TIIMARI PLC Interim report May 6 2010 at 08.30

INTERIM REPORT

THE POSITIVE REVENUE DEVELOPMENT CONTINUED

Highlights for the quarter

- Revenue grew by 5.2 % and was EUR 16.2 million (15.4)
- Gross margin was EUR 9.0 million (9.5) and 55.1 % (61.6)
- EBITDA was EUR -2.5 million (-2.5)
- Result for the period was EUR -3.2 million (-3.3)
- Profit before tax was EUR -3.7 million (-4.2)
- Earnings per share were EUR -0.22 (-0.37)
- Four out of five Tiimari shops in Sweden and two out of three Gallerix shops in Finland were closed at the end of the period

COMMENTS OF THE MANAGING DIRECTOR

Managing Director of Tiimari, Hannu Krook:
”Tiimari Group sales grew by over 5 % during the first quarter, of which 2 % was due to the appreciation of the Swedish krona. The growth was partly due to the Easter sales occurring in March as a whole, but also the April comparable sales being over three percent higher than last year. The reported gross margin % did fall compared to last year. The gross margin during the beginning of the year is negatively affected by the impairment policy compliant depreciation of the 2006 large purchases. Furthermore, the product mix and the appreciation of the US dollar had a significant effect on gross margin. The decline in the Baltic sales has stagnated and the executed cost saving measures have kept profitability levels at forecasted levels.

We have successfully managed to execute the closure of our non-profitable operations in Tiimari Poland and Sweden as well as Gallerix Finland during the first quarter. As part of the domestic efficiency measures in Tiimari cooperation negotiations were held, which resulted in further streamlining our headquarter operations, optimisation of the shop working hours in relation to the customer flows and initiation of the closure of domestic non-profitable shops.

According to the company strategy the gradual distribution of the party concept started from our biggest shops. During the coming year we will be spending a large part of our investment budget for facelift investments in the profitable core, the Tiimari shops in Finland. To emphasise the party concept, so called balloon bars have been built into our 50 biggest shops. One can find a diverse party supply offering for various occassions from all our shops.

In the future, we will focus on our core operations and the development of these. We will sharpen the Tiimari concept in terms of both category management as well as physical shop concepts and presentation. In the Gallerix operations we will focus on developing our strengths in the product offering, but also in the quest for new customers via the familiar and synergetic product areas from Tiimari. The working capital related efficiency measures will continue aggressively and the first signs of an improved turnover rate are already visible .”

GROUP FINANCIAL RESULTS

The Group’s revenue grew by 5.2 % and was EUR 16.2 million (15.4). The sales for the significant Easter period occurred as a whole in the first quarter, in the review period part of this period occurred in the beginning of April. The appreciation of the Swedish krona increased revenue by 2.2 %-units.
The gross margin was EUR 9.0 million (9.5), that is 55.1 % (61.6). The comparatively weaker gross margin was parly due to the closure of the shops in Sweden, the extraordinarily large depreciations according to plan, the reduced sales periods in January and the changes in the product mix. The gross margin % for continuing operations was 55.3 % (60.6).
The operating profit for the Group increased somewhat compared to the review period as was EUR -3.2 million (-3.3).
The net financing expenses decreased and were EUR 0.5 million (0.8).
The result for the period was EUR -3.7 million (-4.2).
The result for the review period includes EUR -0.1 million of result from discontinued operations.
Earnings per share were EUR -0.22 (-0.37).

OPERATING SEGMENTS

TIIMARI

The Tiimari segment comprises all Tiimari concept compliant shops in Finland and abroad. The revenue for the segment grew by 4.6 % and was EUR 13.0 million (12.5). The development of the revenue was affected by the Easter period sales accumulating as a whole in the first quarter. Tiimari has withdrawn from Poland, Russia and Norway and no revenue has been reported during the current period. Additionally, during the spring the operations of Tiimari Sweden were included in the so called inactive markets, which revenue totalled EUR 0.4 million. The revenue for the inactive markets in the review period was EUR 0.6 million. The weak economic development in the Baltic markets still had a negative effect on sales, which was EUR 0.7 million during the current period (0.8). There were 192 own shops at the end of the current period (206), of which 168 were in Finland (168). At the end of the current period four out of five shops were closed in Tiimari Sweden and the last shop will be closed later in the spring.
The withdrawal from certain markets, the extraordinarily large depreciations of old products, the change in the product offering and the discounted sales periods in January decresed gross margin, which allbeit was nearly at forecasted levels.The gross margin was EUR 7.8 million (8.4)or 60 % (68). The gross margin for continuing operations was EUR 7.6 million (8.0) or 60 % (67).

