TIIMARI PLC

REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

1.1.-31.12.2010

TIIMARI PLC FINANCIAL STATEMENTS 2010

REPORT BY THE BOARD OF DIRECTORS 2010

THE FINANCIAL PERIOD IN BRIEF

Tiimari's turnover declined along with the decline in the number of customers and was EUR 75.8 million (80.6). The profitability of the company did not reach its goals as a result of the decline in turnover. The decreased turnover lowered the margin in particular. The actual decline in sales decreased the intended impact of the actual cost cuts on the operating margin.

Gross margin without non-recurring items improved to EUR 0.4 million (0.0) and the operating profit before amortizations(EBITA) was EUR -5.7 million (-6.7). The operating profit (EBIT) totaled EUR -12.6 million (-8.2).

Adjusted operating cash flow from the business operations was EUR 2.3 million.

The financing situation of the Group was strengthened by a convertible capital loan of EUR 3.0 million issued on 30th December 2010.

The Group's key figures

	2010	2009	2008
Revenue	75 797	80 623	85 644
Operating profit	-12 613	-8 198	-5 893
Operating profit -%	-16,6 %	-10,2 %	-6,9 %
Operative EBITDA (excl. non-recurring items)	400	0	2 722
Non-recurring items	-2 950	-3 073	-5 000
Earnings per share	-0,89	-0,73	-0,94
Return on equity	-77,5 %	-38,0 %	-28,3 %
Return on investment	-26,8 %	-13,0 %	-8,2 %
Equity ratio	18,9 %	34,7 %	34,6 %
Gearing	208,5 %	85,6 %	105,0 %
Total assets	66 013	75 994	87 925
Employee benefits expense	20 544	22 085	19 876
Average number of employees	591	730	680

More about the key figures are available in the notes to the Financial Statement.

REVENUE DEVELOPMENT OF THE GROUP

Tiimari's revenue fell by 6% to EUR 75.8 million (80.6). Gross operating margin before non-recurring times was EUR 0.4 million (0.0). The operating profit of EUR -2.6 million (-3.1) contained non-recurring expenses of EUR 3.0 million (3.1). (Refer to the breakdown in the key figures of the Group.)

Net financing expenses were EUR 2.2 million (3.1). The actual strengthening of the equity structure and the decline in the general interest rate at the end of 2009 decreased the interest expenses, but additional costs were incurred due to the reorganization of financing during the financial period.

Taxes for the financial period were EUR 0.2 million (0.5), mainly due to the reduction of deferred tax liabilities related to purchasing price allocations.

The results for the financial period were EUR -14.7 million (-10.8)

Earnings per share in the financial period was EUR -0.89 (-0.73).

Profit improvement program

Discontinuing unprofitable business activities with negative cash flows played a pivotal role in the profit improvement program in 2010. The focus of the operational development was on improving the efficiency of shop activities and cost structures.

On the basis of the earnings improvement program and the rationalization of activities we have slimmed down our cost structure quite significantly and nearly doubled the turnover of our inventory. The cost savings from the earnings improvement program were carried out in accordance with our plans and the level of inventory was lower than year before.

Tiimari's annual profit improved from previous year, but was lower than we expected due to weaker Christmas sales than in the previous year. Some 60% of the decline in the last quarter decreased the margin, weakened the operating profit correspondingly and significantly cut down on the positive effect which we had gleaned from making the cost structure more efficient.

Another important factor in setting growth on the right track is the development of our product range. We will endeavor to return our product offering closer to Tiimari's roots. Tiimari brand has continued in parallel with effecting the changes We strongly believe that the results of the launch of the new product range will soon become evident in the development of customer visits and sales growth.

SEGMENTS

The Group is comprised of two business segments: Tiimari and Gallerix. The Tiimari segment consists of shops in line with the Tiimari retail shop concept with purchasing, logistics and marketing support functions in Finland and the Baltic states. The Gallerix segment consists of franchising operations in line with the Gallerix retail shop concept and its own shops in Sweden. The figures reported from the business segments also include income statement and balance sheet items caused by the purchase of the companies, that is to say, the depreciation related to historical cost conventions, intangible assets and goodwill.

Tiimari

The revenue for the Tiimari segment fell by 7.4% to EUR 61.9 million (66.9). Revenue development deteriorated especially in Finland and the Baltic states. Tiimari completed its withdrawal from markets outside Finland and the Baltic states. The gross margin was EUR -1.3 million (-0.4). The gross margin was weakened by the sales campaigns aimed at cutting down the product range. Tiimari has focused on a renewal of its product offering.

An impairment of EUR 6.9 million was recorded in Tiimari's goodwill in the last quarter of 2010.

Like for like sales of Tiimari's operations in Finland in 2010 was EUR 58.3 million EUR (59.6) and index was 97.9.

At the close of the financial period, Tiimari had 186 shops (209) and the average number during the financial period was 187 (207).

Number of shops during the financial period	12/2010	12/2009
Finland	167	171
Estonia	13	16
Latvia	4	4
Lithuania	2	2
Norway	0	0
Poland	0	10
Russia	0	0
Sweden	0	6
Total shops (own)	186	209

Investments during the financial period were EUR 0.6 million (1.1). The investments were mainly focused on the inventory system and logistics development.

The average number of employees in the segment during the financial period was 553 (648). The figure is calculated on the basis of normal working hours.

Gallerix

Gallerix's turnover totaled EUR 13.9 million (13.4). With unchanged currency rates Gallerix's revenue declined 0.4%. The gross margin grew to EUR 0.1 million (-0.5).

The average number of employees in the segment during the financial period was 36 (61).

Others

The other segment comprises Group Management. The segment revenue was EUR 0.4 million (1.0) and the operating profit EUR -1.5 million (-2.5). The number of staff at the end of the period under review was 2 (2), the average number during the financial period was 2 (10). The capital expenditure of the segment was EUR 0.0 million (0.0).

FINANCING

The Group's net working capital decreased to EUR -1.6 million (0.3).

The inventory level declined by EUR 0.6 million to EUR 14.4 million (15.0). Short-term receivables totaled EUR 4.1 million (3.4) up by EUR 0.7 million. Short-term non-interest bearing liabilities totaled EUR 20.1 million (18.1). Long-term assets totaled EUR 45.8 million (54.5). The decline in long-term assets is accounted for by an impairment of EUR 6.9 million in the Tiimari goodwill.

STANDSTILL AGREEMENT

In accordance with the Standstill agreement, checking account limits amounting to EUR 7.5 million were in use at the end of the year, as opposed to the previous year. In the Financial Statement, these would amount to EUR 3.4 million gross in assets and in short-term loans to EUR 7.5 million. These items are expressed in net sums in the Financial Statement so that the liquid assets show zero and the short-term loans, EUR 4.1 million.

In accordance with the Standstill agreement, EUR 2.5 million of the EUR 3.0 million capital loan would be assigned to the long-term interest-bearing outside capital and the rest EUR 0.5 million imputed to the equity. In the Financial Statement, the items are not entered in the balance sheet. These items have been recorded as an event after the financial year.

FINANCING SITUATION

The long-term interest-bearing outside capital decreased by EUR 6.3 million to EUR 15.9 million (22.2).

The equity ratio was 18.9% (34.7) and the net gearing, 208.5%.

The amount of interest bearing liabilities at the end of the financial period was EUR 26.0 million (22.6). Of these, EUR 15.9 million (22.2) were long-term. The total amount of capital loans was EUR 4.7 (4.7). Cash and bank totaled EUR 1.6 million (3.0) at the end of the financial period. The decrease in cash and bank is accounted for by the fact the total available checking account limit in accordance with the Standstill agreement is not entered in them. The cash available amounts to EUR 3.4 million more than recorded in the balance sheet.

The net operating cash flow was EUR -2.5 million (3.8) and cash flow from investment activities was EUR -0.9 million (-0.8). Investments in tangible assets were EUR 0.8 million (1.3) and business acquisitions were EUR 0.0 million (0.0). Sales of fixed assets totaled EUR 0.1 million (0.5).

The debt financing includes loan covenants governing the company's financial position, cash flow, EBITDA, and capital expenditure levels. EBITDA requirements are monitored on a quarterly basis. Those financing the interest-bearing outside capital and the company concluded a so-called Standstill agreement on the 30th of December 2010 which is in force until the 30th of December 2011, during which time the covenants of the loan do not apply.

The Group operations are characterized by seasonality and the first quarters of the financial period have usually been non-profitable, with the results and cash flow accumulating mostly during the last quarter. Therefore, the financial position is still strained and to balance this, a significant increase in operational profitability compared to 2010 is required.

Considering the financing situation and the company's financial position, the Board decided to propose to the Annual General Meeting that no dividend be paid for 2010.

PERSONNEL

The average number of personnel in the Group during the period under review was 591 (730) and, at the end of the period under review, 667 (894). Of these 556 (704) were in Finland. The Group employs, as is typical of its operations, a large number of part-time employees. In addition to its permanent employees, in Finland temporary employees have been used due to the seasonality of operations and during holiday periods.

CHANGES IN MANAGEMENT

Veijo Heinonen, MSc in Economics, was nominated as the Business Manager for Tiimari on 16th March.

Kai Järvikare, PhD in Economics, took up the position of Tiimari's CFO on 26th July 2010.

Memme Ilmakunnas began work as Tiimari's Purchasing Director 23rd August 2010.

Markku Breider, the Director for Shop Operations, and Anne Söderholm, Director for Marketing, and Jaakko Syrjänen, Director for Development, terminated their employment with the company during the reorganization of the Group management.

Maija Elenius, Financial Manager, left to pursue her own business interests and Anna Seppälä, Director of Logistics, started her maternity leave.

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CORPORATE GOVERNANCE

Tiimari complies with the Corporate Governance Code for Finnish listed companies of the Securities Market Association. A separate report on the Corporate Governance is available at the Group web site www.tiimari.com.

Tiimari also complies with the guidelines on insiders published by Nasdaq OMX Helsinki Plc and the standards of the Financial Supervisory Authority.

BUSINESS RELATED RISKS AND UNCERTAINTIES

The Group's revenue and results development is affected by several uncertainties related to the business operations. The main risks relate to the following factors:

- the financial situation is tight, which may give rise to business continuity risks
- the costs associated for acquiring capital are difficult to predict
- the measures taken to increase financial flexibility as announced on 30.12.2011 consists of elements whose realization is difficult to anticipate
- the development of general consumer demand and its deterioration especially in Finland and Sweden
- the actual sales can greatly differ from the forecast as well as success in operational development and profitability improvement in the activities initiated: renewal of product offering and elimination of non-profitable operations
- the periodization accumulating the seasonal operative cash flow and its impact on the financial position, loan covenants as well as the predictability of both cash flow and results
- the development of foreign exchange rates for goods purchased outside the euro currency area and the gross margin received on these goods
- the choice of business premises in the long-term
- the availability of seasonal products and the functionality of the supply chain
- the general development of salaries, rents and transport expenses
- the valuation of goodwill and the Tiimari and Gallerix brands
- general changes in interest rates

The Company is involved as a defendant and a plaintiff in certain ongoing property and rental agreement-related disputes as well as in one other contract termination related dispute. The Financial Statement does not include any significant reservations for these because according to the management's assessment the Company does not have any compensation liabilities. Nor have the claims presented by the Company have been recognized in the Financial Statement.

THE ENVIRONMENT

The Tiimari Group does not have any manufacturing operations hence the operations are not subject to any significant environmental risks or impacts. The environmental impact of the supply chain is minimized by optimizing delivery rates from external suppliers as well as to the company's own shops. The costs related to managing and minimizing environmental risks are related to standard business operations and are therefore not monitored separately.

SHARES

Tiimari's share capital at the end of the review period was EUR 7,686,200. The number of shares and votes assigned to them was 16,474,755. Further information on shares and share ownership is reported in the notes of the parent company's Financial Statement.

The Extraordinary General Meeting 19th October 2009 authorized the Board to decide on a maximum issue of a 4,000,000 shares and/or releasing special rights entitled to shares in accordance with Chapter 10 §1 of the Finnish Companies Act in one or several installments. The authorization is valid until 30th April 2013. The Board used the authorization 30th December 2010 after issuing a convertible capital loan of three million whereby the number of company shares can, as a result of the conversion of loan installments, increase with a maximum of 3,125,000 new shares.

CONVERTIBLE CAPITAL LOAN 2009

In accordance with the decision taken by the Extraordinary General Meeting 19th October 2009, the Company issued a convertible capital loan. The loan amount was EUR 4,980,000. The loan was divided into EUR 60,000 loan obligations, its issue price was 100%, interest rate 8% per annum and the loan is convertible at an approximate conversion rate of EUR 1.4746. The number of company shares can, as a result of the conversion of the loan obligations, increase by a maximum of 3,377,173 new shares.

