TIIMARI PLC Interim Report 13 August 2010 at 08.30

INTERIM REPORT

RESULT IMPROVED COMPARED TO LAST YEAR

Highlights for the quarter:

- Revenue was EUR 14.2 million (15.5)
- Gross margin was EUR 9.0 million (9.7)
- Gross margin-% increased and was 63.2 % (62.8)
- EBITDA was EUR -1.6 million (-1.8)
- Operating profit was EUR -2.5 million (-2.6)
- Result before tax was EUR -3.0 million (-3.4)
- Earnings per share was EUR -0.18 (-0.23)

Highlights for the financial year:

- Group revenue declined 2.6 % and was EUR 30.5 million (30.9)
- Revenue for continuing markets was EUR 29.8 million (29.1)
- Gross margin was EUR 18.0 million (19.2) and 58.9 % (62.2)
- EBITDA was EUR -4.1 million (-4.3)
- Operating profit was EUR -5.7 million (-5.9)
- Net financing expenses were EUR 1.0 million (1.7)
- Result before tax was EUR -6.7 million (-7.6)
- Earnings per share was EUR -0.40 (-0.59)

COMMENTS OF THE MANAGING DIRECTOR

Tiimari Managing Director Hannu Krook:
“The sales for the continuing markets in the Tiimari group grew by about one percent during the current period. The operations focused on the main markets and its impact on sales was -3.1 %. No further significant costs are expected from the centralisation measures. The gross margin related efficiency improvement measures started to show positively during the second quarter.

The improvement in operating profit margin compared to last year is EUR 0.2 million and the result for the first half of the year is almost one million euros better. Traditionally, the Tiimari group result has accumulated from the last quarter sales. The Group’s cost structure will from August onwards be even more competitive when all efficiency measures will reach full impact. Additionally, the Christmas assortment includes a lot of new products, hence the starting point for the second half of the year and especially for the last quarter are good.

Our inventory include about EUR 2 million worth of products from our new party product offering, by which we seek profitable growth during the end of third quarter. Apart from this, the working capital efficiency measures will continue aggressively and the first signs of improved working capital turnover are, despite of growth efforts, visible in the current period numbers. The capital expenditure totalled EUR 0.3 million. The operating cash flow was weakened by the EUR 5.2 million growth in net working capital. Due to the seasonality the net working capital is expected to decline significantly again during the last quarter of this financial year and finish at last year's levels by the end of the financial year."

GROUP REVENUE AND PROFIT DEVELOPMENT

The Group revenue for the first half of the year declined somewhat and was EUR 30.5 million (30.9). With static exchange rates the sales for the comparison period would have been EUR 31.6 million. Sales for the continuing markets totalled EUR 29.8 million (29.1). The closing down of Tiimari Norway, Russia, Poland, Sweden as well as Gallerix Finland and Fröken Väs Ab in Sweden reduced revenue for the first half of the year by 3.1 %.

The second quarter revenue was EUR 14.2 million (15.5). With static exchange rates the sales for the comparison period would have been EUR 15.7 million. The decline in revenue was partly due to the executed focus on the main markets, which resulted in a 4.5 % decline in revenue and partly due to the timing of the Easter period sales. The Easter period sales, significant to the Group, occurred during the current financial year in the first quarter whereas least year part of the sales accumulated during the second quarter.

The gross margin for the current period was EUR 18.0 million (19.2), hence 58.9 % (62.2). The second quarter gross margin was EUR 9.0 million (9.7). The gross margin was unhelpfully affected mainly by the closure of Tiimari shops in Sweden and write downs of old products. In the second quarter the gross margin % increased and was 63.2 % (62.8). The gross margin for continuing markets increased compared to the first quarter and was 64.2 % (61.3) during the second quarter and 59.6 % (60.8) for the first half of the year. The positive development of the Group's operating profit continued during the second quarter and the operating profit for the first half of the year increased slightly from the comparison period.

The operating profit was EUR -5.7 million (-5.9).

