

## INTERIM REPORT Q3/2009

For the third quarter:

- The revenue development turned to a better direction than for the beginning of the year and net sales were EUR 17.3 million (17.8). Down only 2.7 % from corresponding period last year
- Gross profit was EUR 9.8 million (10.6) and 57 % (59)
- EBITDA was EUR -2.0 million (-0.9)
- Operating profit was EUR -2.9 million (-1.9)
- Earnings per share were EUR -0.25 (-0.38)
- The sales of new product groups started in September and their supply will be expanded in October-November
- The business gift merchandiser was surrendered according to the focus strategy
- As the company announced on 22 September, the seasonal discounted sales organised during the quarter had a weakening effect on the gross margin. The measures were taken to reduce inventory levels and article numbers

Highlights for the review period of 2009:

- Net sales fell by 5.7 % and were EUR 48.2 million (51.1). The weakening of exchange rates was responsible for around EUR 0.8 million of this fall.
- Gross profit was EUR 29.1 million (29.8) and 60 % (58)
- EBITDA was EUR -6.3 million (-3.1)
- Operating profit was EUR -8.8 million (-5.5).
- Earnings per share were EUR -0.83 (-0.76)

Future outlook:

## COMMENTS OF THE MANAGING DIRECTOR

Managing Director of Tiimari, Hannu Krook:

"During the third quarter our actions to turn our sales to increase started to produce results towards the end of the review period, especially for Tiimari in Finland and Gallerix in Sweden. The revenue development continued clearly positive in October and I estimate this trend to continue throughout the year. Tiimari in Finland school supply sales exceeded last year levels and the development in the sales in standard offerings continues to be positive during early autumn. Gallerix's sales have been ahead of last year already from July onwards. The shop coverage of the new product groups, like sweets, CDs and DVDs as well as toys is not comprehensive until the beginning of November. A part of our new product groups (Fiskars, Novita, Merilasi's Ratia collection) will be launched initially only in our biggest shops. The significant reduction in the inventory levels compared to last year reflects our actions regarding the improvement of stock turnover to be in the right direction. The reduction of investments and increasing stock turnover will enhance the operative cash flow for the rest of the year and reduce debt levels to last year's level by the end of the fiscal year. During the review period we ceased our operations in Norway according to our focused strategy and we sold the gift merchandiser Tiimore. The

issued capital loan will enable a faster and broader supply of new product categories in our shop network and stabilises the company's financing."

#### GROUP FINANCIAL RESULTS

Group net sales fell by 5.7 % and were EUR 48.2 million (51.1). The third quarter sales were down only by 2.7 % compared to corresponding period last year, which is a significantly better direction than the beginning of the year. Currency exchange-rate changes in the Swedish, Polish and Norwegian currencies reduced group net sales by about EUR 0.8 million relative to the comparison period. Tiimari's business is very seasonal, and the majority of both sales and profits accrue during the last quarter of the financial year. The third quarter gross profit was EUR 9.8 million (10.6), down both measured in euros and in relative measures. The company's executed program to reduce inventory levels and the renewal of the product offering have had a negative effect on the gross profit particularly during the third quarter, but simultaneously these actions have released tied up assets according to plan. The closing down of the shop in Norway also had a negative effect on the operating profit margin. The review period gross profit was EUR 29.1 million (29.8). The gross profit margin was 60 %, better than the comparison period (58). The Group's operating profit was EUR -8.8 million (-5.5).

The net financial expenses for the review period were EUR 2.5 million (2.5) and the third quarter net financial expenses were EUR 0.8 million, down from the comparison period last year (0.9). The result before taxes was EUR -11.3 million (-8.0). The net result for the discontinued operations were EUR -0.6 million (0.1). Earnings per share were EUR -0.83 (-0.76). The earnings per share for continued operations were -0.79 (-0.77).

The company has at the end of the review period tested its goodwill for impairment. According to the calculation goodwill was not impaired.

#### OPERATING SEGMENTS

##### TIIMARI

This segment comprises all the Tiimari-concept shops in Finland and abroad. Net sales for the review period fell by 7.7 % and were EUR 38.9 million (42.2). The number of stores operated by the company at the end of the review period was 205 (194), of which 168 (158) were in Finland.

