

# RNB RETAIL AND BRANDS

## Year-end report September 1, 2007 – August 31, 2008

### September 1, 2007 – August 31, 2008

- Net sales amounted to SEK 3,426.2 M (3,468.3), down 1.2%. Sales in comparable stores declined 2.3%.
- Operating profit totaled SEK 1.8 M (342.2). After net financial items, a loss of SEK 51.8 M was reported (profit: 305.8). Nonrecurring expenses of SEK 35.3 M (income: 81.6) had a negative impact on earnings for the year.
- The loss after tax totaled SEK 63.2 M (profit: 255.8), corresponding to a loss of SEK 1.11 per share (earnings: 4.49).
- Cash flow from operating activities amounted to SEK 4.8 M (233.1).
- Non-profitable operations at Illum in Copenhagen were discontinued. Impairment losses and close-down expenses of SEK 35.3 M were charged against earnings for the year.

### Fourth quarter, June 1, 2008 – August 31, 2008

- Net sales amounted to SEK 871.5 M (939.0), down 7.2%. Sales in comparable stores declined 3.6%.
- An operating loss of SEK 50.4 M was reported (profit: 54.0). The loss after financial items totaled SEK 64.3 M (profit: 45.5). Nonrecurring expenses of SEK 35.3 M (2.4) had a negative impact on earnings for the period.
- The loss after tax totaled SEK 78.8 M (profit: 42.7), corresponding to a loss of SEK 1.38 per share (earnings: 0.75).
- Cash flow from operating activities amounted to SEK 44.0 M (55.8).

### After the end of the report period

- The new share issue was subscribed in full and concluded in September, which contributed SEK 330 M to RNB after issue expenses.
- Action program is being implemented with the aim of reducing costs by approximately SEK 110 M and tied-up capital by about SEK 145 M.



## President's comments on trends

For RNB RETAIL AND BRANDS, the 2007/2008 fiscal year was very weak in terms of earnings. The year was filled with tough ordeals and uphill climbs to reverse the trend within the JC/J-Store store concept. The consequences of the collection failure within JC and J-Store resulted in approximately SEK 160 M being charged against earnings for the fiscal year. Our assessment is that the repositioning work is now complete. It is particularly pleasing to state that the launch of the new store look at JC/J-Store was positively received and a more favorable sales trend was reported in renovated stores compared with average stores. The major challenge in JC/J-Store is now to increase the number of visitors to the stores.

Gratifyingly, Polarn O. Pyret and Brothers and Sisters exceeded our expectations during the year. Polarn O. Pyret achieved an operating margin for the entire fiscal year of 17.7%, which is the best level ever.

During the year, the Department Store business area reported significantly weaker results, which was primarily caused by losses in the newly established units at Illum in Copenhagen and Steen & Ström in Oslo. The timing for the new establishments coincided with a decline in consumption and earnings before nonrecurring items were charged with a total of SEK 34.2 M during the fiscal year and with SEK 12.6 M for the period. As a result of the declining economic trend and due to the weak results during the fiscal year, a decision was made to significantly reduce risk exposure in these units by discontinuing three of our five units at Illum. The units that we intend to retain are Kosmetik and Polarn O. Pyret. The fourth quarter was thus charged with impairment losses for inventories and equipment relating to three of the five department stores at Illum and also for Sporten on level four at Steen & Ström. The impairment losses total SEK 35.3 M.

After the end of the period, we successfully implemented a rights issue, which contributed net SEK 330 M to the company. Today, I am delighted that we decided on the new share issue and that we will enter the coming fiscal year in a stronger financial position.

To sum up, we implemented a number of measures during the quarter to ensure a future stable platform with lower risk exposure. Our greatest challenge in the coming fiscal year will be to fend off and cope with the weak situation in financial markets. Our primary focus for the coming fiscal year will be to be profitable and to reduce tied-up capital.

To counter the anticipated downturn in demand, an action and savings program has been formulated with the aim of reducing costs by approximately SEK 110 M and reducing tied-up capital by approximately SEK 145 M.

