Interim report
2005-05-01 – 2005-10-31

- Drawn up in accordance with IFRS

- Sales amounted to SEK 1,639.8m (SEK 1,372.7m)
- Profit after tax amounted to SEK 171.0m (SEK 146.9m)
- Earnings per share after tax stand at SEK 2.61 (SEK 2.24)
- Two new stores have been opened during the period.

CLAS OHLSON

Insjön - Stockholm: Gallerian, Farsta, Skärholmen, Täby, Kista, Haninge, Solna
Göteborg: Nordstan, Bäckebol - Malmö - Norrköping - Örebro - Sundsvall - Umeå - Uppsala
Halmstad - Västerås - Luleå - Eskilstuna - Borås - Jönköping - Väla - Gävle - Växjö - Linköping
Skellefteå - Östersund - Kalmar

Oslo: Torggata, Oslo City - Sandnes - Kristiansand
Bergen: Bergen Storsenter, Laguneparken, Åsane - Strømmen - Trondheim: Solsiden, City Syd
Sandvika - Tønsberg - Haugesund - Ski - Ålesund - Fredrikstad

Helsingfors: Mannerheimsvägen, Östra Centrum - Tammerfors - Vasa - Kuopio - Åbo - Esbo - Vanda

Interim report 1 May 2005 – 31 Oct 2005

Market

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, there were 50 stores, 28 of which were located in Sweden, 14 in Norway and 8 in Finland.

The market for our products developed well during the period. All parts of our range are showing good increases in sales in Sweden, Norway and Finland. The main catalogue for 2006 and a new catalogue for computer accessories were issued in August. The catalogues contain around 1,700 new products, and the main catalogue has a print run of 3.5 million copies. The new catalogues have so far been well received by our customers.

Another two stores were opened during our second quarter. In September we opened a store in Espoo, west of Helsinki. We then opened a store in Vantaa, Finland, in October. It is also in the Helsinki region and is thereby our fourth store in the area. This means that we have so far opened two new stores during this financial year.

Sales and profits

Our second quarter (August-October)

Sales amounted to SEK 880.4m, compared with SEK 737.4m in the previous year, a rise of 19 per cent. Compared with the same period in the previous year, eight stores have been added.

The sales figure breaks down into SEK 844.3m (SEK 702.1m) from stores and SEK 36.1m (SEK 35.3m) from mail order/Internet. The breakdown by country is SEK 527.9m (SEK 469.9m) in Sweden, SEK 296.8m (SEK 246.0m) in Norway and SEK 55.7m (SEK 21.5m) in Finland.

The 20 per cent increase in sales by the stores is broken down as follows:

Like-for-like stores, in local currency	+5 per cent
New stores	+12 per cent
Exchange-rate effect of Norwegian krone	+3 per cent
Total	+20 per cent

Operating profit amounted to SEK 116.2m, an increase of 10 per cent compared with the previous year (SEK 105.6m). Operating profit was SEK 115.2m (SEK 104.1m) for the stores and SEK 1.0m (SEK 1.5m) for mail order/Internet.

Operating margin amounted to 13.2 per cent (14.3 per cent). Operating margin was 13.6 per cent (14.8 per cent) for the stores, while it was 2.8 per cent (4.2 per cent) for mail order/Internet.

The principal reason why operating margin has fallen slightly during our second quarter is higher sales expenses in the form of increased start-up costs for new stores and more marketing. Depreciation and transport costs to our stores have also increased.

The share of Internet orders amounted to 59 per cent of all mail order/Internet orders during the second quarter of the financial year (53 per cent).

Our first six months (May-October)

Sales amounted to SEK 1,639.8m, compared with SEK 1,372.7m in the corresponding period of the previous year, a rise of 19 per cent. Compared with the same period in the previous year, eight stores have been added. Sales for the past twelve months amount to SEK 3,221.9m.

