



**SWEDOL AB (publ)**

## **INTERIM REPORT**

**1 JANUARY – 30 JUNE 2011**

### **SECOND QUARTER HIGHLIGHTS**

- ▶ Revenue increased by 14,0% to MSEK 321.3 (281.8).
- ▶ Operating profit rose by 48,9% to MSEK 34.4 (23.1) and operating margin was 10.7% (8.2).
- ▶ Profit improved to MSEK 25.2 (17.3) and earnings per share amounted to SEK 0.39<sup>2</sup> (0.27<sup>1,2</sup>).
- ▶ Store revenue rose by 18.0% compared to the corresponding period of last year.
- ▶ Cash flow from operating activities for the quarter was MSEK -13.5 (14.7).

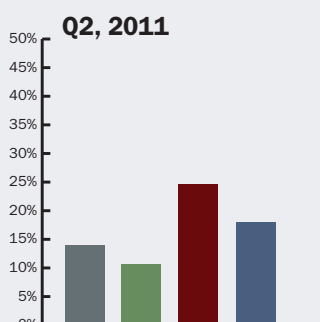
### **FIRST HALF HIGHLIGHTS**

- ▶ Revenue increased by 15.3% to MSEK 607.7 (527.2).
- ▶ Operating profit rose by 37.5% to MSEK 59.8 (43.5) and operating margin was 9.8% (8.3).
- ▶ Profit improved to MSEK 43.6 (32.5) and earnings per share were SEK 0.68<sup>2</sup> (0.51<sup>1,2</sup>).
- ▶ Store revenue rose by 19.8% compared to the corresponding period of last year.
- ▶ Cash flow from operating activities for the period was MSEK -14.6 (22.4).

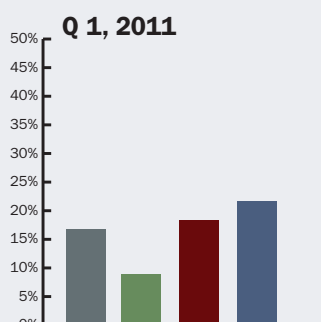
1) Restated in respect of the share split in 2011.

2) Earnings per share are the same before and after dilution, since there are outstanding warrants or convertibles that can lead to dilution.

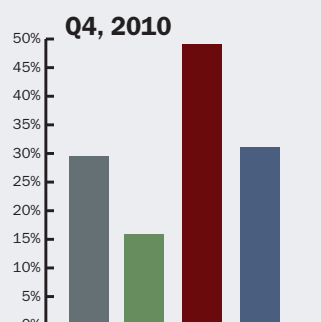
■ Revenue growth   ■ Operating margin   ■ Return on equity   ■ Store sales growth



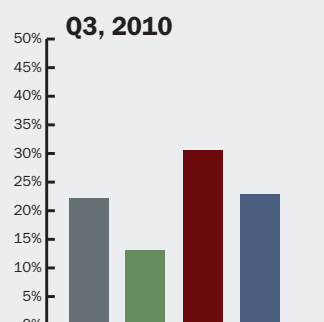
- ▶ Revenue increased by 14.0% to MSEK 321.3 (281.8).
- ▶ Operating margin rose to 10.7% (8.2).
- ▶ Return on equity improved to 24.6% (20.9).
- ▶ Store revenue grew by 18.0% (28.6).



- ▶ Revenue increased by 16.7% to MSEK 286.4 (245.4).
- ▶ Operating margin improved to 8.9% (8.3).
- ▶ Return on equity fell to 18.3% (18.8).
- ▶ Store revenue grew by 21.7% (20.7).



- ▶ Revenue increased by 29.5% to MSEK 361.9 (279.4).
- ▶ Operating margin improved to 15.9% (11.6).
- ▶ Return on equity rose to 49.0% (31.1).
- ▶ Store revenue grew by 31.0% (18.4).



- ▶ Revenue increased by 22.1% to MSEK 259.4 (212.5).
- ▶ Operating margin improved to 13.0% (11.1).
- ▶ Return on equity rose to 30.6% (24.3).
- ▶ Store revenue grew by 22.8% (14.3).

## COMMENTS BY THE CEO

Swedol showed positive development in the second quarter in line with the first quarter of the year and achieved sustained strong growth in store revenue of 18%. Distance trade declined by 10.5% during the same period, which resulted in overall growth of 14%. The assessment is that we have continued to strengthen our market position in that revenue for comparable stores rose by 10.5% during the period.

Our growth initiatives moved forward according to plan with a newly opened store in Falköping in May and the launch of Swedol's main catalogue for the Norwegian market during the summer. It is satisfying to note that Swedol has been able to consistently report growth in revenue over the year-earlier period for every quarter since the IPO in 2006. We have also improved our operating profit for the fourth consecutive quarter compared to the same period of last year. This confirms that our offering is strong and appreciated by our customers.

Our expansion in Norway is proceeding according to plan with the opening of our first store in Drammen on 11 August, to be followed by stores in Moss and Stavanger during the fourth quarter. I see the opening of our first store in Norway as a milestone in Swedol's history, since this is our first step into a new geographical market.

Markku Piippo, CEO of Swedol

## SIGNIFICANT EVENTS DURING THE QUARTER

On 26 May a new store was opened in Falköping. This is Swedol's 35th store, with a total floor space of 1,315 square meters.

Contracts have been signed for new stores in Moss and Trondheim, Norway, and Karlskrona, Sweden. The stores will have a combined floor space of around 6,900 square meters.

Swedol has decided to invest approximately MSEK 145 in the acquisition of land, construction and equipment for a new central warehouse in Örebro with a total floor space of 18,900 square meters. The warehouse property will be owned by Swedol. The new facility will provide opportunities to increase the level of automation and efficiency to a greater extent than our current premises and to better meet our anticipated future expansion needs. The new central warehouse is expected to go into operation in the summer of 2012.