Mikael Solberg, President

***“Our greatest challenge in the coming fiscal year is to fend off and cope with the weak situation in financial markets.”***



# Operations

## RNB Group

RNB is organized in two business areas – Polarn O. Pyret and a distribution platform for national and international brands.

Polarn O. Pyret is a brand focused on baby and children's wear and has 91 stores, of which 50 are franchise stores.

The distribution platform consists of two business areas: Department Stores and Store Concepts. The Department Stores business area operates through shops in the department stores NK in Stockholm and Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. In total, the Department Stores business area has about 23,500 square meters of retail space distributed among 80 store units.

The Store Concepts business area consists of JC, J-Store, Brothers and Sisters and comprises 304 stores, including 161 franchise stores. The total number of stores included in RNB at August 31, 2008 was 475, of which 211 were operated by franchisees.

## Key figures

	Q4		Fiscal Year	
	2007/08	2006/07	2007/08	2006/07
Net turnover, Sek M	871.5	939.0	3 426.2	3 468.3
Gross margin, per cent	38.5	41.7	43.3	45.4
Operating income, Sek M	-50.4	54.0	1.8	342.2
Profit after tax, Sek M	-78.8	42.7	-63.2	255.8
Operating profit margin, per cent	-5.8	5.8	0.1	9.9
Earnings per share, Sek	-1.38	0.75	-1.11	4.49
Cash flow from current operation, Sek M	44.0	55.8	4.8	233.1
Stores	475	456	475	456

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

During the year, the Department Stores business area reported significantly weaker earnings, which was primarily due to losses in the newly established units at Illum in Copenhagen and Steen & Ström in Oslo. The timing for the new establishments coincided with a decline in consumption and, as a result, earnings before nonrecurring items were charged with a total of SEK 34.2 M for the fiscal year and SEK 12.6 M for the quarter.

Due to the declining economic trend and the weak results reported during the fiscal year, the Board has decided to significantly reduce risk exposure in these units by discontinuing three of our five units in Illum. The units that we intend to retain are Kosmetik and Polarn O. Pyret.

In addition, an agreement has been concluded with Steen & Ström concerning the Sports Department of the fourth floor. Under this agreement, RNB is provided with a loss guarantee that covers operational losses.

The fourth quarter has been charged with impairment losses for inventories and equipment relating to three of the five department stores at Illum and also for Sporten at Steen & Ström. The impairment losses totaled SEK 35.3 M.

#### ***Weak trend within JC and J-Store***

During the fiscal year, JC and J-Store reported a weaker trend than anticipated and sales dropped by approximately 15% compared with the preceding year.

The consequences of the collection failure resulted in SEK 160 M being charged against earnings for the fiscal year. The assessment is that the repositioning work on the collections is now completed.

#### ***Action program***

It has been concluded that the considerable turmoil prevailing in financial markets will have an adverse impact on consumption in the 12 months immediately ahead. To counter the anticipated decline in demand, the Board of Directors and company management have formulated an action program designed to reduce costs by approximately SEK 110 M and reduce tied-up capital by about SEK 145 M in future fiscal years. Activities encompassed by the action program have already been initiated and it is estimated that the effects of the program will gradually become noticeable during the fiscal year.

#### ***New share issue implemented in September***

On June 18, the interim report for the third quarter stated that the performance of JC and J-Store had been weak and that the company's operations at Illum in Copenhagen and Steen & Ström in Oslo had not been satisfactory. Due to the negative trend, the company reported an unsatisfactory level of indebtedness.

To strengthen the company's financial position and create the prerequisites for future aggressive measures, the Board decided to implement a new share issue with preferential rights for existing shareholders aimed at contributing approximately SEK 350 M to the company.

In September 2008, the proposed new share issue was implemented, was subscribed in full and contributed proceeds of SEK 342 M before issue expenses. After deductions for issue expenses, the company received a net of SEK 330 M.

