

Interim report

1 May 2006 – 31 January 2007

3rd quarter

- * Sales totalled SEK 1,331.2m (SEK 1,164.8m)
- * Profit after tax totalled SEK 181.4m (SEK 148.1m)
- * Earnings per share after tax was SEK 2.77 (SEK 2.26)

9 months

- * Sales totalled SEK 3,203m (SEK 2,804.6m)
- * Profit after tax totalled SEK 341.8m (SEK 319.1m)
- * Earnings per share was SEK 5.21 (SEK 4.86)

New Chief Executive Officer

- * Klas Balkow has been appointed as the new Chief Executive Officer



CLAS OHLSON

Sweden - Norway - Finland

Interim report 1 May 2006 – 31 January 2007

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, the number of stores was 66, 33 of which were located in Sweden, 24 in Norway and 9 in Finland.

The market for the company's products developed well during the period. All parts of the range are showing good increases in sales in Sweden, Norway and Finland. Christmas trading, which is the most important period, was better than in the previous year.

A new store was opened in Lørenskog, outside Oslo in Norway, during the third quarter. Seven new stores have consequently been opened during the financial year. Three stores have also re-opened following refurbishment. These stores are in Tønsberg in Norway and Örebro and Umeå in Sweden.

Sales and profits

The third quarter (November-January)

Sales totalled SEK 1,331.2m, compared with SEK 1,164.8m in the previous year, a rise of 14 per cent. Compared with the same period of the previous year, thirteen stores have been added.

Sales are broken down as follows:

Sales channels	2006/07	2005/06	Percentage change
Stores	1 295.1	1 127.4	+15
Mail order/Internet	36.1	37.4	- 3
	<u>1 331.2</u>	<u>1 164.8</u>	+14
<u>Countries</u>			
Sweden	762.4	689.2	+11
Norway	469.1	386.0	+22
Finland	99.7	89.6	+11
	<u>1 331.2</u>	<u>1 164.8</u>	+14

The 15 per cent rise in sales by the stores is broken down as follows:

Like-for-like stores, in local currency	+ 2 per cent
New stores	+ 16 per cent
Exchange-rate effects	- 3 per cent
Total	+ 15 per cent

Gross margin is 1.0 percentage points higher than in the corresponding period of the previous year, principally due to changes in the exchange rates and prices.

Operating profit totalled SEK 250.0m, which is an increase of 22 per cent compared with the previous year (SEK 204.5m). Operating profit was SEK 245.2m (SEK 199.7m) for the stores and SEK 4.8m (SEK 4.8m) for mail order/Internet.

Operating margin was 18.8 per cent (17.6 per cent). Operating margin was 18.9 per cent (17.7 per cent) for the stores, while it was 13.3 per cent (12.8 per cent) for mail order/Internet.

Start-up costs for new stores totalled SEK 3.6m (SEK 9.0m).

The share of Internet orders was 65 per cent of all mail order/Internet orders during the third quarter (62 per cent).

The first nine months (May-January)

Sales totalled SEK 3,230.3m, compared with SEK 2,804.6m in the corresponding period of the previous year, a rise of 15 per cent. Compared with the same period of the previous year, thirteen stores have been added. Sales in the last twelve months (rolling twelve-month basis) total SEK 3,993.3m (SEK 3,431.4m).

Sales are broken down as follows:

Sales channels	2006/07	2005/06	Percentage change
Stores	3 137.9	2 708.2	+16
Mail order/Internet	92.4	96.4	- 4
	<u>3 230.3</u>	<u>2 804.6</u>	+15
<u>Countries</u>			
Sweden	1 850.7	1 686.5	+10
Norway	1 145.6	932.9	+23
Finland	234.0	185.2	+26
	<u>3 230.3</u>	<u>2 804.6</u>	+15

The 16 per cent rise in sales by the stores is broken down as follows:

Like-for-like stores, in local currency	+ 2 per cent
New stores	+16 per cent
Exchange-rate effects	- 2 per cent
Total	+16 per cent

Gross margin totalled 39.8 per cent, which is 0.3 percentage points lower than in the corresponding period of the previous year (40.1 per cent).

Operating profit totalled SEK 469.4m, which is an increase of 7 per cent compared with the previous year (SEK 439.4m).

