

# RNB RETAIL AND BRANDS

## Interim Report September 1, 2009 – February 28, 2010

### Second quarter, December 1, 2009 – February 28, 2010

- Net sales totaled SEK 822.0 M (914.5), down 10.2%, currency effects -3.6%. Sales in comparable proprietary stores declined 4.2%.
- The operating result has improved with SEK 91.7 M to SEK 2.8 M (-588.9 including goodwill write-down of SEK 500 M). Loss before tax amounted to SEK -4.0 M (-598.5).
- Loss after tax amounted to SEK -3.4 M (-572.2), corresponding to a loss per share of SEK -0.02 (-5.01).
- Cash flow from operating activities amounted to SEK 99.0 M (42.8).
- The Board of Directors of RNB RETAIL AND BRANDS has entered into an agreement concerning the divestment of its operations at the Steen & Ström department store in Oslo.



### Half-Year Report, September 1, 2009 – February 28, 2010

- Net sales totaled SEK 1 565.2 M (1 698.0), down 7.8%, currency effects -1.6%. Sales in comparable proprietary stores declined 2.4%.
- The operating result improved with SEK 85 M to SEK 36.3 M (-548.7 including goodwill write-down of SEK 500 M). The profit before tax amounted to SEK 30.1 M (-575.8).
- The profit after tax amounted to SEK 21.8 M (-555.6), corresponding to a profit per share of SEK 0.14 (-4.87).
- Cash flow from operating activities amounted to SEK 83.9 M (-126.9).
- RNB has entered into an agreement concerning the divestment of its operations at the Steen & Ström department store in Oslo.
- RNB implemented a private placement to Konsumentföreningen Stockholm and a rights issue to existing shareholders that provided the company with about SEK 315 M before issue costs.



### Events after the end of the period

- The Board of Directors of RNB RETAIL AND BRANDS has decided to retain and continue to operate its departments at NK in Stockholm and NK in Gothenburg.
- Through new credit agreements, the company has secured its long-term loan financing.

# Operations

## RNB Group

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. Sales are mainly conducted in Scandinavia through the three store concepts Brothers & Sisters, JC and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg, Steen & Ström in Oslo and Illum in Copenhagen. RNB RETAIL AND BRANDS has operation in 11 countries. RNB has a total of 425 stores, of which 186 are operated by franchisees.

## Group trend

	Q2		Half-Year	
	2009/10	2008/09	2009/10	2008/09
Net turnover, Sek M	822.0	914.5	1 565.2	1 698.0
Gross margin, per cent	46.5	36.7	49.1	43.7
Operating income, Sek M	2.8	-588.9*	36.3	-548.7*
Profit before tax, Sek M	-4.0	-598.5*	30.1	-575.8*
Profit after tax, Sek M	-3.4	-572.2*	21.8	-555.6*
Operating profit margin, per cent	0.3	Neg	2.3	Neg
Earnings per share, Sek	-0.02	-5.01	0.14	-4.87
Cash flow from current operation, Sek M	99.0	42.8	83.9	-126.9
Stores	425	438	425	438

\* Including goodwill write-down of SEK 500 M.

### **RNB to retain its business at NK in Stockholm and Gothenburg**

Åhléns has of December 1, 2009, elected not to complete the acquisition of RNB's operations at NK in Stockholm and at NK in Gothenburg.

### **Divestiture of operations at Steen & Ström in Oslo**

RNB RETAIL AND BRANDS has decided to sell its operations at the Steen & Ström department store in Oslo, Norway, to Airport Retail Group AS. RNB currently sells women's and men's clothing. The retail area totals about 2,300 square meters. The transaction will have a limited impact on earnings and will be completed March 31, 2010.

### **Divestment of operations at Illum in Copenhagen**

Discontinuation of operations at Illum continues. Operations will only take place in the two remaining departments – Illum Cosmetics and Illum Kids – until these departments are discontinued.



### **Costs and tied-up capital**

The ongoing work to streamline and optimize the company's structure will continue until satisfied profitability has been achieved.

Inventories have declined substantially since the preceding year and are deemed to be at a satisfactory level.

### **New issues implemented**

To ensure financing for completion of the action program now in progress at JC and to provide financial capacity to take advantage of the opportunities arising in the current market climate, two share issues were implemented in the period. A private placement to Konsumentföreningen Stockholm (KfS) was implemented. Further a fully subscribed rights issue to existing shareholders has been implemented. As a result, the company's financial capacity was increased. The two implemented share issues thus provided RNB with a total of SEK 315 M before issue costs, SEK 303 M after costs.

The two share issues increased the number of RNB shares by 51,267,587 to a total of 165,425,251 shares outstanding.

### **Market and demand**

Sales in Sweden's ready-to-wear and fashion clothing industry increased by 2.5% during the period from December 2009 to February 2010. Sales in RNB's comparable proprietary stores declined with 1.5%.