The operating profit for the segment increased slightly and was EUR -2.4 million (-2.6). The share for the discontinued operations was EUR +0.0 million (-0.4). From the transfer of the rental agreements in Sweden EUR 0.2 million was booked as other operating profit. The operating profit was unhelpfully affected by the weaker gross margin for the beginning of the year compared to the review period, but the centralisation of operations has the opposite effect. In Finland, the increase in the number of shops, salary increases and organisational arrangements increased the personnel expenses from the review period. The executed efficiency measures related to working hours limited the increase in total labor costs. The closure of operations in non-profitable markets reduced the level of fixed costs significantly.

The renewal of Tiimari’s product offering and development of the party concept product offering was continued. The full party offering was available in a few of the biggest shops at the end of the current period and the renewal of the offering and distribution of the concept into our shops will continue strongly during the second quarter.

The capital expenditure for the segment during the current period was EUR 0.1 million (0.4) and they were allocated towards renewal of shops.

GALLERIX

The Gallerix segment comprises all Gallerix concept compliant shops in Sweden and Finland. The revenue for the Gallerix segment grew by 7.8 % and was EUR 3.2 million (3.0). The increase in revenue was due to the appreciation of the Swedish krona and there was a marginal decline in comparable revenue because own shops were closed in Sweden and Finland. At the end of the current period only one own shop was open in Finland (7) and in Sweden there were 11 own shops (14). In Sweden, a major part of the operations are based on franchise agreements and there were 76 (79)shops operating according to this agreement.
The gross margin was EUR 1.2 million (1.1) or 36.8 % (36.3). The gross margin increased due to renewal of the product offering, although the reduction in own shops had a unhelpful effect on the gross margin.
The operating profit increased slightly and was EUR -0.3 million (-0.4) or -8.2 % (-14.7).
The capital expenditure for the segment was EUR 0.0 million (0.2).

OTHERS

Common expenses and senior management are reported as other operations. The operating profit was EUR -0.6 million (-0.3). During the current period no intra group management fees have been invoiced (0.4) and expenses include dispute related expenses and reserves totalling EUR 0.2 million (0.0).

PROFIT-IMPROVEMENT PROGRAMME

At the beginning of the financial year cooperation negotiations were initiated in Finland and as a result personnel changes occured in group management, several shops were closed in Finland and other markets and improved working hour recommendations in the shops were implemented. The working hours will in the future be guided primarily based on customer numbers. The savings in personnel expenses relating to these measures will be recognised from the second quarter onwards.

At the turn of the financial year we withdrew from the Polish markets, during 2009 withdrawals occurred from the Russian and Norwegian markets and during the current period two Gallerix shops were closed in Finland and four Tiimari shops in Sweden, according to the Group’s focus strategy.

Capital expenditure during the current period was EUR 0.1 million (0.6). The current assets were EUR 15.5 million and grew by EUR 0.5 million from the beginning of the financial year, but was EUR 7.4 million less than the review period (22.9).

FINANCING

Net working capital for the group was EUR 7.7 million. Net working capital at the end of the comparison period was EUR 13.9 million and EUR 0.3 million at the end of 2009. The net working capital is affected by the seasonal fluctuations in the operations, so that there is an increase during the year and a reduction by the end of the fiscal year. Current assets amounted to EUR 15.5 million (at the end of review period 22.9). The current assets increased due to the party concept offering by EUR 0.6 million. Short-term receivables increased during the current period by EUR 0.3 million and was EUR 3.7 million (4.9). Short-term non-interest bearing liabilities decreased by EUR 6.6 million from the beginning of the year and was EUR 11.5 million (13.9). Both trade receivables and deferred tax liabilities decreased from the beginning of the year. The turnover rate for current assets increased to 2.3 (1.5) and efforts are made to increase this even further. Non-current assets totalled EUR 54.1 million (57.8) and decreased by EUR 0.4 million from the beginning of the year.