## Market and demand

Sales in the ready-to-wear and fashion clothing industry in Sweden were weak during the fourth quarter of the fiscal year, June – August 2008. According to the HUI index, the market in Sweden declined by 6.3%, while sales in RNB's comparable stores declined by 3.6%.

For the entire fiscal year from September 1, 2007 to August 31, 2008, the Swedish market declined by 1.8% according to the HUI index, while sales in comparable RNB stores declined by 2.3%.

## Revenue and earnings

### September 2007 – August 2008

RNB's net sales for the period amounted to SEK 3,426.2 M (3,468.3). Sales in comparable stores declined 2.3% during the period.

The gross profit margin for the period was 43.3% (45.4). The weaker gross margin was primarily due to major price reductions and impairment losses for inventories within the JC and J-Store concept.

Operating profit totaled SEK 1.8 M (342.2). A loss after financial items of SEK 51.8 M was reported (profit: 305.8). The loss after tax totaled SEK 63.2 M (profit: 255.8). Nonrecurring expenses totaling SEK 35.3 M (income: 81.6) were charged against earnings for the year.

Compared with a year earlier, the weak sales trend within JC and J-Store had a negative impact of approximately SEK 160 M on earnings. JC and J-Store reported operating losses of SEK 69.0 M for the fiscal year. However, Brothers and Sisters performed well and reported operating profit totaling SEK 48.9 M for the period.

During August 2007, the performance of the newly opened units at the Illum department stores in Copenhagen and Steen & Ström in Oslo was weaker than expected, resulting in operating losses of SEK 69.5 M for the period, which includes impairment losses and provisions totaling SEK 35.3 M for the discontinuation of parts of the international Department Stores operations.

### Fourth quarter

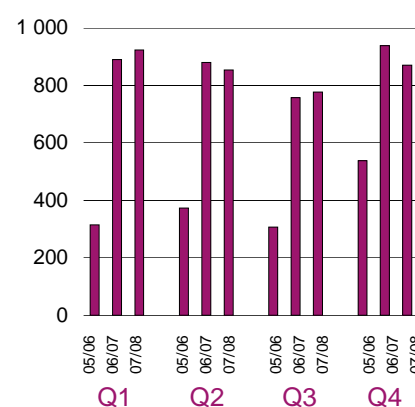
RNB's net sales during the fourth quarter totaled SEK 871.5 M (939.0). Sales in comparable stores declined 3.6% during the same period.

The gross profit margin during the fourth quarter was 38.5% (41.7). The weaker gross margin was primarily due to major price reductions and impairment losses on inventories within the JC and J-Store concept.

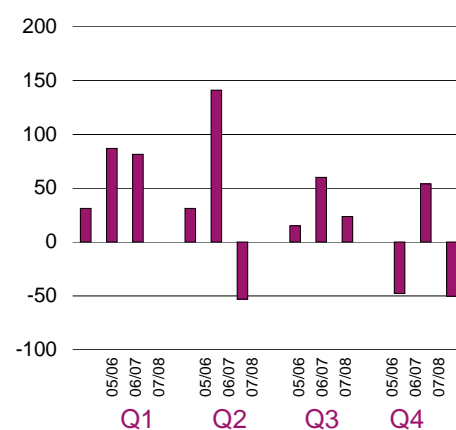
An operating loss for the quarter totaling SEK 50.4 M was reported (profit: 54.0). A loss after financial items of SEK 64.3 M was reported (profit: 45.5). Nonrecurring expenses of SEK 35.3 M were charged against earnings.

The newly opened units at the Illum department stores in Copenhagen and Steen & Ström reported an operating loss of SEK 47.9 M for the fourth quarter, which includes impairment losses and provisions totaling SEK 35.3 M for the discontinuation of parts of the international Department Stores operations.