The sales figure breaks down into SEK 1,580.8m (SEK 1,316.6m) from stores and SEK 59.0m (SEK 56.1m) from mail order/Internet. The breakdown by country is SEK 997.3m (SEK 873.9m) in Sweden, SEK 546.9m (SEK 462.3m) in Norway and SEK 95.6m (SEK 36.5m) in Finland.

The 20 per cent increase in sales by the stores is broken down as follows:

Like-for-like stores in local currency	+5 per cent
New stores	+12 per cent
Exchange-rate effect of Norwegian krone	+3 per cent
Total	+20 per cent

Operating profit amounted to SEK 234.9m, an increase of 16 per cent compared with the previous year (SEK 201.9m). Operating profit was SEK 231.0m (SEK 198.3m) for the stores and SEK 3.9m (SEK 3.6m) for mail order/Internet. Operating profit for the past 12 months amounts to SEK 453.5m.

Operating margin amounted to 14.3 per cent (14.7 per cent). Operating margin was 14.6 per cent (15.1 per cent) for the stores, while it was 6.6 per cent (6.4 per cent) for mail order/Internet.
The principal reason why profits have improved in comparison with the previous year is the sharp increase in sales. Profit has however decreased by SEK 2.0m during the period as a result of higher start-up costs for new stores. These amount to a total of SEK 11.7m for the period. In addition, administrative expenses rose by SEK 3.8m to SEK 37.5m and depreciation by SEK 8.8m to SEK 30.1m. Of this sum, SEK 6.0m relates to depreciation of the new storage facility.

Gross margin is 0.2 percentage points lower than the previous year. In terms of the underlying margin on the actual products however, this has improved compared to the previous year. The factors that have been detrimental to the gross margin consist of increased depreciation of the new storage facility (comprising 0.4 percentage points), and higher costs of transport to our stores (0.3 percentage points).

As regards our most important currencies, a higher exchange rate for the dollar has had an adverse impact during the period. However, this has been compensated for by the strong Norwegian krone. The Norwegian currency is important to us, because 35 per cent of our sales are made in Norway. The average exchange rate for the Norwegian krone was 1.18 during our first six months, compared with 1.10 for the corresponding period of the previous year, amounting to a boost of 7 per cent.

Currency hedging has been carried out in USD, HKD and NOK. This had an adverse impact on earnings of SEK 1.4m compared with if trading had been conducted at current rates only (previous year SEK +2.2m). Our policy is to hedge half the expected flow during the catalogue period, which now means August 2005 – August 2006.

Investments

Net investments of SEK 67.0m (SEK 108.1m) were made during our first six months. Of this sum, SEK 19.4m (SEK 12.0m) relates to investments in new and future stores. A further SEK 29.1m (SEK 87.0m) relates to investments in the expansion of the central warehouse in Insjön. Other investments are mainly replacement investments.

Financing and liquidity

There was a negative cash flow from operating activities during our second quarter, amounting to SEK -37.8 m (SEK 1.4m). Cash flow after deducting investment operations was SEK -24.8m (SEK 42.7m).

There was a positive cash flow from operating activities during our first six months which totalled SEK 69.4m (SEK 131.1m). Cash flow after deducting investment operations was SEK 2.4m (SEK 25.8m).

Inventories during the first six months increased by SEK 187.2m to SEK 730.1m. Of this sum, SEK 24.1m relates to new stores.
The remainder largely consists of build-up of stocks ahead of Christmas trading. We anticipate strong Christmas trading as we have ten more stores than during the previous year's Christmas trading period.

Liquid assets amounted to SEK 304.6m (SEK 248.7m) while there are no interest-bearing liabilities at all. The equity/assets ratio totalled 63.2 per cent (63.3 per cent).

Accounting principles

This interim report has been prepared according to IAS 34.

Clas Ohlson has been using the EU-approved International Financial Reporting Standards (IFRS) since 1 May 2005. Previously, the financial reports were drawn up in accordance with applicable Swedish accounting principles. Appendix 1 to this interim report gives a detailed description of how IFRS has affected Clas Ohlson's income statements and balance sheets.