The operating profit for this segment was EUR -5.9 million (-4.8). The weaker result was caused mainly by the lag in sales. Additionally, the third quarter seasonal discounted sales were now more aggressive as part of the project to reduce inventory levels and article numbers. The fixed costs were bigger than the comparison period last year due to the increase in shop amounts. The profit improvement programme initiated at the beginning of the year slowed down the increase in cost.

The increase in the amount of shops as well as the trade union compliant pay increases in the spring increased significantly the rent and salary expenses compared to the same period last year. Then again, the shop base will enable us to increase sales and profitability as the demand increases. It takes between six and eighteen months for a new store to grow to full profitability depending on the market area. The development in the foreign shops is slower than for the domestic shops and in most markets the total result is negative during the first three quarters due to the seasonality of demand.

Tiimari started its operations in Lithuania in the end of 2008. In Sweden, Tiimari has had eight own shops from the beginning of September of the review period and the amount has increased in Poland by two shops to ten shops after the review period. During the review period we withdrew from Russia and Norway and the effect of these markets on the results for the review period was negative.

The demand in the Baltic and Poland declined significantly compared to the same period last year as so did the profitability.

Tiimari's product categories were conceptualised in order to further strengthen our position as an arts & crafts and party shop. We will furthermore be strong in cards, gift packaging and office and school supplies.

In order to boost sales, new product groups were introduced in order to raise customer numbers and increase the size of individual purchases and smooth out the seasonal changes in sales.

The control of product flows and management of product groups were developed and the amount of article titles was reduced by five percent.

The investments in the segment during the review period were EUR 0.7 million (2.3) and they were allocated mostly opening new shops, as previously agreed. The investment for the review period also included the acquisition of the business operations in Sweden (0.4).

#### GALLERIX

The Gallerix segment comprises the Gallerix concept stores in Sweden and Finland. The number of stores operated by the company at the end of the review period was 4 (2) in Finland and 11 (12) in Sweden. In Sweden most of the business is based on franchising, and there were 78 (79) stores run on this basis.

Net sales for Gallerix increased by 5.3 % and were EUR 9.4 million (9.0). When calculated with unchanged exchange rates, the sales would have been about 11 % higher. Operating profit was EUR -1.2 million (-0.7). The rental and personnel costs for the new stores caused an increase in Gallerix's structural costs and the volume of business has not yet risen to a profitable level. In Finland there were 7 shops at the most during the beginning of the year and of those three were closed or joined to Tiimari to reduce fixed costs. To reduce costs four own shops were also closed in Sweden. The product group management was developed and the goal was to increase the Gallerix share in franchisee purchases as well as improve the profitability of the franchisees. In Luleå, a pilot project was initiated, where the Gallerix franchisee integrated Tiimari and Gallerix under one roof.

Capital expenditure for the segment was EUR 0.2 million (0.4) and was mainly related to the opening of new stores.

#### TIIMORE

The board of directors at Tiimari decided in August to explore new options for the business gift merchandising operations. In September the business operations were sold to its operative management. Tiimore's revenue was EUR 1.1 million during 2008. In the deal, the entire personnel transferred as did part of the inventory and fixed assets. The price for the deal was about EUR 0.1 million. As part of the deal, the inventory was revalued and fixed assets that were not sold were removed. This resulted in costs of about EUR 0.2 million.

Tiimore is classified as discontinued operations.

#### PROFIT-IMPROVEMENT PROGRAMME

At the beginning of the review period, the company announced a EUR 8 million profit-improvement programme covering savings in man hours, marketing and administrative expenses as well as measures aimed at increasing the margin. Furthermore, the cash-flow improvement programme aimed to reduce current assets and restrict capital expenditure. The profit-improvement programme was set in motion as planned in terms of cost saving actions. The euro-denominated margin improvements dependent on the level of sales were, as a result of weak sales, smaller than expected, but the gross-margin percentage increased by two percent compared to the review period last year.

Marketing costs were EUR 0.9 million lower than for the comparison period. Savings in man hours were brought about and they reduced costs arising from the use of temporary employees. Store-related workforce costs fell in Finland by around 8 % from the comparison period. The Russian shops and the Norwegian shop were closed during the review period and they will cause only minor administrative expenses. The repatriation of the financial management saved EUR 0.5 million in costs during the beginning of the year.