The Annual General Meeting of Swedol on 18 May 2011 resolved to carry out a 2-for-1 split of the company's shares whereby each existing share would be divided into two shares of the same class. As of 9 June 2011, the shares in Swedol AB (publ) are traded after the 2-for-1 split.

## BUSINESS AND MARKET REVIEW

Swedol's sales are made through its own stores, mail order services, an Internet shop, on-the-ground representatives and retailers. All channels are nationwide and this combination is expected to boost the Group's total revenues in the long term. The company offers a wide range of products tailored to the needs of corporate customers in the

transportation, manufacturing, agriculture, forestry and building industries with the object of offering these customers a total solution. The product assortment combines quality with value for money and includes both well-known brands and private labels. Swedol's extensive product range consists of about 20,000 articles divided into 70 product groups.

These in turn can be divided into six product areas:

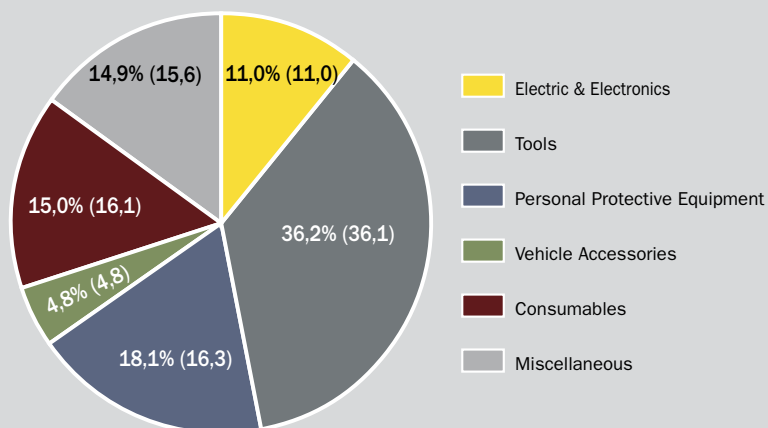
- ▶ Electric & Electronics
- ▶ Tools
- ▶ Personal Protective Equipment
- ▶ Vehicle Accessories
- ▶ Consumables
- ▶ Miscellaneous

The bulk of sales come from the company's 35 own stores, which are geographically dispersed throughout Sweden. During the period from January to June 2011, two additional stores were opened with a total area of around 4,100 square meters. The market is undergoing a continuous restructuring process and the larger retail chains are expanding their market shares. The retail chains primarily target either corporate or private customers. Swedol's competitors are mainly active on the corporate market.

The traditional retail sector in Sweden underwent a gradual but rapid recovery in 2010 as the general economy strengthened and shifted to record growth in the second half of the year. However, the first two

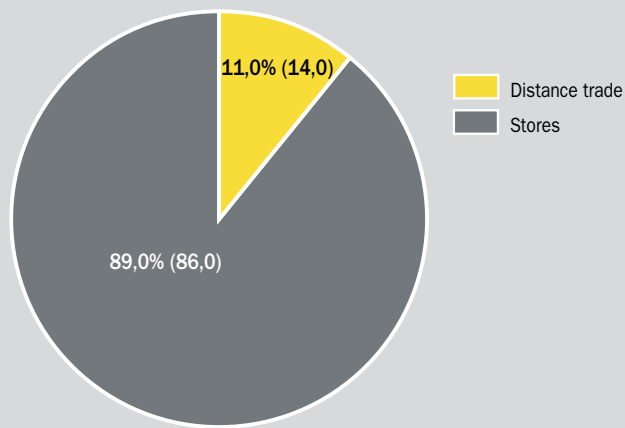
### Breakdown of revenue by product area

Q2, 2011 (Q2, 2010)



### Breakdown of revenue by sales channel

Q2, 2011 (Q2, 2010)



quarters of 2011 have shown weaker development that was accentuated in the second quarter. Swedol is only partly exposed to the retail sector, since the company mainly focuses on corporate customers. Several customer groups in the corporate segment showed the same tendencies as the retail sector in pace with the economic transition to record growth during 2010. The first half of 2011 has been characterized by a more moderate growth scenario. Sales development is assessed to have been stronger in the corporate segment than among private customers in the first two quarters of the year.

Demand among Swedol's customer groups recovered sharply during 2010, with an emphasis on the second half of the year. Demand growth in the first two quarters of 2011 has followed a slower but continued positive trend.

## SECOND QUARTER OF 2011

Revenue amounted to MSEK 321.3, an increase of 14.0% compared to MSEK 281.8 in the same quarter of last year. The assessment is that Swedol continued to grow faster than the market in most of the company's product groups during the second quarter of 2011.

External competition is judged to have remained essentially unchanged during the period, but Swedol's successively expanded market coverage has led to some internal competition between individual stores and between the retail business and distance trade. Revenue from mail order, online sales and on-the-ground representatives has shown weak development with falling sales also in the second quarter of 2011. In 2010 the distance trade reported rising sales as an effect of an asset acquisition in combination with the dramatic recovery in the market, which also led to an initial inventory build-up among our retailers.

The stores as a group posted a sustained strong increase in revenue during the second quarter of 2011.

Revenue was distributed as follows: MSEK 286.1 (242.4) is attributable to stores and MSEK 35.2 (39.4) to distance trade. The stores accounted for 89.0% (86.0) of total revenue during the period.

### The increase of MSEK 43.7 in store revenue breaks down as follows:

Comparable stores* (29)	MSEK 24.5
Non-comparable stores (6)	MSEK 19.2

Revenue for the 29 comparable stores increased by an average of 10.5% in the second quarter of the year. Total store revenue was up by 18.0% compared to the same period of 2010.

Gross profit rose by 25.0% to MSEK 123.6 (98.9). Gross margin improved by 3.4 percentage points to 38.5% (35.1). Compared to the corresponding period of last year, the change in the total net currency cost (spot + hedges) for purchases in USD and EUR between the periods in question has had a positive net effect that is estimated at around 2.5 percentage points of the margin improvement. In the first two quarters of the year, Swedol has been able to handle the price impacts of the higher supplier prices that arose in the winter of 2010/2011 and stabilized in the first quarter of 2011 together with rising freight costs for goods purchased from the Far East.