The net financing expenses for the current period declined significantly and were EUR 1.0 million (1.7). The decline in financing expenses was effected by both the decrease in general interest levels and the significantly smaller amount of other financing expenses. The result for the first half of the year was EUR -6.6 million (-7.6). The second quarter result was EUR -2.9 million (-3.4). Last year results included results from discontinued operations EUR -0.2 million for the first half of the year and EUR -0.1 million for the second quarter.

The earnings per share for the first half of the year was EUR -0.40 (-0.59) and for the second quarter EUR -0.18 (-0.23).

OPERATING SEGMENTS

TIIMARI

This segment comprises all the Tiimari-concept shops in Finland and abroad. The segment revenue for the first half of the year declined 3.4 % and was EUR 24.3 million (25.2). The revenue for the continuing markets declined 1.3 % and was EUR 23.9 million (24.2) During the important seasons of Easter and May day the sales increased, but the sales for the pre and post season periods were weaker. Tiimari had withdrawn from the Swedish, Polish, Russian and Norwegian markets and the revenue for these so called inactive markets was EUR 0.5 million (1.3) for the first half of the year. The segment revenue for the second quarter was EUR 11.3 million (12.7). The segment had 186 (207) own shops at the end of the current period, of which 167 (168) were in Finland.

The withdrawal from certain markets, write down of old products, changes in product offerings and the discounted sales periods in January had an unhelpful effect on the gross margin percentage. The gross margin for the first half of the year was EUR 15.4 million (17.2), hence 63.5 % (68.5). The gross margin for the continuing markets during the first half of the year was EUR 15.4 million (16.3), hence 64.3 % (67.5). The second quarter sales declined somewhat, but the gross margin percentage increased.

The operating profit for the segment declined and was EUR -4.4 million (-3.9). The share of the discontinued markets was EUR -0.4 million (-0.8). A EUR 0.4 million other operating income was booked for the transfer of the rental agreements in Sweden, but that did not cover the other expenses caused by the closing of the shops. The operating profit for the first half of the year was negatively affected by the decline in revenue and gross margin %. The second quarter operating profit of EUR -2.0 million (-1.3) declined due to the fall in revenue. In Finland, the increase in shop amounts during the first quarter, the salary increases and organisational changes increased the personnel expenses. The working hour efficiency measures acted to restrict the growth in total labour hours and in the continuing markets fixed expenses grew only by one percent during the second quarter. The closing of operations in non-profitable markets reduced the amount of fixed costs significantly.

The renewal of the Tiimari’s product offering and development of the party concept product offering continued. The distribution of the party concept to the shop network continued and at the end of the second quarter the concept was in about 70 of the biggest shops, that is nearly half of the shops. These efforts increased second quarter fixed costs by about EUR 0.2 million and the expansion of product offerings increased inventory levels by EUR 2.0 million. The party concept share of total revenue during the first half of the year was about 15 % and of the second quarter sales the share was 24 %. Based on the new product offering and the good sales feedback, the sales are expected to increase significantly during the rest of the year.

The capital expenditure for the segment during the first half of the year was EUR 0.3 million (0.4) and they were allocated to renewal of shops and the distribution of the party concept into the shop network.

GALLERIX

The Gallerix segment comprises the Gallerix concept shops in Sweden and Finland. Gallerix revenue for the first half of the year grew 7.8 % and was EUR 6.2 million (5.7). With static exchange rates the revenue decreased slightly. In the second quarter the revenue was EUR 3.0 million (2.8). The revenue for continuing markets grew during the second quarter with static exchange rates by 3.7 %. The Gallerix operations were centralised in the Swedish markets and non-profitable shops were closed down. In Finland there was only one own shop (6) at the end of the second quarter and 11 own shops in Sweden (14). In Sweden, most of the business operations are based on franchising contracts and there were 73 (78) shops operating under the franchising agreement. Several non-profitable franchising contracts were terminated and only one was opened in a good shop location. This already had a positive effect on gross margin.

