1,57	8,52	7,95	7,28
Equity per share (SEK)	28,91	23,78	28,91	26,94	22,43

Consolidated balance sheet (SEKm)

	31 July 04	31 July 03	30 Apr 04
Assets			
Tangible assets	460,5	287,9	407,6
Financial assets	5,0	2,3	4,1
Inventories	449,7	368,9	447,1
Accounts receivable - trade	8,2	7,4	11,6
Other receivables	24,3	25,4	24,8
Liquid assets. current investments	477,7	445,6	417,9
Total assets	1 425,4	1 137,5	1 313,1
Equity and liabilities			
Equity	948,1	779,9	883,7
Provisions	67,7	55,6	67,3
Long-term liabilities	-	-	-
Current liabilities			
Non-interest-bearing	409,6	302,0	362,1
Interest-bearing	-	-	-
Total equity and liabilities	1 425,4	1 137,5	1 313,1



CD-player
No 38-1170



Paintbox
No 31-2754

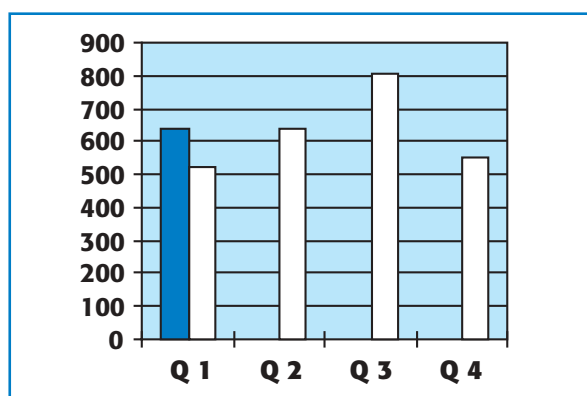


Toolbox 43-parts
No 30-8888

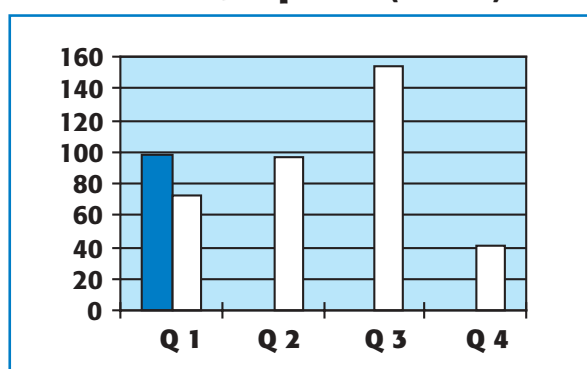
Specification of change in results (After financial items, in SEKm)

	3 months 1 May 04- 31 July 04
Profit from sales	23,4
Improved gross profit margin	0,5
Last year 85th anniversary	5,0
Increased administrative expenses	-2,9
Improved expansion costs new stores	1,8
Increased depreciation	-1,7
Improved financial income/expense	-0,5
Other	0,4
Total	26,0

Sales (SEKm)



Profit after net financial income/expense (SEKm)



Shaded bar = Financial year 1 May 04 – 30 Apr 05
White bar = Financial year 1 May 03 – 30 Apr 04

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

Change in equity (SEKm)

	3 months 1 May 04- 31 July 04	3 months 1 May 03- 31 July 03
Equity brought forward	883,7	735,8
Change in translation difference	-5,7	-7,5
Net profit for the period	70,1	51,6
Equity carried forward	948,1	779,9

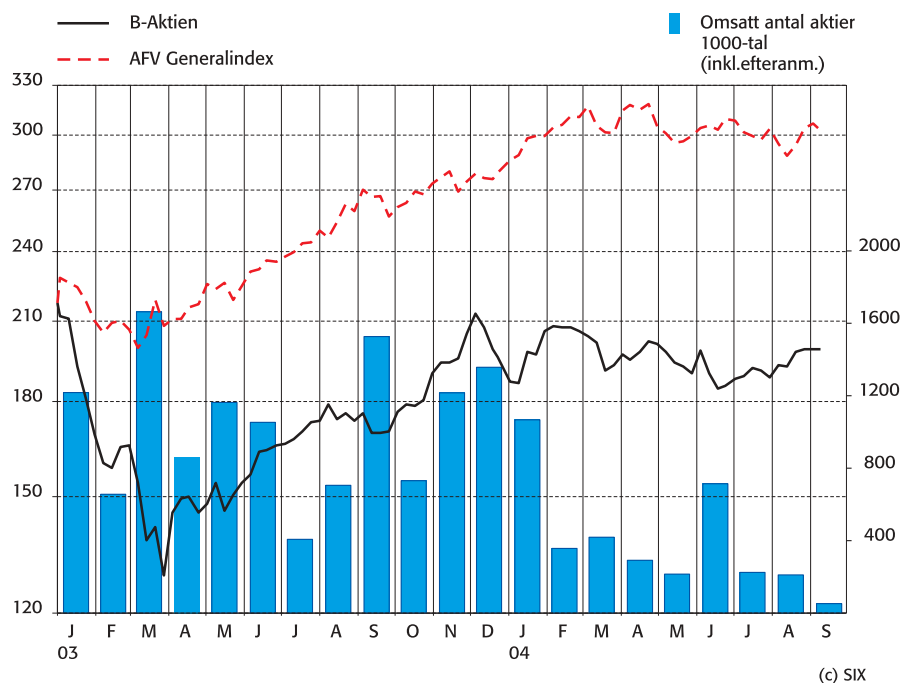
Results per quarter (SEKm)

	Q 1 02/03	Q 2 02/03	Q 3 02/03	Q 4 02/03	Q 1 03/04	Q 2 03/04	Q 3 03/04	Q 4 03/04	Q 1 04/05
Sales	465,8	542,5	671,1	451,4	519,3	636,0	805,6	548,6	635,3
Cost of goods sold	-287,8	-325,1	-391,6	-267,7	-310,1	-376,5	-471,8	-342,7	-378,8
Other operating expenses	-105,3	-135,8	-150,0	-142,2	-139,4	-163,7	-182,0	-166,7	-160,2
Net financial income/expense	0,5	1,0	2,0	3,1	2,0	1,3	1,6	2,1	1,5
Profit after financial items	73,2	82,6	131,5	44,6	71,8	97,1	153,4	41,3	97,8
Net margin	15,7%	15,2%	19,6%	9,9%	13,8%	15,3%	19,0%	7,5%	15,4%

Consolidated cash flow (SEKm)

	3 months 1 May 04- 31 July 04	3 months 1 May 03- 31 July 03	12 months 1 May 03- 30 Apr 04
Profit after financial items	97,8	71,8	363,6
Adjustment for items not included in cash flow	9,7	8,9	40,1
Tax paid	-3,0	-2,2	-71,4
Cash flow from operating activities before changes in working capital	104,5	78,5	332,3
Change in working capital	25,0	-7,9	-35,7
Cash flow from operating activities	129,5	70,6	296,6
Investments	-64,4	-13,4	-162,4
Change of financial assets	0,0	-0,1	0,2
Cash flow from investing activities	-64,4	-13,5	-162,2
Divided to shareholders	-	-	-105,0
Cash flow from financing activities	0,0	0,0	-105,0
Cash flow for the period	65,1	57,1	29,4
Liquid assets at the start of the period	417,9	395,1	395,1
Exchange rate difference for liquid assets	-5,3	-6,6	-6,6
Liquid assets at the end of the period	477,7	445,6	417,9
Interest received during the period	0,7	0,7	12,3
Interest paid during the period	0,0	0,6	3,1

Clas Ohlson



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