Operating profit rose by 48.9% to MSEK 34.4 (23.1) with an operating margin of 10.7% (8.2). The improved margin is due to higher gross margin according to the variables described above. The share of selling and administrative expenses was largely unchanged between periods. Other income and expenses consist mainly of foreign exchange gains and losses arising from translation of balance sheet items in USD and EUR.

## FIRST HALF OF 2011

Revenue amounted to MSEK 607.7, an increase of 15.3% compared to MSEK 527.2 in the same period of last year.

Revenue was distributed as follows: MSEK 533.2 (445.2) is attributable to stores and MSEK 74.5 (82.0) to distance trade. The stores accounted for 87.7% (84.5) of total revenue during the period.

### The increase of MSEK 88.0 breaks down as follows:

Comparable stores* (29)	MSEK 52.5
Non-comparable stores (6)	MSEK 35.5

Revenue for the 29 comparable stores increased by an average of 11.9% during the period from January to June 2011. Total store revenue was up by 19.8% compared to the same period of 2010.

Gross profit rose by 21.3% to MSEK 232.0 (191.3) and gross margin strengthened by 1.9 percentage points to 38.2% (36.3). The improvement in gross margin can be attributed to foreign exchange effects according to the same variables as for the quarter.

Operating profit rose by 37.5% to MSEK 59.8 (43.5) with an operating margin of 9.8% (8.3). The improved margin is due to a higher gross margin according to the variables described above. The share of selling and administrative expenses between periods was marginally higher in the first half of 2011. Other income and expenses were according to the explanation for the second quarter.

## CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities for the period from 1 January to 30 June 2011 was negative at MSEK -14.6 (22.4). The increase in inventories, which has reduced cash flow, is primarily attributable to a strong flow of goods mainly during the first quarter of 2011 resulting from delayed deliveries in the second half of 2010, a higher level of service, the opening of three new stores between periods and growth in sales. Other significant changes in cash flow from operating activities between periods consist of decreased trade receivables, stable trade payables and the payment of estimated tax arrears for 2010. Cash flow from investing activities was MSEK 11.2 (25.4), see also *Investments* below. Dividends of SEK 32 (20.8) were paid in the second quarter.

Compared to the same period of last year, inventories have increased by MSEK 87.4 to MSEK 346.9 (259.5), which includes three store openings during the intervening period. This corresponds to an increase in inventories of approximately MSEK 15, otherwise according to the variables described above.

Acquired forward contracts recognized directly equity in accordance with the principles for hedge accounting had a positive net effect of MSEK 1.3 (2.6) after estimated tax, which is reported under *Other comprehensive income for the period*.

Cash and cash equivalents amounted to MSEK 8.7 (19.7). At the end of the reporting period, available cash and cash equivalents including undrawn overdraft facilities amounted to MSEK 108.7 (94.7). Interest-bearing liabilities totaled MSEK 0.0 (21.1). The Group thus has a net interest-bearing receivable of MSEK 8.7 (1.4). The equity ratio is estimated at 66.6% (64.9).

## INVESTMENTS

Gross investments for the period from January to June 2011 amounted to MSEK 11.2 (25.4). Profit for the period was charged with depreciation/scrapping of MSEK 6.7 (5.7). Of total investments for the period,

\* "Comparable stores" refer to stores open during the entire period covered in the report, i.e. both during the current and previous year.

the bulk refers to the opening of two new stores, the relocation of the store in Norrköping to new premises and investments in a new warehouse facility.

## EMPLOYEES

The average number of employees during the period from January to June 2011, excluding hourly-paid/temporary employees, was 365 (327). The increase between the two periods is mainly attributable to the new staff added in connection with three store openings and staff reinforcements in the stores, warehouses and administration. Of the total average number of employees, 77 were women (62). The number of employees at the end of the second quarter was 376 (340).

## PARENT COMPANY

The Group consists of the Parent Company Swedol AB and its subsidiaries Swedol Förvaltning AB (556711-0068) and Swedol Norge AS (995,252,929). Most of the business and invoicing activities are handled by Swedol AB. Swedol Norge AS had operations in the first half of the year, but the extent of its business was negligible as a proportion of the Group. The description of the Group's business provided in this report also applies to the Parent Company

## SEASONALITY

Revenue has historically exhibited some seasonal fluctuations. During the 2010 calendar year, 45.9% of revenue was generated in the first half and 54.1% in the second half of the year, with an emphasis on the final quarter which accounted for 31.5% (30.6%) of total revenue for the year.

## RELATED PARTY TRANSACTIONS

Iggesund Forest, which is a supplier of chainsaw bars and chains to Swedol, has been owned by Swedol's main shareholder Zelda AB but was sold to an external buyer on 17 February 2011. The purchasing volume in 2011 up to the date of sale was MSEK 2.0 (0.9). Market-based agreements are in force for the continued purchase of products from Iggesund Forest.