The gross margin for the first half of the year was EUR 2.5 million (2.0), hence 41.0 % (34.0). The gross margin increased due to the renewal of offerings and development of shop locations. Over 80 % of the basic product assortment was renewed during the last 12 months.

The segment’s operating profit increased and was EUR -0.5 million (-1.0) during the first half of the year, hence -7.9 % (-16.8). The second quarter operating profit was EUR -0.2 million (-0.5). The reduction in own shops decreased the fixed costs.

The capital expenditure for the segment was EUR 0.0 million (0.2).

OTHERS

Other operations include common expenses for the Group and the senior management. All operations and personnel related to the management of business operations were included in the segments for the first half of the year. During the first half of the year no intra-group management fees have been charges (0.4). The operating profit for the first half of the year was EUR -0.9 million (-1.1). The expenses include dispute related non-recurring items and reserves totalling EUR 0.2 million (0). The second quarter operating profit increased and was EUR -0.3 million (-0.8).

PROFIT-IMPROVEMENT PROGRAMME

As a result of the cooperation negotiations held in Finland and Sweden during the beginning of the financial year personnel changes in the group management were executed, several shops were closed down and more efficient labour hour recommendations were initiated. The labour hours are in the future primarily managed based on the customer numbers. The personnel expenses for the Group declined during the first half of the year by 9.5 % and during the second quarter by 16.4 %, one part relating to the closing down of certain business operations. The personnel expenses for the continuing markets declined during the first half of the year by 4.4 % and during the second by 12.9 %. The labour hour savings that occurred during the first half of the year comprise one third of the target for the financial year. The changes reduced the use of hired personnel, reported as other operating expenses, even further.

In accordance with the programme the withdrawal from non-profitable markets continued. During the first half of the year and previous financial year one withdrew from Russia, Norway and Poland and closed down all Tiimari shops in Sweden as well as all Gallerix shops in Finland, apart from one. The aforementioned as well as the subsidiary of Gallerix Sweden, Fröken Väs Ab, which business operations were sold in April are reported as inactive markets. The operating profit for inactive markets during the first half of the year was EUR -0.6 million (-1.3). Of these operations only one Gallerix shop in Finland remained.

The restrictions in fixed assets investments remained and the expenditure during the first half of the year was EUR 0.3 million (0.6). Inventory levels EUR 16.3 million increased by EUR 1.2 million from the beginning of the year, but was smaller than the EUR 21.7 million level last year. The inventory turnover rate will continue to increase by improved management of product offerings and purchases.

FINANCING

The net working capital for the Group was EUR 9.1 million. The net working capital for the comparison period was EUR 14.1 million and EUR 0.3 million at the end of the 2009 financial year. 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. The inventory levels were EUR 16.3 million (21.7 at the end of the comparison period). The inventory levels increased by EUR 1.2 million from the beginning of the financial year. The inventory of basic party assortment was approximately EUR 2.7 million, the inventory level of the rest declined further. The level of short-term receivables declined by EUR 0.2 million from the beginning of the year and was EUR 3.2 million (3.3). The level of short-term non-interest bearing liabilities declined by EUR 7.7 million from the beginning of the year and was EUR 10.4 million (10.9). The seasonal fluctuation of the business operations also affect the non-interest bearing liabilities and the trade payables as well as tax liabilities declined significantly from the beginning of the year. Long-term assets declined during the first half of the year by EUR 1.0 million and were EUR 53.5 million (57.2).

Net interest-bearing liabilities totalled EUR 36.7 million (36.4) and grew by EUR 14.1 million from the beginning of the year. The equity ratio was 26.5 % (34.5 % at the end of the comparison period and 34.7 % at end of 2009 financial year) and the net gearing ratio was 182.2 % (126.2 % at the end of the comparison period and 85.6 % at the end of 2009 financial year). Due to the seasonality of the business the amount of net debt increased. The last quarter sales have a decisive impact on the Group’s cash flow and financial position on an annual basis. The Company agreed on changes in the financing covenants related to gross margin during the first half of the year. The Company is holding negotiations relating to the current year payback timetable of its liabilities.