Interest-bearing liabilities totalled EUR 33.0 million (39.2), increasing by EUR 10.5 million from the beginning of the financial year. The equity ratio was 29.5 % (30.1 % at the end of review period and 34.7 at the end of 2009) and the gearing ratio was 143.9 % (149.1 % at the end of review period and 85.6 % at the end of 2009). Due to the seasonality of the business the level of net debt increased. Sales during the fourth quarter have a decisive effect on the Group’s cash flow and financial position on an annual level. The Company agreed on changes in the financing covenants related to gross margin during the current period.

Shareholder’s equity per share was EUR 1.39 (2.32).

The operative cash flow was EUR -10.4 million (-6.4). The cash flow was affected by the reduction of the short-term non-interest bearing liabilities by EUR 7.1 million (2.6) and the loss for the period. The short-term liabilities decreased due to payments of trade and other payables related to regular christmas sales, the non-recurring decrease of trade payables related to the increase in inventory turnover and the investments made in new product categories. The total capital expenditure for the Group was EUR 0.1 million (0.6).

PERSONNEL

The average number of group personnel in the current period was 602 (695). The numbers have been altered to reflect the share of full-time employees, the majority of the personnel are part-time employees. Tiimari Retail Ltd. is the biggest employer in the group, employing 453 (413). The number of personnel declined due to the withdrawal from the Russian, Norwegian and Polish markets as well as the closure of own shops in Gallerix.

SHARES AND SHARE CAPITAL

Tiimari shares are listed on the NASDAQ OMX Helsinki plc stock exchange. As at 31 March 2010, the share price was EUR 1.22 (1.10) and the market value of the company was EUR 20.1 million (12.4). The share capital of the company was EUR 7.686.200 at the end of the current period and the number of shares was 16,474,755. The Board has not excercised its right to issue shares nor the purchase and sale authorisation of own shares during the current period. The Company does not hold any treasury shares.

ANNUAL GENERAL MEETING - 30 MARCH 2010 (Stock Exchange Release 30 March 2010 www.tiimari.com)

The Annual General Meeting of Tiimari Plc approved the financial statements for 2009 and discharged the board members and the Managin Director from liability. The Meeting decided, that the loss for the period -12.565.636,92 shall be booked as retained earnings and no divided is to be distributed.

The board composition was decided as six members. Hannu Ryöppönen, Sven-Olof Kulldorff, Juha Mikkonen, Markku Pelkonen, Alexander Rosenlew were re-elected and Sissi Silván was elected as a new member.
KPMG Ltd. was elected to continue as Group Auditor and named Sixten Nyman APA as auditor with main responsibility.

The Meeting authorised the Board to decide on purchasing a maximum of 500.000 treasury shares at market price to be used in a manner decided by the Board. The authorisation can be utilised in potential corporate acquisitions or other business development related arrangements, for execution of commitment or incentive programs for management or other personnel or other purposes decided by the Board.

ORGANISING OF THE BOARD OF DIRECTORS (Stock Exchange Release 30 March 2010 www.tiimari.com)

The Board elected Hannu Ryöppönen as its chairman and Juha Mikkonen as its vice-chairman. The Board appointed Hannu Ryöppönen chairman of the Nomination and Compensation Committee and Alexander Rosenlew and Juha Mikkonen as its other members. The Board appointed Juha Mikkonen chairman of the Audit Committee and Hannu Ryöppönen and Sissi Silván as its other members.

MANAGEMENT

M.Sc. Economics Veijo Heinonen was appointed member of Tiimari's management board and commercial director 16th March. The other management board members are Managing Director Hannu Krook, Gallerix Managing Director Dan Crewe, CFO Maija Elenius, IT Director Tarja Nikkarikoski, Purchase and Logistics Director Anna Seppälä. Director for shop operations Markku Breider, Marketing Director Anne Söderholm and Development Director Jaakko Syrjänen departed the company in conjunction with the reorganisation of group management.