## SIGNIFICANT RISKS AND OPERATING UNCERTAINTIES

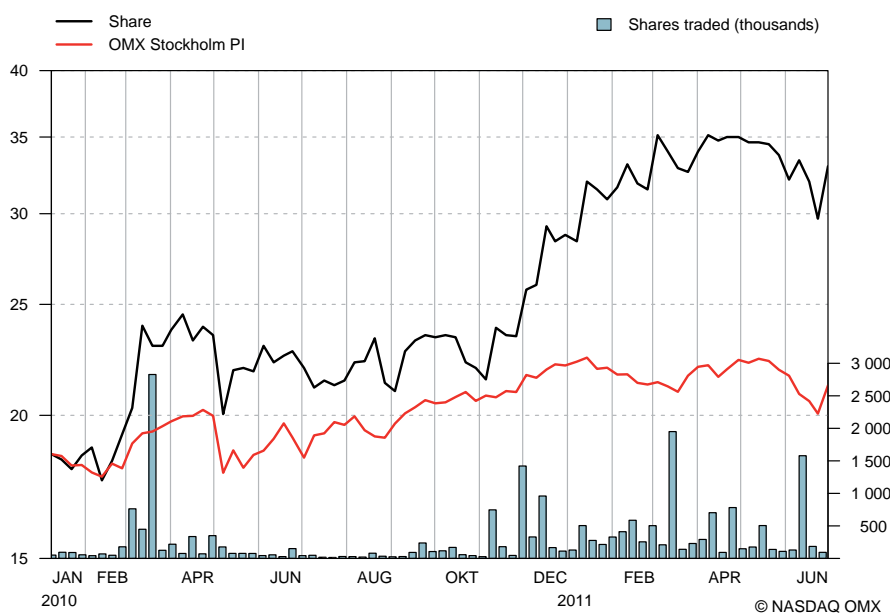
Swedol's activities are exposed to a number of risks and uncertainties that can have an adverse effect on earnings to a varying extent. These risks can be divided into market risks, business risks and financial risks. Swedol's assessment is that the company will do well even under less favorable economic conditions, since the company actively strives for a low level of risk and is not dependent on any individual customers, product groups or suppliers.

Market risks are derived primarily from factors that are beyond Swedol's control and relate to risks in the form of changed market conditions. Business or operational risks are risks that are within Swedol's control. Intense competition, supply problems, risks in the product range and organizational problems are among the risks to which Swedol is exposed in its day-to-day activities. Risks of a financial nature consist primarily of currency exposures but also of risks in the form of wage inflation, commodity prices, liquidity risks and interest rate risks. Currency exposure is primarily related to USD and EUR. The risk is considered to be due mainly to exposure to the USD through the exposed purchasing volume and the volatility of the currency in relation to SEK. The effects of exchange rate fluctuations can be limited during the calendar year by means of policy-based currency hedging, and then managed by means of pricing in subsequent periods.

Market and business-related risks are described on pages 62-63 and 65 of the (Swedish) annual report for 2010. Descriptions and quantifications of the financial risks are provided on pages 63-65 and in Note 2 of the (Swedish) annual report for 2010. Apart from the risks described in the annual report, no significant new risks have been identified and no previously identified risks have been eliminated.

## THE SWEDOL SHARE AND SHARE CAPITAL

Swedol's class B share is quoted on the small caps list of NASDAQ OMX Stockholm. The share capital amounts to MSEK 9.6, divided between 6.4 million shares of class A and 57.6 million shares of class B, each with a quota value of 0.15 per share. Each class A share grants entitlement to ten votes and each class B share entitlement to one



The share graph has been recalculated with respect to the share split in 2011.

vote. AB Zelda is the only shareholder with a holding whose total voting rights exceed one tenth of the votes for all shares in the company. There are no limitations on the number of votes each shareholder may exercise at a general shareholder meeting. All shares grant equal rights to dividends. Holders of class A shares can request conversion of their A shares to B shares. The share capital is unchanged compared to the preceding period.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Revenue for July 2011 was as previously communicated.

On 11 August Swedol opened its first store in Norway. The store is located in Drammen and is the company's 36th store, with a total floor space of 1,995 square meters.

Contracts have been signed for new stores in Stavanger, Norway, during 2011, and in Fredrikstad, Norway, and Lund, Sweden, during 2012. The total combined floor space is 7,500 square meters.

The store opening in Trondheim, Norway, has been postponed until later in 2012 due to delays in starting construction.

With these new openings, Swedol will have a total of 45 stores, of which 40 in Sweden and 5 in Norway. Future establishments that are contracted and expected to open are as follows:

2011: Skellefteå in Q4, Moss in Q4, Motala in Q4, Stavanger in Q4.

2012: Fredrikstad, Trondheim, Karlskrona, Falun and Lund.

## FUTURE PROSPECTS AND LONG-TERM FINANCIAL TARGETS

Swedol's business mission is to be a complete supplier to corporate customers as well as private customers that demand professional quality. Swedol sells a wide range of hardware consumable goods and equipment at competitive prices and with a high level of service in the stores. The products are sold through a multi-channel concept that includes its own stores, retailers, mail order services, an Internet shop and on-the-ground representatives.

Swedol's strategy is to achieve continued strong revenue growth with sustained profitability by opening new stores and increasing sales in the existing stores. The concept is highly attractive in the current mar-

ket and is the only one of its kind. Through the establishment in Norway, Swedol is expanding the geographical market base for the concept.

According to corporate policy, Swedol does not provide forecasts on future development. The company's long-term financial targets consist of annual revenue growth of at least 20%, a return on equity of at least 25%, an operating margin of at least 13% and an equity ratio exceeding 40%.

## ACCOUNTING PRINCIPLES

The consolidated financial statements of the Swedol AB Group have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards (IFRS) as adopted by the EU, as well as the relevant International Accounting Standards (IAS) and current interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC). In addition, the consolidated financial statements comply with the Swedish Financial Reporting Board's recommendations RFR 1 Supplementary Accounting Rules for Groups and the Annual Accounts Act (ÅRL). The financial statements of the Parent Company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. Swedol AB also complies with NASDAQ OMX Stockholm's regulatory framework for issuers with attachments and statements issued by the Swedish Financial Reporting Board.

## FINANCIAL CALENDAR

Interim report January–September 2011	16 November 2011
Year-end report January–December 2011	22 February 2012
Interim report January–March 2012	23 May 2012
Interim report January–June 2012	22 August 2012

## ANNUAL MEETING OF SHAREHOLDERS

Annual General Meeting 2012	23 May 2012
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The Board and the CEO hereby certify that this interim report provides a true and fair picture of the business activities, financial position and results of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 23 August 2011

**John Zetterberg**  
Chairman

**Rolf Zetterberg**  
Board member

**Jon Pettersson**  
Board member

**Lotta Lundén**  
Board member

**Gert Karnberger**  
Board member

**Markku Piippo**  
Board member/CEO

## REVIEW REPORT

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

The information contained herein is such that Swedol AB (publ) is required to publish pursuant to the Swedish Securities Act (2007:528).