Capital expenditure during the review period totalled EUR 0.9 million (2.9). The level of current assets was EUR 20.8 million, representing a decrease of EUR 2.6 million from the start of the financial year and a decrease of EUR 6.7 million from the comparison period (27.4).

#### BALANCE SHEET, FINANCIAL POSITION AND CASH FLOW

Net working capital for the group was EUR 13.2 million. Net working capital at the end of the comparison period was EUR 17.0 million and EUR 10.7 million at the end of 2008. The net working capital is affected by the seasonal fluctuations in the operations, so that there is an increase during the year and a reduction by the end of the fiscal year. Current assets amounted to EUR 20.8 million (27.4) and decreased EUR 2.6 million from the beginning of the review period. Current receivables amounted to EUR 3.9 million (3.8), after falling by EUR 0.3 million since the beginning of the financial year. Current liabilities decreased by EUR 5.4 million to EUR 11.5 million (14.3) over the same period. Increased turnover of inventory is sought across the whole group. It is believed that the measures implemented will reduce the level of inventory by EUR 4.0 million by the end of the current financial year, as planned. Non-current assets totalled EUR 56.8 million (63.9), a decline by EUR 1.3 million from the beginning of the review period.

Interest-bearing liabilities totalled EUR 40.3 million (44.9), increasing by EUR 6.0 million from the beginning of the financial year. The company's financial position was tight at the end of September. The capital loan issues by the company in October mended this situation. The equity ratio (equity to assets) was 30.3 % (33.6 % at end of the comparison period and 34.6 % at the beginning of the financial year). Net gearing is expected to decrease below last year levels by the end of the year.

The company reached an agreement on the changes in the EBITDA loan covenants. The change affected the third quarter loan covenants as well as the covenants for the end of the fiscal year.

A directed share issue was arranged in order to improve the balance sheet and financial position of the company. The resulting increase in equity amounted to EUR 6.1 million after a deduction of EUR 0.4 million in issue costs. This was recorded in its entirety in the invested unrestricted equity fund. EUR 4.4 million from the proceeds was used for the repayment of interest-bearing debt. Shareholder's equity per share was 1.53 euros (3.23).

The cash flow from operations was EUR -11.6 million (-9.4). The cash flow was negative because the business made losses and also because of the decrease in current non-interest-bearing liabilities. Group capital expenditure amounted to EUR 0.9 million (2.9). This mainly related to expansion of the store network in existing market areas.

#### PERSONNEL

The average number of group personnel in the review period was 709 (680). The numbers have altered to reflect the share of full-time employees. Most of the personnel were employed by the Tiimari segment in Finland. The majority of the personnel in the shops are part-time employees. The sales of the gift merchandising business reduced the personnel by eight.

#### SHARES AND SHARE CAPITAL

Tiimari shares are listed on the NASDAQ OMX Helsinki plc stock exchange. As at 30 September 2009, the share price was EUR 1.40 (3.28) and the market value of the company was EUR 23.1 million (33.8). The share capital of the company was EUR 7.686.200 at the end of the review period and the number of shares was 16,474,755. During the quarter, the Board of Directors resolved - by virtue of authorization granted by the Annual General Meeting - to arrange a directed share issue. 5.175.535 shares were issued, paid for and registered by the end of April.

TREASURY SHARES (Stock Exchange Release, 29 April 2009 [www.tiimari.com](http://www.tiimari.com))

On 23 April, the company cancelled the 11.850 treasury shares that it possessed. The shares were cancelled without reducing the share capital. At the end of the review period, the company did not possess any treasury shares.

ANNUAL GENERAL MEETING - 7 APRIL 2009 (Stock Exchange Release 7 April 2009 [www.tiimari.com](http://www.tiimari.com))

The Annual General Meeting of Tiimari plc approved the financial statements for 2008 and the members of the Board and the Managing Director were discharged from liability. The meeting decided that the loss for the financial year, EUR 1.585.287,88, would be posted to accumulated retained earnings and that a dividend would not be issued.