Net turnover per quarter, Sek M



Operating profit per quarter, Sek M

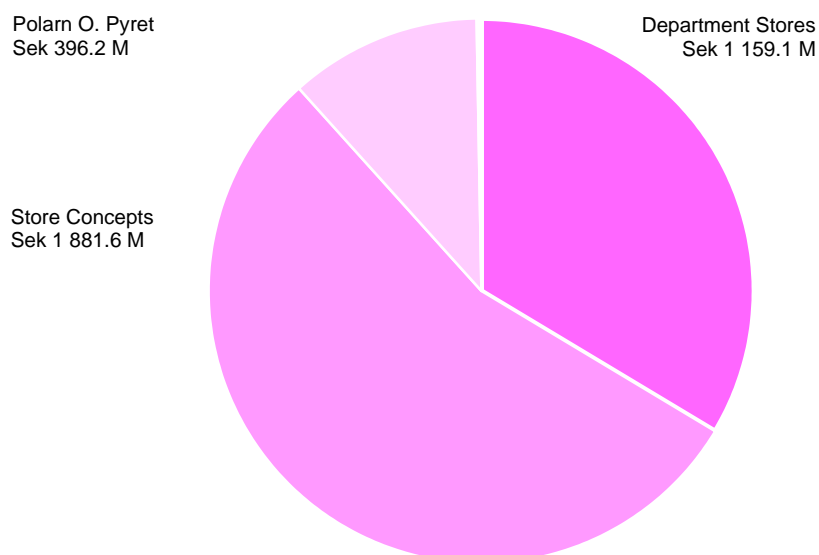


## Business areas

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

	Polarn O. Pyret		Department Stores		Store Concepts		Fiscal Year	Fiscal Year
	Q4 07/08	Q4 06/07	Q4 07/08	Q4 06/07	Q4 07/08	Q4 06/07	07/08	06/07
Net turnover, Sek M	102.0	97.0	292.3	264.1	482.1	581.7	3 426.2	3 468.3
Operating profit, Sek M	24.6	15.4	-47.2	-6.7	-26.3	33.3	1.8	342.2
Stores	91	83	80	76	304	297	475	456
Of which franchise	50	45	-	-	161	169	211	214

### Net sales Sept 07–August 08, Sek M



### Polarn O. Pyret business area

#### September 2007 – August 2008

Net sales for the period amounted to SEK 396.2 M (388.4). Sales in comparable stores declined 3.4%.

Operating profit rose to SEK 70.2 M (56.1), due to improved gross margins and increased earnings from international operations.

At the end of the period, the number of stores totaled 41 (38). In addition, there are 50 (45) franchise stores, of which 14 (16) in Sweden and 36 (29) abroad.

#### Polarn O. Pyret

*Polarn O. Pyret is a brand focused on baby and children's wear and comprises 91 stores, of which 50 are franchise stores. Today, Polarn O. Pyret is located in nine countries, with four more in the start-up phase.*



In March 2008, Polarn O. Pyret signed a Master Franchise agreement concerning the US. The US cooperation partner is SPM Retail LLC. It is estimated that the e-trade platform for the US market will be launched in the spring of 2009.

During autumn 2008, 10 new stores are expected to be opened in international markets.

#### **Fourth quarter**

Net sales for the fourth quarter totaled SEK 102.0 M (97.0). Sales in comparable stores declined 1.3%.

Operating profit rose to SEK 24.6 M (15.4), due to the improvement in gross margins and to increased sales from international operations.

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

##### **September 2007 – August 2008**

Net sales within the Department Stores business area totaled SEK 1,159.1 M (973.9). Sales in comparable units increased 5.3%. An operating loss totaling SEK 22.9 M was reported (profit: 42.8). Nonrecurring expenses totaling SEK 35.3 M were charged against earnings for the year.

During August 2007, the performance of the newly opened units at the Illum department stores in Copenhagen and Steen & Ström in Oslo was weaker than expected, resulting in operating losses of SEK 69.5 M for the period, which includes impairment losses and provisions of SEK 35.3 M for the discontinuation of parts of the international Department Stores operations. For comparable units, operating profit amounted to SEK 42.6 M (47.1).