The financial unrest in markets worldwide during autumn 2008 had a direct negative impact on consumption, what resulted in an inventory build-up in the market during the winter 2009. The market trend subsequently stabilized during summer and autumn 2009 and beginning of 2010.



## Revenues and earnings

### Second quarter December 2009 – February 2010

RNB's net sales during the second quarter totaled SEK 822.0 M (914.5). Lower invoicing to franchises, compared with the year-earlier period, represents approx. half of the decrease in sales. Currency effects on translation of foreign subsidiaries had a negative impact during the period with 3.6%. As a result of large discount sales during the year-earlier period, sales in the comparable quarter of the 2008/2009 fiscal year increased by approximately SEK 50-60 M.

Sales in comparable proprietary stores declined 4.2% during the same period.

The gross margin in the second quarter was 46.5% (36.7). A generally lower level of discount sales, compared with the year-earlier period, had a positive effect of approx. 7ppt on the gross margin.

Operating profit for the quarter compared with the same period last year has improved by SEK 91.7 M and amounted to SEK 2.8 M (-588.9). Loss before tax totaled SEK -4.0 M (-598.5).

Our operation at the Illum department store, which is currently being discontinued, reported a loss of SEK 3.5 M (loss: 8.9).

### Half-Year September 2009 – February 2010

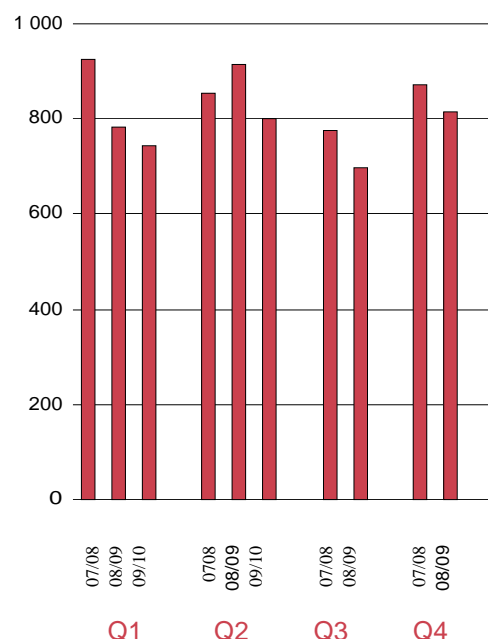
RNB's net sales during the period totaled SEK 1 565.2 M (1 698.0), which is a decrease of 7.8%. Currency effects on translation of foreign subsidiaries have impacted sales negative with 1.6%. Lower invoicing to franchisees, compared with the year-earlier period, had a negative impact of SEK approx. 100 M on sales. Sales in comparable proprietary stores all countries declined 2.4% during the same period.

The gross margin in the period was 49.1% (43.7). A generally lower level of discount sales, compared with the year-earlier period, had a positive effect on the gross margin.

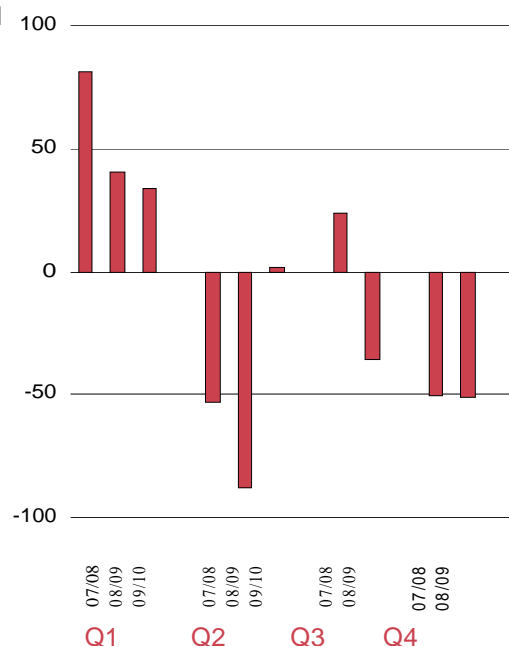
Operating profit for the period improved with SEK 85 M to SEK 36.3 M (-548.7 including goodwill write-down). Profit before tax totaled SEK 30.1 M (-575.8).

The RNB operation at Illum department store, which is currently being discontinued, reported a loss of SEK -6.8 M (loss: 12.3).