The conversion rate is the weighted average price of the share traded on Nasdaq OMX Helsinki Plc during between 22nd September and 7th October 2009, increased by five percent. The year-end accumulated interest of the loan will be paid from the distributable funds of Tiimari Plc after the confirmation of the Financial Statement on 31st March. No part of the loan has been converted into shares during the financial period.

CONVERTIBLE CAPITAL LOAN 2011

Tiimari's Board of Directors decided, on account of the authorization granted by the Extraordinary General Meeting 30th December 2010, to launch a three-million convertible capital loan. The amount of the loan is EUR 3,000,000 and the entire sum has a subscription guarantee. The loan was divided into EUR 25,000 obligations, its issue price was 100%, interest rate 9% and the loan is convertible at an approximate conversion rate of EUR 0.96. The number of company shares can, as a result of the conversion of the loan obligations, increase by a maximum of 3,125,000 new shares.

OPTION ARRANGEMENTS

On 24th April 2009, the Board issued the total of 480,000 option rights to the new Board members chosen at the Annual General Meeting and the newly appointed Managing Director to commit them to the company and as incentives. The option rights are divided into five series and their exercise period is split between 1st June 2009 and 30th April 2014. The issue prices are series-specific and range from EUR 1.35 to 1.84. No options were exercised during the financial period.

OWN SHARES

The Board does not have authorization to acquire or sell own shares.

SHARE PRICES

Tiimari's share is listed on Nasdaq OMX Helsinki Ltd small cap list. Tiimari's share price at the end of the financial period was EUR 0.88 (on 31st December 2009 it was EUR 1.29). The market value was EUR 14.5 million (on 31st December 2009 it was 21.3). The number of shareholders at the end of the financial period was 2,780 (2,818). Other information related to shares, shareholders and share ownership can be found in the notes to the parent company's Financial Statement.

CHANGES IN OWNERSHIP

During the financial period the Company was informed of the following changes in the share ownership of share - holders:

- Virala Ltd (group, theoretical maximum number) 3/10 and (may exceed the limit should Virala Ltd be allocated loan installments from the convertible capital loan issued 30th December 2010 to the maximum number in accordance with the subscription commitments and if Virala Ltd later convert all the loan installments from the capital loans issued by Tiimari Plc.)

ANNUAL GENERAL MEETING 30th March 2010 (stock exchange release 30th March 2010, www.tiimari.com)

The Annual General Meeting of Tiimari Plc, held today, confirmed the Financial Statement for 2009 and discharged the Board and the CEO from liability. In accordance with the Board's proposal, the General Meeting decided that the loss for the period of EUR -12,565,636.92 be recorded in retained earnings and that no dividend be paid.

It was decided that the Board include six members. Hannu Ryöppönen, Sven-Olof Kulldorff, Juha Mikkonen, Markku Pelkonen, Alexander Rosenlew and Sissi Silvàn, as a new member, were elected to the Board.

It was decided that the members of the Board shall receive the following remunerations:

- the chairman of the Board will receive EUR 2,400 a month
- the vice chairman of the Board will receive EUR 1,800 a month
- other members of the Board will receive EUR 1,200 a month
- for the meetings of the Board committees, a separate sum of EUR 100 per meeting shall be paid

Travel and accommodation costs are paid in accordance with the Company's expenses remuneration policies.

KPMG Ltd was elected as the Group Auditor, who named Sixten Nyman, APA, as the auditor with the primary responsibility. It was decided that the auditor's remuneration be paid against his reasonable invoice.

The General Meeting authorized the Board to decide on the acquisition of a maximum of 500,000 own shares. The shares can be acquired using free equity in a proportion other than the share holders' proportion of ownership in a public trading arranged by NASDAQ OMX Helsinki Ltd at a market price. Shares can be acquired for the purpose of developing the Company's capital structure, for financing acquisitions or other arrangements needed to develop the Company's business activities, for financing investments, for executing commitment and incentive systems of the personnel, or for otherwise retaining, transferring on or canceling them in a manner and to the extent to be determined by the Board.

The General Meeting, in accordance with the Board's proposal, decided to change section 9 in the company's Articles of Association so that it would comply with requirements of the Finnish Companies Act on the schedule for sending invitations to a General Meeting. The invitation to a General Meeting must be sent at least three weeks prior to the meeting and nine days prior to the date of record of the General Meeting.

THE BOARD AND BOARD COMMITTEES (stock exchange release 30th March 2010, www.tiimari.com)

The Board elected Hannu Ryöppönen as its chairman and Juha Mikkonen as vice chairman. Hannu Ryöppönen was elected chairman of the Appointment and Remuneration Committee of the Board and Alexander Rosenlew and Juha Mikkonen were elected members of this committee. Juha Mikkonen was elected chairman of the Audit Committee and Hannu Ryöppönen and Sissi Silvàn were elected members.

EVENTS AFTER THE PERIOD UNDER REVIEW

The convertible capital loan of three million, issued by Tiimari Plc on 20th December 2010, was oversubscribed during the subscription period which ended on 31st January 2011. As a result of the oversubscription, the subscription of Virala Oy Ab, which had given a subscription guarantee to the Company, was cut according to the subscription guarantee terms so that in the final allocation, Virala Oy Ab was allocated the total of EUR 1.9 million of the loan, others who had given subscription guarantees, a total of EUR 0.85 million, and other subscribers, EUR 0.25 million.

THE ANNUAL GENERAL MEETING 2011

Tiimari Plc's Annual General Meeting will be held at the Radisson Blue Seaside Hotel, Ruoholahdenranta 3, Helsinki, on the 30th of March 2011 starting at 1.00 pm.

BOARD’S PROPOSAL TO THE ANNUAL GENERAL MEETING

At the end of the financial period the parent company distributable shareholder’s equity was EUR 4,502,066.86 (15,480,231.76).

The Board proposes to the Annual General Meeting that the loss for the period 2010 of EUR -10,978,164.90 be left as retained earnings and that no dividend be paid.

OUTLOOK

We estimate that the growth in national economies will support moderate growth for the whole retail sector in 2011, particularly in Sweden, but, with some delay, also in Finland and later on in the Baltic states. The customer activity of Gallerix in Sweden grew in the course of the year 2010 in particular.

We estimate that during 2011, the declining trend in Tiimari’s turnover, reported on a monthly basis, will cease and that Tiimari’s operating profit for the entire year 2011 will be positive. The turnover of Gallerix is estimated to grow and its operating profit is anticipated to be positive and better than in 2010.

As announced in release on 30 December 2010 about the Standstill Agreement the company identifies during the first half of 2011 structural and financial options to strengthen its balance sheet, and these solutions may have a significant impact on performance throughout the year.

Tiimari Plc
The Board of Directors

Tiimari Group Annual Report 2010, IFRS

CONSOLIDATED INCOME STATEMENT

eur 1 000

	2010	2009	note
REVENUE	75 797	80 623	2
Material and services	-31 963	-35 083	
Gross margin	43 834	45 540	
Gross margin-%	57,8 %	56,5 %	
Other operating income	961	1 833	3
Employee benefits expense	-20 544	-22 085	4
Depreciation and amortisation	-3 124	-3 635	5
Impairment, non-current assets		-614	5
Impairment loss on goodwill	-6 918	-882	5/9
Other operating expenses	-26 822	-28 354	3
OPERATING PROFIT	-12 613	-8 198	
Financing income	266	50	6
Financing expenses	-2 499	-3 186	6
PROFIT/LOSS BEFORE TAX	-14 845	-11 334	
Tax on income from operations	192	544	7
PROFIT/LOSS FOR THE PERIOD	-14 653	-10 790	
Profit / loss for the period attributable to:			
Shareholders' of the parent	-14 653	-10 790	
Earnings per share calculated on profit attributable to equity holders of the parent:			
EPS undiluted and diluted (EUR)	-0,89	-0,73	8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
NET INCOME FOR THE PERIOD	-14 653	-10 790
Translation diffrences	656	282
Comprehensive income for the period net of tax	-13 997	-10 508
Comprehensive income for the period attributable to:		
Equity holders of the parent company	-13 997	-10 508

The notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET	31.12.2010	31.12.2009	note
eur 1 000			
ASSETS			
Intangible assets	15 496	16 876	9
Goodwill	25 877	32 525	9
Property, plan, equipment	4 275	4 904	10
Financial assets			
Available-for-sale investments	104	104	11
Long-term Receivables	5	5	12
Non-current trade and other receivables		30	12
Deferred tax asset	29	29	13
NON-CURRENT ASSETS	45 785	54 472	
CURRENT ASSETS			
Inventories	14 435	15 044	14
Trade receivables and other recivables	4 133	3 395	15
Tax Receivable, income tax	35	59	15
Cash and bank	1 626	3 024	16
CURRENT ASSETS	20 229	21 523	
		0	
ASSETS	66 013	75 994	
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7 686	7 686	17
Fair value reserve and other reserves	23 011	23 011	17
Translation differences	-7	-663	
Retained earnings	-18 229	-3 667	
Equity attributable to equity holders of the parent	12 461	26 366	
LONG-TERM LIABILITIES			
Deferred tax liability	5 740	5 834	13
Long-term liabilities, interest-bearing	15 859	22 203	19
Non-current provisions	31	31	20
NON-CURRENT LIABILITIES	21 630	28 067	
CURRENT LIABILITIES			
Short-term interest-bearing liabilities	11 743	3 398	19
Trade Payables and Other Liabilities	20 119	18 103	21
Tax liability, income tax	61	60	21
CURRENT LIABILITIES	31 923	21 561	
TOTAL EQUITY AND LIABILITIES	66 013	75 994	

The notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
eur 1 000

	2010	2009	notes
Cash flow from operations			
Profit/loss for financial period	-14 653	-10 790	
Adjustments:			
Depreciation and impairment	10 043	5 131	
Gain (+) and loss (-) on sale of fixed assets	7	-542	
Financial income and expenses	2 247	3 135	
Taxes	-192	-544	
Other adjustments	77	-86	
Change in working capital:			
Change in inventories	834	8 476	
Change in short-term receivables	472	772	
Change in short term liabilities	501	1 002	
Interest paid	-1 018	-2 191	
Interest income received	13	22	
Other financing expenses paid	-782	-706	
Taxes paid	-8	85	
Net cash flow from operations	-2 459	3 764	
Cash flow from investment activities			
Investments in tangible and intangible assets	-665	-1 251	
Capital gains from tangible and intangible assets	2	520	
Repayment of loan receivables	-202	-52	
Income on sale of investments	1	1	
Net cash flow from investments	-864	-782	
Cash flow from financing activities			
Proceeds from share issue		6 089	
Long-term loans, increase		8 480	
Long-term loans, decrease		-1 000	
Short-term loans, net change	2 133	-15 342	
Payment of lease liabilities	-241	-421	
Net cash flow from financing	1 892	-2 193	
Change in liquid assets	**-1 431**	**789**	
Liquid assets 1.1	3 024	2 188	
Effect of exchange rate changes on liquid assets	34	48	
Liquid assets 31.12	1 626	3 024	16

The notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS
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				282	-10 790	-10 508
Annulment of own shares			55		-55	0
Share based payments					41	41
Share issue		6 089				6 089
Equity portion of convertible capital loan					292	292
Other items					9	9
Equity on 31.12.2009	**7 686**	**23 011**	**0**	**-663**	**-3 667**	**26 366**
Shareholders' equity 1.1.2010	**7 686**	**23 011**	**0**	**-663**	**-3 667**	**26 366**
Comprehensive income for the period				656	-14 653	-13 997
Share based payments					41	41
Other items					50	50
Equity on 31.12.2010	**7 686**	**23 011**	**0**	**-7**	**-18 229**	**12 461**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

1. Principal accounting policies

GENERAL INFORMATION ON THE COMPANY

Tiimari Oyj Group ("Group") is a company specialising in the retail trade of gift and home decoration items and arts and crafts supplies. The Group has stores in Finland, Sweden and Baltic countries. The Group's parent company Tiimari Plc is a Finnish public limited company operating under the laws of Finland. The company's domicile is Helsinki and the registrant address is Tasetie 8, FI-01510 VANTAA, Finland.

A copy of the Consolidated Financial Statements can be obtained from the parent company's head office at the address mentioned above or at the company's website at www.tiimari.com.

At the meeting held on 3rd March 2011, the Tiimari Plc Board of Directors approved the financial statements for publication. According to the Finnish Companies Act, the shareholders are entitled to approve or reject the financial statements at the Annual General Meeting following the publication.

BASIS OF PREPARATION

The Consolidated Financial Statements of Tiimari Plc have been prepared in accordance with International Financial Reporting Standards (IFRS).