Our view is that the operation fully comprises the sale of do-it-yourself products, and it is therefore regarded as a primary segment.

Number of shares

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

Employees

The number of employees in the Group averaged 1,306 (1,142), of whom 483 (411) were women. Of the employees, 970 (860) are in Sweden, 240 (220) in Norway and 96 (62) in Finland.

Parent company

Parent Company sales during our first six months amounted to SEK 1,361.2m (SEK 1,159.9m), and profit after financial items amounted to SEK 253.3m (SEK 218.2m).

Liquidity has been good. Investments have amounted to SEK 48.2m (SEK 96.3m).

Events after the end of the period

Christmas trading started very well. Sales during November amounted to SEK 365.9m, compared with SEK 288.7m in the previous year, an increase of 27 per cent. The sales figure breaks down into SEK 352.3m (SEK 274.7m) from stores and SEK 13.6m (SEK 14.0m) from mail order/Internet. The breakdown by country is SEK 216.7m (SEK 177.4m) in Sweden, SEK 120.2m (SEK 98.9m) in Norway and SEK 29.0m (SEK 12.4m) in Finland. Compared with the same period in the previous year, nine stores have been added.

Sales for the first seven months of the financial year thus amount to SEK 2,005.7m, an increase of 21 per cent (SEK 1,661.4m).

Three new stores have been opened. These openings took place on 11 November in the Oslo City shopping centre in central Oslo, 24 November in central Kalmar in Sweden and 1 December in the heart of Fredrikstad in Norway. Trading in all three stores has started well.

Future prospects

Future store openings for which contracts have been signed to date are Sartor near Bergen in Norway (February 2006), Kamppi in Helsinki and Hamar and Gjövik in Norway (March 2006), Partille near Gothenburg and Porsgrunn in Norway (April 2006), Sarpsborg in Norway (June 2006), Karlstad in Sweden and Alna in Norway (September 2006), Uddevalla (October 2006), Nacka just outside Stockholm (April/May 2007), Kristianstad in Sweden (May 2007) and Skien in Norway (autumn 2007). Our target is to open 6 to 10 new stores in 2005/2006 and 12 to 15 new stores in 2006/2007.

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 automatic high-bay storage facility. This phase has now been completed and has been successfully put into operation. The next phase comprises sorting equipment for store deliveries, and it is anticipated that this equipment will be ready for use before the end of 2005. The third phase entails installing "mini-load" storage with associated

Well-manned information desks with knowleadgeable personnel are one of Clas Ohlson's top priorities to achieve as customer-friendly stores as possible.

picking equipment, and it is expected that this final phase will be completed in 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. Decisions have also been taken on an investment in ergonomic and safety equipment for staff in our central warehouse. The investment amounts to SEK 40m and will be implemented during the 2005/2006 financial year. A total of SEK 277.4m had been invested up to October 2005.

We expect continued good growth over the current 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 (0)247-444 00, fax +46 (0)247-444 25 and on our website, www.clasohlson.com.

The interim report for our third quarter of 2005/2006 will be published on 9 March 2006. The intended publication date for the press release containing unaudited annual earnings figures is 14 June 2006.

This interim report has been briefly reviewed by the company's auditors.

Insjön, 8 December 2005

The board of directors of Clas Ohlson AB (publ.)

Well-stocked stores with campaign/sale items related to each festival/season create exciting and inviting shop interiors.

Review report

We have briefly reviewed this six-month report according to recommendations issued by FAR (the Swedish institute for authorised public accountants). A brief review is very limited compared to an audit. Nothing has emerged to indicate that this six-month report does not meet the requirements of stock-exchange and annual accounts legislation.