SHORT-TERM RISKS AND UNCERTAINTIES

The Group's revenue and result development is affected by various business related factors of uncertainty. The primary risks relate to the following:

- the development in the general consumer demand and its decline especially in Finland and Sweden
- the management's success in business development and improvement in profitability relating to initiated measures: renewal of product offering and closure of non-profitable operations
- the accumulation of the seasonal operative cash flow and its effect on the company's financial position and its loan covenants as well as the predictability of cash flow and result.
- the effect of exchange rate developments on purchase prices for products acquired outside of the European Union and the sales margin accumulated from the sale of the former
- business location decisions in the long-term
- the availability of seasonal products and the operation of the supply chain
- the general development in salaries, rents and freight costs
- valuation of goodwill and balance sheet value of Tiimari and Gallerix brands
- general interest rate changes
- the company is a defendant and plaintiff in some property and rental agreement related disputes and one contract termination related dispute. The Company assessed its risks and prepared for these in the current period interim report

The risks and uncertainties of the Company have been further elaborated in the 2009 financial statements and no significant changes have occurred since.

BACKGROUND FOR OUTLOOK

The Company has decided to focus on developing the profitable core operations. Withdrawals were made from the non-profitable Russian and Norwegian markets during 2009 and at the end of that financial year a decision was made to withdraw from the non-profitable operations in Poland, Gallerix Finland and Tiimari Sweden. In Finland, two out of three Gallerix shops have been closed during the current period and four out of five Tiimari shops in Sweden were closed at the end of the current period. The product offering for the new party concept has been introduced in the biggest shops during the current period and the project continues during the second quarter. The new offering had a positive effect on sales development in these shops, especially due to an increase in an individual purchase. The gross margin % is also expected to increase after the first quarter.

Forecasting consumer demand is challenging. The general economic climate is not expected to recover quickly, but the consumer demand is forecasted to recover slightly in Finland and Sweden during the ongoing financial year. No growth in demand is expected in the Baltic market during the forecast period.

The most important goals for 2010 are profitability improvement, increasing operational cash flow and reducing interest bearing net debt. The key measures to achieve the aforementioned are focusing on the core profitable operations by abolishing non-profitable ones, sharpening the appeal of the Tiimari and Gallerix product offering their turnover rates as well as improving cost efficiency in the shop network. The reduction in inventory items executed in 2009 serve as a strong foundation to renew the product offering in our shops.

OUTLOOK

The Board estimates, that by focusing on the profitable core operations and imprving its product offering the Company has the capability to improve operational profitability (EBITDA excluding non-recurring items) and achieve a clearly positive operational cash flow (operative cash flow before financing items and taxes) in 2010.

Board of Directors
Tiimari plc

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Distribution:
NASDAQ OMX Helsinki
Main source of information
www.tiimari.com

Tiimari Plc shares are listed at Nasdaq OMX Helsinki Plc. The Group comprises two retail shop concepts, Tiimari and Gallerix. The concepts operate nearly 300 shops in five countries within the Baltic Sea region. Both concepts belong to the forerunners within their business segments.

CONSOLIDATED INCOME STATEMENT

eur 1 000	**1-3/2010**	**1-3/2009**	**Change %**	**1-12/2009**
SALES	16 242	15 440	5	80 113
Cost of goods sold	-7 287	-5 927	23	-34 601
Gross profit	8 955	9 513	-6	45 512
Gross profit, %	55 %	62 %	-6	57 %
Other operating income	456	177	158	1 824
Employee	0			

benefit costs	-5 207	-5 212	0	-21 765
Depreciation	-745	-808	-8	-3 507
Goodwill impairment	0	0	0	-1 496
Other operating expenses	-6 701	-6 979	-4	-28 084
OPERATING PROFIT	-3 240	-3 308	-2	-7 516
Operating profit, %	-20 %	-21 %	1	-9 %
Financial income	99	95	4	47
Financial expenses	-594	-942	-37	-3 181
Net financial income	-495	-847	-42	-3 134
INCOME BEFORE TAXES	-3 735	-4 155	-10	-10 650
Taxes	41	58	-29	535
NET INCOME FOR THE PERIOD, continuing operations	-3 694	-4 097	-10	-10 115
Net income for the period from discontinuing operations	0	-113	-100	-674
NET INCOME FOR THE PERIOD	-3 694	-4 210	-12	-10 789
Equity holders of the company	-3 694	-4 211	-12	-10 789
Earnings per share for profit attributable to the equity holders of the Company				
Basic earnings per share, EUR				
Continuing operations	-0,22	-0,36	-38	-0,69
Discontinued operations	0,00	-0,01	-100	-0,05
Total	-0,22	-0,37	-40	-0,73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET INCOME FOR THE PERIOD	-3 694	-4 211	-12	-10 789
Translation diffrences	270	40		282
Other	0	0		0
Comprehensive income for the period net of tax	-3 424	-4 171	-18	-10 507