It was decided that the number of Board members would be six. Peter Seligson, Arja Hautanen, Sven-Olof Kulldorff, Juha Mikkonen, Alexander Rosenlew and Hannu Ryöppönen were elected to the Board of Directors. Chartered Accountants KPMG Oy Ab were elected to continue as auditors and they nominated Sixten Nyman (Chartered Accountant) as Principal Auditor.

The Annual General Meeting authorized the Board to decide on issuing a maximum of 5,655,535 shares, in one or more tranches, via a share issue and/or by granting special rights to shares (including share options), as specified in chapter 10, section 1 of the Finnish Limited Liability Companies Act. The Board may decide to issue either new shares or existing shares held by the company. The maximum amount of the proposed authorization is equivalent to 50% of all company shares at the time of convening the Annual General Meeting. The authorisation may be used for financing and implementing potential acquisitions or other arrangements, for consolidating the company's balance sheet and financial situation, for implementing loyalty- and incentive-based compensation schemes for new members of the Board, management and other personnel or for any other purposes determined by the Board of Directors. Within the framework of the loyalty- and incentive-based compensation scheme, a maximum of 500,000 option rights may be granted in total to new members of the Board and to the new Managing Director of the company. This authorization supersedes previous share-issue authorizations and is effective until the next Annual General Meeting or 30 June 2010 if this is earlier.

ORGANISING OF THE BOARD OF DIRECTORS (Stock Exchange Release, 7 April 2009 [www.tiimari.com](http://www.tiimari.com))

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

DIRECTED SHARE ISSUE (Stock Exchange Release, 20 April, 24 April and 30 April 2009 [www.tiimari.com](http://www.tiimari.com) )

On 23 April 2009, the Board of Directors decided to apply its authority to issue shares. On the basis of the directed share issue , 5,175,535 new shares were issued, which corresponds to around 45.8% of all of the company's shares before the share issue. The share issue price was EUR 1.25 and after the deduction of share issue costs, accumulated funds of EUR 6.1 million were posted to the company's invested unrestricted equity fund.

The pre-emptive subscription rights of the shareholders have been deviated from since the purpose of the share issue is to strengthen the balance sheet and the shareholder's equity of the company, in a way that is as quick and as cost effective as possible taking the instability of the stock market into consideration. The shares were listed on 25 May.

OPTION RIGHTS (Stock Exchange Release, 24 April 2009 [www.tiimari.com](http://www.tiimari.com) )

The Board of Directors of Tiimari plc announced on 23 April 2009 that it will grant a total of 480,000 option rights, entitling the issue of up to 480,000 new shares in the company. Option rights were granted to the new managing director of the Company and to the new members of the Board. The options are granted as a part of the loyalty and incentive scheme.

The former option schemes for Tiimari plc have now become void.

#### MANAGEMENT

Hannu Krook (M.Sc. Economics), took up the role of Managing Director of Tiimari plc on 7 April.

Markku Breider (MBA) was appointed a member of Tiimari's management group and Director of Retail Chain Operations on 3 June.

EVENTS AFTER REVIEW PERIOD (Stock Exchange Releases 19 October 2009, 22 October 2009 and 2 November 2009 [www.tiimari.com](http://www.tiimari.com) )

The Company organised an extraordinary general meeting on 19th October 2009. In the meeting it was decided to issue a EUR 4.980.000 million directed convertible capital loan. The loan was oversubscribed and has been paid in full. The exchange rate of the loan is about EUR 1.4746 per share and can be exchanged to a maximum of 3.377.173 shares. The loan was issued to increase the flexibility of the financing and to enable the efficient introduction of new products into the product offering.

The extraordinary general meeting granted share issue authorisation to the Board, on the basis where the amount of company shares can increase by a maximum of 4.000.000 shares.

The authorisation is valid until 30 April 2013.

The extraordinary general meeting decided to increase the amount of board members by one and Markku Pelkonen was elected as new member of the Board.

The Board decided in its organising meeting Hannu Ryöppönen as its chairman and Peter Seligson as its vice chairman. Hannu Ryöppönen was elected chairman of the

nomination and compensation committee and Alexander Rosenlew and Peter Seligson as members. Juha Mikkonen was elected chairman of the audit committee and Hannu Ryöppönen and Peter Seligson as members.

The Virala group subscribed to the capital loan and announced its share in Tiimari to exceed 1/4, should the loan be exchanged to shares.