Falun, 8 December 2005

PricewaterhouseCoopers AB

Göran Melin	*Ulla-Britt Larsson*
Authorised public accountant	Authorised public accountant

Consolidated income statement (SEKm)

	3 months 1 Aug 05-31 Oct 05	3 months 1 Aug 04-31 Oct 04	6 months 1 May 05-31 Oct 05	6 months 1 May 04-31 Oct 04	Rolling 12 months 12 months 1 Nov 04 31 Oct 05	Latest annual accounts 12 months 1 May 04-30 April 05
Sales	**880.4**	737.4	**1 639.8**	1 372.7	3 221.9	2 954.8
Cost of goods sold	**-524.5**	-436.3	**-977.8**	-815.1	-1 924.6	-1 761.9
Gross profit	**355.9**	301.1	**662.0**	557.6	1 297.3	1 192.9
Selling expenses	**-220.0**	-177.6	**-389.1**	-322.0	-771.3	-704.2
Administrative expenses	**-19.8**	-17.3	**-37.5**	-33.7	-71.8	-68.0
Other operating income/expense	**0.1**	-0.6	**-0.5**	0.0	-0.7	-0.2
Operating profit	**116.2**	105.6	**234.9**	201.9	453.5	420.5
Net financial income/expense	**1.5**	1.2	**3.1**	2.7	5.8	5.4
Profit after financial items	**117.7**	106.8	**238.0**	204.6	459.3	425.9
Tax	**-33.2**	-30.0	**-67.0**	-57.7	-129.9	-120.6
Profit for the period	**84.5**	76.8	**171.0**	146.9	329.4	305.3
Number of shares at end of period	**65.6 milj**	65.6 milj	**65.6 milj**	65.6 milj	65.6 milj	65.6 milj
Earnings per share (SEK)	**1.29**	1.17	**2.61**	2.24	5.02	4.65
Equity per share (SEK)	**16.42**	13.66	**16.42**	13.66	16.42	16.14
Gross margin (%)	**40.4**	40.8	**40.4**	40.6	40.3	40.4
Operating margin (%)	**13.2**	14.3	**14.3**	14.7	14.1	14.2
Operating margin stores (%)	**13.6**	14.8	**14.6**	15.1	14.3	14.5
Operating margin mail order/Internet (%)	**2.8**	4.2	**6.6**	6.4	8.7	8.6
Net margin (%)	**13.4**	14.5	**14.5**	14.9	14.3	14.4
Return on capital employed (%)	**-**	-	**-**	-	46.6	43.9
Return on equity (%)	**-**	-	**-**	-	33.4	31.4
Equity/assets ratio (%)	**63.2**	63.3	**63.2**	63.3	63.2	66.2
Sales per sq.m in stores, SEK thousand	**-**	-	**-**	-	48	48

Consolidated balance sheet (SEKm)

	31 Oct 05	31 Oct 04	30 April 05
Assets			
Tangible assets	**600.6**	494.1	558.0
Financial assets	**7.3**	6.1	5.7
Inventories	**730.1**	555.5	542.9
Accounts receivable - trade	**11.9**	15.2	10.3
Other receivables	**50.6**	36.4	36.1
Current investments	**0.0**	58.6	0.0
Liquid assets	**304.6**	248.7	445.2
Total assets	**1 705.1**	1 414.6	1 598.2
Equity and liabilities			
Equity	**1 077.2**	896.1	1 058.6
Long-term liabilities, Non-interest-bearing	**18.1**	62.1	18.3
Current liabilitie, Non-interest-bearing	**609.8**	456.4	521.3
Total equity and liabilities	**1 705.1**	1 414.6	1 598.2