Net turnover, SEK M



Operating profit per quarter, ex. goodwill writedown, Mkr

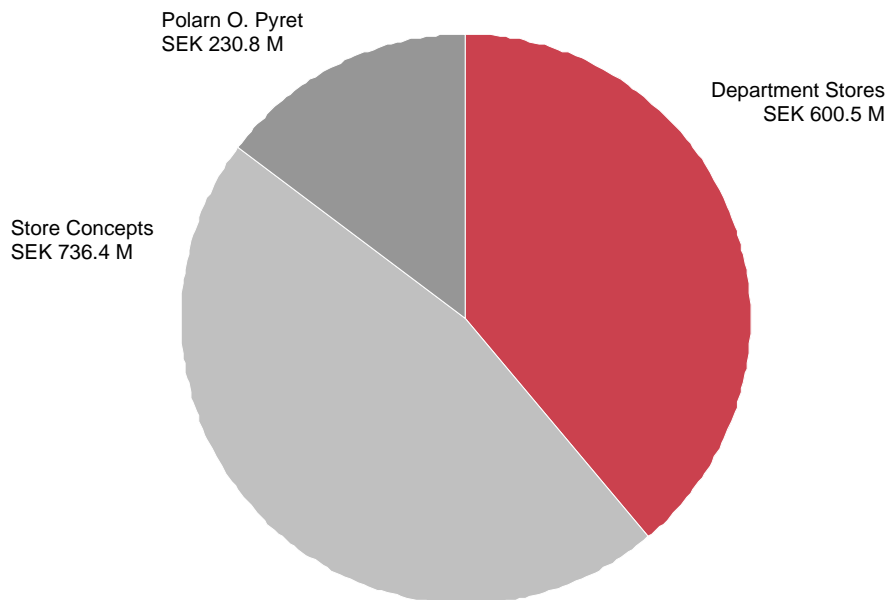


## Business areas

RNB reports turnover and result for three business areas; Polarn O. Pyret, Department Stores and Store concepts.

	Polarn O. Pyret		Department Stores		Store Concepts		Half-Year	Half-Year
	Q2 09/10	Q2 08/09	Q2 09/10	Q2 08/09	Q2 09/10	Q2 08/09	09/10	08/09
Net turnover, SEK M	110.4	108.6	319.8	344.0	394.2	466.4	1 565.2	1 698.0
Operating profit, SEK M	20.2	16.8	11.4	-13.0	-14.7	-583.0	36.3	-548.7
Stores	109	102	70	77	246	259	425	438
Of which franchise	65	58	-	-	122	137	186	195

### Net sales Sep 09–Feb 10, SEK M



### Polarn O. Pyret business area

#### Second quarter December 2009 – February 2010

Net sales in the second quarter amounted to SEK 110.4 M (108.6), in line compared with last year. Sales in comparable proprietary stores declined 5.6%, compared with the year-earlier period. Total brand sales (total brand sales to consumers, excluding VAT in all markets and distribution channels) amounted to SEK 601.1 M (548.1), measured over a rolling 12-month period.

Operating profit totaled SEK 20.2 M (16.8), corresponding to an operating margin of 18.3% (15.5).

The number of proprietary stores at the end of the period was 45 (44). In addition, there were 65 (58) franchise stores, including 14 (15) in

### Polarn O. Pyret

*Polarn O. Pyret is a brand focused on baby and children's wear and comprises 109 stores, of which 65 are franchise stores. Today, Polarn O. Pyret is located in 11 countries.*

Sweden and 51 (43) abroad.

#### **Half-Year September 2009 – February 2010**

Net sales in the period amounted to SEK 230.8 M (224.0), an increase of 3.0%. Sales in comparable proprietary stores all countries declined 5.3%, compared with the year-earlier period.

Operating profit totaled SEK 43.0 M (48.3), corresponding to an operating margin of 18.6% (21.6).

#### **Department Stores business area**

##### **Second quarter December 2009 – February 2010**

Net sales in the Department Stores business area amounted to SEK 319.8 M (344.0), down 7%. Sales in comparable proprietary stores increased 0.5%.

Operating profit totaled SEK 11.4 M (-13.0).

The discontinuation at the Illum department store continues. The remaining operations at Illum currently include the Kids unit and the cosmetics department on the ground floor. The business had a negative effect of SEK 3.5 M (neg: 8.9) on operating profit in the quarter.

The Board of Directors in RNB has decided to sell its operations at Steen & Ström department store in Oslo to Airport Retail Group AS. Sales in the 2008/2009 fiscal year totalled SEK 117.6 M and the company posted an operating loss of SEK 5.2 M. In the first half of 2009/2010, sales at units under divestment amounted to SEK 60 M, resulting in an operating loss of SEK 4.2 M. The transaction will have a limited impact on earnings. The transfer will be completed March 31, 2010.

##### **Half-Year September 2009 – February 2010**

Net sales in the Department Stores business area amounted to SEK 600.5 M (613.2). Sales in comparable proprietary stores increased 4.0%.

Operating profit totaled SEK 23.4 M (-8.3).

The discontinuation at the Illum department store continues. The remaining operations at Illum currently include the Kids unit and the cosmetics department on the ground floor. The business at Illum had a negative effect of SEK 6.8 M (neg: 12.3) on operating profit.