Shareholders’ equity per share was EUR 1.22 (1.75).

The operating cash flow was EUR -13.6 million (-9.8). The negative cash flow was affected by the reduction in non-interest bearing liabilities by EUR 8.0 million (6.0) and the loss made during the first half of the year. The net working capital was at the end of the first half significantly lower compared to last year, but during the first half of the year it grew by EUR 8.7 million (3.5), that is EUR 5.2 million more than last year. The short-term liabilities declined due to payments of normal Christmas sales related trade and other payables, the non-recurring decline in trade payables related to the increase in inventory turnover as well as due to the investments in inventory related to the new product categories. The Group cash flow related to investing activities totalled EUR -0.5 million (-0.8).

The Company hedged its end of year 2010 US dollar denominated purchases during the second quarter via forward contracts. The amount of outstanding hedges at the end of the current period totalled EUR 1.7 million. All hedges were short-term.

PERSONNEL

The average number of group personnel in the current period was 573(686) and at the end of the current period 750 (854). 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 451 (425). The number of personnel declined due to the withdrawal from various markets as well as closing down shops in Finland and Sweden.

SHARES AND SHARE CAPITAL

Tiimari shares are listed on the NASDAQ OMX Helsinki Plc stock exchange. As at 30th June 2010, the share price was EUR 1.25 (1.30) and the market value of the company was EUR 20.6 million (21.4). 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 exercised 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. The Company has option schemes through which one could have subscribed new shares during the first half of the year. No new shares were subscribed during the first half of the year.

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 otherbusiness 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. Ph.D. Economics Kai Järvikare was appointed CFO 21st June and he will accede the position 13th August when his predecessor Maija Elenius pursues an entrepreneurial career.
The other management board members are Managing Director Hannu Krook, Gallerix Managing Director Dan Crewe, 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. The Board of Directors decided in May to initiate hedging against US dollar purchases and at the end of the current period the outstanding amount of hedge items were USD 1.7 million.

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 during the first half of this financial year the Company has withdrawn from the non-profitable operations in Poland and Tiimari Sweden. In Finland, two out of three Gallerix shops have been closed during the first half of the year and the Fröken Väs Ab business operations in Sweden were sold. Furthermore, measures were taken in the continuing operations of Tiimari and Gallerix, which will improve profitability even further. The product offering of the party concept has been introduced in the biggest shops during the first half of the year and the project will continue during the third quarter. The new product offerings had a significant positive effect on sales development in these shops especially in terms of an increase in an individual purchase. The gross margin % also improved during the second quarter and is expected to increase somewhat in the future as well.

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 serves 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 improving 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 1000	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
CONTINUING OPERATIONS					
REVENUE	14 242	15 451	30 484	30 891	80 113
Material and services	-5 239	-5 742	-12 523	-11 669	-34 601
Gross margin	9 003	9 709	17 961	19 222	45 512
Gross margin-%	**63**	**63**	**59**	**62**	**57**
Other operating income	**479**	**329**	**936**	**830**	**1 824**
Gain on disposal of discontinued operations and revaluation to	0	-2	0	0	0