The information was submitted for publication on 24 August 2011, 08:50 CET.

## FOR ADDITIONAL INFORMATION:

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# Financial reports

## SWEDOL GROUP – STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 - JUNE 30, 2011

MSEK	Apr-jun		Jan-jun		Jan-dec
	2011	2010	2011	2010	2010
Revenue	321,3	281,8	607,7	527,2	1 148,5
Cost of sales	-197,7	-182,9	-375,7	-335,9	-720,4
<b>Gross profit</b>	<b>123,6</b>	<b>98,9</b>	<b>232,0</b>	<b>191,3</b>	<b>428,1</b>
Other income	4,9	1,7	9,6	3,7	7,5
Selling expenses	-80,7	-68,6	-157,9	-134,7	-267,6
Administrative expenses	-8,8	-8,9	-17,0	-16,3	-32,4
Other expenses	-4,6	-	-6,9	-0,5	-0,9
<b>Operating profit</b>	<b>34,4</b>	<b>23,1</b>	<b>59,8</b>	<b>43,5</b>	<b>134,7</b>
Net financial items	0,2	0,3	-0,2	0,6	-0,1
<b>Profit before tax</b>	<b>34,6</b>	<b>23,4</b>	<b>59,6</b>	<b>44,1</b>	<b>134,6</b>
Income tax expense	-9,4	-6,1	-16,0	-11,6	-34,1
<b>PROFIT FOR THE PERIOD*</b>	<b>25,2</b>	<b>17,3</b>	<b>43,6</b>	<b>32,5</b>	<b>100,5</b>
<b>Other comprehensive income:</b>					
Cash flow hedges	3,5	2,8	1,7	3,5	-1,0
Deferred income tax relating to cash flow hedges	-0,9	-0,7	-0,4	-0,9	0,3
<b>Other comprehensive income for the period, net of tax</b>	<b>2,6</b>	<b>2,1</b>	<b>1,3</b>	<b>2,6</b>	<b>-0,7</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD*</b>	<b>27,8</b>	<b>19,4</b>	<b>44,9</b>	<b>35,1</b>	<b>99,8</b>
<b>Per share data:</b>					
Earnings per share, before and after dilution (SEK)	0,39	0,27 <sup>1</sup>	0,68	0,51 <sup>1</sup>	1,57 <sup>1</sup>
Average shares outstanding, before and after dilution	64 000 000	64 000 000 <sup>1</sup>	64 000 000	64 000 000 <sup>1</sup>	64 000 000 <sup>1</sup>

<sup>1</sup> Restated in respect of the share split in 2011.

<sup>2</sup> Earnings attributable to the Parent Company's shareholders.

## SWEDOL GROUP - STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2011

MSEK	2011-06-30	2010-06-30	2010-12-31
<b>ASSETS</b>			
Intangible assets	6,9	7,2	7,1
Property, plant and equipment	102,7	96,4	98,0
<b>Total non-current assets</b>	<b>109,6</b>	<b>103,6</b>	<b>105,1</b>
Inventories	346,9	259,5	274,4
Trade receivables	98,0	92,8	111,2
Other receivables	29,3	24,7	35,9
Current tax assets	18,3	-	3,7
Financial derivatives	1,1	7,7	-
Cash and cash equivalents	8,7	19,7	66,5
<b>Total current assets</b>	<b>502,3</b>	<b>404,4</b>	<b>491,7</b>
<b>TOTAL ASSETS</b>	<b>611,9</b>	<b>508,0</b>	<b>596,8</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent	407,5	329,9	394,6
Long-term borrowings	-	-	-
Deferred tax	44,0	36,4	43,3
<b>Total non-current liabilities</b>	<b>44,0</b>	<b>36,4</b>	<b>43,3</b>
Trade and other payables	102,2	80,7	99,6
Short-term borrowings	-	21,1	-
Other non-interest-bearing current liabilities	39,1	30,4	43,0
Financial derivatives	2,3	6,0	2,7
Current tax payable	16,8	3,5	13,6
<b>Total current liabilities</b>	<b>160,4</b>	<b>141,7</b>	<b>158,9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>611,9</b>	<b>508,0</b>	<b>596,8</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Remaining capital contribution	Retained earnings including net profit for the period	Cash flow hedges	Equity attributable to owners of the parent
<b>MSEK for the period of the parent</b>					
Equity January 1, 2010	9,6	37,6	269,7	-1,3	315,6
<b>Comprehensive income</b>					
Profit for the period			100,5		100,5
<b>Other comprehensive income</b>					
Cash flow hedges, after tax				-0,7	-0,7
Dividends			-20,8		-20,8
<b>Equity December 31, 2010</b>	<b>9,6</b>	<b>37,6</b>	<b>349,4</b>	<b>-2,0</b>	<b>394,6</b>
Equity January, 2010	9,6	37,6	269,7	-1,3	315,6
<b>Comprehensive income</b>					
Profit for the period			32,5		32,5
<b>Other comprehensive income</b>					
Cash flow hedges, after tax				2,6	2,6
Dividends			-20,8		-20,8
<b>Equity June 30, 2010</b>	<b>9,6</b>	<b>37,6</b>	<b>281,4</b>	<b>1,3</b>	<b>329,9</b>
Equity January 1, 2011	9,6	37,6	349,4	-2,0	394,6
<b>Comprehensive income</b>					
Profit for the period			43,6		43,6
<b>Other comprehensive income</b>					
Cash flow hedges, after tax				1,3	1,3
Dividends			-32,0		-32,0
<b>Equity June 30, 2011</b>	<b>9,6</b>	<b>37,6</b>	<b>393,0</b>	<b>-0,7</b>	<b>407,5</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Apr-jun		Jan-jun		Jan-dec
	2011	2010	2011	2010	2010
Profit before taxes	34,6	23,4	59,6	44,1	134,6
Cash flow from operating activities before changes in operating assets and liabilities	2,8	1,9	6,2	4,3	11,7
Changes in operating assets and liabilities					
Change in inventories	-13,9	-8,8	-71,6	-24,8	-40,1
Change in operating receivables	12,8	-5,6	19,8	-5,3	-35,0
Change in operating liabilities	-28,4	7,9	-1,5	15,3	46,7
<b>Operating activities</b>	<b>7,9</b>	<b>18,8</b>	<b>12,5</b>	<b>33,6</b>	<b>117,9</b>
Net interest income/expense	0,2	0,3	-0,2	0,6	-0,1
Paid tax	-21,6	-4,4	-26,9	-11,8	-19,9
<b>Cash flow from operating activities</b>	<b>-13,5</b>	<b>14,7</b>	<b>-14,6</b>	<b>22,4</b>	<b>97,9</b>
Purchase of property, plant and equipment	-5,9	-16,3	-11,2	-25,4	-33,0
<b>Cash flow from investing activities</b>	<b>-5,9</b>	<b>-16,3</b>	<b>-11,2</b>	<b>-25,4</b>	<b>-33,0</b>
Change in bank overdraft facility	-	-	-	-	-0,6
Repayment of debt	-	-	-	-	-20,5
Dividends paid	-32,0	-20,8	-32,0	-20,8	-20,8
<b>Cash flow from financing activities</b>	<b>-32,0</b>	<b>-20,8</b>	<b>-32,0</b>	<b>-20,8</b>	<b>-41,9</b>
<b>Cash flow for the period</b>	<b>-51,4</b>	<b>-22,4</b>	<b>-57,8</b>	<b>-23,8</b>	<b>23,0</b>
Cash and cash equivalents at beginning of period	60,1	42,1	66,5	43,5	43,5
<b>Cash and cash equivalents at end of period</b>	<b>8,7</b>	<b>19,7</b>	<b>8,7</b>	<b>19,7</b>	<b>66,5</b>