Observing the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as of 31 December 2010. In the Finnish Accounting Act and the provisions laid down pursuant to the Act, International Financial Reporting Standards refer to the standards approved for use in the EU in accordance with the procedures laid down in the IAS Regulation (Regulation (EC) No 1606/2002 and the interpretations of these standards. The notes to the Consolidated Financial Statements also conform to the Finnish Accounting and Company legislation supplementing the IFRS standards.

Financial statement data are presented in thousands of euros and based on original acquisition costs unless otherwise stated in the accounting principles outlined below. All figures presented in the report are rounded up. That is why the sums of individual figures may deviate from what they really are.

As of 1st January 2010, the Group has applied the following new and revised standards and interpretations:

REVISED IFRS 3 BUSINESS COMBINATIONS

The revised standards affect the amount of goodwill recognized on an acquisition, as well as the gains on disposal of businesses. Expenses from acquisitions, e.g., expert fees, are classified in the profits and losses in accordance with the IFS 3 standard as an item having an impact on the results. The conditional purchase price is recognized at its market value and its later change is recorded as an item with an impact on the results. The share of owners with no voting rights can be recognized per acquisition either at their market value or as a relative share of the net assets of the acquisition.

AMENDED IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The amended standards impact the accounting of progressive acquisitions and progressive divestments. If the parent company retains the control of a subsidiary, changes in the ownership interest in a subsidiary are recognized directly within Group’s equity, and no goodwill or gains or losses to be recorded in the results are generated. If the control of the subsidiary is lost, the possible remaining investment is recognized at its market value with an impact on the result.

AMENDED IFRS 2 SHARE-BASED PAYMENT

The amendment clarifies the scope of IFS 2 application: An entity which receives products or services must abide by the IFRS 2 standard even if the company did not have an obligation to make necessary cash-settled share-based payment transactions.

IMPROVEMENTS MADE TO THE IFRS STANDARDS - COLLECTION OF STANDARD AMENDMENTS (APRIL 2009)

The standards amendment collection in *Improvements Made to the Standards* (April 2009) has had an impact on the segment reports so that the segments' assets are not reported in the notes. Additionally, the amendments specify further how the additional purchase price of an acquisition executed during the validity of the old IFRS 3 standard is to be treated, according to which the Group has entered the additional purchase price against the goodwill.

The other new or revised standards or amended interpretations thereof were not deemed relevant as far as the Group is concerned.

DISCONTINUED OPERATIONS

There were no discontinued operations in the Tiimari Group during the financial year 2010. The comparative figures of financial year 2009 include discontinued operations.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND MAIN UNCERTAINTY FACTORS RELATING TO ESTIMATES

The preparation of financial statements requires the use estimates and assumptions, and the actual outcomes may differ from the estimates and assumptions made. In addition, discretion must be exercised in applying the accounting principles of the financial statements. The estimates made are based on management's best current judgement. Changes in estimates and assumptions are recognised in the period in which the changes occur as well as in all subsequent periods.

In the Tiimari Plc Group, key future assumptions and such critical uncertainties relating to estimates of the closing date pertain to the determination of the fair value of assets and liabilities of entities acquired through mergers, the acquisition cost allocation for assets not recognised in the balance sheet as well as to the impairment testing of intangible assets with indefinite useful lives. Valuation of inventories requires estimations and discretion particularly with respect to obsolescence. Due to the related uncertainties, no deferred tax assets were recognised for tax losses carried forward.

GOING GONCERN

The Group's Financial Statement was prepared according to the going concern principle with the assumption that the operations of the company will continue for 12 months. Furthermore, the principle presupposes that the company is able to execute the realization of assets and the payment of loans through its ordinary business activities. Tiimari's economic situation is challenging. The going concern principle is based on the business operations plan approved by the Board of Directors and on the new financing plan. The company has adopted measures to identify structural and financing options to strengthen its balance sheet on an accelerated schedule as was announced in connection of the publication of the Standstill agreement on the 30th of December 2010.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of the parent company and all its subsidiaries. Subsidiaries are companies over which the parent company exercises control. The ability to exercise control will arise when the parent company has direct or indirect right to determine the financial and operating principles of the undertaking in order to benefit from its operations. Acquired subsidiaries are consolidated from the date of acquisition until the date said control expires. Acquired companies are included in the financial statements using the acquisition cost method.

Intra-Group transactions, internal receivables and liabilities, unrealised margins on internal deliveries as well as the Group's internal distribution of profit are eliminated.

Consolidated Financial Statement data are presented in euros, the functional and presentation currency of the parent company.

FOREIGN-CURRENCY DENOMINATED TRANSACTIONS

Transactions in foreign currencies are recognised at the rates of the exchange at the date of transaction. Financial assets and liabilities in foreign currency are converted to euros using exchange rates at the closing date. Non-financial assets and liabilities in foreign currency valued at original acquisition cost are translated using the exchange rates at the date of transaction. Exchange rate profits and losses are recognised in the Profit and Loss Account.

The foreign-currency denominated balance sheets of subsidiaries are converted to euros using the exchange rate at the closing date and the Profit and Loss Accounts using the mid-market rate for the financial period. Exchange rate differences resulting from the translation of Profit and Loss Account and Balance Sheet items using different exchange rates are recognised as a separate item in shareholders' equity. When a subsidiary is sold, the accumulated translation difference from net investments is recognised in the Profit and Loss Account as part of the gain or loss on the sale. Goodwill and fair value adjustment of assets and liabilities arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated into euros at the closing rate.

FINANCIAL ASSETS AND LIABILITIES

Pursuant to IAS 39, the Group's financial assets are classified into the following categories: investments available for sale and liabilities and other receivables. The categorisation of financial assets takes place in connection with the original acquisition and is made on the basis of the purpose for which the financial assets were acquired. All purchases and sales of financial assets are recognised on the trade date.

Derecognition of financial assets takes place when the Group has lost a contractual right to receive the cash flows or when it has substantially transferred all the risks and rewards of ownership of the asset outside the Group.

Financial assets booked at fair value are assets, which have been acquired to be held for trading or that are classified at the initial booking to be booked at fair value. Tiimari did not have these kind of assets during the financial periods of 2010 and 2009.

LIABILITIES AND OTHER RECEIVABLES

Liabilities and other receivables are financial assets not belonging to derivative assets which have arisen through the transfer of money, goods or services to debtors. Liabilities and other receivables are not quoted on an active market and their payments are fixed or quantifiable. Tiimari Group classifies e.g. trade receivables, other receivables and bank receivables in this group. Liabilities and other receivables are valued at amortised cost. An impairment loss is recognised on receivables when there is objective evidence that the counterparty is unable to fulfil its obligations. Depending on their maturity, liabilities and other receivables are included in current or non-current assets.

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise a category which includes unquoted shares and other interest-bearing current investments. Unquoted shares are valued at fair value. If the fair value cannot be reliably determined, unquoted shares are recognised at acquisition cost or the lower attributable value. Unrealised profits and losses resulting from variations in the fair value are recognised directly in the shareholders' equity in the fair value reserve net of the related tax effect. Fair value changes are transferred from shareholders' equity to the Profit and Loss Account when investments are sold or when the impairment of the investment leads to the recognition of an impairment loss. Available-for-sale investments are included in non-current assets, except if the intent is to keep them for less than 12 months from the closing date.

LIQUID ASSETS

Liquid assets consist of cash in hand, bank deposits and other highly liquid current investments. Other liquid assets comprise short-term deposits, to which no value changing risk is attached and which time to maturity is no more than three months from the end of the financial period.

FINANCIAL LIABILITIES

In accordance with IAS 39, the Group's financial liabilities fall under financial liabilities to be valued at amortised cost and they consist of financial institution loans, accounts payable and other financial liabilities. Financial liabilities are initially recognised at fair value on the basis of the original consideration received. Transaction costs are included in the original carrying value of the financial liabilities and valued at the settlement date using the effective interest rate method. Depending on their maturity, financial liabilities are recognised as current or non-current items. In addition, any loan conditions and their impact shall be taken into account in classifying the liabilities as current or non-current items.

DERIVATIVE CONTRACTS AND HEDGING ACTIVITIES

The Group did not use any derivative instruments at the end of financial year of 2010 or 2009. During fiscal year 2010 has been in use for hedging existing forward contracts.

NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets available for sale, groups of assets being disposed of as well as liabilities related to the available-for-sale assets are classified as available for sale and measured at carrying value or at the lower of their fair value less costs to sell if the amount corresponding to the carrying value will be recovered mostly through disposal instead of continuous use. In this case the sale must be very probable and the asset must be available for immediate sale. Depreciation of these assets is discontinued upon classification. The Group did not have any non-current assets available for sale at the end of financial periods of 2010 and 2009.

A discontinued operation is a component of an entity that represents a separate major line of business or geographical area of operations which is planned to dispose of, or a subsidiary acquired exclusively with a view to resale. The earnings of a discontinued operation are presented as a separate line item in the Consolidated Financial Statement. The Group did not have discontinued operations during the financial period of 2010. The comparative figures of financial period 2009 include discontinued operations.

PRINCIPLES OF REVENUE RECOGNITION

Revenue from the sale of goods is recognised when the transfer of goods takes place. The ownership of the goods is then transferred to the buyer and the goods are no longer controlled by the Group. The significant risks and rewards of owning the goods have thus also been transferred to the customer. The net sales include trading revenue adjusted with indirect taxes, discounts and exchange rate differences on sales in foreign currency, as well as franchise payments from franchise retailers that is proportional to the respective net sales and e.g. lease payments charged of the tenants.

INCOME TAXES

The Group's tax expenses for the period are based on the taxable income for the period and deferred tax. The income tax includes the Group companies' taxes for the period in accordance with the tax rate valid in each country, adjusted by any taxes associated with previous periods. Tax effects of items recorded directly in shareholders' equity are also allocated directly to equity.

Deferred taxes are calculated using enacted tax rates. Deferred tax assets and liabilities are calculated on all temporary differences between the carrying value and the taxable value. Deferred tax assets are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at original acquisition cost less accumulated depreciation and impairment. Tangible fixed assets are depreciated over their estimated useful lives. Estimated useful lives of various assets are:

Buildings and structures	10–40 years
Machinery and equipment	4–10 years
Other tangible assets	4–10 years

The tangible assets of Tiimari Group consist mainly of store equipment and investment in store premises. The Group does not usually own the business premises used.

The useful life and residual value of assets are reviewed upon each closing of the accounts and adjusted if necessary to reflect changes in the expected economic benefit. Gains and losses on disposals and transfers of assets are entered in the Profit and Loss Account under other operating income or other operating expenses.
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INTANGIBLE ASSETS

GOODWILL

Business combinations are entered in the financial statements using the acquisition cost method. Accordingly, the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company at the time of acquisition is recognised in the balance sheet. The net identifiable assets include the acquired assets, liabilities and contingent liabilities.

The acquisition cost consists of the purchase price measured at fair value plus any costs directly attributable to the business combination. Goodwill is valued at acquisition cost less possible impairments.

The relief permitted by the IFRS 1 standard has been applied to business combinations that took place before the IFRS transition date. According to the relief, acquisitions made before the IFRS transition date are not adjusted and the carrying amount compliant with the earlier accounting standards is used as deemed cost of acquisition.

OTHER INTANGIBLE ASSETS

Other intangible assets include the Tiimari trademark, Gallerix trademark, supplier relations, franchise agreements, patents, copyrights, licences and software.

In accordance with the effective practice in some countries, the previous owner or previous lessee of business premises leased out for retail purposes is compensated for abandoning and transferring certain rights to the Tiimari Plc Group. The compensation is recognised in intangible assets at cost, less accumulated depreciation and impairment. The useful life of assets is based on the term of the lease agreement or on management's estimate on the period of utilisation of the tenancy right.

Because the estimated economic useful life of the trademarks entered in the Consolidated Balance Sheet is indefinite, no scheduled depreciation or amortisation is charged on them but they are tested annually for impairment.

Other intangible assets are recognised at acquisition cost less depreciation and impairment. Other intangible assets are depreciated over their estimated economic useful life. Estimated useful lives of various assets are:

Franchising agreements	8 years
Supplier relations	4 years
Intangible rights	5 years
Other intangible assets	5–10 years

LEASE AGREEMENTS

The Group as the lessee

The Group leases out machines and equipment as well as software under various finance lease agreements and other lease agreements. Lease agreements where substantially all the risks and rewards of ownership are transferred to the Group are classified as finance lease agreements.

Assets related to finance lease agreements are entered into the balance sheet at fair value or at a lower estimated present value of minimum lease payments. Lease payments are allocated between the principal component and the interest expense so as to achieve a constant interest rate on the finance balance outstanding. Lease obligations are included in interest-bearing non-current and current liabilities. The assets acquired under a finance lease agreement are depreciated over the assets' economic useful life or the shorter lease term.