fair value					
Tiimari total personnel expenses	-4 747	-5 264	-10 141	-10 476	-21 765
Depreciation and amortisation	-867	-836	-1 612	-1 646	-3 507
Impairment					-614
Impairment on goodwill					-882
Other operating expenses	-6 361	-6 531	-12 875	-13 834	-28 084
OPERATING PROFIT	-2 493	-2 596	-5 732	-5 904	-7 516
Operating profit %	-18	-17	-19	-19	-9
Financing income	88	36	186	133	47
Financing expenses	-568	-886	-1 162	-1 830	-3 181
Net financing expenses	-480	-850	-976	-1 697	-3 134
PROFIT/LOSS BEFORE TAX	-2 973	-3 446	-6 707	-7 601	-10 650
Tax on income from operations	46	89	87	147	535
PROFIT/LOSS FOR THE PERIOD, CONTINUING OPERATIONS	-2 927	-3 357	-6 620	-7 454	-10 115
DISCONTINUING OPERATIONS					
Profit/loss for the period, discontinued operations		-81		-194	-674
PROFIT/LOSS FOR THE PERIOD	-2 927	-3 438	-6 620	-7 648	-10 789
Profit / loss for the period attributable to:					
Shareholders' of the parent company	-2 927	-3 438	-6 620	-7 648	-10 789
Earnings per share calculated on profit attributable to equity holders					
of the parent company:					
Continuing operations					
EPS undiluted and diluted (EUR)	-0,18	-0,23	-0,40	-0,57	-0,69
Discontinued operations					
EPS undiluted and diluted (EUR)		-0,01		-0,01	-0,05
EPS, total undiluted and diluted (EUR)	-0,18	-0,23	-0,40	-0,59	-0,73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET INCOME FOR THE PERIOD	-2 927	-3 438	-6 620	-7 648	-10 789
Translation diffrences	83	-59	353	-19	282
Other					
Comprehensive income for the period net of tax	-2844	-3497	-6267	-7667	-10 507
Comprehensive income for the period attributable to:					
Equity holders of the parent company	-2 844	-3 497	-6 267	-7 667	-10 507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

eur 1 000

	30.6.2010	30.6.2009	31.12.2009
ASSETS			
Goodwill	32 618	33 292	32 525
Intangible assets	16 085	18 259	16 876
Property, plan, equipment	4 652	5 456	4 904
Available-for-sale investments	104	105	104
Non-current Receivables	5	1	5
Non-current trade and other receivables	0	28	30
Other non-current Investments	0	0	0
Deferred tax asset	29	29	29
NON-CURRENT ASSETS	**53 492**	**57 168**	**54 472**
Inventories	16 268	21 737	15 044
Trade receivables and other recivables	3 215	3 342	3 395
Tax Receivable, income tax	69	45	59
Cash and bank	2 873	1 394	3 024
CURRENT ASSETS	**22 425**	**26 518**	**21 523**
ASSETS	**75 917**	**83 686**	**75 994**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholder's equity attributable to parent company shareholders			
Share capital	7 686	7 686	7 686
Fair value reserve and other reserves	23 011	23 022	23 011
Translation differences	-310	-964	-663
Retained earnings	-10 267	-867	-3 667
EQUITY	**20 120**	**28 877**	**26 366**
LIABILITIES			
Deferred tax liability	5 810	6 160	5 834
Non-current liabilities, interest-bearing	22 192	20 739	22 203
Non-current provisions	31	31	31
NON-CURRENT LIABILITIES	**28 032**	**26 930**	**28 067**
Current interest-bearing liabilities	17 338	17 101	3 398
Trade Payables and Other Liabilities	10 405	10 947	18 103
Tax liability, income tax	21	-169	60
CURRENT LIABILITIES	**27 764**	**27 879**	**21 561**
TOTAL LIABILITIES	**55 796**	**54 809**	**49 628**
EQUITY AND LIABILITIES	**75 917**	**83 686**	**75 994**