## KEY FIGURES

MSEK	Apr-jun		Jan-jun		Jan-dec
	2011	2010	2011	2010	2010
<b>Marginal figures</b>					
Revenue growth, %	14,0	28,9	15,3	25,3	25,8
Gross margin, %	38,5	35,1	38,2	36,3	37,3
Operating margin, %	10,7	8,2	9,8	8,3	11,7
<b>Financial figures</b>					
Return on average capital employed, %	33,9	26,6	30,6	25,7	37,1
Return on average equity, %	24,6	20,9	21,7	20,1	28,3
Equity ratio, %	66,6	64,9	66,6	64,9	66,1
Capital employed, MSEK	407,5	351,0	394,6	351,0	394,6
<b>Operational figures</b>					
Gross investment, MSEK	5,9	16,3	11,2	25,4	33,0
Depreciation, MSEK	3,4	2,8	6,7	5,7	11,8
Cash flow from operating activities, MSEK	-13,5	14,7	-14,6	22,4	97,9
<b>Sustainability-related key figures</b>					
Number of employees at end of period	376	340	376	340	362
Average number of employees during the period	368	331	365	327	345
<b>Per share data, SEK</b>					
Earnings, SEK	0,39	0,27 <sup>1</sup>	0,68	0,51 <sup>1</sup>	1,57 <sup>1</sup>
Cash flow from operating activities, SEK	-0,21	0,23 <sup>1</sup>	-0,23	0,35 <sup>1</sup>	1,53 <sup>1</sup>
Equity, SEK	6,37	5,15 <sup>1</sup>	6,37	5,15 <sup>1</sup>	6,17 <sup>1</sup>
Dividends, SEK	-	0,50 <sup>1</sup>	-	0,50 <sup>1</sup>	0,50 <sup>1</sup>
Closing market price on June 30, SEK	33,00	22,50 <sup>1</sup>	33,00	22,50 <sup>1</sup>	28,75 <sup>1</sup>
Number of shares, thousands	64 000	64 000 <sup>1</sup>	64 000	64 000 <sup>1</sup>	64 000 <sup>1</sup>

<sup>1</sup> Restated in respect of the share split in 2011.

## SPECIFICATION OF CHANGE IN RESULTS

Second quarter 2011/first half 2011/full year 2010 compared with corresponding period last year			
	Apr-jun 2011	Jan-jun 2011	Jan-dec 2010
<b>Profit before tax in MSEK</b>			
Gross profit from increased sales	13,9	29,2	88,0
Change in gross margin	10,8	11,5	-0,3
<b>Change in gross profit</b>	<b>24,7</b>	<b>40,7</b>	<b>87,7</b>
Selling expenses (excluding deprec)	-11,5	-22,2	-51,5
Valuation fair value futures	0,0	0,0	4,7
Other operating expenses	-1,3	-1,2	-0,5
Depreciation /disposal	-0,6	-1,0	-1,6
<b>Change in operating income</b>	<b>11,3</b>	<b>16,3</b>	<b>38,8</b>
Net financials	-0,1	-0,8	1,4
Income tax	-3,3	-4,4	-8,3
<b>Change in Net Income</b>	<b>7,9</b>	<b>11,1</b>	<b>31,9</b>