Fibre-optic village
Nr 36-1908

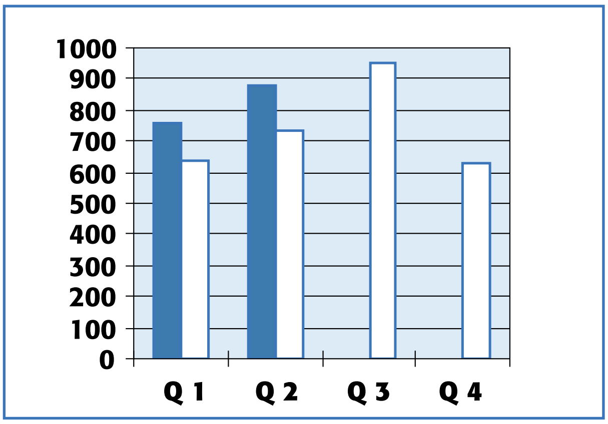
Diode torch
Nr 36-1967

Interim report 1 May 2005 – 31 Oct 2005

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

	3 months 1 Aug 05- 31 Oct 05	6 months 1 May 05- 31 Oct 05
Profit from sales	24.6	52.3
Change in gross profit margin	-3.7	-4.2
Increased administrative expenses	-2.5	-3.8
Increased expansion costs new stores	-4.0	-2.0
Increased depreciation	-4.5	-8.8
Improved financial income/expense	0.3	0.4
Other	0.7	-0.5
Total	10.9	33.4

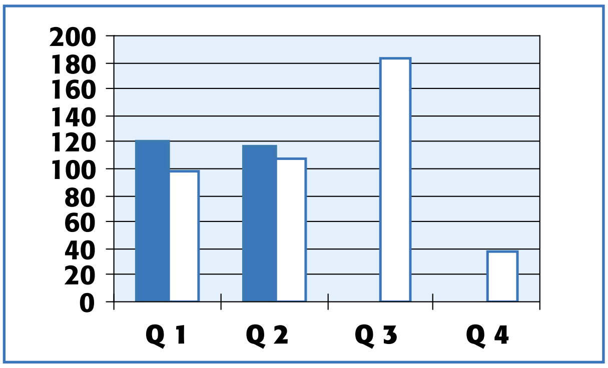
Sales (SEKm)



Change in equity (SEKm)

	6 months 1 May 05- 31 Oct 05	6 months 1 May 04- 31 Oct 04
Equity brought forward	1 058.6	883.7
Dividend paid	-164.0	-131.2
Change in hedging reserve according to IAS 39	-3.1	-
Change in translation difference	14.7	-3.3
Net profit for the period	171.0	146.9
Equity carried forward	1 077.2	896.1

Profit after net financial items (SEKm)



Shaded bar = Financial year 1 May 05 – 30 Apr 06
White bar = Financial year 1 May 04 – 30 Apr 05

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

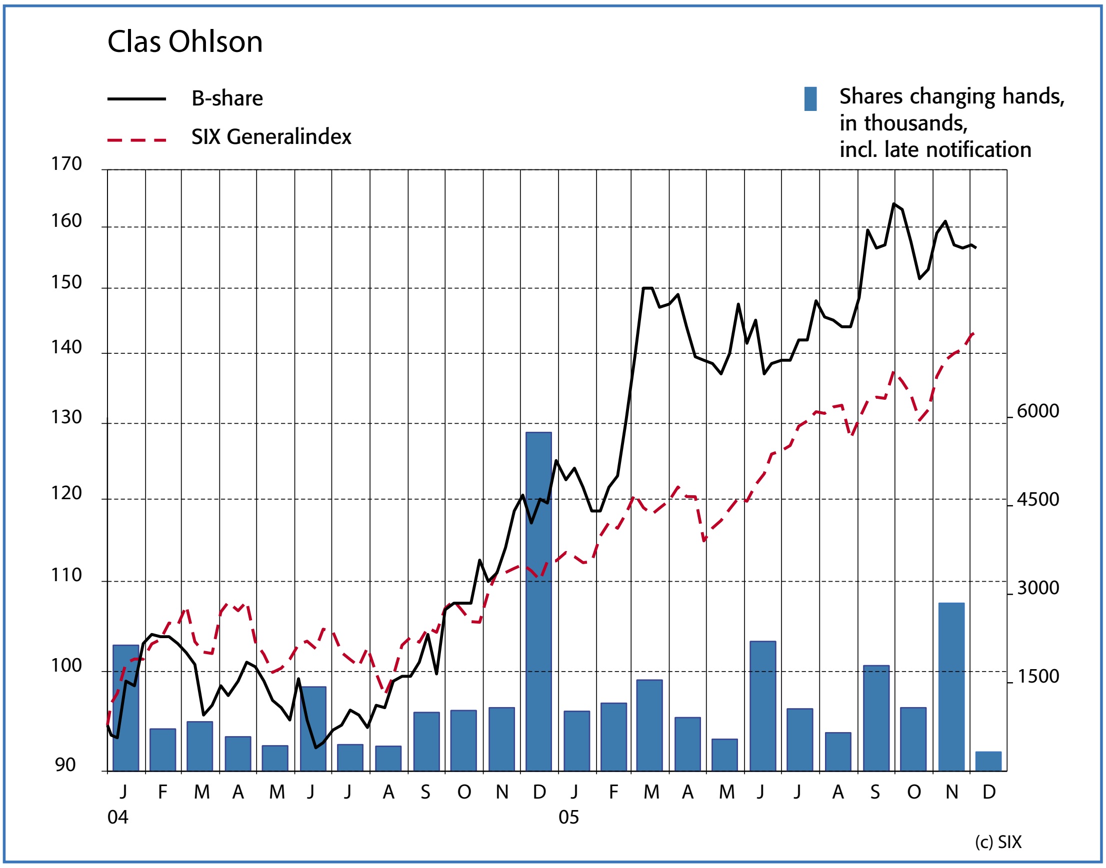
Results per quarter (SEKm)