Consolidated Statement of Cash Flows

eur 1 000	1-6/2010	1-6/2009	1-12/2009
Cash flow from operations			
Profit/loss for financial period	-6 621	-7 648	-10 790
Adjustments:			
Depreciation and impairment	1 612	1 677	5 003
Gain (+) and loss (-) on sale of fixed assets	8	-77	-542
Financial income and expenses	998	1 697	3 135
Taxes	-87	-147	-544
Other adjustments	0	0	41
Change in working capital:			
Change in inventories	-1 100	1 696	8 476
Change in short-term receivables	466	824	772
Change in short term liabilities	-8 039	-5 986	1 002
Interest paid	-605	-1 285	-2 191
Dividends received	5	3	0
Interest income received	6	3	22
Other financing expenses paid	-199	-419	-706
Taxes paid	-64	-143	85
Net cash flow from operations	-13 620	-9 806	3 764
Cash flow from investment activities			
Investments in			
tangible and intangible assets	-275	-768	-1251
Capital gains from tangible and intangible assets	0	0	520
Loans granted	-177	0	0
Repayment of loan receivables	*0*	*0*	*-52*
Income on sale of investments	1	0	1
Net cash flow from investments	-451	-768	-782
Cash flow from financing activities			
Proceeds from share issue	0	6 101	6 089
Long-term loans, increase	6 500	3 500	8 480
Long-term loans, decrease	0	-1 000	-1 000
Short-term loans, net change	7 500	1 176	-15 342
Payment of lease liabilities	-131	0	-421
Dividends paid	*0*	*0*	*0*
Net cash flow from financing	13 869	9 777	-2 193
Change in liquid assets	-202	-796	789
Liquid assets, beginning of review period	3 024	2 188	2 188

Effect of exchange rate changes on liquid assets	51	2	48
Liquid assets, end of review period	2 873	1 394	3 024

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				-19	-7 648	-7 667
Share issue		6 101				6 101
Other items			55		-55	0
Equity on 30.6.2009	**7 686**	**23 022**	**0**	**-964**	**-867**	**28 877**
Shareholders' equity 1.1.2010	**7 686**	**23 011**	**0**	**-663**	**-3 667**	**26 366**
Comprehensive income for the period				353	-6 620	-6 267
Share based payments					21	21
Equity on 30.6.2010	**7 686**	**23 011**	**0**	**-310**	**-10 267**	**20 120**

BASIS OF PREPARATION

This Interim Report was prepared in accordance with IAS 34 standard requirements. 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, Consolidated 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 4-6	2009 4-6	2010 1-6	2009 1-6	2009 1-12
Tiimari	11 252	12 688	24 300	25 161	66 903
Gallerix	2 988	2 774	6 189	5 741	13 396
Other operations	227	0	309	400	400
Eliminations	-225	-11	-314	-411	-586
Group	14 242	15 451	30 484	30 891	80 113
Active markets	14 093	14 576	29 750	29 147	75 973
Inactive markets	149	875	734	1 744	4 140

OPERATING PROFIT

eur 1 000	2010	2009	2010	2009	2009

	4-6	4-6	1-6	1-6	1-12
Tiimari	-2 004	-1 297	-4 371	-3 877	-4 945
Gallerix	-228	-532	-489	-967	-755
Other operations	-258	-766	-871	-1 060	-1 816
Group	-2 491	-2 596	-5 731	-5 904	-7 516
Active markets	-2 072	-2 113	-5 160	-4 623	-4 576
Inactive markets	-419	-483	-571	-1 281	-2 940

DEPRECIATION AND GOODWILL IMPAIRMENT

eur 1 000	2010	2009	2010	2009	2009
	4-6	4-6	1-6	1-6	1-12
Tiimari	551	611	1 090	1 219	4 111
Gallerix	294	200	480	385	807
Other operations	21	25	42	41	85
Group	867	836	1 612	1 646	5 003
Active markets	740	757	1 480	1 530	3 372
Inactive markets	127	79	132	116	1 631

CAPITAL EXPENDITURE

eur 1 000	2010	2009	2010	2009	2009
	4-6	4-6	1-6	1-6	1-12
Tiimari	168	-6	269	422	1 076
Gallerix	2	9	2	198	161
Other operations	10	10	10	14	14
Group	180	13	281	634	1 251

NET SALES BY GEOGRAPHICAL AREA

eur 1 000	2010	2009	2010	2009	2009
	4-6	4-6	1-6	1-6	1-12
Finland	10 562	11 450	22 732	22 656	60 767
Sweden	3 084	3 035	6 497	6 212	14 578
ROW	596	966	1 255	2 023	4 768
Group	14 242	15 451	30 484	30 891	80 113
Active markets	14 093	14 576	29 750	29 147	75 973
Inactive markets	149	875	734	1 744	4 140