Leases payable under other lease agreements are expensed in the Profit and Loss Account on a straight-line basis over the lease period.

The Group as the lessor

Leases of Group assets where a significant part of the risks and rewards of ownership have been transferred to the lessee are classified as finance lease agreements. If the risks and rewards have not been transferred, the agreements are treated as other lease agreements. Lease agreements where the Group is the lessor are treated as other leases and the respective assets are included in tangible fixed assets in the balance sheet. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term.

IMPAIRMENT

The Group reviews the asset items for any indication of impairment losses on every closing date. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is also assessed annually for goodwill and intangible assets with an indefinite useful life. Impairment is reviewed at the level of cash generating units of the Group, which are Tiimari and Gallerix.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The impairment loss is reversed if there is a positive change in the circumstances that were used for estimating the recoverable amount of an asset item or a cash-generating unit. The impairment loss is not reversed by more than the carrying amount of the asset would be without the recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed under any circumstances.

INVENTORIES

Inventories are valued at acquisition cost or a lower net realisable value. The acquisition of cost of inventories is determined by the first-in first-out basis (FIFO). The acquisition cost of finished and unfinished products comprises raw materials, direct expenses due to work performed, other direct expenses as well as an appropriate proportion of the variable and fixed production overheads at the normal utilised capacity.

Net realisable value refers to estimated sales price available through normal business operations, deducted by estimated indispensable costs of realising the sale.

The Group applies a staggered amortisation practice, whereby 25% of the acquisition cost of products older than 30 months, another 25% of products that are 36 months old and the remaining 50% of the original acquisition cost of products that are 42 months old are recognised as impairment losses.

TRADE RECEIVABLES

Trade receivables are valued at acquisition cost and impairment losses are recognised as an expense for doubtful receivables. The management of the company assesses the customer's ability to meet its financial obligations as well as the credit loss if it seems likely that the receivables cannot be collected in full.

PROVISIONS

Provisions are recognised when the Group has, due to a past event, a legal or constructive obligation and it is probable that a payment will be required to settle the obligation or the settlement will result in a financial loss, and when a reliable estimate of the amount can be made. Provisions relate to the restructuring of business operations, loss-making agreements, legal proceedings and tax risks.

EMPLOYEE BENEFITS

Defined contribution pension schemes

The pension schemes of the Group companies are classified as defined contribution pension schemes. Payments for these schemes are expensed in the Profit and Loss Account in the period in which the contribution is payable. In a defined contribution scheme, the Group makes fixed payments into the scheme. The Group has no legal or factual obligation to additional contributions should the pension scheme provider fail to pay the pension insurance benefits.

Share-based payments

The Group's stock option scheme grants options to key persons in accordance with the terms and conditions of the option scheme if certain performance criteria are met. The Group has one equity-settled option scheme. The options are measured at fair value at the grant date and expensed in the Profit and Loss Account on a straight-line basis over the vesting period, which equals to a qualifying period of three years of continuous employment for the scheme. The expense determined at the moment of granting the options is based on the Group's estimate of the number of options that is expected to vest at the end of the vesting period. The fair value is determined on the basis of the Black-Scholes pricing model for options. Changes in the estimates are recognised in the Profit and Loss Account. When the company pays dividend, the amount is deducted from the market price of the options.

TREASURY SHARES

Own shares are presented as deduction from equity. The company annulled all treasury shares during 2009.

DISTRIBUTION OF DIVIDEND

The dividend proposed by the Board of Directors to the Annual General Meeting is not recognised in the financial statements but recorded upon approval by the Annual General Meeting.

GROSS MARGIN

Gross margin is a net sum that is formed by deducting total purchases from the revenue adjusted by the change in inventory. The total purchases comprise the purchase price of goods to be sold including freight and haulage expenses, distribution expenses to shops, the rent expenses invoiced from the franchisees (included in the revenue), the adjustments for purchases and the change in inventory. The company management monitors gross margin and it is deemed an informative key figure.

OPERATING PROFIT

Operating profit is the net sum of operating income plus net sales less the purchase costs adjusted with the change in inventories less employee benefit costs, depreciation, impairment loss and other operating costs. Exchange differences are included in the operating profit provided that they originate in items related to normal business operations. Exchange differences related to financing activities are entered under financial income and expenses.

2. Segment information

The Group applies IFRS 8 Operating Segments standard from 1st January 2008. The Group has compliant to the standard defined business units, that will be reported as operating segments in the Group. The reported segments are Tiimari, Gallerix and Others. The Others group mainly comprises income and expenses for group management. The business units provide various services and are managed as separate units:

- Tiimari is a retail shop chain, which offers among others arts & crafts, interior design, school & office supplies; operation's product offering is very seasonal
- Gallerix is a retail shop chain specialising in frames, paintings and posters as well as gift wrapping and operates by the franchising principle. Gallerix also operates a few own shops.

The result assessment for the segments occurs via operating profit and EBITDA margin. In addition, gross margin is monitored. The assessment for the operating segments and resource allocation falls to the Board, as the highest operative decisionmaker and the Managing Director supported by the Management Board.

The assets and liabilities of the segments are items that are utilised by the segments in their business operations or that can within reason be allocated to the former. Unallocated items are financing expenses, income tax as well as joint expenses for the Group. The pricing of goods and services between the segments is based on fair market value.

The Group's accounting policies are complied within the segment's financial management and reporting and in the valuation of assets and liabilities the valuation and accounting policies referred to in the notes to the financial statements are complied with.

Operating segments 2010

	Tiimari	Gallerix	Other	Eliminations	Group
External revenue	61 889	13 904	5		75 797
Internal revenue	35	10	371	-416	
Revenue	61 924	13 914	376	-416	75 797
Gross margin	38 319	5 501	14		43 834
Depreciation	-2 239	-806	-79		-3 124
Impairments (goodwill)	-6 866	-52			-6 918
Operating profit	-10 435	-724	-1 455		-12 614
Financial expenses (net)			-2 233		-2 233
Profit before tax					-14 845
Capital expenditure	622	33	10		665
Total assets	54 667	9 421	300	1 626	66 013
Total liabilities	16 511	2 656	1 013		20 180
Financial liabilities				27 602	27 602
Other non-allocated liabilities				5 771	5 771
Total liabilities					53 553

Unallocated assets comprise mainly liquid assets

Operating segements 2009

	Tiimari	Gallerix	Other	Elimininations	Group
External revenue	66 880	13 233	510		80 623
Internal revenue	23	163	462	-648	
Revenue	66 902	13 396	972	-648	80 623
Gross margin	40 602	4 867		71	45 540
Depreciation	-2 616	-808	-211		-3 635
Impairments	-614				-614
Impairments (goodwill)	-882				-882
Operating profit	-4 544	-756	-2 897		-8 198
Financial expenses (net)			-3 136		-3 136
Profit before tax					-11 334
Capital expenditure	1 076	161	14		1 251
Total assets	63 119	8 842	1 010	3 023	75 994
Total liabilities	15 827	1 941	395		18 163
Financial liabilities				25 601	25 601
Other non-allocated liabilities				5 865	5 865
Total liabilities					49 628

Unallocated assets comprise mainly liquid assets

3. Other operating income and expenses	**2010**	**2009**
Other operating income		
Lease income		55
Gain on the sale of tangible assets	2	501
Other	960	1 277
Total	**962**	**1833**
Other operating expenses		
Lease expenses	-14 974	-16 106
Marketing expenses	-3 320	-3 645
Data communication expenses	-1 429	-1 505
Real estate expenses	-2 827	-2 676
Temporary staff recruitment	-1 112	-1 055
Administration expenses	-3 160	-3 367
Total	**-26 822**	**-28 354**
Auditors' fees		
KPMG Oy Ab		
Auditing fees	-123	-139
Advisory services	-16	-26
Tax councelling	0	0
Total	**-140**	**-165**

4. Employee benefit costs	**2010**	**2009**
Wages	-16 429	-17 608
Pension expenses – defined contribution schemes	-2 436	-2 632
Options granted and payable in shares		-77
	-41	-41
Other indirect employee costs	-1 638	-1 727
Total	**-20 544**	**-22 085**

Management's employee benefits are presented in the Note 27 Related party transactions.

The Group's average number of employees during the financial period		
Tiimari concept	553	651
Gallerix concept	36	66
Tiimari Plc	2	10
Total	**591**	**727**

5. Depreciation and impairment	**2010**	**2009**
Depreciation by asset group:		
Intangible assets	-1 961	-2 341
Total	**-1 961**	**-2 341**
Tangible fixed assets		
Buildings	0	-9
Machinery and equipment	-1 163	-1 284
Total	**-1 163**	**-1 293**

Impairment by asset group:		
Goodwill	-6918	-882
Total	**-6 918**	**-882**
Impairment loss on intangible assets		-427
Impairment loss on tangible fixed assets		-186
Total		**-614**

6. Financial income and expenses	**2010**	**2009**
Financial income		
Interest and other financial income from loans and other receivables	13	22
Exchange rate profits	253	28
Total	**266**	**50**
Financial expenses		
Interest expenses from financial liabilities valued at amortised cost	-2 109	-2 557
Exchange rate losses	-218	-113
Other financial expenses	-172	-516
Total	**-2 499**	**-3 186**

Exchange rate profits and losses are mainly attributable to internal Group financing.

7. Income Taxes	**2010**	**2009**
In the Profit and Loss Account, the taxes are distributed as follows:		
Tax based on the taxable income for the period	35	44
Tax for the previous financial year		-21
Change in deferred taxes	-227	-567
Total	**-192**	**-544**

Reconciliation between the tax expenses in the Profit and Loss Account and taxes calculated in accordance with the tax rate in the Tiimari Group's country of domicile

	2010	**2009**
Profit/loss for the financial period from continuing operations	-14 653	-10 790
Taxes in the Profit and Loss Account	-192	-544
Earnings before taxes	-14 845	-11 334
	0	
Taxes calculated at the Finnish tax rate	-3 860	-2 947
Unrecognised deferred tax assets from tax losses	1 850	2 717
Different tax rates of foreign subsidiaries	16	22
Taxes booked against unrecognised tax assets	-15	-411
Non-deductible expenses	1 799	26
Effect of change in tax rate	0	0
Other items	18	49
Tax-exempt earnings	0	0
Taxes in the Profit and Loss Account	**-192**	**-544**

8. Earnings per share	2010	2009
Profit for the financial year (EUR 1,000) distributable to parent company shareholders, continued operations	-14 653	-10 790
Weighted average number of shares during the period (1,000 pcs)	16 475	14 749
Effect of stock options (1,000 pcs)		
Weighted average number of shares during the period for the calculation of earnings per share adjusted for dilution (1,000 pcs)	16 475	14 749
Diluted earnings per share (EUR)	**-0,89**	**-0,73**
Undiluted earnings per share (EUR)	**-0,89**	**-0,73**

9. Intangible assets

2010	Group goodwill	Goodwill	Other intangible assets	Construction in progress	Total
Original acquisition cost, 1 Jan	51 511	10 982	26 614	98	89 205
Translation difference	267	7	275	0	549
Increase	0	0	183	109	292
Decrease	0	0	0	-111	-111
Transfers between items	0	0	96	-96	0
Original acquisition cost, 31 Dec	51 778	10 989	27 167	0	89 934
Accumulated depreciation and impairment, 1 Jan	-23 857	-6 111	-9 835	0	-39 803
Translation difference	0	-4	126	0	122
Depreciation	0	0	-1 961	0	-1 961
Impairment	-6 866	-52	0	0	-6 918
Accumulated depreciation and impairment, 31 Dec	-30 723	-6 167	-11 671	0	-48 561
Book value, 1 Jan 2010	**27 654**	**4 871**	**16 779**	**98**	**49 402**
Book value, 31 Dec 2010	**21 055**	**4 822**	**15 496**	**0**	**41 373**

2009	Group goodwill	Goodwill	Other intangible assets	Construction in progress	Total
Original acquisition cost, 1 Jan	51 406	10 913	26 065	221	88 605
Translation difference	106	69	212	0	387
Increase	0	0	355	143	498
Decrease	0	0	-284	0	-284
Transfers between items	0	0	266	-266	0
Original acquisition cost, 31 Dec	51 511	10 982	26 614	98	89 205
Accumulated depreciation and impairment, 1 Jan	-23 857	-5 175	-7 336	0	-36 368
Translation difference	0	-54	270	0	216
Depreciation	0	0	-2 341	0	-2 341
Impairment	0	-882	-427	0	-1 309
Accumulated depreciation and impairment, 31 Dec	-23 857	-6 111	-9 835	0	-39 803
Book value, 1 Jan 2009	**27 549**	**5 738**	**18 729**	**221**	**52 237**
Book value, 31 Dec 2009	**27 654**	**4 871**	**16 779**	**98**	**49 402**

Impairment testing

Goodwill as well as brands with assigned indefinite lives have been allocated to the operative segments for impairment testing as follows:

Tiimari segment	31.12.2010	31.12.2009
Goodwill	23.752	30.618
Tiimari brand	12.289	12.289
Gallerix segment		
Goodwill	2.124	1.907
Gallerix brand	1.341	1.341

An impairment test is performed annually for goodwill and brands. Impairment tests are performed also in instances where changes can be identified that could potentially result in impairment due to external or internal factors. Book values on balance sheet items are compared to the fair value of the pre-defined cash generating unit (“CGU”) to which the goodwill and brands are allocated to.