	Q 2 03/04	Q 3 03/04	Q 4 03/04	Q 1 04/05	Q 2 04/05	Q 3 04/05	Q 4 04/05	Q 1 05/06	Q 2 05/06
Sales	636.0	805.6	548.6	635.3	737.4	955.3	626.8	759.4	880.4
Cost of goods sold	-376.5	-471.8	-342.7	-378.8	-436.3	-561.1	-385.7	-453.3	-524.5
Other operating expenses	-163.7	-182.0	-166.7	-160.2	-195.5	-212.5	-204.2	-187.4	-239.7
Net financial income/expense	1.3	1.6	2.1	1.5	1.2	1.2	1.5	1.6	1.5
Profit after financial items	97.1	153.4	41.3	97.8	106.8	182.9	38.4	120.3	117.7
Net margin	15.3%	19.0%	7.5%	15.4%	14.5%	19.1%	6.1%	15.8%	13.4%

* Quarterly results before Q1 2005/06 is not drawn up in accordance with IFRS.

Consolidated cash flow (SEKm)

	3 months 1 Aug 05- 31 Oct 05	3 months 1 Aug 04- 31 Oct 04	**6 months 1 May 05- 31 Oct 05**	6 months 1 May 04- 31 Oct 04
Profit after financial items	**117.7**	106.8	**238.0**	204.6
Adjustment for items not included in cash flow	**15.8**	10.9	**32.1**	20.6
Tax paid	**-9.8**	-8.1	**-18.9**	-11.1
Cash flow from operating activities before changes in working capital	**123.7**	109.6	**251.2**	214.1
Change in working capital	**-161.5**	-108.2	**-181.8**	-83.0
Cash flow from operating activities	**-37.8**	1.4	**69.4**	131.1
Investments	**-31.9**	-43.7	**-67.0**	-108.1
Change in current investments	**44.9**	85.1	**0.0**	2.9
Change in financial assets	**0.0**	-0.1	**0.0**	-0.1
Cash flow from investing activities	**13.0**	41.3	**-67.0**	-105.3
Divided to shareholders	**-164.0**	-131.2	**-164.0**	-131.2
Cash flow from financing activities	**-164.0**	-131.2	**-164.0**	-131.2
Cash flow for the period	**-188.8**	-88.5	**-161.6**	-105.4
Liquid assets at the start of the period	**489.6**	334.9	**445.2**	357.1
Exchange rate difference for liquid assets	**3.8**	2.3	**21.0**	-3.0
Liquid assets at the end of the period	**304.6**	248.7	**304.6**	248.7
Interest received during the period	**0.3**	1.3	**0.8**	2.0
Interest paid during the period	**0.0**	0.1	**0.0**	0.1