INTANGIBLE ASSETS

eur 1 000	30.6.2010	30.6.2009	31.12.2009

Book value at 1 January	49 401	52 237	52 237
Changes in exchange rates	370	41	310
Additions	18	322	504
Depreciation and impairment	-1 035	-1 045	-3 550
Disposals and intra-balance sheet transfer	-51	-4	-100
Book value at the end of period	48 703	51 551	49 401

TANGIBLE ASSETS

eur 1 000	30.6.2010	30.6.2009	31.12.2009
Book value at 1 January	4 904	5 616	5 616
Changes in exchange rates	22	-29	14
Additions	253	508	765
Depreciation and impairment	-527	-632	-1 480
Disposals and intra-balance sheet transfer	0	-8	-12
Book value at the end of period	4 652	5 456	4 904

KEY FINANCIAL FIGURES

	2010 4-6	2009 4-6	2010 1-6	2009 1-6	2009 1-12
Net sales	14 242	15 451	30 484	30 891	80 113
EBITDA	-1 626	-1 760	-4 120	-4 258	-3 127
Operating profit	-2 493	-2 596	-5 732	-5 904	-7 516
Profit/loss for the financial period	-2 927	-3 357	-6 620	-7 454	-10 115
Profit/loss, discontinued operations	0	-81	0	-194	-674
Earnings per share continuing operations, EUR	-0,18	-0,23	-0,40	-0,57	-0,69
Earnings per share discontinued operations, EUR		-0,01		-0,01	-0,05
Earnings per share total, EUR	-0,18	-0,23	-0,40	-0,59	-0,73
Shareholders' equity per share, EUR			1,22	1,75	1,60
Solvency ratio			27 %	35 %	35 %
Gearing			182 %	126 %	86 %
Net working capital			9 078	14 132	336
Operating cash flow			-13 034	-12 294	-4 953
Net Interest-bearing liabilities			36 657	36 446	22 577
Balance sheet total			75 917	83 686	75 994
Average number of shares (pcs)	16 475	14 750	16 475	13 022	14 749

CONTINGENT LIABILITIES	30.6.2010	30.6.2009	31.12.2009
Loans from financial institutions			
against the following securities	23 500	26 006	9 500
Real estate mortgages	0	0	0
Corporate mortgages	31 137	31 137	31 137
Pledged shares	1 476	1 476	1 476
Other own liabilities			
Bank quarantees	3 014	2 459	2 821
Other liabilities	5	8	5
Leasing liabilities			
Due within one year	60	282	133
Due after one year	50	227	115
OTHER RENT LIABILITIES			
Due within one year	13 668	12 630	12 147
Due after one year	20 313	11 505	13 687

As part of the profit-improvement programme rent negotiations were held and contract lengths were extended. This increases the amount of liabilities.

NOMINAL AMOUNTS OF DERIVATIVES	30.6.2010	30.6.2009	31.12.2009
Forward exchange contracts	1 324	0	0

MARKET VALUE VS. NOMINAL AMOUNTS OF DERIVATIVES	30.6.2010	30.6.2009	31.12.2009
Forward exchange contracts	44	0	0

Foreign exchange contracts have been valued at market value on reporting day. Tiimari does not apply hedge accounting and the effect of the derivatives has been booked directly in the income statement.

RELATED PARTY TRANSACTIONS (EUR 1 000)	Q2 2010	Q2 2009	1-12 2009
Managing Director remuneration	111	192	162
Board remuneration	53	55	112

Management Group remuneration	362	276	606

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 30.6.2010		
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
Sijoitusrahasto Aktia Capital	600 000	3,64
Cumasa Oy	407 625	2,47
Kargol Oy Ab	277 167	1,68
Vessilä Oy Ab	277 167	1,68

CALCULATION OF KEY FINANCIAL RATIOS

Gross profit = Revenue + materials and supplies

Gross profit margin-% = Gross profit / revenue * 100

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

Quick ratio = Short-term receivables + cash and cash equivalents * 100 / Short-term liabilities

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