Operating profit was SEK 464.3m (SEK 430.7m) for the stores and SEK 5.1m (SEK 8.7m) for mail order/Internet.

Sales in the last twelve months (rolling twelve-month basis) total SEK 514.5m (SEK 476.3m).

Operating margin was 14.5 per cent (15.7 per cent). Operating margin was 14.8 per cent (15.9 per cent) for the stores, while it was 5.5 per cent (9.0 per cent) for mail order/Internet.

The share of sales customers has risen by 0.5 percentage points. The principal reason for this is that sales have been lower than expected. Profit has also been adversely affected to the tune of SEK 2.5m as a result of increased start-up costs for new stores. These total SEK 23.2m during the period.

Depreciation for the period totals SEK 55.0m, compared with SEK 45.9m in the previous year.

The contractual retirement has taken place of Björn Haid (aged 61), who had been employed at Clas Ohlson since 1965. The total sum paid out is SEK 9.4m, which has been wholly provided for and carried as an expense among administrative expenses. The expense is of a non-recurring nature and provision was made for it during the second quarter.

The exchange rates for the most important currencies during the first nine months averaged 1.13 for the Norwegian krone and 7.20 for the US dollar, compared with 1.18 and 7.70 in the previous year.

Hedging has been carried out in USD, HKD and NOK. This had a positive impact on earnings of SEK 12.0m compared with if trading had only been conducted at current rates (previous year SEK -0.6m).

Investments

Net investments of SEK 106.5m (SEK 99.9m) were made during the first nine months. Of this sum, SEK 33.9m (SEK 32.3m) relates to investments in new stores. A further SEK 35.0m (SEK 36.5m) relates to investments in the enlargement of the central warehouse in Insjön. Other investments are mainly replacement investments.

Enlargement of the central warehouse in Insjön, stage 3, was completed in October. This facility now has capacity to deliver to 90 stores. Up to the end of January 2007, SEK 334.8m had been invested in stage 3 of the enlargement of the central warehouse out of a total planned investment of SEK 340m.

Financing and liquidity

There was a positive cash flow from operating activities during the third quarter of SEK 250.1m (SEK 209.8m). Cash flow after deducting investing activities was SEK 230.9m (SEK 176.9m).

There was a positive cash flow from operating activities during the first nine months of SEK 456.7m (SEK 279.2m). Cash flow after deducting investing activities was SEK 350.3m (SEK 179.3m).

Inventories during the first nine months increased by SEK 86.1m to SEK 835.1m. Of this sum, SEK 38.6m relates to new stores. Turnover rate in the central warehouse improved in comparison with the previous year.

Cash and cash equivalents totalled SEK 413.3m (SEK 453.0m) while there are no interest-bearing liabilities at all. The equity/assets ratio was 66.0 per cent (64.9 per cent).

Accounting principles

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

In relation to segment reporting, the operation fully comprises the sale of do-it-yourself products, and this 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 averages 1,640 (1,382), of whom 623 (512) are women. Of the employees, 1,129 (1,014) are in Sweden, 384 (263) in Norway and 127 in Finland (105).

Events after the end of the period

Sales during February totalled SEK 279.8m, compared with SEK 238.5m in the previous year, an increase of 17 per cent. Sales are broken down as follows:

Sales channels	2006/07	2005/06	Percentage change
Stores	272.0	229.9	+ 18
Mail order/Internet	7.8	8.6	- 9
	<u>279.8</u>	<u>238.5</u>	+17
<u>Countries</u>			
Sweden	157.3	139.8	+13
Norway	102.2	81.6	+25
Finland	<u>20.3</u>	<u>17.1</u>	+19
	279.8	238.5	+17

Sales for the first nine months of the financial year thus total SEK 3,510.1m, an increase of 15 per cent (SEK 3,043.1m).

New Chief Executive Officer

Klas Balkow, aged 41, has been appointed by the Board as the new Chief Executive Officer for Clas Ohlson. He has most recently been managing director of a subsidiary of the Axel Johnson Group, where he has been responsible for AxImage, a business area that comprises several store chains and the agency for Fujifilm in both Sweden and Norway. Before that, he was involved in building up Bredbandsbolaget. Prior to that he held a number of senior positions in Procter & Gamble over a period of ten years in both the Nordic countries and the United States.