Comprehensive income for the period attributable to:

Equity holders of the company	-3 424	-4 171		-10 507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
eur 1 000

	31.3.2010	**31.3.2009**	**31.12.2009**
ASSETS			

Goodwill	32 630	33 270	32 525
Other intangible assets	16 611	18 627	16 876
Tangible assets	4 709	5 739	4 904
Other financial assets	104	105	104
Receivables	37	29	35
Deferred tax assets	29	1	29
Total non-current assets	54 118	57 771	54 473
Inventories	15 515	22 893	15 044
Trade and other receivables	3 706	4 995	3 454
Cash and bank	4 521	1 670	3 024
Total current assets	23 742	29 558	21 522
TOTAL ASSETS	77 860	87 329	75 995
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent company			
Share capital	7 686	7 686	7 686
Own shares	0	-55	0
Distributable equity fund	23 010	16 921	23 018
Translation differences	-393	-905	-770
Retained earnings	-7 351	2 627	-3 568
TOTAL SHAREHOLDERS' EQUITY	22 952	26 273	26 366
LIABILITIES			
Deferred tax liabilities	5 848	6 234	5 834
Interest-bearing liabilities	22 155	12 280	22 203
Provisions	31	31	31
Total non-current liabilities	28 034	18 545	28 068
Interest bearing liabilities	15 395	28 555	3 398
Account payable and other payable	11 479	13 957	18 163
Total current liabilities	26 874	42 512	21 561
TOTAL LIABILITIES	54 908	61 057	49 629
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	77 860	87 329	75 995

Consolidated Statement of Cash Flows
eur 1 000

	1-3/2010	1-3/2009
Cash flow from operations		
Profit/loss for financial period	-3 694	-4 211

Adjustments:		
Depreciation and impairment	745	815
Gain (+) and loss (-) on sale of fixed assets	1	0
Financial income and expenses	497	844
Taxes	-41	-58
Other adjustments	0	-38
Change in working capital:		
Change in inventories	-377	-756
Change in short-term receivables	-216	541
Change in short term liabilities	-7 090	-2 570
Interest paid	-128	-678
Interest income received	6	1
Other financing expenses paid	-28	-226
Taxes paid	-53	-64
Net cash flow from operations	-10 378	-6 397
Cash flow from investment activities		
Acquisition of subsidiary companies net cash of acquired	0	0
Investments in tangible and intangible assets	-101	-599
Capital gains from tangible and intangible assets	0	0
Repayment of loan receivables	0	0
Income on sale of investments	0	0
Net cash flow from investments	-101	-599
Cash flow from financing activities		
Proceeds from share issue	0	0
Long-term loans, increase	0	0
Long-term loans, decrease	0	0
Short-term loans, net change	12 000	6 590
Payment of lease liabilities	-58	-98
Dividends paid	0	0
Net cash flow from financing	11 942	6 492
Change in liquid assets	1 464	-503
Liquid assets, beginning of review perios	3 024	2 188
Effect of exchange rate changes on liquid assets	33	-15
Liquid assets, end of review period	4 521	1 670

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

eur 1 000

Attributable to the equity holders of the company

	Share capital	Distributable equity fund	Own shares	Translation differences	Retained earnings	Total
Shareholders' equity 1.1.2009	**7 686**	**16 921**	**-55**	**-945**	**6 836**	**30 443**
Comprehensive income for the period				40	-4 211	-4 171
Dividends paid					0	0
Share issue		0				0
Equity on 31.3.2009	**7 686**	**16 921**	**-55**	**-905**	**2 625**	**26 273**
Shareholders' equity 1.1.2010	**7 686**	**23 010**	**0**	**-663**	**-3 667**	**26 366**
Comprehensive income for the period				270	-3 694	-3 424
Dividends paid					0	0
Equity portion of convertible loan						0
Share based payments					10	10
Equity on 31.3.2010	**7 686**	**23 010**	**0**	**-393**	**-7 351**	**22 952**