Impairment is booked where the book value of the assets allocated to the CGU is higher than the fair value of the asset. The fair value in the segment is defined by discounting the estimated cash flows for the unit using the DCF-method (Discounted Cash Flow-method). If impairment is to be booked based on the impairment calculation, an assessment is additionally made in order to establish whether the recoverable amount is bigger than the value on the balance sheet. Impairment is booked when both the fair value and the recoverable amount are below the value on the balance sheet.

The impairment test calculations are based on estimated cash flows included in a five year plan (next year’s budget, four strategy years of which the last one is the target average of the economic cycle), approved by the board of directors.

Calculations utilising the DCF-model require estimates and assumptions, the most important relating to revenue growth, expense development, investment levels and changes in interest levels. It is plausible that predicted cash flows are not realised resulting in a significant unfavourable effect on the company’s result and financial position during the current or future review periods due to recognised impairment bookings.

The estimated five year cash flows are based on the cash flow capacity of the CGU existing during the testing period. Cash flow estimates do not include considerations on expansion investments. Both CGUs in the Group conduct retail sale operations, which is characterised by an active shop location strategy. Openings and closures of shops within one geographical market are part of normal business activities and are included in the calculations. Business expansions to new geographical areas are considered capacity expansion and related investments or income are thereby not included in the calculations.

The units which contain Goodwill are tested annually for potential impairment. The reporting structure used in the monitoring of the Group’s business operations did not change during 2010. Units generating cash flow, which have a Goodwill value, are: Tiimari and Gallerix

On the basis of the calculations, an impairment of EUR 6.9 million was recorded in Tiimari’s goodwill in the last quarter of 2010. After this Tiimari’s goodwill equates to EUR 23.8 million. On the basis of the calculations, there is no need to record a goodwill impairment regarding Gallerix. Gallerix’s goodwill in its business operations is EUR 2.1 million.

In the Impairment testing, the Goodwill of a unit, carrying amount, is compared with the recoverable amount. The discretion and estimates of the company management play a pivotal role in preparing goodwill impairment calculations. If the recoverable amount is lower than the carrying amount entered as a book value in the balance sheet, the difference is recognized as an impairment which decreases the profit. The recoverable amount of is either the fair value less cost to sell or the value-in-use, whichever is the higher of the two. The recoverable amount used in the Impairment testing is the value-in-use which is calculated using the discounted present value of the future cash flows expected to arise from the continuing use of an asset, and from its disposal at the end of its useful life.

The cash flow estimate for Tiimari is based on budgeted one percent growth for 2011. The nominal turnover in 2008 of EUR 71.1 million (which had the margin of 63.8%) would be reached in 2014(turnover EUR 71.4 million). This would mean an annual growth of 4.5% in 2012, 2013, and 2014. The terminal growth assumption is 3%. In 2010 the margin was 63.6%, in 2011 the expectation is 63.0%, in 2012 the expectation is 63.0%, in 2013 the expectation is 62.4%, in 2014 the expectation is 62.0% with the terminal expectation at 61.6%. The growth of fixed costs is expected to be an average of 2% per annum. The pre-tax discount rate used was 10.51% (9.08%).

The cash flow estimate for Gallerix is based on budgeted 0.7% growth for the year 2011. In 2011, 2012, and 2014 the annual growth is assumed to be 5.5%. The terminal growth expectation is 1.4%. The margin was 35.8% in 2010, with an expectation of 36.0%. On average, the growth in fixed costs is expected to be 2% per annum. The pre-tax discount rate used was 10.51% (9.08%). The increase of Gallerix pre-tax discount rate is due to the fact of using the same discount rate as for Tiimari.

In the sensitivity analysis for Tiimari, a pre-tax discount rate of 11.51% would lead to the goodwill impairment being EUR 3.6 million higher. The corresponding growth percentages of 0.5%, 4%, 4%, 4% and the terminal growth of 2.5% would lead to a goodwill impairment of a EUR 8.5 million. In the sensitivity analysis for Gallerix, a pre-tax discount rate of 11.51% would not lead to goodwill impairment. The discount rate value of 16.56% would lead to discounted cash flow equivalent to book value. The corresponding growth percentages 0.2%, 5%, 5%, 5% and terminal growth of 0.9% would not lead to goodwill impairment. The discounted cash flow would equal book value with corresponding growth rates of -0.77%, 3.99%, 3.99%, 3.99%, and the terminal of -0.15%.

10. Tangible fixed assets

2010	Land	Buildings	Machinery and equipment	Construction in progress	Total
Acquisition cost, 1 Jan	0	0	10 905	85	10 991
Translation difference			871	0	871
Increase			481	105	586
Decrease			-241	0	-241
Transfers between items			190	-190	0
Original acquisition cost, 31 Dec	0	0	12 206	0	12 206
Accumulated depreciation and impairment, 1 Jan	0	0	-6 086	0	-6 086
Translation difference			-715		-715
Depreciation			-1 163		-1 163
Impairment					
Accumulated depreciation on decrease			32		32
Accumulated depreciation and impairment, 31 Dec	0	0	-7 931	0	-7 931
Book value, 1 Jan 2010	**0**	**0**	**4 819**	**85**	**4 904**
Book value, 31 Dec 2010	**0**	**0**	**4 275**	**0**	**4 275**

2009	Land	Buildings	Machinery and equipment	Construction in progress	Total
Acquisition cost, 1 Jan	61	1 332	11 795	22	13 211
Translation difference	0	0	90	0	90
Increase	0	0	760	172	932
Decrease	-61	-1 332	-1 850	0	-3 243
Transfers between items			110	-110	0
Original acquisition cost, 31 Dec	0	0	10 905	85	10 990
Accumulated depreciation and impairment, 1 Jan	0	-1 310	-6 284	0	-7 594
Translation difference			-87	0	-87
Depreciation		-9	-1 284	0	-1 293
Impairment			-187		-187
Accumulated depreciation on decrease		1 319	1 756	0	3 075
Accumulated depreciation and impairment, 31 Dec	0	0	-6 086	0	-6 086
Book value, 1 Jan 2009	**61**	**22**	**5 511**	**22**	**5 616**
Book value, 31 Dec 2009	**0**	**0**	**4 819**	**85**	**4 904**

Assets acquired on finance leases

2010	Intangible assets	Machinery and equipment	Total
Original acquisition cost, 1 Jan	0	1 851	1 851
Translation difference		55	55
Increase		0	0
Decrease		0	0
Accumulated depreciation		-1 721	-1 721
Book value, 31 Dec	**0**	**185**	**185**

2009	Intangible assets	Machinery and equipment	Total
Original acquisition cost, 1 Jan	472	3 099	3 571
Translation difference		31	31
Increase	0	130	130
Decrease	-45	-1 409	-1 454
Accumulated depreciation	-427	-1 487	-1 914
Book value, 31 Dec	**0**	**364**	**364**

11. Non-current financial assets available-for-sale	**2010**	**2009**
Total available-for-sale non-current investments 1.1.	104	105
Unquoted shares		-1
Total available-for-sale non-current investments	**104**	**104**

12. Non-current receivables

	2010	2009
Liabilities and other receivables:		
Receivables from customers	5	5
Other receivables and non-current deposits		30
Total	**5**	**35**

Other receivables consist mainly of deposits lodged as lease guarantees and their fair value equals the carrying value.

13. Deferred tax assets and liabilities

Changes in deferred taxes during 2010	1.1. 2010	Translation differences	Acquired businesses	Recognised in Profit and Loss Account	31.12. 2010
Deferred tax assets:					
Internal margin of inventories	1				1
Finance leasing	4				4
Employee benefits	14				14
Other items	9				9
Total	**29**	**0**	**0**	**0**	**29**

Deferred tax liabilities:					
Reversal of goodwill depreciation	1 214			78	1 292
Accumulated depreciation difference and tax reserves	519				519
Valuation of tangible and intangible assets at fair value in business combinations	4 101				4 101
Total	**5 834**	**0**	**0**	**78**	**5 912**
Net deferred tax liabilities	**5 805**	**0**	**0**	**78**	**5 883**

Changes in deferred taxes during 2009	**1.1. 2009**	**Translation differences**	**Acquired businesses**	**Recognised in Profit and Loss Account**	**31.12. 2009**
Deferred tax assets:					
Internal margin of inventories	1				1
Finance leasing	4				4
Employee benefits	1			13	14
Other items	-5			14	9
Total	**2**	**0**	**0**	**27**	**29**
Deferred tax liabilities:					
Reversal of goodwill depreciation	1 132			82	1 214
Accumulated depreciation difference and tax reserves	834	9		-324	519
Valuation of tangible and intangible assets at fair value in business combinations	4 365	34		-298	4 101
Total	**6 331**	**43**	**0**	**-540**	**5 834**
Net deferred tax liabilities	**6 329**	**43**	**0**	**-567**	**5 805**

On 31 December 2010, the Group had a total of MEUR 27.0 in consolidated losses relating to the Finnish and Swedish companies and in unused shareholders' tax credit (approx. MEUR 17.6 in 2009), for which no tax assets were recognised due to the uncertainty of the usage of losses. The Finnish losses will expire between 2014 and 2019. The future utilisation of the tax losses confirmed in Sweden depends on the development of the financial performance.

14. Inventories	**2010**	**2009**
Materials and supplies	2	60
Finished products	14 260	14537
Advance payments	173	447
Total	**14 435**	**15 044**

In the financial period 2009, MEUR 4.4 were expensed to reduce the carrying value of inventories to correspond to the net realisable value of inventories.

15. Trade and other receivables

	2010	2009
Current		
Loans and other receivables:		
Trade receivables	1 772	1739
Other receivables	831	859
Tax receivables	35	59
Accrued income	1 529	797
Total	**4 168**	**3 454**

Accrued income consists mainly of accrued rents, insurance premiums and other expenses.

The carrying value of trade receivables best corresponds to the maximum credit risk without taking account of the fair value of guarantees in case the other parties to the financial instrument fail to discharge their obligations. No material credit risk concentrations are associated with receivables. The carrying value of trade and other current receivables is considered an approximation of the fair value.

Age distribution of trade receivables

	2010	2009
Not due	920	902
Due		
Less than 30 days	633	615
31–60 days	40	14
61–90 days	64	60
91–180 days	61	71
181–360 days	26	39
More than 360 days	28	38
Total	1 772	1 739

16. Liquid assets

	2010	2009
Deposits		1 000
Cash in hand and at bank	1 626	2 024
Balance sheet liquid assets	1 626	2 024

17. Shareholders' equity

	Number of shares	Share capital	Distributable equity fund
Reconciliation of the number of shares:(shares outstanding)	**(1,000 pcs)**	(TEUR)	(TEUR)
31.12.2008	**11 299**	**7 686**	**16 921**
Directed share issue	5 177		6 089
31.12.2009	**16 475**	**7 686**	**23 010**
31.12.2010	**16 475**	**7 686**	**23 010**
(own shares)			
31.12.2008	12		-55
Anullment of own shares	-12		55
31.12.2009	**0**		**0**
31.12.2010	**0**		**0**

Shares

The number of shares on 31.12.2010 was 16,474,755 (16.474.755 at 31.12.2009). Share capital was EUR 7,686,200.00, which is fully paid. The shares have no nominal value.

Distributable equity fund

The distributable equity fund include other shareholder's equity related investments and the share subscription price to the extent where it to a particular decision is not booked as share capital.

18. Share based payments

The Group has an option scheme, which was designed for the Managing Director and two board members. No shares were subscribed during the financial year using the granted options. The share subscription times have been divided by the option series.