#### **Fourth quarter**

Net sales for the fourth quarter rose to SEK 292.3 M (264.1). The sales increase in comparable stores was 2.9%. An operating loss totaling SEK 47.2 M was reported (loss: 6.7). Nonrecurring expenses totaling SEK 35.3 M were charged against earnings for the period.

The newly opened units at the Illum department stores in Copenhagen and Steen & Ström in Oslo reported operating losses of SEK 47.9 M for the fourth quarter, which includes impairment losses and provisions totaling SEK 35.3 M for the discontinuation of parts of the international Department Stores operations.

#### **Store Concepts business area**

##### **September 2007 – August 2008**

Net sales in the Store Concepts business area amounted to SEK 1,881.6 M (2,111.1). Sales in comparable units declined by 9.6%. An operating loss of SEK 20.1 M was reported (profit: 143.5).

The figures for the preceding year included the Solo and Saks concept, which contributed net sales of SEK 79.1 M and operating profit of SEK 3.3 M.

#### **Department Stores**

*The business area comprises operations in department stores NK in Stockholm, Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. The number of proprietary stores at the end of the period was 80 (76), with a total retail area of 23,481 square meters (22,960).*

#### **Store Concepts**

*The business area comprises four separate store concepts, JC, J-Store, Brothers and Sisters with a total of 304 stores, of which 161 are operated as franchises.*

The collection failure and the weak sales trend for JC and J-Store are estimated to have had a negative impact of about SEK 160 M compared with a year earlier. JC and J-Store reported an operating loss of SEK 69.0 M for the period. However, Brothers and Sisters performed well and reported operating profit of SEK 48.9 M for the period.

It is estimated that the work on repositioning the collection is now essentially completed.

#### ***Fourth quarter***

Net sales for the fourth quarter amounted to SEK 482.1 M (581.7). Sales in comparable stores declined 10.6%.

An operating loss of SEK 26.3 M was reported (profit: 33.3). The decrease compared with the preceding year was due to a collection failure and the weak sales trend in JC and J-Store.

The number of proprietary stores at the end of the period was 143 (128). In addition, there were 161 (169) franchise stores, including 9 (11) in Norway.

### **Financial position and liquidity**

The Group's assets totaled SEK 3,328.0 M compared with SEK 2,993.0 M at the end of the preceding fiscal year. Shareholders' equity at the end of the period amounted to SEK 1,404.1 M (1,565.1), resulting in an equity/assets ratio of 42.2% (52.3).

At August 31, 2008, inventories amounted to SEK 672.0 M compared with SEK 549.8 M a year earlier. New units resulted in an increase in inventories of about SEK 60 M.

Cash flow from operating activities was SEK 4.8 M (233.1). Cash flow after investments was a negative SEK 154.7 M (pos: 231.4). Net debt amounted to SEK 991.4 M, compared with SEK 728.2 M on August 31, 2007.

Consolidated cash and cash equivalents at the close of the period, including unutilized overdraft facilities, amounted to SEK 151.5 M, compared with SEK 305.8 M at the end of the preceding fiscal year.

In September 2008, a new share issue with preferential rights for the company's shareholders was implemented, which was fully subscribed and contributed SEK 342 M before issue expenses. After deductions for issue expenses, the company received SEK 330 M net.

The Board has made an assessment of the consolidated value of goodwill and brands and has decided that no impairment requirements currently prevail.

### **Investments and depreciation/amortization**

Investments for the period totaled SEK 163.7 M (177.4), of which acquisition of companies accounted for SEK 57.8 M (86.4). Depreciation/amortization during the period amounted to SEK 101.0 M (82.0).



## **Tax paid**

During the period, the Group paid SEK 24.8 M in tax. For the fourth quarter of 2007/2008, the amount of tax paid totaled SEK 4.3 M. During the third quarter, JC won a case in the Fiscal Court of Appeal, which resulted in a tax refund of SEK 2.1 M.

## **Personnel**

The average number of employees during the period was 1,505 (1,356).