#### **Events after the end of the period**

After the end of the period the Board of Directors in RNB RETAIL AND BRANDS has decided to retain and continue to operate its departments at NK in Stockholm and NK in Gothenburg. The company communicated in March 2009 a declaration of intent to sell the NK operations in Stockholm and Gothenburg to Åhléns AB. Åhléns subsequently decided on December 1, 2009 to refrain from completing the acquisition because of the Swedish Competition Authority's time-consuming process to approve the transaction.



#### **Department Stores**

*The business area comprises operations at the department stores NK Stockholm, NK Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. The number of proprietary stores at the end of the period was 70 (77) with a total retail area of 21,514 square meters (23,479).*



## Store Concepts business area

### **Second quarter December 2009 – February 2010**

Net sales in the Store Concepts business area amounted to SEK 394.2 M (466.4), down 15.5%. Sales in comparable proprietary stores in all countries declined 9.2%. The sales decrease compared with the corresponding quarter in the preceding year was primarily attributable to lower invoicing to franchisees and large discount sales during the year-earlier period.

Sales in the Store Concepts business area were divided between JC, with SEK 248.9 M, and Brothers & Sisters, with SEK 145.3 M. Total brand sales (total brand sales to consumers, excluding VAT in all markets and distribution channels) totaled SEK 1,236.3 M (1,493.4) for JC and SEK 694.8 M (672.3) for Brothers & Sisters, measured over a rolling 12-month period.

Operating profit for the Store Concepts business area improved with SEK 68.3 M and amounted to SEK -14.7 M, compared with SEK -583.0 M in the year-earlier period, including SEK 500 M in goodwill write-down.

JC reported an operating loss of SEK -21.2 M (loss: 67.9 excluding goodwill write-down), an improvement compared with the year-earlier period of SEK 46.7 M. Brothers & Sisters operating profit for the period amounted to SEK 6.5 M (-15.1).

To reverse this weak trend at JC, a thorough review of the store structure has been performed. Divestments and closures of unprofitable units are under way.

The number of proprietary stores at the end of the period was 124 (122). The increase was attributable to the takeover of franchise stores. In addition, there were 122 (137) franchise stores.

### **Half-Year report September 2009 – February 2010**

Net sales in the Store Concepts business area amounted to SEK 736.4 M (869.7). Sales in comparable proprietary stores in all countries declined 9.2%. The sales decrease compared with the corresponding period in the preceding year was primarily attributable to lower invoicing to franchisees and large discount sales during the year-earlier period.

Operating loss improved with SEK 82.4 M and amounted to SEK -8.5 M, compared with SEK -573.9 M in the year-earlier period, including SEK 500 M in goodwill write-down.

JC reported an operating loss of SEK -29.4 M (loss: 84.5 excluding goodwill write-down), an improvement of SEK 55.1 M compared with the year-earlier period. Brothers & Sisters operating profit for the period amounted to SEK 20.9 M (10.6).

## Store Concepts

*The business area comprises three separate store concepts, JC, Brothers and Sisters with a total of 246 stores, of which 122 are operated by franchisees.*



## Financial position and liquidity

The Group had total assets of SEK 2,553.7 M compared with SEK 2,600.9 M at the end of the preceding fiscal year. Shareholders' equity at the close of the period amounted to SEK 1,396.5 M (1,071.3), resulting in an equity/assets ratio of 54.7% (41.2).

At February 28, 2010, inventories totaled SEK 541.4 M compared with SEK 655.0 M a year earlier.

Cash flow from operating activities was SEK 83.9 M (-126.9). Cash flow after investments was SEK 66.9 M (negative: 149.7).

Net debt amounted to SEK 447.7 M compared with SEK 826.6 M on August 31, 2009.

Consolidated cash and cash equivalents at the close of the interim-report period, including unutilized overdraft facilities, amounted to SEK 365.1 M compared with SEK 108.9 M at the end of the preceding fiscal year.

In September 2009, a directed new share issue to Konsumentföreningen Stockholm, (KfS) was carried out. The directed issue generated approx. SEK 215 M before issue expenses. Parallel to the directed new share issue a new share issue with preferential rights for the company's shareholders was carried out and fully subscribed. The rights issue generated approx. SEK 100 M before issue expenses. After a deduction for issue expenses, approx. SEK 303 M was contributed to the company.

Through new credit agreements, the company has secured its long-term loan financing.

## Investments and depreciation/amortization

Investments during the period totaled SEK 17.1 M (23.1). Depreciation/amortization during the period amounted to SEK 46.4 M (46.7).

## Tax paid

During the interim-report period, the Group has paid tax of SEK 4.3 M.

## Personnel

The average number of employees during the period was 1.630 (1.582).