Series	Share subscription time	Exercise price/share
2009A	1.6.2009 - 30.4.2010	1,35 euroa
2009B	1.5.2010 - 30.4.2011	1,46 euroa
2009C	1.5.2011 - 30.4.2012	1,57 euroa
2009D	1.5.2012 - 30.4.2013	1,70 euroa
2009E	1.5.2013 - 30.4.2014	1,84 euroa

The share price on grant date was EUR 1.25

Execution	in shares	in shares
Share subscription time	1.5.2010-31.12.2010	1.6.2009 - 31.12.2009
Expected volatility	47 %	47 %
Risk free rate	1,80 %	1,80 %
Expected dividend growth/year	5 %	5 %
Valuation model	Black-Scholes	Black-Scholes

Changes in options during financial year	**2010 No. of options**	**2009 No. of options**
Beginning of year	480 000	150 000
New options granted		480 000
Lost options		150 000
Utilised options		
Expired options	100 000	
At the end of year	380 000	480 000
Executable options at end of year	170 000	100 000

19. Interest bearing liabilities	**2010**	**2009**
Long-term		
Financial liabilities at fair value:		
Convertible capital loan	4 781	4 692
Loans to financial institutions	11 000	17 333
Other long-term liabilities	7	8
Financial lease loans	72	169
Total	**15 859**	**22 203**
Short-term		
Financial liabilities at fair value:		
Loans to financial institutions (short-term)	7 500	3 167
Bank overdraft limit (net)	4 133	0
Financial lease loans (short-term)	110	232
Total	**11 743**	**3 398**

Long-term liabilities are divided per currency as follows:	**2010**	**2009**
EUR	15 815	22 107
Other	44	95

Short-term liabilities are divided per currency as follows:	**2010**	**2 009**
EUR	11 678	3 269
Muut	65	129

Weighted average of effective interest rates on long-term liabilities

	2010	2009
Loans to financial institutions	5,2 %	4,9 %
Financial lease loans	6,0 %	6,0 %
Convertible capital loan	9,0 %	9,0 %

Financial lease loans

	2010	2009
Total of minimum lease payments		
Due in less than one year	117	246
Due in one year - five years	81	189
Due in over years	0	0
Total	**197**	**435**
Present value of minimum lease payment		
Due in less than one year	110	232
Due in one year - five years	72	169
Due in over years		
Total	**182**	**401**
Financing expenses accruing in the future	15	34
Total financial lease loans	**197**	**435**

20.
Accruals

	2010	2009
Unemployment pensions accruals	31	31

21. Trade payables and other liabilities

	2010	2009
Short-term		
Financial liabilities at fair value:		
Trade payables	11 278	8 328
Other short-term liabilities	2 603	3 324
Deferred tax liabilities	61	60
Accrued expenses	6 237	6 451
Total	**20 178**	**18 163**

Accrued expenses include accruals of salary related social expenses EUR 4.652 thousand (EUR 5.006 thousand in 2009) and other expense accruals.

22. Financial risk management

The Group is subject various financial risks in its normal business operations. The goal of the Group's risk management is to minimize the effects of changes in the financial markets on the Group's result. The overarching risk management policies are approved by the Board and the Finance department is responsible for the practical execution. The Group's finance department identifies and assesses risks and executes the hedging measures by financial instruments allowed by the policies. The main financial risks are currency risks, interest risk, credit risk and liquidity risk. The Group has compiled risk management policies, according to which the management of financial risk is developed and hedging transactions are executed. The Group has the opportunity to utilise currency forwards, currency loans and swaps.

Liquidity and refinancing risk

By liquidity and refinancing risk one is referring to the risk and impact on result and cash flow that occurs from the company not being able to secure sufficient financing for its operations. The Group strives to continuously asses and manages the financing requirements of the business in order for the Group to obtain liquid assets to finance the business and repay expired loans.

The financial position of the Group is tight and requires profitability improvements, execution of management plans and preparation for reorganisation of of short-term financing or additional financing.

Covenants

To the Group long-term financing recorded in the consolidated balance sheet does not include any loan covenants. The Group short-term financing recorded in the consolidated balance sheet included cashflow, gross margin and capital expenditure related loan covenants. The gross margin requirements are monitored on a quarterly basis. On the 30th of December 2010, the company concluded a so-called Stand-still agreement with the financial institutions which had granted Tiimari financing on the terms of interest-bearing outside capital for the period ending on the 30th of December 2011. The continuation of financing while the Standstill agreement is in force is not tied to the realization of the covenants related to the realization of the key economic figures agreed upon in financing agreements.

Currency risk

The Group operates apart from Finland in Sweden and the Baltic States, which means that the Group is subject to balance sheet translation risks in relation to investements in subsidiaries located outside the euro currency area. The balance sheet risk currency positions are in Swedish and Estonian krona as well as Latvian lati. The company has not during 2010 and 2009 hedged the net investments in the foreign subsidiaries.

The company's long-term financing is organized in euro denominated currency in full, hence the company is not subject to currency risk in relation to the aforementioned. Currency differences affecting the result were booked in relation to intra-group financing. Internal financing is organised in the entity's domestic currency because the possibility for the subsidiaries to hedge against exchange rate fluctuations is minor and thereby all exchange rate differences occur in the parent company.

The Group's international purchase operations results in the Group being subject to transaction risk related to different currencies. The most significant risk is related to the US dollar, which is mainly used as the currency for purchases from the Far East. On the other hand, the Group can affect sales prices, which limits the transaction risk. During the financial year 2010 has been in place to protect forward contracts related to purchases. The Group did not use any derivative instruments at the end of financial year of 2010.

Of the purchasing operations 60 % occurs in euros and 40 % in US dollars.

Of the external sales of the Group 77.0 % (75.9) occurs in euros, 18.8 % (18.2) in Swedish kronas and 2.2 % (2.5) in Estonian kronas. The company has not during the 2010 and 2009 financial periods hedged against currency risks.

Interest rate risk

The Group is subject to interest rate risk via changes in balance sheet valuations or price risk on the one hand and changes in the interest rates affecting interest income and expenses on the other. The Group's finance department is responsible for management of interest rate risk to the extent defined in the risk management documentation with the goal to balance out the interest position and minimising interest expenses.

To manage the interest rate risk caused by the Group's financing liabilities, the aim is to spread the liabilities into fixed rate and variable rate credits. The dependency period of interests for the interest rate position is adjusted by choices of interest periods of loans and available interest derivative instruments.

At the end of the financial year the Group had interest-bearing liabilities totaling EUR 27.6 million (25.6) of which EUR 22.6 (20.5) million were variable rate. The book value of the variable rate loans is almost equal to the fair value of the same. The Group has not hedged against rises in interest rates via interest derivatives. A one percent change in the interest rate has a +/- EUR 0.4 million (+/- 0.3) effect on the income statement after tax.

At the end of the financial period the Group did not have any open interest swap contracts or interest rate derivative contracts.

Credit and counterparty risk

In the Group's credit and counterparty risk management policies the credit worthiness requirements and investment principles of customers, investment transactions and derivative contract counterparties are defined. The management of credit risk and credit management is centralised to the Group's finance department. The credit management of Gallerix is governed by the Gallerix finance department in Sweden.

The Group's credit risk comprises trade receivables and long-term receivables from partners of the Group. The sales in the Group comprises mainly retail sales in form of cash sales in which the counterparty risk is small apart from sales to franchisees in Gallerix. The Group's book value of financial assets is equal to the maximum amount of credit risk at end of the financial period.

During the financial period result affecting credit losses of EUR 12 thousand have been booked.

To reduce the counterparty risk of the prepayments made in the purchasing operations, the Group strives to operate with longstanding suppliers. For the purchases from the Far East part of the purchase price will have to be paid in advance.

In accordance with the Group's financing policies derivative contracts and investments transactions can only be executed with counterparties with separately defined counterparty limits expressed in the governance principles for credit and counterparty risks. At the end of the financial period the Group did not have significant investment related credit risk nor open derivative contracts.

Group loans and cash flows

31.12.2010	Book value	Cash flow total	2011	2012	2013	2014	2015 and maturities after that
tEUR							
Loans from financial institutions	18 500	21 124	4 790	4 073	630	11 630	-
Convertible capital loan	4 781	6 174	398	398	5 378		-
Financinal leasing loan	182	197	117	66	14	-	-
Available credit limits at banks	4 133	4 133	4 133				
Trade payables	11 278	11 278	11 278				
Total	38 874	42 906					

31.12.2009	Book value	Cash flow total	2010	2011	2012	2013	2014 and maturities after that
tEUR							
Loans from financial institutions	20 500	24 526	4 235	4 088	3 944	629	11 629
Convertible capital loan	4 692	6 574	398	398	398	5 378	
Financinal leasing loan	401	435	246	112	64	13	
Available credit limits at banks	0	0	0				
Trade payables	8 328	8 328	8 328				
Total	33 921	39 862					

23. Management of capital structure

The Group’s capital structure is not governed by any official and external capital structure requirements. (In other countries, the company legislation might include requirements relating to equity, its levels and structure, which affect Tiimari’s subsidiaries in these countries).

The goals of Tiimari’s capital structure management are:

- securing the capability for continuing the business of the Group by the going concern principle and the ability to offer a return to shareholder investments and managing its liabilities against other stakeholders
- offering the shareholders sufficient return on investment by developing and managing a balanced business and investment entity, which is profitable in the short-term as well as in the long-term
- manage the capabilities for utilizing growth opportunities

The capital structure is managed and governed by taking consideration of the business related risks and the economic climate. The capital structure can be affected by the level of dividends distributed to shareholders, by limiting the level of capital expenditure, by selling assets and by issuing additional shares.

The Group’s capital structure development is monitored via the gearing and equity ratios. The total shareholder’s equity is included in the capital structure.

The Group’s capital structure fluctuates during the calendar year due to the seasonality of the sales.

eur 1000	**2010**	**2009**
Shareholders' equity	12 461	26 366
Long-term liabilities, interest-bearing	15 859	22 203
Short-term interest-bearing liabilities	11 743	3 398
Cash and bank	1 626	3 024
Interest-bearing liabilities, net	25 976	22 577
Equity ratio	18,9 %	34,7 %
Gearing	208,5 %	85,6 %

24. Related party transactions

The Group's insiders include the parent company Tiimari Plc and the subsidiaries.

In addition, the insiders include shareholders who exercise significant influence in the Group, the members of the Board, the Managing Director and their family members and companies they manage.

The Management or Board have not been granted loans by the company nor have any guarantees been given on their behalf.

As announced 30.12.2010 Tiimari launched a three-million convertible capital loan. Of the insiders, Virala Ltd. EUR 1.9 million, Assetman Ltd. (Juha Mikkonen) EUR 0.3 million, and Pecun Inc./Hannu Ryöppönen EUR 0.1 million subscribed to the capital loan.

Virala Ltd. gave subscription guarantees and was paid guarantee provision totaling EUR 113.500.

In addition to the salaries and other remuneration presented below the financial statements include a EUR 41 thousand IFRS 2 compliant expense related to option rights by Hannu Ryöppönen, Hannu Krook and Sven-Olof Kulldorff.

Management remuneration (eur 1000)	**2010**	**2009**
Managing Directors		
Hannu Krook, starting 7th April 2009	231	162
Kristiina Illi (incl. severance pay)		282
Board Members 2010/2009		
Ryöppönen Hannu	28	18
Seligson Peter	6	26
Kulldorff Sven-Olof	14	11
Pelkonen Markku	14	3
Hautanen Arja		15
Kauppila Teppo		4
Lindberg-Repo Kirsti		4
Mikkonen Juha	20	14
Rosenlew Alexander	14	15
Helin Erik		2
Silván Sissi	11	
Management Group remuneration	548	537

25. Events after the period under review

The convertible capital loan of three million, issued by Tiimari Plc on 20th December 2010, was oversubscribed during the subscription period which ended on 31st January 2011. As a result of the oversubscription, the subscription of Virala Oy Ab, which had given a subscription guarantee to the Company, was cut according to the subscription guarantee terms so that in the final allocation, Virala Oy Ab was allocated the total of EUR 1.9 million of the loan, others who had given subscription guarantees, a total of EUR 0.85 million, and other subscribers, EUR 0.25 million.