Arja Hautanen resigned from the Board 2 November 2009.

#### SHORT-TERM RISKS AND UNCERTAINTIES

The global economic downturn is affecting consumer purchase behaviour and purchasing power in all of Tiimari's market areas. The economic recession and the resulting fall in demand has had and continues to have an impact on Tiimari's sales and profitability. Heightened competition creates pressure to adjust sales prices but is, at the same time, also expected to have a positive influence on purchase prices. Furthermore, unfavourable changes in purchase prices and exchange rates between the euro and currencies relevant to the business could weaken Tiimari's operating profit and its financial position.

Tiimari's management has responded to the weakening demand, for example by rationalising the management of goods streams, adjusting the number of personnel in various areas, boosting marketing activities to increase the number of customers and the sum of purchases per customer in established stores and in new stores, closing down unprofitable stores, reviewing pricing and by pursuing increased efficiency of the Group in general. Furthermore, the Company has also launched a major profit-improvement programme in order to achieve its financial goals. Additionally, the Company has decided to focus its investment on the expansion and increased profitability of existing business operations. If the measures launched and already implemented should fail to bring the expected result, this might have a negative impact both on the Company's earnings for the current financial period and on its financial position.

The company's operational risks and factors of uncertainty have been explained in more detail in the 2008 financial statements and no significant changes have occurred since.

#### OUTLOOK

Tiimari's full year operative profitability (earnings before interest, depreciation and amortisation and non-recurring items) is expected to land at same level as last year. A reduction in inventory levels and investments will enhance the cash flow. The operative cash flow before taxes and financing items is expected to be clearly positive in 2009.

Board of Directors

Tiimari plc

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Distribution:

NASDAQ OMX Helsinki

Main source of information

[www.tiimari.com](http://www.tiimari.com)

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

## BASIS OF PREPARATION

This Interim Report was prepared in accordance with the IFRS accounting standards, but in the preparation all IAS 34 standard requirements have not been fulfilled. The interim consolidated financial statements were prepared applying the same accounting policies and methods of computation, as in the financial statements for 2008. Financial figures presented in this document are not audited.

All figures in the accounts have been rounded and consequently the sum of individual figures may deviate from the presented total figure. The figures in the tables are presented in thousands of euro.

The application of changed or new standards (IFRS) starting 1.1.2009:

- IAS I, Presentation of financial statements, which has changed the presentation of the income statement and changes in shareholder's equity, application of standard affects presentation of group's interim report.
- Other applied standard changes do not have a significant impact on the interim report.

### Use of Estimates:

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

The use of estimates affects the valuation of inventory, deferred tax assets, depreciation times of non-current assets and valuation of receivables. Additionally, the estimates affect the valuation of goodwill and brands. Inventory valuation is based on regular devaluation as follows: 30 months 25%, 36 months 50 % and 42 months 100 % and specific write-offs as needed.

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

### Gross profit and gross profit margin %

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

## TABLES

### CONSOLIDATED INCOME STATEMENT

eur 1 000

	7-9/2009	7-9/2008	1-9/2009	1-9/2008	1-12/2008
<b>SALES</b>	17 344	17 819	48 235	51 133	84 550
Cost of goods sold	-7 512	-7 265	-19 181	-21 383	-33 806
Gross profit	9 832	10 554	29 054	29 750	50 744
Gross profit, %	57 %	59 %	60 %	58 %	60 %

Other operating income	427	262	865	412	539
Employee benefit costs	-5 214	-4 611	-15 690	-13 305	-19 154
Depreciation	-873	-952	-2 519	-2 388	-3 515
Goodwill impairment	0	0	0	0	-5 000
Other operating expenses	-7 087	-7 135	-20 528	-19 936	-29 406
OPERATING PROFIT	-2 915	-1 882	-8 819	-5 467	-5 793
Operating profit, %	-17 %	-11 %	-18 %	-11 %	-7 %
Financial income	-84	-5	46	63	154
Financial expenses	-684	-937	-2 512	-2 548	-4 262
Net financial income	-769	-942	-2 466	-2 485	-4 108
INCOME BEFORE TAXES	-3 684	-2 824	-11 285	-7 952	-9 901
Taxes	-3	-860	144	36	77
NET INCOME FOR THE PERIOD	-3 686	-3 684	-11 141	-7 916	-9 824