He will take up his duties as Chief Executive Officer by the end of the year. The present Chief Executive Officer, Gert Karnberger, will remain in his position until that time.



Klas Balkow, incoming Chief Executive Officer.

Interim report 1 May 2006 – 31 January 2007

Future prospects

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

The target for the 2007/08 financial year is to open 15-20 stores and for 2008/09 to open 20-25 new stores including two to four in the United Kingdom.

Future store openings contracted to date are Nacka outside Stockholm in March 2007, Örnköldsvik, Kristianstad, Trelleborg and Väsby (Stockholm) in April 2007, Sollentuna outside Stockholm in May 2007, Piteå in September 2007, Kilden and Madla in Stavanger in Norway in the autumn of 2007, Skien in Norway in the autumn of 2007, Vällingby (Stockholm) in November 2007, Sickla (Stockholm) in December 2007, Drammen in Norway in March 2008 and Kristiansand in Norway in the autumn of 2008.

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

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

The Board has decided on a further enlargement of the central warehouse to create capacity for future expansion. The focus in continued work is on building up capacity to supply around 150 stores. The investment is estimated to total SEK 370m and it is anticipated that the facility will enter service in the autumn of 2008.

Financial information and annual general meeting

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 intended publication date for the year-end report for 2006/07 is 14 June 2007.

The AGM will be held in Insjön on Saturday 8 September 2007. It is anticipated that the annual report and notice of the AGM will be distributed in the second week of August and posted to all shareholders. Information on the nomination committee and notification of the AGM can be found on our website at www.clasohlson.com under financial information – AGM.

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

Insjön, 14 March 2007

Gert Karnberger
Chief Executive Officer

**RoboMop
cleaning
machine
No 34-6957**



Consolidated income statement (SEKm)

	3 months 1 Nov 06- 31 Jan 07	3 months 1 Nov 05- 31 Jan 06	9 months 1 May 06- 31 Jan 07	9 months 1 May 05- 31 Jan 06	Rolling 12 months 12 months 1 Feb 06- 31 Jan 07	Latest annual accounts 12 months 1 May 05- 30 April 06
Sales	1 331,2	1164,8	3 230,3	2 804,6	3 993,3	3 567,6
Cost of goods sold	-788,7	-700,8	-1 944,8	-1 678,6	-2 410,7	-2 144,5
Gross profit	542,5	464,0	1 285,5	1 126,0	1 582,6	1 423,1
Selling expenses	-268,7	-238,7	-740,9	-627,8	-968,7	-855,6
Administrative expenses	-24,4	-20,6	-75,3	-58,1	-97,8	-80,6
Other operating income/expense	0,6	-0,2	0,1	-0,7	-1,6	-2,4
Operating profit	250,0	204,5	469,4	439,4	514,5	484,5
Net financial income/expense	1,8	1,5	5,3	4,6	7,2	6,5
Profit after financial items	251,8	206,0	474,7	444,0	521,7	491,0
Tax	-70,4	-57,9	-132,9	-124,9	-146,9	-138,9
Profit for the period	181,4	148,1	341,8	319,1	374,8	352,1
Gross margin (%)	40,8	39,8	39,8	40,1	39,6	39,9
Operating margin (%)	18,8	17,6	14,5	15,7	12,9	13,6
Operating margin stores (%)	18,9	17,7	14,8	15,9	13,1	13,8
Operating margin mail order/Internet (%)	13,3	12,8	5,5	9,0	5,8	8,6
Net margin (%)	18,9	17,7	14,7	15,8	13,1	13,8
Return on capital employed (%)	-	-	-	-	41,2	42,4
Return on equity (%)	-	-	-	-	29,6	30,4
Equity/assets ratio (%)	66,0	64,9	66,0	64,9	66,0	70,4
Sales per sq.m in stores, SEK thousand	-	-	-	-	46	48
Data per share						
Number of shares at end of period	65,6 milj	65,6 milj	65,6 milj	65,6 milj	65,6 milj	65,6 milj
Earnings per share (SEK)	2,77	2,26	5,21	4,86	5,71	5,37
Equity per share (SEK)	20,14	18,45	20,14	18,45	20,14	19,16

Consolidated balance sheet (SEKm)