26. Contingent Liabilities

	2010	**2009**
Loans from financial institutions against the following securities	11 632	8 333
Real estate mortgages		
Corporate mortgages	31 137	31 137
Pledged shares	1 476	1 476
Leasing liabilities:		
Current lease liabilities	80	133
Lease liabilities maturing in 1-5 years	48	115
	128	248
Other rental liabilities:		
Current rental liabilities	15 534	12 147
Rental liabilities maturing in 1-5 years	24 423	13 687
Subsequent rental liabilities	1 759	
	41 716	25 834
Sucurity for own debts		
Guarantees	2 891	2 821
Redeveloping contractor's liability	5	5

27. Group companies, 31.12.2010

	Domicile	Share of ownership
TiiMore Promotion Oy	Finland	10 %
Kiinteistö Oy Osuuskunnantie 30	Finland	100 %
Tuotesampo Oy	Finland	100 %
Maritii Oy	Finland	100 %
Tiimari Retail Oyj	Finland	100 %
Tiimari Baltic AS	Estonia	100 %
Tiimari Latvia SIA	Latvia	100 %
Timari Lietuva UAB	Lithuania	100 %
Tiimari Poland SP Z.O.O	Poland	100 %
OOO Tiimari Moscow	Russia	100 %
OOO Tiimari	Russia	100 %
Tiimari Norway AS	Norway	100 %
Tiimari Sweden AB	Sweden	100 %
Gallerix International AB	Sweden	100 %
Gallerix Sweden AB	Sweden	100 %
Gallerix Finland Oy Ab	Finland	100 %
Fröken Väs AB	Sweden	100 %

Key figures

INCOME STATEMENT AND BALANCE SHEET	2010	2009	2008
	IFRS	IFRS	IFRS
Revenue total, EUR thousand	75 797	80 623	85 644
Operating profit excl. non-recurring items, EUR thousand	-12 613	-8 198	-5 893
% of revenue	-16,6 %	-10,2 %	-6,9 %
Profit before tax and minority interest, EUR thousand	-14 845	-11 334	-10 009
% of revenue	-19,6 %	-14,1 %	-11,7 %
Profit/loss for the period, EUR thousand	-14 653	-10 790	-9 929
% of revenue	-19,3 %	-13,4 %	-11,6 %
Return on equity (ROE), %	-75,5 %	-38,0 %	-28,3 %
Return on investment (ROI),' %	-26,3 %	-13,0 %	-8,2 %
Equity ratio, %	18,9 %	34,7 %	34,6 %
Gearing %	208,5 %	85,6 %	105,0 %
Quick ratio	0,18	0,30	0,17
Total equity and liabilities, EUR million	66,0	76,0	87,9
Capital expenditure, EUR thousand	778	1 251	5 241
% of revenue	1,0 %	1,6 %	6,1 %
Average personnel	591	724	674

INFORMATION PER SHARE	2010	2009	2008
Earnings per share (EPS), EUR	-0,89	-0,73	-0,94
Earnings per share (EPS), EUR diluted	-0,89	-0,73	-0,94
Shareholder's equity per share, EUR	0,76	1,60	2,69
Dividend per share, EUR adjusted for emission	0	0	0
Dividend per share, EUR not adjusted for emission	0	0	0
Number of shares, not adjusted for emission	16 475	14 749	11 311
Divided per earnings, adjusted for emission, %	0	0	0
Price/Earnins ratio (P/E)	neg.	neg.	neg.
Effective dividend yield, %	0	0	0

SHARE INFORMATION	2010	2009	2008
Price development of A-shares			
- highest price, EUR	1,35	1,70	4,84
- lowest price, EUR	0,88	1,10	1,40
- average price, EUR	1,18	1,39	3,27
- closing price, EUR	0,88	1,29	1,41
Markets capitalisation, EUR million	14,5	21,3	15,9
Trading volume, pcs thousand	4 445	3 290	1 150
Trade volume development, %	26,4 %	22,0 %	10,2 %
Number of shareholders	2 780	2 818	2 560
Average number of shares, pcs thousand	16 475	14 749	10 549
Number of shares at the end of financial year, pcs thousand	16 475	16 475	11 311

CALCULATION OF KEY FINANCIAL FIGURES

EBITDA	Operating profit + depreciation and amortisation
Operative EBITDA	EBITDA excl. non-recurring items
Gross margin	Revenue - materials and supplies
Operative cash flow	EBITDA – increase in net working capital – capital expenditure
Capital expenditure	Cash flow utilised for capital expenditure
Profit/loss for the period	Profit/loss before tax and financial items
Return on equity % (ROE)	$\frac{\text{Profit/loss for the period}}{\text{Shareholder's equity (average)}} \times 100$
Return on investment % (ROI)	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Total equity and liabilities - non-interest bearing liabilities (avg.)}} \times 100$
Equity ratio %	$\frac{\text{Shareholders' equity}}{\text{Total assets – prepayments received}} \times 100$
Gearing %	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$
Earnings per share (EPS), EUR	$\frac{\text{Earnings before tax – income taxes}}{\text{average number of shares for the fiscal year, emission adjusted}}$
Shareholder's equity per share, EUR	$\frac{\text{equity attributable to the equity holders of the parent company}}{\text{number of shares at the end of the fiscal year, emission adjusted}}$
Dividend per share	$\frac{\text{Dividend confirmed by AGM}}{\text{Number of shares}}$
Price/earnings ratio (P/E)	$\frac{\text{Share price at end of financial period, emission adjusted}}{\text{Earnings per shares attributable to shareholders of parent company}}$
Effective dividend yield %	$\frac{\text{Dividend per share, emission adjusted}}{\text{Closing share price, emission adjusted}} \times 100$
Market capitalisation	Number of shares x closing price of share
Quick ratio	$\frac{\text{Short-term receivables + liquid assets}}{\text{Short-term liabilities}}$

Tiimari Plc Financial Statements 2010

Parent company income statement (FAS)

Eur	**1.1.-31.12.2010**	**1.1.-31.12.2009**	**notes**
REVENUE	0,00	400 000,00	1.1.
Other operating income	1 038,78	0,00	
Personnel expenses	-549 330,64	-1 278 806,52	1.2
Depreciation and impairments	-89 996,52	-83 931,00	1.3
Other operating expenses	-674 533,47	-1 191 472,65	1.4
Operating profit	-1 312 821,85	-2 154 210,17	
Financing income and expenses	319 736,98	20 526,87	1.5
PROFIT/LOSS BEFORE NON-RECURRING ITEMS AND TAX	-993 084,87	-2 133 683,30	
Impairment of shares in subsidiary	-10 000 000,00	-10 430 000,00	1.6
PROFIT BEFORE TAX	-10 993 084,87	-12 563 683,30	
Appropriations	14 919,97	-1 953,62	1.7
PROFIT/LOSS FOR THE PERIOD	-10 978 164,90	-12 565 636,92	

Parent Company Balance Sheet (FAS)

EUR	31.12.2010	31.12.2009	notes
ASSETS			
FIXED ASSETS			
Intangible assets	140 534,46	201 863,30	2.1.
Tangible assets	11 486,21	30 153,89	2.2.
Shares in Group companies	5 653 634,15	15 653 634,15	2.3.
Other investments	4 512,97	4 512,97	2.3.
TOTAL FIXED ASSETS	5 810 167,79	15 890 164,31	
CURRENT ASSETS			
Inventory	0,00	80 275,47	2.4.
Non-current receivables	31 807 025,79	27 136 590,35	2.5.
Current receivables	3 837 585,47	6 515 873,38	2.6.
Cash in hand and at bank	11 535,78	1 302 470,57	2.7.
TOTAL CURRENT ASSETS	35 656 147,04	35 035 209,77	
TOTAL ASSETS	41 466 314,83	50 925 374,08	
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7 686 200,00	7 686 200,00	2.8.
Distributable equity fund	23 397 918,21	23 397 918,21	
Profit for the previous financial year	-7 917 686,45	4 647 950,47	
Profit/loss for the period	-10 978 164,90	-12 565 636,92	
TOTAL SHAREHOLDERS' EQUITY	12 188 266,86	23 166 431,76	
ACCUMULATED APPROPRIATIONS	27 053,03	41 973,00	2.9.
LIABILITIES			
Convertible capital loan	4 980 000,00	4 980 000,00	2.10.
Non-current liabilities	11 008 489,98	13 341 823,31	2.10.
Current liabilities, interest bearing	11 052 157,25	8 117 486,37	2.11.
Current liabilities, non-interest bearing	2 210 347,71	1 277 659,64	2.11.
TOTAL LIABILITIES	29 250 994,94	27 716 969,32	
TOTAL EQUITY AND LIABILITIES	41 466 314,83	50 925 374,08	

Parent company cash flow statement (FAS)	12/2010	12/2009	notes
Cash flows from operations			
Profit/loss for the financial period	-10 978 164,90	-12 565 636,92	
Adjustments:			
Depreciation and impairment	10 089 996,52	10 513 931,00	1.3 / 1.6
Gain (-) and loss (+) on the realisation of fixed assets		9 004,80	
Financial income and expenses	-319 736,98	-20 526,87	1.5
Taxes			
Other adjustments	-14 919,97	1 953,62	
	-1 222 825,33	-2 061 274,37	
Change in working capital:			
Change in inventories	80 275,47	-80 275,47	
Change in current receivables, non-interest bearing	-27 743,12	407 625,31	
Change in current liabilities, non-interest bearing	110 521,30	-380 582,24	
Operative cash flow before financing items and taxes	-1 059 771,68	-2 114 506,77	
Interests paid	-259 806,69	-998 690,45	
Interest income received		16 222,45	
Other financing expenses paid	-562 693,97	-149 752,00	
Taxes paid			
Cash flow before non-recurring items	-1 882 272,34	-3 246 726,77	
Net cash flow from operations	**-1 882 272,34**	**-3 246 726,77**	
Cash flows from investment activities			
Investments in tangible and intangible fixed assets	-10 000,00	-13 825,15	
Loand granted			
Intra-group loans, increase (net)		-1 517 190,02	
Net cash flow from investments	**-10 000,00**	**-1 531 015,17**	
Cash flows from financing activities			
Share issue		6 469 418,75	
Short-term loans, increase	711 351,54		
Short-term loans, decrease	-110 013,99	-7 549 132,78	
Change in short-term loans		-335 000,00	
Long-term loans, increase		8 480 000,00	
Long-term loans, decrease		-1 000 000,00	
Dividends paid			
Net cash flow from financing	**601 337,55**	**6 065 285,96**	
Change in liquid assets	**-1 290 934,79**	**1 287 544,02**	
Liquid assets, 1.1	1 302 470,57	14 926,55	
Change in liquid assets	-1 290 934,79	1 287 544,02	
Liquid assets, 31.12	11 535,78	1 302 470,57	2.7

NOTES TO THE FINANCIAL STATEMENTS

Valuation of fixed assets

Tangible assets subject to wear and tear are recognised at acquisition cost less planned depreciation. The depreciation according to plan has been calculated as straight-line depreciation of the original acquisition cost on the basis of the useful life of the tangible asset.

The planned depreciation times are:

Intangible assets	5 years
Licenses and other intangible rights in its useful life	
Machinery and equipment	5 - 7 years
Other long-term expense items	3 - 5 years

Assets with a useful life less than three years and small acquisitions are recognized in expenses in the period during which they were acquired.

Pensions

The company has arranged its employees' pension cover through an external pension insurance company. Pension contributions and expenses allocated for the financial period are based on actuarial calculations. Pension expenses are expensed for the year during which they emerge.

Items in foreign currency

Receivables and liabilities denominated in foreign currency are converted into euros using the exchange rates quoted by the European Central Bank at the balance sheet date. All exchange rate differences are recognised in profit or loss.

1. Notes to the Parent Company Profit and Loss Account

		2010	2009
1.1	**Net sales and operating profit by segment**	**2010**	**2009**
	Segments:		
	Administrative services	0,00	400 000,00
1.2	**Notes to personnel and members of corporate bodies**		
	Personnel expenses		
	Wages and salaries	-455 406,67	-1 058 471,37
	Pension costs	-82 469,46	-186 064,52
	Other indirect employee costs	-11 454,51	-34 270,63
	Total	-549 330,64	-1 278 806,52
	Management wages and salaries		
	CEO	-231120	-446 326,10
	Board members	-107400	-110 647,62
	Total	-338520	-556 973,72
	Average number of employees for the financial year		
	Administrative personnel	2	10
	Total	2	10

Loans to related parties

Loans have not been granted to members of the parent company's Board of Directors.