Net income for the period from discontinued operations	-392	-196	-587	130	-104
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#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NET INCOME FOR THE PERIOD	-4 079	-3 880	-11 727	-7 787	-9 929
Translation differences	372	-59	353	-59	-726
Other	0	0	0	0	-21
Comprehensive income for the period net of tax	-3 707	-3 939	-11 374	-7 846	-10 676

#### Comprehensive income for the period attributable to:

Equity holders of the company	-3 707	-3 939	-11 374	-7 846	-10 676
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Earnings per share  
for profit attributable  
to the equity holders of the Company

Basic earnings per share, EUR	-0,25	-0,38	-0,83	-0,76	-0,94
Diluted earnings per share, EUR	-0,25	-0,38	-0,83	-0,76	-0,94
earnings per share from continued operations	-0,22	-0,36	-0,79	-0,77	-0,93
earnings per share from discontinued operations	-0,02	-0,02	-0,04	0,01	-0,01

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

eur 1 000

	30.9.2009	30.9.2008	31.12.2008
<b>ASSETS</b>			
Goodwill	33 444	38 348	33 287
Other intangible assets	17 902	20 420	18 950
Tangible assets	5 274	4 484	5 616
Other financial assets	101	105	105
Receivables	30	198	115
Deferred tax assets	29	299	0
Total non-current assets	56 779	63 854	58 073
Inventories	20 773	27 449	23 409
Trade and other receivables	3 923	3 830	4 255
Cash and bank	1 791	3 952	2 188
Total current assets	26 487	35 231	29 852
<b>TOTAL ASSETS</b>	<b>83 267</b>	<b>99 085</b>	<b>87 925</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Emoyrityksen omistajille kuuluva oma pääoma			
Share capital	7 686	7 686	7 686
Own shares	0	-55	-55
Distributable equity fund	23 011	16 921	16 921
Translation differences	-593	-278	-945
Retained earnings	-4 916	9 001	6 836
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>25 189</b>	<b>33 275</b>	<b>30 443</b>
<b>LIABILITIES</b>			
Deferred tax liabilities	6 208	6 596	6 330
Interest-bearing liabilities	21 998	27 870	12 297
Provisions	31	41	31
Total non-current liabilities	28 237	34 507	18 658
Interest bearing liabilities	18 312	17 025	21 864
Account payable and other payable	11 529	14 278	16 960
Total current liabilities	29 841	31 303	38 824
<b>TOTAL LIABILITIES</b>	<b>58 078</b>	<b>65 810</b>	<b>57 482</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>83 267</b>	<b>99 085</b>	<b>87 925</b>

**Consolidated Statement of Cash Flows**eur 1  
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	1-9/2009	1-9/2008	2008
<b>Cash flow from operations</b>			
Profit/loss for financial period	-11 727	-7 786	-9 929
Adjustments:			
Depreciation and impairment	2646	2449	8 622
Gain (+) and loss (-) on sale of fixed assets	-44	-885	-690
Financial income and expenses	2379,25	2484,99	4 116
Taxes	-153	-36,25	-80
Other adjustments	30	-445	173
Change in working capital:			
Change in short-term receivables	596	3 445	2 732
Change in inventories	2 769	-731	2 799
Change in short term liabilities	-6 064	-4 954	-2 026
Interest paid	-1382	-2578	-3 104
Interest income received	9	93	58
Other financing expenses paid	-509	0	-347
Taxes paid	-101	-431	-387
<b>Net cash flow from operations</b>	<b>-11 551</b>	<b>-9 374</b>	<b>1 937</b>
<b>Cash flow from investment activities</b>			
Acquisition of subsidiary companies net cash of acquired	0	-409	-736
Investments in tangible and intangible assets	-941	-2509	-4 505
Capital gains from tangible and intangible assets	1	1 111	985
Repayment of loan receivables	0	-89	65
<b>Net cash flow from investments</b>	<b>-940</b>	<b>-1896</b>	<b>-4 191</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issue	6089	3100	3 100
Long-term loans, increase	4770	0	0
Long-term loans, decrease	-1000	-322	-2 000
Short-term loans, net change	2 187	11 238	2 325
Dividends paid	0	-1648	-1 648
<b>Net cash flow from financing</b>	<b>12 046</b>	<b>12 368</b>	<b>1 777</b>
<b>Change in liquid assets</b>	<b>-445</b>	<b>1 098</b>	<b>-477</b>
Liquid assets, beginning of review period	2 188	2 852	2 852
Effect of exchange rate changes on liquid assets	48	1	-187
Liquid assets, end of review period	1 791	3 951	2 188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
eur 1 000