Appendix 1

Clas Ohlson's transition to IFRS 2005

Clas Ohlson has been using the EU-approved International Financial Reporting Standards (IFRS) since 1 May 2005. Previously, the financial reports were drawn up in accordance with applicable Swedish accounting principles. Financial reports that apply to periods starting on or after 1 May 2005 have therefore been drawn up to comply with IFRS. This has also been applied retroactively to data from 2004/2005 for comparison purposes, with the exception of reporting on financial instruments (IAS 39). This information has not been adapted, because retroactive application of this accounting principle is not required.

The 2005/2006 annual report and the interim reports are to include a year for comparison purposes that will be re-calculated in accordance with IFRS. As a result, 1 May 2004 was therefore Clas Ohlson's transition date to IFRS. Two standards, IAS 32 and IAS 39, were introduced on 1 May 2005.

The information below on expected effects is preliminary and may change, because it is possible that the IFRS recommendations will be updated in the course of 2005. We will update re-calculated information if and when any changes are made.

Principles for introduction of IFRS

IFRS 1, the first time that IFRS is applied, covers transitional regulations that apply to the introduction of IFRS. IFRS 1 requires a year for comparison purposes and an opening balance according to IFRS per the transition date.

The accounting principles that are applied in the opening balance must in general comply with each IFRS that applies at the time of reporting. Some exceptions from complete, retroactive application are permitted. In reporting the opening balance for IFRS, Clas Ohlson has applied the transitional stipulations in the following way:

· Tangible assets (IAS 16 – Property, Plant and Equipment): previous acquisition value with deductions for accumulated depreciation has been used, i.e. no re-calculation has taken place.

· Remuneration to employees (IAS 19 – Employee Benefits): the introduction of IAS 19 is not considered as a transitional effect, because recommendation RR29 from the Swedish Financial Accounting Standards Council has already been applied since 1 May 2004. Accumulated actuarial gains and losses for defined-benefit pension plans were set to zero in conjunction with the transition and were reported in full in pension liabilities and equity. The introduction had no significant effect on equity in the Clas Ohlson group.

· IAS 32 and IAS 39 were introduced on 1 May 2005, and no re-calculation of comparative periods is required. Financial assets, liabilities and derivatives have been reported according to IAS 32 and IAS 39 as from 1 May 2005.

· Translation differences regarding investments in operations abroad must, according to IAS 21, be reported as a separate item in equity. In the sale of operations based abroad, accumulated translation differences must be reported as part of the result of the sale. Clas Ohlson has reported the translation differences separately since the operations abroad were started, and will continue to report these accumulated translation differences, i.e. previous accumulated translation differences will not be set to zero.

Until and including 30 April 2005 Clas Ohlson has drawn up the group's financial reports in accordance with the recommendations of the Swedish Financial Accounting Standards Council, which have in recent years largely been adapted to IAS/IFRS. Together with the voluntary exceptions described above, this entails that the effects of the transition to IFRS are limited to reclassification in the balance sheet of current investments and provisions, which is described in more detail below.

Reporting of derivatives at their actual value in the balance sheet according to IAS 39 and gains and losses, which arise due to revaluation concerning derivatives that qualify for cash flow hedging, are recorded in hedging reserves within equity as from 1 May 2005.

Changed accounting principles

IAS 16 Tangible fixed assets (property, plant and equipment)

This recommendation stipulates that the acquisition value of fixed assets is divided up into principle components and that each component is depreciated separately over the course of its estimated useful life. The accounting has already been adapted to this in 2004/05 and the change has only had a marginal effect.