## Parent Company

Net sales in the Parent Company amounted to SEK 47.4 M (52.1). After net financial items a loss of SEK 31.5 M (loss: 538.5) was reported. Investments during the period totaled SEK 0 M (12.9).





## Outlook

Last fiscal year was adversely affected by problems affecting JC and the Department Stores business area. During the past year, a number of actions have been taken to reverse the negative trend. In the opinion of the Board of Directors, the actions taken and those in progress will create the conditions necessary for the Group to report a profit during the current year.

## Accounting principles

This report was prepared in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. The statement of comprehensive income was prepared in accordance with IAS 1 (R), which was first applied on September 1, 2009. The comparative year has been recalculated. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. The accounting policies applied correspond with those stated in the 2008/2009 Annual Report.

## Press and analyst meeting

With reference to the interim report on the second quarter of 2009/2010, RNB will be holding a press and analyst conference. The conference will be held at the company's premises at Regeringsgatan 29 today, March 26, 2010 at 9:30 a.m.

## Risks and uncertainties

RNB is exposed to a number of risks that are in full or in part beyond the company's control but which could affect its earnings.

### *Financial risks*

- Currency exposure comprising purchases of goods and sales in international markets.
- Interest-rate exposure associated with the Group's net debt.
- Financial covenants to lenders.

### *Strategic and operational risks*

- In common with all retailers, the demand for RNB's products is affected by fluctuations in the general state of the economy.
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and consumer preferences.

In other respects, refer to the detailed description of the Group's management of financial risks in the 2008/2009 Annual Report.

## Future publication dates

Q3 Interim Report for 2009/2010  
Year-End Report for 2009/2010

June 23, 2010  
October 21, 2010

The Board of Directors and the President declare that the interim report provides an accurate view of the development of the Group's operations, position and earnings and also describes significant risks and uncertainties facing the Group and the subsidiaries including in the Group.

Stockholm, March 26, 2010  
RNB RETAIL AND BRANDS AB (publ)

Board of Directors,  
RNB RETAIL AND BRANDS

**Magnus Håkansson**  
Chairman of the Board

**Jan Carlzon**

**Lilian Fossum**

**Torsten Jansson**

**Laszlo Kriss**

**Nils Vinberg**

**John Wallmark**

**Mikael Solberg**  
President and CEO

**For further information, please contact:**

Mikael Solberg, President, Tel: +46 (0)8-410 520 20, +46 (0)768-87 20 20  
Gunnar Bergquist, CFO, Tel: +46 (0)8-410 520 01, +46 (0)768-87 20 01  
Cecilia Lannebo, IR, Tel: +46 (0)8-410 520 45, +46 (0)768-87 20 45

This is the type of information that must be published by RNB RETAIL AND BRANDS AB (publ) in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publishing on March 26, 2010, at 7:00 a.m.

## CONSOLIDATED INCOME STATEMENT

	3 months Dec 2009- Feb 2010	3 months Dec 2008- Feb 2009	6 months Sep 2009- Feb 2010	6 months Sep 2008- Feb 2009	12 months Sep 2008- Aug 2009
<b>MSEK</b>					
Net turnover	822,0	914,5	1 565,2	1 698,0	3 207,3
Goods for resale	-439,6	-579,3	-796,5	-955,4	-1 827,0
<b>Gross profit</b>	<b>382,4</b>	<b>335,2</b>	<b>768,7</b>	<b>742,6</b>	<b>1 380,3</b>
Other operating incomes	4,3	2,1	16,4	3,2	4,7
Other external costs	-189,6	-223,5	-368,0	-400,6	-777,1
Personnel costs	-171,3	-178,1	-334,4	-347,2	-644,2
Depreciation of tangible and intangible fixed assets	-23,0	-24,6	-46,4	-46,7	-99,7
Impairment of goodwill	-	-500,0	-	-500,0	-500,0
<b>Operating income</b>	<b>2,8</b>	<b>-588,9</b>	<b>36,3</b>	<b>-548,7</b>	<b>-636,0</b>
Financial incomes	5,4	2,9	13,1	3,4	6,5
Financial costs	-12,2	-12,5	-19,3	-30,5	-59,1
<b>Net financial</b>	<b>-6,8</b>	<b>-9,6</b>	<b>-6,2</b>	<b>-27,1</b>	<b>-52,6</b>
<b>Income after financial items</b>	<b>-4,0</b>	<b>-598,5</b>	<b>30,1</b>	<b>-575,8</b>	<b>-688,6</b>
Tax for the period	0,6	26,3	-8,3	20,2	25,8
<b>Profit/loss for period</b>	<b>-3,4</b>	<b>-572,2</b>	<b>21,8</b>	<b>-555,6</b>	<b>-662,8</b>
<b>Other overall results</b>					
Translation difference	2,4	15,9	0,6	12,1	-4,2
<b>Total Income for the period</b>	<b>-1,0</b>	<b>-556,3</b>	<b>22,4</b>	<b>-543,5</b>	<b>-667,0</b>
Net profit of the year attributable to:					
Parent Company´s shareholders	-1,0	-556,3	22,4	-543,5	-667,0
Minority owners	-	-	-	-	-
<b>Earnings per share before and after dilution (SEK)</b>	<b>-0,02</b>	<b>-5,01</b>	<b>0,14</b>	<b>-4,87</b>	<b>-6,12</b>
<b>Average number of shares, 000's</b>	<b>165 425</b>	<b>114 158</b>	<b>156 605</b>	<b>114 158</b>	<b>108 371</b>