BASIS OF PREPARATION

This Interim Report was prepared in accordance with the IFRS accounting standards, but in the preparation all IAS 34 standard requirements have not been fulfilled. The interim consolidated financial statements were prepared applying the same accounting policies and methods of computation, as in the financial statements for 2009. Financial figures presented in this document are not audited.
All figures in the accounts have been rounded and consequently the sum of individual figures may deviate from the presented total figure. The figures in the tables are presented in thousands of euro.

The application of changed or new standards (IFRS) starting 1.1.2010:
- IAS 3R,Business combinations
- IAS 27, Consolidates and separate financial statements
- IAS 39, Financial instruments: recognition and measurement

The implemented standard changes did not have a significant impact on the interim report.

Use of Estimates:

The preparation of financial statements in accordance with IFRS requires the management to use estimates and assumptions that affect reported amounts of assets and liabilities on the balance sheet, disclosure of contingent assets and liabilities and the amount of income and expenses. Although the estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from the estimates used.

The use of estimates affects the valuation of inventory, deferred tax assets, depreciation times of non-current assets and valuation of receivables.

Additionally, the estimates affect the valuation of goodwill and brands. Inventory valuation is based on regular devaluation as follows: 30 months 25%, 36 months 50 % and 42 months 100 % and specific write-offs as needed.

Tiimari's business is characterised by seasonality with the net sales being generated largely during the final quarter. Regular goodwill impairment testing is thus carried out at the end of the financial period. Goodwill shall be tested earlier during the year in case of an indication of significant changes to the expected cash flows of a cash-generating unit arising from occurrences in business operations or in the operating environment.

Gross profit and gross profit margin %
Gross profit is revenue less cost of goods sold and franchise leases. During the outsourced finance department the material and services included expenses from hired staff and franchise leases were reported in other operating expenses. These items have been corrected in the results of the review period according to the instructions on the calculation of gross profit

SEGMENT INFORMATION

NET SALES

eur 1 000	2010	2009	2009
	1-3	1-3	1-12
Tiimari	13 048	12 473	66 903
Gallerix	3 198	2 967	13 396
Other operations	82	400	400
Eliminations	-87	-400	-586
Group	16 242	15 440	80 113
Active markets	15 879	14 797	76 958
Inactive markets	363	643	3 155

OPERATING PROFIT

eur 1 000	2010	2009	2009
	1-3	1-3	1-12
Tiimari	-2 367	-2 580	-4 945
Gallerix	-261	-435	-755
Other operations	-613	-294	-1 816
Group	-3 240	-3 308	-7 516
Active markets	-3 283	-2 925	-5 095
Inactive markets	43	-383	-2 421

DEPRECIATION AND GOODWILL IMPAIRMENT

eur 1 000	2010	2009	2009
	1-3	1-3	1-12
Tiimari	539	608	4 111
Gallerix	186	185	807
Other operations	21	16	85
Group	746	809	5 003
Active markets	740	773	3 372
Inactive markets	6	36	1 631

CAPITAL EXPENDITURE

eur 1 000	2010 1-3	2009 1-3	2009 1-12
Tiimari	101	428	1 076
Gallerix	0	189	161
Other operations	0	4	14
Group	101	621	1 251

NET SALES BY GEOGRAPHICAL AREA

eur 1 000	2010 1-3	2009 1-3	2009 1-12
Finland	12 170	11 206	60 767
Sweden	3 413	3 177	14 578
ROW	659	1 057	4 768
Group	16 242	15 440	80 113
Active markets	15 879	14 797	76 958
Inactive markets	363	643	3 155

INTANGIBLE ASSETS

eur 1 000	31.3.2010	31.3.2009	31.12.2009
Book value at 1 January	49 401	52 237	52 237
Changes in exchange rates	343	-74	310
Additions	0	218	504
Depreciation and impairment	-503	-491	-3 550
Disposals and intra-balance sheet transfer	0	0	-100
Book value at the end of period	49 241	51 891	49 401