IAS 7 Cash flow statement

Clas Ohlson has previously reported cash and bank balances as well as current investments separately in the balance sheet according to the Swedish Annual Accounts Act. In conjunction with the transition, current investments that are defined as liquid investment (assets) according to IAS 7 will be reported together with bank balances under the liquid assets heading in the balance sheet. Clas Ohlson has previously classified cash and bank balances and current investments with a term of up to 12 months as liquid assets in the cash flow statement. According to IAS 7 only liquid assets that at the time of acquisition had a remaining term not exceeding three months may be reported as liquid assets. Furthermore, accrued interest on current investments, previously reported among interim receivables, will now be reported on the row for liquid assets and current investments respectively.

Provisions

Reclassification of provisions will also be made, entailing a distribution between current and long-term liabilities, in accordance with IAS 1.

IAS 39 Financial instruments and hedge accounting

IAS 39 includes regulations on valuation of currency forward contracts. At year-end 30 April 2005 there were no outstanding currency forward contracts. However, such contracts do usually run during the year. Currency forward contracts were not previously valued continuously (off balance). As from 1 May 2005 the Clas Ohlson group has instead applied hedge accounting for such items. The effect on equity per 31 October 2005 is described in more detail under the next heading.

According to IAS 39 derivatives must always be taken up at their actual value in the balance sheet. Actual value corresponds to the market value on the financial markets at year-end. If the derivative is not an instrument in a currency hedging, changes in actual value must be reported in the income statement. In hedging cash flow qualified for hedge accounting, changes in the actual value of the hedging instruments must be reported under equity until the underlying hedge item is reported, whereby all appurtenant hedging items in equity are to be simultaneously transferred to the income statement. Current investments will be classified as financial assets, valued at their actual value via the income statement. According to previous principles, these have been valued at the accrued acquisition value. As from 1 May 2005 these will instead be valued at market value. The application of IAS 39 does not affect the opening balance for 1 May 2005, because there were no derivative instruments as at that date, and the effect of changed valuation of short-term investments is insignificant.

Effects of transition to IFRS

The preliminary effects of how the re-calculation has affected the comparative figures in the balance sheet in 2004/05 are shown in the following table. No effect was produced in the transition to IFRS in terms of equity and the income statement for 2004/2005.

Hedge accounting is used for currency forward contracts, and on the closing date 31 October 2005, the net value of this hedging reserve in equity amounted to SEK -3.0m. Currency forward contracts were not previously valued continuously (off balance). At year-end 30 April 2005 there were no outstanding currency forward contracts.

31 October 2004	Swedish accounting principles	Effect of transition to IFRS	IFRS
Accrued income	26.1	-0.6	25.5
Current investments	72.5	-13.9	58.6
Cash and bank balances	234.2	-234.2	-
Liquid assets	-	+248.7	248.7
Other current assets	581.6	-	581.6
Total current assets	**914.4**	**0.0**	**914.4**
Provisions	66.3	-66.3	-
Long-term liabilities	0.0	+62.1	62.1
Current liabilities	452.2	+4.2	456.4
Total provisions and liabilities	**518.5**	**0.0**	**518.5**

The Group's cash flow has been adjusted for the corresponding items. This means that the cash flow from operating activities for the six-month period decreased by SEK 0.1 million, and that cash flow from investments increased by SEK 2.9 million. For the three-month period this means that the cash flow from operating activities decreased by SEK 0.3 million, and that cash flow from investments increased by SEK 85.1 million.

Parent company

Per 1 January 2005 the parent company applies recommendation RR 32 on accounting for legal entities of the Swedish Financial Accounting Standards Councils, with a retroactive affect as from 1 January 2004. The recommendation means that legal entities whose securities are listed on the Swedish stock exchange on the balance sheet date shall, as a main rule, apply the IFRSs that are applied in the consolidated accounts. The transition to RR 32 has not had an impact on the result reported for 2004/2005.

CLAS OHLSON

Clas Ohlson AB (publ), 793 85 INSJÖN

Telephone +46 247-444 00 • Fax +46 247-444 25

E-mail: order@clasohlson.se • Internet: www.clasohlson.com

Corp. id. 556035-8672

Tryck: Intellecta Strålins, Falun. Foto: Lars Dahlström, Insjön.