## QUARTERLY DATA

MSEK	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09
Revenues	286,4	361,9	259,4	281,8	245,4	279,4	212,5	218,7	202,0
Cost of sales	-178,0	-223,2	-161,3	-182,9	-153,0	-179,3	-134,9	-130,4	-127,6
<b>Gross profit</b>	<b>108,4</b>	<b>138,7</b>	<b>98,1</b>	<b>98,9</b>	<b>92,4</b>	<b>100,1</b>	<b>77,6</b>	<b>88,3</b>	<b>74,4</b>
Other operating expenses	-89,2	-83,0	-81,3	-64,3	-75,8	-72,0	-67,7	-54,1	-59,1
<b>Operating profit</b>	<b>34,6</b>	<b>25,4</b>	<b>57,4</b>	<b>33,8</b>	<b>23,1</b>	<b>20,4</b>	<b>32,4</b>	<b>23,5</b>	<b>29,2</b>
Net financials	0,0	-0,4	-0,2	-0,5	0,3	0,3	-0,3	-0,5	-0,1
<b>Profit before tax</b>	<b>34,6</b>	<b>25,0</b>	<b>57,2</b>	<b>33,3</b>	<b>23,4</b>	<b>20,7</b>	<b>32,1</b>	<b>23,0</b>	<b>29,1</b>
<b>Key figures</b>									
Operating margin,%	10,7	8,9	15,9	13,0	8,2	8,3	11,6	11,1	13,4
Return on average equity, %	24,6	18,3	49,0	30,6	20,9	18,8	31,1	24,3	31,3
Equity ratio, %	66,6	64,1	66,1	63,9	64,9	66,3	65,9	66,0	65,6
Earnings per share, SEK	0,39	0,29 <sup>1</sup>	0,68 <sup>1</sup>	0,39 <sup>1</sup>	0,27 <sup>1</sup>	0,24 <sup>1</sup>	0,36 <sup>1</sup>	0,27 <sup>1</sup>	0,34 <sup>1</sup>
Shareholders equity per share, SEK	6,37	6,44 <sup>1</sup>	6,17 <sup>1</sup>	5,47 <sup>1</sup>	5,16 <sup>1</sup>	5,18 <sup>1</sup>	4,93 <sup>1</sup>	4,54 <sup>1</sup>	4,36 <sup>1</sup>
Cash flow from operations per share, SEK	-0,21	-0,02 <sup>1</sup>	0,85 <sup>1</sup>	0,33 <sup>1</sup>	0,23 <sup>1</sup>	0,12 <sup>1</sup>	0,74 <sup>1</sup>	0,27 <sup>1</sup>	0,62 <sup>1</sup>

<sup>1</sup> Restated in respect of the share split in 2011.

## KEY FIGURE DEFINITIONS

<b>GROSS MARGIN</b>	Gross margin in percent of net sales.
<b>OPERATING MARGIN</b>	Operating profit as a percentage of net sales.
<b>PROFIT MARGIN</b>	Income after financial items as a percentage of net sales.
<b>EQUITY RATIO</b>	Equity as a percentage of total assets.
<b>EARNINGS PER SHARE</b>	Net earnings divided by the number of shares, adjusted to new issues and splits.
<b>RETURN ON AVERAGE EQUITY</b>	Profit for the period (in full-year equivalents) as a percentage of average equity, i.e. the sum of equity at the beginning and the end of the period divided by two.
<b>RETURN ON AVERAGE CAPITAL EMPLOYED</b>	Profit after financial items plus financial expenses as a percentage of average capital employed at the start of the period and the end of the period divided by two.
<b>CAPITAL EMPLOYED</b>	Total assets less non-interest bearing liabilities and other allowances, including deferred tax liability.
<b>CASH FLOW FROM OPERATING ACTIVITIES PER SHARE</b>	Cash flow from operating activities, divided by the number of shares adjusted for share issue and share split.
<b>EQUITY PER SHARE</b>	Equity divided by the number of shares adjusted for share issue and share split.

## INDUSTRY TERMS AND OTHER TERMINOLOGY

<b>COMPARABLE STORES</b>	Comparable stores refers to stores that, when compared to a specific period, have been open throughout the entire period.
<b>DISTANCE TRADE</b>	Products sold via the Internet, telephone or on-the-ground representatives and delivered directly to mailbox or door, alternatively to local post offices, postal outlets or to other postal distributors.

**PARENT COMPANY INCOME STATEMENT FOR THE PERIOD JANUARY 1 - JUNE 30, 2011**

MSEK	Apr-jun		Jan-jun		Jan-dec
	2011	2010	2011	2010	2010
Net sales	323,9	281,8	610,1	527,2	1 148,4
Cost of goods sold	-200,4	-182,8	-379,0	-335,7	-720,5
<b>Gross profit</b>	<b>123,5</b>	<b>99,0</b>	<b>231,1</b>	<b>191,5</b>	<b>427,9</b>
Selling expenses	-80,4	-68,7	-157,6	-135,0	-268,1
Administrative expenses	-8,7	-8,8	-16,8	-16,2	-32,3
Other operating income	4,9	1,4	9,6	3,3	7,2
Other operating expenses	-4,6	-	-6,9	-0,1	-0,6
<b>Operating profit</b>	<b>34,7</b>	<b>22,9</b>	<b>59,4</b>	<b>43,5</b>	<b>134,1</b>
Net financial	-	-	-0,3	-	0,3
<b>Profit after financial items</b>	<b>34,7</b>	<b>22,9</b>	<b>59,1</b>	<b>43,5</b>	<b>134,4</b>
Appropriations	-	-	-	-	-30,9
<b>Profit before tax</b>	<b>34,7</b>	<b>22,9</b>	<b>59,1</b>	<b>43,5</b>	<b>103,5</b>
Tax on profit for the year	-9,2	-6,0	-15,6	-11,4	-25,9
<b>Net profit for the year</b>	<b>25,5</b>	<b>16,9</b>	<b>43,5</b>	<b>32,1</b>	<b>77,6</b>

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

MSEK	Apr-jun		Jan-jun		Jan-dec
	2011	2010	2011	2010	2010
<b>Profit for the period</b>	<b>25,5</b>	<b>16,9</b>	<b>43,5</b>	<b>32,1</b>	<b>77,6</b>
Other comprehensive income	-	-	-	-	-
<b>Other comprehensive income for the period, net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>25,5</b>	<b>16,9</b>	<b>43,5</b>	<b>32,1</b>	<b>77,6</b>