TANGIBLE ASSETS

eur 1 000	31.3.2010	31.3.2009	31.12.2008
Book value at 1 January	4 904	5 616	5 616
Changes in exchange rates	-48	80	14
Additions	101	367	765
Depreciation and impairment	-248	-324	-1 480
Disposals and intra-balance sheet transfer	0	0	-12
Book value at the end of period	4 709	5 739	4 904

KEY FINANCIAL FIGURES

	2010	2009	2009

	1-3	1-3	1-12
Net sales	16 242	15 440	80 113
EBITDA	-2 495	-2 500	-2 513
Operating profit	-3 240	-3 308	-7 516
Profit/loss for the financial period	-3 694	-4 097	-10 115
Profit/loss, discontinued operations	0	-113	-674
Earnings per share continuing operations, EUR	-0,22	-0,36	-0,69
Earnings per share discontinued operations, EUR	0,00	-0,01	-0,05
Earnings per share total, EUR	0,05	-0,37	-0,73
Shareholders' equity per share, EUR	1,39	2,32	1,39
Solvency ratio	29,5 %	30,1 %	34,7 %
Gearing	143,9 %	149,1 %	85,6 %
Net working capital	7 742	13 931	335
Operating cash flow	-10 279	-5 884	6 486
Net Interest-bearing liabilities	33 029	39 165	22 577
Balance sheet total	77 860	87 329	75 995
Average number of shares (pcs)	16 475	11 311	14 749

CONTINGENT LIABILITIES

	31.3.2010	31.3.2009	31.12.2009
Loans from financial institutions			
against the following securities	21 500	28 767	9 500
Real estate mortgages	0	1 000	0
Corporate mortgages	31 137	31 137	31 137
Pledged shares	1 476	1 476	1 476
Other own liabilities			
Bank quarantees	2 843	2 114	2 821
Other liabilities	5	8	5
Leasing liabilities			
Due within one year	45	88	133
Due after one year	58	127	115
OTHER RENT LIABILITIES			
Due within one year	14 041	12 630	12 147
Due after one year	24 353	11 505	13 687

RELATED PARTY TRANSACTIONS (EUR 1 000)	Q1 2010	Q1 2009	1-12 2009
Managing Director remuneration	56	56	162
Board remuneration	26	29	112

Interest paid on capital loan (paid 31 March for period 26 Oct 09 - 31 Mar 10

Hannu Krook	3
Hannu Ryöppönen	3
Sven-Olof Kulldorff	3
Virala Oy Ab (Atine Group Oy parent company)	103
Assetman Oy	18
Baltiska Handels A.B.	9
Total	138

MAJOR SHAREHOLDERS	Shares	Shares %
Major shareholders 31.3.2010		
Atine Group Oy	3 292 198	19,98
Assetman Oy	1 740 645	10,57
Varma Mutual Pension Insurance Company	828 912	5,03
Primate Oy	825 000	5,01
Ilmarinen Mutual Pension Insurance Company	789 221	4,79
Baltiska Handels A.B.	716 483	4,35
Aktia Capital Fund	600 000	3,64
Cumasa Oy	407 625	2,47
Arvo Finland Value Fund	300 000	1,82
Etera Mutual Pension Insurance Company	210 000	1,27

CALCULATION OF KEY FINANCIAL RATIOS

Gross margin = Revenue + materials and supplies

EBITDA = Operating profit + depreciation and amortisation

Earnings/share (EPS), EUR =
Earnings before tax – income taxes / issue-adjusted average number of shares for the fiscal year

Shareholders’ equity / share, EUR = equity attributable to the equity holders of the parent company / issue-adjusted number of shares at the end of the fiscal year

Equity ratio % =
Shareholders’ equity * 100 / Total assets – prepayments received

Gearing ratio % =
Interest-bearing liabilities – cash and cash equivalents * 100 / Shareholders’ equity

Interest-bearing net liabilities = Interest-bearing liabilities – cash and cash equivalents

Net working capital = inventory + short-term non-interest-bearing receivables – short-term non-interest-bearing liabilities

Operating cashflow = EBITDA – increase in net working capital – capital expenditure

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