## CONSOLIDATED BALANCE SHEET

MSEK	28-Feb-2010	29-Feb-2009	31-Aug-2009
<b>Assets</b>			
Goodwill	876,0	877,0	876,0
Brands	500,0	500,0	500,0
Other intangible fixed assets	81,4	93,9	88,0
Tangible fixed assets	172,6	195,7	196,9
Financial fixed assets	7,5	2,9	-
Deferred tax assets	-	7,3	-
Inventories	541,4	655,0	590,6
Other current assets	374,8	367,6	349,4
<b>Total assets</b>	<b>2 553,7</b>	<b>2 699,4</b>	<b>2 600,9</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity attributable to Parent Company's shareholder	1 396,5	1 191,5	1 071,3
Shareholders' equity attributable to minority owners	-	-	-
Long-term liabilities	599,3	658,6	590,5
Short-term liabilities	557,9	849,3	939,1
<b>Total shareholders' equity and liabilities</b>	<b>2 553,7</b>	<b>2 699,4</b>	<b>2 600,9</b>

## CASH-FLOW STATEMENT

MSEK	Sep 2009- Feb 2010	Sep 2008- Feb 2009	Sep 2008- Aug 2009
<b>Operating activities</b>			
Operating profit/loss	36,3	-48,7	-636,0
Adjustment for non-cash items	30,0	46,7	581,2
Interest received	13,1	3,4	6,5
Interest paid	-19,1	-30,5	-61,4
Other	-4,3	0,0	9,9
<b>Changes in working capital</b>	<b>56,0</b>	<b>-29,1</b>	<b>-99,8</b>
<b>Cash flow from change in working capital</b>			
Inventories	49,2	17,0	86,2
Change in current receivables and liabilities	-21,3	-114,8	-90,3
<b>Chang in working capital</b>	<b>27,9</b>	<b>-97,8</b>	<b>-4,1</b>
<b>Cash flow from operating activities</b>	<b>83,9</b>	<b>-126,9</b>	<b>-103,9</b>
<b>Cash flow from investing activities</b>	<b>-17,0</b>	<b>-22,8</b>	<b>-39,2</b>
<b>Cash flow after investments</b>	<b>66,9</b>	<b>-149,7</b>	<b>-143,1</b>
<b>Financing activities</b>			
Change in liabilities to credit institutions	-93,1	-34,5	-63,0
New issue	302,8	330,9	331,0
Change in overdraft facility	-204,8	-151,0	-137,4
Other	-2,1	-1,2	-3,8
<b>Cash flow from financing activities</b>	<b>2,8</b>	<b>144,2</b>	<b>126,8</b>
<b>Cash flow during the period</b>	<b>69,7</b>	<b>-5,5</b>	<b>-16,3</b>

## CHANGES IN SHAREHOLDERS' EQUITY

<b>MSEK</b>	<b>Sep 2009- Feb 2010</b>	<b>Sep 2008- Feb 2009</b>	<b>Sep 2008- Aug 2009</b>
Opening balance	1 071,3	1 404,1	1 404,1
Profit/loss for period	21,8	-555,6	-662,8
Other overall results	0,6	12,1	-4,2
Shareholders' equity attributable to minority owners	-	-	-
New issue	302,8	330,9	334,2
<b>Balance at end of period</b>	<b>1 396,5</b>	<b>1 191,5</b>	<b>1 071,3</b>

## KEY FIGURES

		<b>Sep 2009- Feb 2010 6 months</b>	<b>Sep 2008- Feb 2009 6 months</b>	<b>Sep 2008- Aug 2009 12 months</b>
Gross margin	%	49,1	43,7	43,0
Operating margin	%	2,3	neg	neg
Profit margin	%	1,4	neg	neg
Solidity	%	54,7	44,1	41,2
Interest coverage ratio	mult	2,6	neg	neg
Net debt	Mkr	447,7	810,2	826,6
Net debt/equity ratio	%	32,1	68,0	77,2
Average number of employees, full time		1 630	1 603	1 686
Average number of shares, 000's		156 605	114 158	108 371
Number of shares at end of period, 000's		165 425	114 158	114 158
Earnings per share before and after dill	Kr	0,14	-4,87	-6,12
Shareholders' equity per share at end c	Kr	8,44	10,44	9,38

## NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

Net turnover, MSEK	3 months	3 months	6 months	6 months	12 months
	Dec 2009- Feb 2010	Dec 2008- Feb 2009	Sep 2009- Feb 2010	Sep 2008- Feb 2009	Sep 2008- Aug 2009
Polarn O. Pyret	110,4	108,6	230,8	224,0	431,2
Department Stores	319,8	344,0	600,5	613,2	1 153,0
Store Concepts	394,2	466,4	736,4	869,7	1 630,0
Other	-2,4	-4,5	-2,5	-8,9	-6,9
<b>Total</b>	<b>822,0</b>	<b>914,5</b>	<b>1 565,2</b>	<b>1 698,0</b>	<b>3 207,3</b>
<b>Operating result, MSEK</b>					
Polarn O. Pyret	20,2	16,8	43,0	48,3	77,3
Department Stores	11,4	-13,0	23,4	-8,3	-27,9
Store Concepts	-14,7	-583,0	-8,5	-573,9	-649,9
Other	-14,1	-9,7	-21,6	-14,8	-35,5
<b>Total</b>	<b>2,8</b>	<b>-588,9</b>	<b>36,3</b>	<b>-548,7</b>	<b>-636,0</b>

## INCOME STATEMENT PER QUARTER, GROUP

MSEK	2009/2010	2009	2009	2009	2008/2009	2008
	Dec-Feb	Sep-Nov	June-Aug	March-May	Dec-Feb	Sep-Nov
Net turnover	822,0	743,2	813,4	695,9	914,5	783,5
Goods for resale	-439,6	-356,9	-488,7	-382,9	-579,3	-376,1
<b>Gross profit</b>	<b>382,4</b>	<b>386,3</b>	<b>324,7</b>	<b>313</b>	<b>335,2</b>	<b>407,4</b>
<b>Gross margin</b>	<b>46,5%</b>	<b>52,0%</b>	<b>39,9%</b>	<b>45,0%</b>	<b>36,7%</b>	<b>52,0%</b>
Other operating incomes	4,3	12,1	0,6	0,9	2,1	1,1
Other external costs	-189,6	-178,4	-200,8	-175,7	-223,5	-177,1
Personnel costs	-171,3	-163,1	-144,8	-152,2	-178,1	-169,1
Depreciation	-23,0	-23,4	-30,9	-22,1	-24,6	-22,1
Write down of goodwill	-	-	-	-	-500,0	-
Restructuring costs	-	-	-	-	-	-
<b>Operating income</b>	<b>2,8</b>	<b>33,5</b>	<b>-51,2</b>	<b>-36,1</b>	<b>-588,9</b>	<b>40,2</b>
Finacial incomes	5,4	7,7	2,8	0,3	2,9	0,5
Financial costs	-12,2	-7,1	-9,5	-19,1	-12,5	-18,0
<b>Income after financial items</b>	<b>-4</b>	<b>34,1</b>	<b>-57,9</b>	<b>-54,9</b>	<b>-598,5</b>	<b>22,7</b>
Tax	0,6	-8,9	14,9	-9,3	26,3	-6,1
<b>Profit/loss for period</b>	<b>-3,4</b>	<b>25,2</b>	<b>-43,0</b>	<b>-64,2</b>	<b>-572,2</b>	<b>16,6</b>
<b>Other overall results</b>						
Translation difference	2,4	-1,8	-6,7	-9,6	15,9	-3,8
<b>Total Income for the period</b>	<b>-1,0</b>	<b>23,4</b>	<b>-49,7</b>	<b>-73,8</b>	<b>-556,3</b>	<b>12,8</b>

## INCOME STATEMENT PARENT COMPANY

Mkr	3 months Dec 2008- Feb 2009	6 months Sep 2008- Feb 2009	12 months Sep 2007- Aug 2008	3 months Sep 2008- Nov 2008	12 months Sep 2008- Aug 2009
Net turnover	23,7	26,0	47,4	52,1	104,3
Other operating incomes	0,2	-	0,3	-	0,2
	<b>23,9</b>	<b>26,0</b>	<b>47,7</b>	<b>52,1</b>	<b>104,5</b>
Other external costs	-25,2	-21,8	-42,2	-41,4	-87,2
Personnel costs	-8,2	-8,4	-17,8	-17,1	-35,4
Depreciation of tangible and intangible fixed assets	-5,1	-4,7	-10,0	-9,2	-19,2
<b>Operating income</b>	<b>-14,6</b>	<b>-8,9</b>	<b>-22,3</b>	<b>-15,6</b>	<b>-37,3</b>
Results from participation in Group companies	-	-500,0	-	-500,0	-586,0
Financial incomes	-	-	-	0,1	0,1
Financial costs	-5,0	-11,0	-9,2	-23,0	-29,7
<b>Income after financial items</b>	<b>-19,6</b>	<b>-519,9</b>	<b>-31,5</b>	<b>-538,5</b>	<b>-652,9</b>
Allocation to tax allocation reserve	-	-	-	-	4,4
Tax	- -	-	-	-	15,5
<b>Profit/loss for period</b>	<b>-19,6</b>	<b>-519,9</b>	<b>-31,5</b>	<b>-538,5</b>	<b>-633,0</b>