	31 Jan 07	31 Jan 06	30 April 06
Assets			
Tangible assets	678,5	611,9	637,2
Financial assets	3,7	5,5	5,4
Inventories	835,1	735,1	749,0
Other receivables	70,5	60,4	55,3
Liquid assets	413,3	453,0	338,4
Total assets	2 001,1	1 865,9	1 785,3
Equity and liabilities			
Equity	1 320,9	1 210,4	1 256,9
Long-term liabilities, Non-interest-bearing	21,0	18,0	22,8
Current liability, Non-interest-bearing	659,2	637,5	505,6
Total equity and liabilities	2 001,1	1 865,9	1 785,3



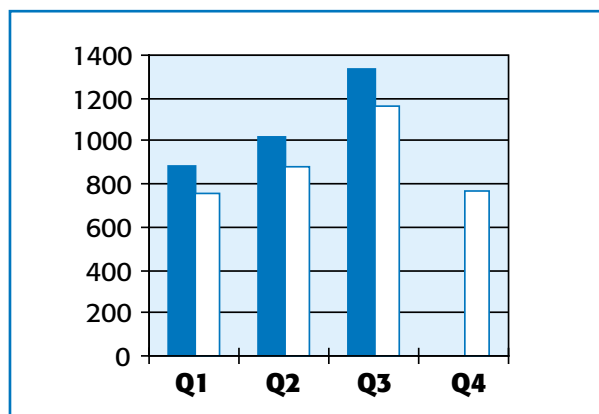
**Toolbox
with 26 tools included
No 30-9545**

Interim report 1 May 2006 – 31 January 2007

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

	3 months 1 Nov 06- 31 Jan 07	9 months 1 May 06- 31 Jan 07
Profit from sales	34,6	70,2
Change in gross profit margin	12,3	-11,3
Non-recurring cost	0,0	-9,4
Increased administrative expense	-3,8	-7,8
Increased expansion costs new stores	5,4	-2,5
Increased depreciation	-2,9	-9,1
Improved financial income/expense	0,3	0,7
Other	-0,1	-0,1
Total	45,8	30,7

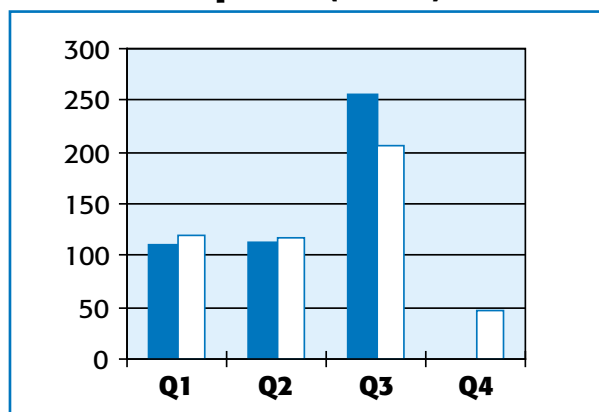
Sales (SEKm)



Change in equity (SEKm)

	9 months 1 May 06- 31 Jan 07	9 months 1 May 05- 31 Jan 06
Equity brought forward	1 256,9	1 058,6
Divided to shareholders	-262,4	-164,0
Change in hedging reserve according to IAS 39	9,1	5,8
Change in hedging reserve according to IAS 39	-8,0	-4,4
Change in translation difference	-16,5	-4,7
Net profit for the period	341,8	319,1
Equity carried forward	1 320,9	1 210,4

Profit after net financial income/ expense (SEKm)



Shaded bar = Financial year 1 May 06 – 30 Apr 07
White bar = Financial year 1 May 05 – 30 Apr 06

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 3 04/05	Q 4 04/05	Q 1 05/06	Q 2 05/06	Q 3 05/06	Q 4 05/06	Q 1 06/07	Q 2 06/07	Q 3 06/07
Sales	955,3	626,8	759,4	880,4	1 164,8	763,0	878,7	1 020,4	1 331,2
Cost of goods sold	-561,1	-385,7	-453,3	-524,5	-700,8	-465,9	-540,1	-616,0	-788,7
Other operating expenses	-212,5	-204,2	-187,4	-239,7	-259,5	-252,0	-230,5	-293,1	-292,5
Net financial income/expense	1,2	1,5	1,6	1,5	1,5	1,9	1,9	1,6	1,8
Profit after financial items	182,9	38,4	120,3	117,7	206,0	47,0	110,0	112,9	251,8
Net margin	19,1%	6,1%	15,8%	13,4%	17,7%	6,2%	12,5%	11,1%	18,9%