		2010	2009
1.3	**Depreciation**	**2010**	**2009**
	Depreciation for intangible assets	-71 328,84	-64 749,36
	Depreciation for machinery and equipment	-18 667,68	-19 181,64
	Total	-89 996,52	-83 931,00
1.4	**Other operating costs**		
	Rents	-114 958,69	-116 247,29
	Marketing costs	-10 072,75	-124,98
	External services	-153 849,59	-722 848,30
	Administrative costs	-395 652,44	-352 252,08
	Total	-674 533,47	-1 191 472,65
	Auditors' fees		
	Auditing	-76 218,25	-83 862,14
	Other services	-1 381,50	-22 336,08
	Total	-77 599,75	-106 198,22
1.5	**Financial income and expenses**		
	Interest income from non-current investments		
	Group companies	1 953 022,82	1 629 005,18
	Others	6 113,94	4 706,23
	Total	1 959 136,76	1 633 711,41
	Interest and other financial expenses		
	Group companies	-370 776,75	-384 003,90
	Interest and other financial expenses to others	-1 158 911,96	-1 176 449,71
	Others	-109 711,07	-52 730,93
	Total	-1 639 399,78	-1 613 184,54
	Total financial income and expenses	319 736,98	20 526,87
1.6	**Extraordinary items**		
	Impairment of Maritii Ltd. Shares	-10 000 000,00	-10 430 000,00
1.7	**Appropriations**		
	Difference between planned and taxed depreciation	14 919,97	-1 953,62
	Change in tax liabilities and receivables	3 879,19	-507,94

Tax liabilities and receivables have not been booked in the income statment

Notes to the Parent Company Balance Sheet

Fixed assets

2.1 Intangible assets

	Intangible assets	Total
Acquisition cost, 1.1	362 425,23	362 425,23
Increase	10 000,00	10 000,00
Decrease	0,00	0,00
Acquisition cost, 31.12	372 425,23	372 425,23
Accumulated depreciation and impairment, 1.1	-160 561,93	-160 561,93
Depreciation for the financial year	-71 328,84	-71 328,84
Accumulated depreciation, 31.12	-231 890,77	-231 890,77
Carrying value, 31.12.2010	140 534,46	140 534,46
Carrying value, 31.12.2009	201 863,30	201 863,30

2.2 Tangible assets

	Machinery and equipment	Total
Acquisition cost, 1.1	289 324,25	289 324,25
Increase	0,00	0,00
Decrease	0,00	0,00
Acquisition cost, 31.12	289 324,25	289 324,25
Accumulated depreciation and impairment, 1.1	-259 170,36	-259 170,36
Depreciation for the financial year	-18 667,68	-18 667,68
Accumulated depreciation, 31.12	-277 838,04	-277 838,04
Carrying value, 31.12.2010	11 486,21	11 486,21
Carrying value, 31.12.2009	30 153,89	30 153,89

2.3 Investments

	Shares Group companies	Shares Other	Total
Acquisition cost, 1.1	15 653 634,15	4 512,97	15 658 147,12
Increase			
Impairments			
Decrease			
Acquisition cost, 31.12.2010	5 653 634,15	4 512,97	5 658 147,12
Carrying value, 31.12.2010	5 653 634,15	4 512,97	5 658 147,12

Shares in Group companies	Parent company share %
Group companies	
Kiinteistö Oy Osuuskunnantie 30, property, Helsinki	10
Tuotesampo Oy (formerly Tiimore Oy), Helsinki	100
Maritii Oy, Vantaa	100

		2010	2009
2.4	**Current assets**		
	Prepayment for inventory	0,00	80 275,47

		2010	2009
2.5	**Non-current receivables**		
	Receivables from Group companies		
	Loan receivables	31 807 025,79	27 136 590,35

		2010	2009
2.6	**Current receivables**		
	Receivables from Group companies		
	Trade receivables	182 065,41	35 836,21
	Tax receivables	55 992,72	11 381,59
	Loan receivables	1 550 000,00	1 550 000,00
	Other receivables	1 908 421,58	4 670 445,33
		3 696 479,71	6 267 663,13
	Other receivables	15 307,40	71 491,48
	Loan receivables		3 306,42
	Accrued income	125 798,36	173 412,35
	Total current receivables	3 837 585,47	6 515 873,38

Itemisation of accrued income:

	2010	2009
Statutory insurance	9 871,84	0,00
Accrued interest income	115 926,52	167 527,96
Other accrued income	0,00	5 884,39
Total	125 798,36	173 412,35

		2010	2009
2.7	**Cash in hand and at bank**		
	Short-term deposits	0,00	1 000 000,00
	Current accounts	11 535,78	302 470,57
		11 535,78	1 302 470,57

2.8	**Shareholders' equity**	**2010**	**2009**
	Share capital, 1.1	7 686 200,00	7 686 200,00
	Share capital, 31.12	7 686 200,00	7 686 200,00
	Distributable equity fund 1.1	23 397 918,21	16 928 499,46
	Share issue 2009		6 469 418,75
	Distributable equity fund 31.12	23 397 918,21	23 397 918,21
	Treasury shares 1.1		-55 084,18
	Annullment of treasury shares		55 084,18
	Treasury shares 31.12		0,00
	Retained earnings 1.1	-7 917 686,45	4 703 034,65
	Annullment of treasury shares		-55 084,18
	Profit/loss for the period	-10 978 164,90	-12 565 636,92
	Retained earnings 31.12	-18 895 851,35	-7 917 686,45
	Shareholder's equity, total	**12 188 266,86**	**23 166 431,76**
	Restricted shareholder's equity	7 686 200,00	7 686 200,00
	Distributable shareholder's equity	4 502 066,86	15 480 231,76
	Calculation of distributable funds: distributable equity fund and retained earnings		
	Distributable funds 31.12	4 502 066,86	15 480 231,76
	Total	4 502 066,86	15 480 231,76

2.9	**Accumulated appropriations**	**2010**	**2009**
	Depreciation difference, intangible assets	26 668,23	38 328,91
	Depreciation difference, other long-term expense items		2 409,40
	Depreciation difference, machinery and equipment	384,80	1 234,69
	Total accumulated appropriations	27 053,03	41 973,00
	Tax liabilities	7 033,79	10 912,98
	Liability has not been booked in balance sheet	7 033,79	10 912,98

2.10	**Non-current liabilities**	**2010**	**2009**
	Convertible capital loan	4 980 000,00	4 980 000,00
	Varma	11 000 000,00	11 000 000,00
	Aktia	0,00	2 333 333,33
	State Provincial Office, Southern Finland, 20 Dec 2012	8 489,98	8 489,98
	Total non-current liabilities	11 008 489,98	13 341 823,31

None of the liabilities due in more than five years.

Main coventants of convertible capital loan

In 2009 the company released a convertible capital loan totalling EUR 4.980.000. The loan has been divided into EUR 60.000 loan obligations. The interest rate is 8% and effective interest rate 9.3%. The due date for the interest payments are always on the 31st March of the next financial year. The loanholder can convert the loan into shares, conversion rate being about EUR 1.4746. The capital loan is compliant with a capital loan referred to in the 12th chapter of the Companies Act.

2.11	**Current liabilities**	**2010**	**2009**
	Loans from financial institutions	3 500 000,00	1 166 666,67
	Bank overdraft limit	703 140,52	0,00
	Accounts payable	43 267,30	43 972,72
	Other liabilities	23 542,58	19 409,41
	Accruals and deferred income	905 868,31	347 438,40
	Total	5 175 818,71	1 577 487,20
	Liabilities to Group companies		
	Loans	6 849 016,73	6 950 819,70
	Accounts payable	53,66	0,00
	Accruals and deferred income	1 237 615,86	866 839,11
	Total	8 086 686,25	7 817 658,81
	Short-term, interest bearing	11 052 157,25	8 117 486,37
	Short-term, non-interest bearing	2 210 347,71	1 277 659,64
	Total current liabilities	13 262 504,96	9 395 146,01
	Itemisation of accruals and deferred income:		
	Wages and social security contributions	130 271,02	235 562,53
	Interest	532 265,89	80 875,87
	Other accruals and deferred income	243 331,40	31 000,00
	Total accruals and deferred income	905 868,31	347 438,40

3.	**Contingent liabilities and other liabilities**	**2010**	**2009**
	Loans from financial institutions with guarantees	4 203 140,52	3 500 000,00
	Pledges guarantees as collateral for own liabilities:		
	Subsidiary shares in Maritii Oy and Tuotesampo Oy		
	as well as the 10 % share in Tiimore Promotion Oy		
	Pledged intra group loan receivables	550 000,00	550 000,00
	Bank guarantees	36 189,00	36 189,00
	Leasing liabilities		
	Due within one year	12 407,88	49 587,01
	Due later	18 611,82	69 281,98
	Total	31 019,70	118 868,99

Other own liabilities		
Lease guarantees		92 928,96
Redeveloping contractor's liability	5 000,00	5 000,00
Total	5 000,00	97 928,96

Parent company has given 10.06.2006 a general guarantee on behalf of Tiimari Retail Ltd to Nordea Bank Finland Plc.

Distribution of Holdings and Shareholder Information

Distribution of holdings at the end of the financial year 2010

	Number of holders	Of shares	Of votes
Private enterprises	118	9 062 757	55,01 %
Financial and insurance institutions	5	719 031	4,36 %
Public corporations	5	1 839 683	11,17 %
Households	2 631	4 268 688	25,91 %
Non-profit organisations	7	9 456	0,06 %
Foreign countries	9	17 838	0,11 %
Nominee-registered	5	554 149	3,36 %
In joint account	0	3 153	0,02 %
Total	2 780	16 474 755	100,00 %

Type and number of shares

Type	pcs	Votes	Total votes
A-share	16 474 755	1	16 474 755
Total	16 474 755		16 474 755

Distribution of holdings, 31.12.2010

		Holders pcs	Of total, %	Number of shares	Of book entries, %
1	-100	373	13,42	23 205	0,14
101	-500	931	33,49	284 620	1,73
501	-1 000	589	21,19	468 216	2,84
1 001	-5 000	714	25,68	1 614 182	9,80
5 001	-10 000	92	3,31	667 908	4,05
10 001	-50 000	55	1,98	1 074 478	6,52
50 001	-100 000	7	0,25	511 277	3,10
100 001	-500 000	10	0,36	1 918 739	11,65
500 001	-	9	0,32	9 908 977	60,15
Total		2780	100,00	16 471 602	99,98
of which nominee-registered		5		554 149	3,36
In joint account				3 153	0,02
Issued number				16 474 755	100,00

Information about biggest shareholders at the end of the financial period
Biggest shareholders at the end of 2010 financial period

		A-share	Of shares and votes %
1.	Atine Group Ltd.	3 293 000	19,99
2.	Assetman Ltd.	1 740 645	10,57
3.	Varma Mutual Pension Insurance Company	828 912	5,03
4.	Primate Ltd.	825 000	5,01
5.	Mutual Pension Insurance Company Ilmarinen	789 221	4,79
6.	Baltiska Handels A.B.	716 483	4,35
7.	Investment Fund Aktia Capital	600 000	3,64
8.	Kargol Ltd.	570 985	3,47
9.	Vessilä Ltd.	544 731	3,31
10.	Cumasa Ltd.	407 625	2,47
11.	Etera Mutual Pension Insurance Company	210 000	1,27
12.	Suomen Bestand Ltd.	178 253	1,08
13.	Ryöppönen Hannu Ragnvald	160 000	0,97
14.	Krook Hannu Juhani	160 000	0,97
15.	Sijoitusrahasto Garp	129 015	0,78
16.	Finnfoam Ltd.	115 000	0,70
17.	Nieminen Jorma Juhani	103 045	0,63
18.	Pohjola Insurance Ltd	95 000	0,58
19.	Moneda Consulting Ltd.	87 500	0,53
20.	Rosaco Ltd.	60 000	0,36
21.	Kimmo Haapaniemi	58 637	0,36
22.	Turpeinen Urho Taneli	58 000	0,35
23.	KW-Invest Ltd.	55 000	0,33
24.	Potrykus Yvonne	45 000	0,27
25.	Temonen Antti	39 533	0,24
26.	Sirviö Kari Simo Tapani	37 880	0,23
27.	Illi Marja Kristina	35 787	0,22
28.	Jyväsjärvi Juha Olavi	35 000	0,21
29.	Pallas-Agentuuri Ltd.	32 590	0,20
30.	Mezera Ltd.	31 250	0,19
Total		12 043 092	73,10

Management share holdings

The Managing Director Hannu Krook held 31st December 2010 160.000 company shares, which equals 0.97 % of total shares and votes. The board members including spouses, underaged children and companies where they exercise control held 31st December 2010 2.677.128 shares, which equals 16.2 % of the company shares.

THE BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

At the end of the financial period the parent company's distributable shareholders' equity was EUR 4.502.066,86 (15.480.231,76).
The Board proposed to the Annual General Meeting that the loss for the period EUR 10.978.164,90 will be left as retained earnings and that no dividend is paid.

BOARD MEMBER SIGNATURES AND AUDITOR'S NOTE

Approval of annual report and financial statements.

Helsinki 7th March 2011

Hannu Ryöppönen Chairman of the Board	Juha Mikkonen Vice Chairman of the Board
Sven-Olof Kulldorf	Markku Pelkonen
Alexander Rosenlew	Sissi Silván

Hannu Krook
Managing Director

Auditor's note

Our auditor’s report has been issued today.

Helsinki 2011

KPMG Oy Ab
Authorized Public Accountants

Sixten Nyman
Authorized Public Accountant