## BALANCE SHEET PARENT COMPANY

Mkr	28-Feb-2010	29-Feb-2009	31-Aug-2009
<b>Assets</b>			
Intangible fixed assets	32,5	35,5	37,1
Tangible fixed assets	19,7	28,2	25,2
Financial fixed assets	1 517,4	1 586,4	1 586,5
Deferred tax assets	28,6	23,4	28,6
Other current assets	249,9	172,6	228,4
<b>Total assets</b>	<b>1 848,1</b>	<b>1 846,1</b>	<b>1 905,8</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1 347,0	1 114,2	1 075,6
Untaxed reserves	13,1	17,5	13,1
Long-term liabilities	394,2	451,8	394,2
Short-term liabilities	93,8	262,6	422,9
<b>Total shareholders' equity and liabilities</b>	<b>1 848,1</b>	<b>1 846,1</b>	<b>1 905,8</b>

## NUMBER OF STORES AT END OF PERIOD

	28-Feb-10	30-Nov-09	31-Aug-09	31-May-09	29-Feb-09	30-Nov-08
Own stores Sweden*	166	167	168	161	158	157
Own stores Norway	46	47	46	49	54	54
Own stores Finland	25	25	25	27	27	28
Own stores Denmark	2	2	2	4	4	4
Franchise stores Sweden	132	133	133	140	143	143
Franchise stores outside Sweden	54	58	55	55	52	54
<b>Total</b>	<b>425</b>	<b>432</b>	<b>429</b>	<b>436</b>	<b>438</b>	<b>440</b>

\*As of fiscal year 2009/2010, Brothers & Sisters stores that are located adjacent to one another are reported as due stores rather than two separate units, as they were in the past.

## NUMBER OF STORES

Polarn O. Pyret	28-Feb-10			29-Feb-09		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	45	14	59	44	15	59
Norway	0	19	19	0	17	17
Finland	0	9	9	0	8	8
United Kingdom	0	12	11	0	11	11
Scotland	0	2	2	0	1	1
Ireland	0	2	2	0	1	1
Iceland	0	2	2	0	2	2
Russia	0	2	2	0	2	2
Estonia	0	2	2	0	1	1
USA (e-commerce)	0	1	1	0	0	0
Denmark (through Departments Stores)	0	0	0	0	0	0
<b>Total</b>	<b>45</b>	<b>65</b>	<b>109</b>	<b>44</b>	<b>58</b>	<b>102</b>

Department Stores	28-Feb-10	29-Feb-09
	Own	Own
Number of stores	70	77
Total retail space, m2	21 514	23 479

Store Concepts	28-Feb-10			29-Feb-09		
	Own	Franchise	Total	Own	Franchise	Total
JC, Sweden	37	77	114	35	86	121
JC, Norway	30	4	34	34	9	43
JC, Finland	17	0	17	19	0	19
Brothers, Sweden (single)	4	16	20	4	16	20
Brothers, Finland (single)	4	0	4	4	0	4
Sisters, Sweden (single)	1	0	1	1	0	1
Sisters, Finland (single)	0	0	0	0	0	0
Bro&Sis, Sweden (duo)	27	25	52	21	26	47
Bro&Sis, Finland (duo)	4	0	4	4	0	4
<b>Total</b>	<b>124</b>	<b>122</b>	<b>246</b>	<b>122</b>	<b>137</b>	<b>259</b>



**Auditor's review of interim financial information  
contained in an interim report prepared in accordance  
with IAS 34 and Chapter 9 of the Annual Accounts Act  
(1995:1554)**

***Introduction***

We have reviewed the interim report of RNB RETAIL AND BRANDS AB for the nine-month period September 1, 2009 to February 28, 2010. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

***Direction and scope of the review***

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially more limited scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, an opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 Interim reporting and the Swedish Annual Accounts Act as well as for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, March 26, 2010

Ernst & Young AB

Bertel Enlund  
Authorized Public Accountant



**RNB RETAIL AND BRANDS**

P.O. Box 161 42, Regeringsgatan 29  
S-103 23 Stockholm, Sweden  
Phone +46-8-410 520 00. Fax +46-8-410 522 90  
VAT 556495-4682  
[www.rnb.se](http://www.rnb.se)