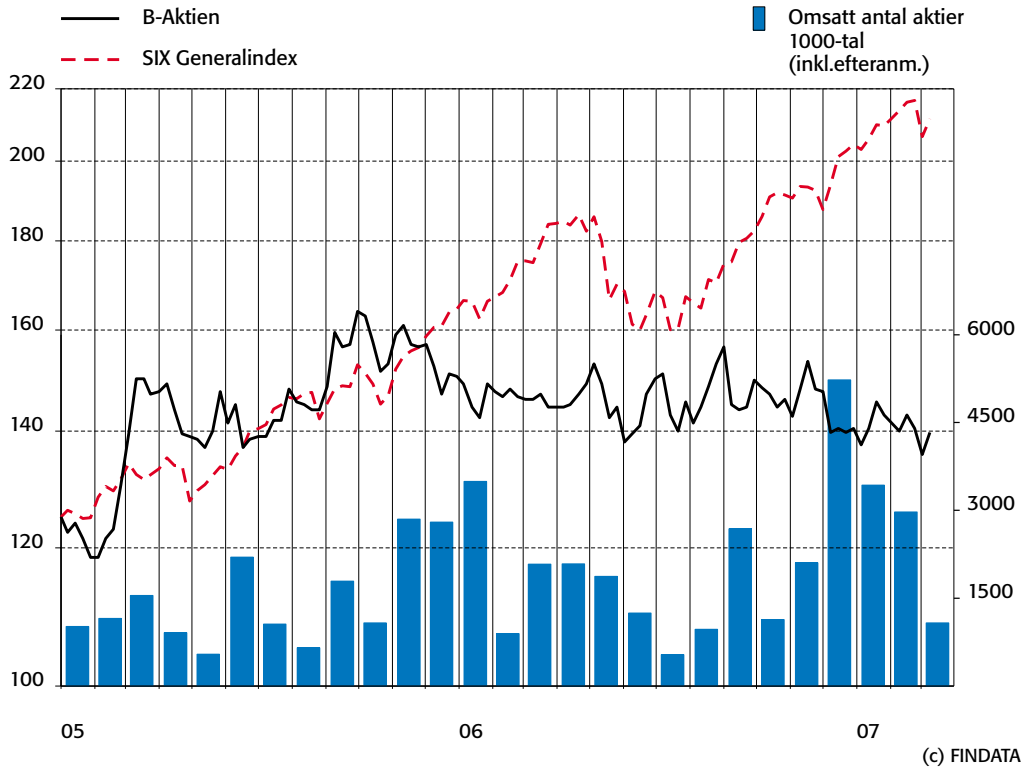
Consolidated cash flow (SEKm)

	3 months 1 Nov 06- 31 Jan 07	3 months 1 Nov 05- 31 Jan 06	9 months 1 May 06- 31 jan 07	9 months 1 May 05- 31 Jan 06
Profit after financial items	250,0	204,5	469,4	439,4
Adjustment for items not included in cash flow	19,8	12,4	55,3	44,5
Interest received	5,4	3,5	5,4	4,3
Interest paid	-0,1	-0,4	-0,1	-0,4
Tax paid	-35,4	-26,5	-62,2	-45,4
Cash flow from operating activitie before changes in working capital	239,7	193,5	467,8	442,4
Change in working capital	10,4	16,3	-11,1	-163,2
Cash flow from operating activities	250,1	209,8	456,7	279,2
Investments	-19,2	-32,9	-106,5	-99,9
Change in financial assets	0,0	0,0	0,1	0,0
Cash flow from investing activities	-19,2	-32,9	-106,4	-99,9
Divided to shareholders	-	-	-262,4	-164,0
Cash flow from financing activities	0,0	0,0	-262,4	-164,0
Cash flow for the period	230,9	176,9	87,9	15,3
Liquid assets at the start of the period	185,6	304,6	338,4	445,2
Exchange rate difference for liquid assets	-3,2	-28,5	-13,0	-7,5
Interest paid during the period	413,3	453,0	413,3	453,0



**Depthsounder
Humminbird Piranha Max 210x
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Clas Ohlson



**Keyboard
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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

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