<b>Attributable to the equity holders of the company</b>	<b>Total equity</b>
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	Share capita l	Distri - butabl e equity fund	Own share s	Translati on differenc es	Retaine d earnings	Total	
<b>Shareholders' equity</b>							
<b>1.1.2008</b>	<b>7 686</b>	<b>13 821</b>	<b>-55</b>	<b>-219</b>	<b>18 434</b>	<b>39 667</b>	<b>39 667</b>
Comprehensive income for the period				-59	-7 786	-7 845	-7 845
Dividends paid					-1 648	-1 648	-1 648
Share issue		3 100				3 100	3 100
Other items					2	2	2
<b>Equity on 30.9.2008</b>	<b>7 686</b>	<b>16 921</b>	<b>-55</b>	<b>-278</b>	<b>9 001</b>	<b>33 275</b>	<b>33 275</b>
<b>Shareholders' equity</b>							
<b>1.1.2009</b>	<b>7 686</b>	<b>16 921</b>	<b>-55</b>	<b>-945</b>	<b>6 836</b>	<b>30 443</b>	<b>30 443</b>
Comprehensive income for the period				353	-11 727	374	-11 374
Option rights					30	30	30
Share issue		6 089				6 089	6 089
Annullment of treasury shares			55		-55	0	0
<b>Equity on 30.9.2009</b>	<b>7 686</b>	<b>23 011</b>	<b>0</b>	<b>-592</b>	<b>-4 916</b>	<b>25 189</b>	<b>25 189</b>

#### SEGMENT INFORMATION

##### NET SALES

eur 1 000	2009 7-9	2008 7-9	2009 1-9	2008 1-9	2008 1-12
Tiimari	13 782	14 492	38 945	42 180	70 926
Gallerix	3 685	3 214	9 426	8 953	13 624
Other operations	0	1 390	400	3 023	1 223
Eliminations	-123	-1 277	-536	-3 023	-1 223
Group	17 344	17 819	48 235	51 133	84 550
		0			

##### OPERATING PROFIT

eur 1 000	2009 7-9	2008 7-9	2009 1-9	2008 1-9	2008 1-12
Tiimari	-1 977	-2 153	-5 855	-4 770	-3 602
Gallerix	-246	50	-1 213	-714	-526
Other operations	-693	222	-1 751	17	-1 665
Group	-2 916	-1 882	-8 819	-5 467	-5 793

##### DEPRECIATION AND GOODWILL IMPAIRMENT

eur 1 000	2009 7-9	2008 7-9	2009 1-9	2008 1-9	2008 1-12
Tiimari	626	741	1 845	1 793	7 669

Gallerix	226	201	612	575	791
Other operations	22	10	62	20	55
Group	874	952	2 519	2 388	8 515

#### CAPITAL EXPENDITURE

eur 1 000	2009	2008	2009	2008	2008
	7-9	7-9	1-9	1-9	1-12
Tiimari	154	939	721	2 310	4 205
Gallerix	19	189	206	361	747
Other operations	0	210	14	247	289
Group	173	1 338	941	2 918	5 241

#### NET SALES BY GEOGRAPHICAL AREA

eur 1 000	2009	2008	2009	2008	2008
	7-9	7-9	1-9	1-9	1-12
Finland	12 194	13 192	34 850	38 413	63 896
Sweden	3 966	3 325	10 178	8 936	14 317
ROW	1 184	1 301	3 207	3 783	6 337
Group	17 344	17 819	48 235	51 133	84 550

#### INTANGIBLE ASSETS

eur 1 000	30.9.2009	30.9.2008	31.12.2008
Book value at 1 January	52 237	57 145	57 145
Changes in exchange rates	370	6	-294
Additions	175	2 291	2 000
Depreciation and impairment	-1 251	-1 720	-6 598
Disposals and intra-balance sheet transfer	-185	1 046	-16
Book value at the end of period	51 346	58 768	52 237