**PARENT COMPANY BALANCE SHEET AS AT JUNE 30, 2011**

MSEK	2011-06-30	2010-06-30	2010-12-31
<b>ASSETS</b>			
Intangible assets	6,2	6,9	6,6
Property, plant and equipment	100,3	96,4	98,0
Financial assets	2,5	0,3	0,8
<b>Total non-current assets</b>	<b>109,0</b>	<b>103,6</b>	<b>105,4</b>
Inventories	343,3	259,1	274,7
Current receivables	148,3	117,5	150,6
Cash and bank balances	7,8	19,4	65,8
<b>Total current assets</b>	<b>499,4</b>	<b>396,0</b>	<b>491,1</b>
<b>TOTAL ASSETS</b>	<b>608,4</b>	<b>499,6</b>	<b>596,5</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	12,8	12,8	12,8
Unrestricted equity	272,2	214,9	260,6
<b>Equity</b>	<b>285,0</b>	<b>227,7</b>	<b>273,4</b>
<b>Untaxed reserves</b>	<b>167,0</b>	<b>136,2</b>	<b>166,9</b>
Current interest bearing liabilities	-	21,1	-
Trade payable	100,3	80,7	99,6
Current tax liability	16,8	3,5	13,6
Other non-interest-bearing current liabilities	39,3	30,4	43,0
<b>Total current liabilities</b>	<b>156,4</b>	<b>135,7</b>	<b>156,2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>608,4</b>	<b>499,6</b>	<b>596,5</b>
<b>Pledged assets</b>	<b>71,0</b>	<b>71,0</b>	<b>71,0</b>
<b>Contingent liabilities</b>	<b>0,9</b>	<b>0,9</b>	<b>0,9</b>

# Our stores

## STORES IN STOCKHOLM

### SOLLENTUNA

Bergkällavägen 24  
192 79 SOLLENTUNA

### SÄTRA

Stensättravägen 4  
127 39 SKÄRHOLMEN

### TYRESÖ

Vindkraftsvägen 2  
135 70 TYRESÖ

### VEDDESTA

Kontovägen 5  
175 62 JÄRFÄLLA

## STORES IN GÖTEBORG

### HISINGS BACKA

Exportgatan 26  
422 46 HISINGS BACKA

### VÄSTRA FRÖLUNDA

August Barksgratan 9  
421 32 V:A FRÖLUNDA

## OTHER LOCATIONS

### BORLÄNGE

Hammargatan 6  
781 71 BORLÄNGE

### BORÅS

Vegagatan 1/Sagagatan  
506 35 BORÅS

### ESKILSTUNA

Kungsgatan 66  
632 21 ESKILSTUNA

### FALKÖPING

Warodells väg 5-9  
521 40 Falköping

### GÄVLE

Utmarksvägen 10  
802 91 GÄVLE

### HALMSTAD

Ryttarevägen 10  
302 60 HALMSTAD

### HAPARANDA

Hästskovägen 4 D  
953 36 HAPARANDA

### HELSINGBORG

Garnisonsgatan 14  
254 66 HELSINGBORG

### HUDIKSVALL

Ullsättersvägen 2  
824 34 HUDIKSVALL

### JÖNKÖPING

Solåsvägen 20  
553 03 JÖNKÖPING

### KALMAR

Engelska vägen 5  
393 56 KALMAR

### KARLSTAD

Blockgatan 8-10  
653 41 KARLSTAD

### KRISTIANSTAD

Jochums väg 5  
291 59 KRISTIANSTAD

### LINKÖPING

Svedengatan 17  
582 73 LINKÖPING

### LULEÅ

Ödlegatan 7  
973 34 LULEÅ

### MALMÖ

Flygplansgatan 11  
212 39 MALMÖ

### NORRKÖPING

Malmgatan 33  
602 23 NORRKÖPING

### NORRTÄLJE

Viktor Karlssons väg 2  
761 50 NORRTÄLJE

### NYKÖPING

Gustafsbergsstigen 18  
611 65 NYKÖPING

### SKÖVDE

Titanvägen 4  
541 39 SKÖVDE

### SUNDSVALL

Norra Vägen 25  
856 50 SUNDSVALL

### UDDEVALLA

Frölandsvägen 1  
451 76 UDDEVALLA

### UPPSALA

Stångjärnsgatan 8 B  
753 23 UPPSALA

### VARBERG

Värnamovägen 2  
432 32 VARBERG

### VISBY

Hyvelgatan 3  
621 41 VISBY

### VÄSTERÅS

Traversgatan 13 B  
721 38 VÄSTERÅS

### VÄXJÖ

Smedjegatan 20 A  
352 46 VÄXJÖ

### ÖREBRO

Nastagatan 8  
702 27 ÖREBRO

### ÖSTERSUND

Brosslarvägen 30  
831 72 ÖSTERSUND

## STORES IN NORWAY

### DRAMMEN

Tomtegata 80  
3012 DRAMMEN

## STORES OPENING IN 2011-2012

### LULEÅ

OPENED 7/2

### FALKÖPING

OPENED 26/5

### DRAMMEN NORWAY

OPENED 11/8

### SKELLEFTEÅ

OPENS Q4

### MOSS NORWAY

OPENS Q4

### MOTALA

OPENS Q4

### STAVANGER NORWAY

OPENS Q4

### TRONDHEIM NORWAY

OPENS 2012

### FALUN

OPENS 2012

### KARLSKRONA

OPENS 2012

### LUND

OPENS 2012

### FREDRIKSTAD NORWAY

OPENS 2012

The logo for Swedol, featuring the word "swedol" in a bold, lowercase, sans-serif font. The letter 'e' is stylized with a yellow square above it.

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[www.swedol.se](http://www.swedol.se)