#### TANGIBLE ASSETS

eur 1 000	30.9.2009	30.9.2008	31.12.2008
Book value at 1 January	5 616	4 650	4 650
Changes in exchange rates	29	4	-56
Additions	691	1 088	3 677
Depreciation and impairment	-829	-729	-2 024
Disposals and intra-balance sheet transfer	-233	-529	-631
Book value at the end of period	5 274	4 484	5 616

CONTINGENT LIABILITIES			
	30.9.2009	30.9.2008	31.12.2008

Loans from financial institutions			
against the following securities	27 125	31 445	14 724
Real estate mortgages	0	1 000	1 062
Corporate mortgages	31 137	31 137	31 137
Pledged shares	1 476	1 476	1 476
Other own liabilities			
Bank guarantees	2 603	2 114	1 914
Other liabilities	8	8	405
Leasing liabilities			
Due within one year	48	87	90
Due after one year	108	92	131
OTHER RENT LIABILITIES			
Due within one year	13 161	9 716	9 858
Due after one year	18 735	14 861	14 380

RELATED PARTY TRANSACTIONS (EUR 1 000)	2009	2008	2008
	1-9	1-9	1-12
CEO salaries and benefits	330	189	225
Board of directors fees and benefits	81	88	117

The CEO salaries and benefits include Kristiina Illi's salaries, severance compensation and retirement payments. Kristiina Illi left her position as Tiimari CEO 7 April 2009 and her total compensation for 2009 is EUR 222 thousand. The CEO and new members of the Board, Mr. Ryöppönen and Mr. Kulldorff have received company share options. A EUR 30 thousand expense has been booked relating to board share options in addition to the fees disclosed above.

The members of the Board and the CEO subscribed in the spring share issue shares either personally or through companies where they exercise control. Of the board members Hannu Ryöppönen, Sven-Olof Kulldorff, Juha Mikkonen and Peter Seligson as well as CEO Hannu Krook subscribed to the convertible capital loan after the review period. Also the biggest owner Virala Plc subscribed to the capital loan.

#### EVENTS AFTER REVIEW PERIOD

The company decided to issue a directed convertible capital loan at its extraordinary general meeting 19 October 2009. The loan amount was EUR 4.980.000. The loan was oversubscribed and has been paid in full. The exchange rate for the loan is approximately EUR 1.4746 per share. The Board received share issue authorisation, which maximum amount was 4.000.000 shares and is valid until 30 April 2013. The extraordinary general meeting elected Markku Pelkonen as a new member of the Board. Arja Hautanen announced her resignation from the Board effective 2 November 2009.

#### WRITE-DOWN OF INVENTORY

In addition to the company's current asset valuation policies, non-recurring write-downs have been made EUR 165 thousand.

MAJOR SHAREHOLDERS	Shares	Shares %
Major shareholders 30.9.2009		
Atine Group Oy	3 292 198	19,98 %
Assetman Oy	1 740 645	10,57 %
Varma Mutual Pension Insurance Company	828 912	5,03 %
Primate Oy	825 000	5,01 %
Ilmarinen Mutual Pension Insurance Company	789 221	4,79 %
Baltiska Handels A.B.	716 483	4,35 %
Aktia Capital Fund	600 000	3,64 %
Cumasa Oy	407 625	2,47 %
Nordea Pankki Suomi Oyj (Administrative reg.)	300 000	1,82 %
Arvo Finland Value Fund	210 000	1,27 %

#### CALCULATION OF KEY FINANCIAL RATIOS

Gross margin = Revenue + materials and supplies

EBITDA = Operating profit + depreciation and amortisation

Earnings/share (EPS), EUR =

Earnings before tax - income taxes / issue-adjusted average number of shares for the fiscal year

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

Equity ratio % =

Shareholders' equity \* 100 / Total assets - prepayments received

Gearing ratio % =

Interest-bearing liabilities - cash and cash equivalents \* 100 / Shareholders' equity

Quick ratio =

Short-term receivables + cash and cash equivalents \* 100 / Short-term liabilities

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

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

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

Further information:

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