## **Parent Company**

Net sales in the Parent Company amounted to SEK 132.4 M (98.8). After net financial items, a loss of SEK 130.0 M (profit: 96.9) was reported. The results included impairment of shares in subsidiaries totaling SEK 60.0 M. Investments for the period totaled SEK 77.6 M (92.4), of which company acquisitions accounted for SEK 31.2 M (74.4).

## **Outlook**

The major turmoil prevailing in financial markets is expected to have a negative impact on consumption in the next 12 months. The company's primary focus for the coming fiscal year will be cost savings, profitability and a reduction in tied-up capital.

## **Dividend**

The Board proposes that no dividend be paid for the 2007/2008 fiscal year.

## **Nomination Committee**

The Nomination Committee for the 2009 Annual General Meeting consists of Jan Carlzon, Claes Hansson, Fredrik Persson, representing Axbrands, Arne Lööv, representing Fourth AP Fund and John Wallmark.

## **Accounting principles**

RNB applies the International Reporting Standards (IFRS), as adopted by the EU. This interim report was prepared in accordance with IAS 34, Interim Reporting, the Swedish Annual Accounts Act and recommendations from the Swedish Financial Reporting Council for, RFR 2.1, Reporting for legal entities.

## **Annual General Meeting**

The Annual General Meeting for the 2007/2008 fiscal year will be held in Stockholm on Wednesday, January 28, 2009.

## Annual Report

RNB's 2007/2008 Annual Report is expected to be completed in December 2008 and will be available at the company's offices and on the company's website: [www.rnb.se](http://www.rnb.se).

## 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 for the Group's net debt*
- *Financial covenants to lenders*

### *Strategic and operating risks*

- *Demand for RNB's products is affected, as is all retailing, by changes in general economic conditions.*
- *Competition from other players active in the same segment as RNB*
- *Identification of constantly shifting fashion trends and customer preferences*

In other respects, refer to the detailed description of the Group's management of financial risks in the 2006/2007 Annual Report. The risks presented there are deemed to be essentially unchanged.

## Future publication dates

Q1 interim report for 2008/2009	December 19, 2008
Q2 interim report for 2008/2009	April 1, 2009
Q3 interim report for 2008/2009	June 17, 2009
Year-end report for 2008/2009	October 22, 2009

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 October 22, 2008, at 7:00 a.m.

Stockholm, October 22, 2008  
RNB RETAIL AND BRANDS AB (publ)

Board of Directors

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# Financial Statements

## CONSOLIDATED INCOME STATEMENT

MSEK	3 months Jun 2008- Aug 2008	3 months Jun 2007- Aug 2007	12 months Sep 2007- Aug 2008	12 months Sep 2006- Aug 2007
Net turnover	871,5	939,0	3 426,2	3 468,3
Other operating incomes	2,4	4,8	13,5	7,3
	<b>873,9</b>	<b>943,8</b>	<b>3 439,7</b>	<b>3 475,6</b>
Goods for resale	-536,2	-547,2	-1 941,5	-1 895,0
Other external costs	-161,4	-179,0	-727,1	-693,6
Personnel costs	-164,0	-137,2	-633,0	-544,4
Depreciation of tangible and intangible fixed assets	-27,4	-24,0	-101,0	-82,0
subsidiaries	-	-2,4	-	106,6
Restructuring costs	-35,3	-	-35,3	-25,0
<b>Operating income</b>	<b>-50,4</b>	<b>54,0</b>	<b>1,8</b>	<b>342,2</b>
Financial incomes	8,4	3,5	12,7	4,7
Financial costs	-22,3	-12,0	-66,3	-41,1
<b>Income after financial items</b>	<b>-64,3</b>	<b>45,5</b>	<b>-51,8</b>	<b>305,8</b>
Tax	-14,5	-2,8	-11,4	-50,0
<b>Profit/loss for period</b>	<b>-78,8</b>	<b>42,7</b>	<b>-63,2</b>	<b>255,8</b>
Net profit of the year attributable to:				
Parent Company's shareholders	-78,8	-2,7	-63,2	254,9
Minority owners	-	-0,1	-	0,9
<b>Earnings per share (SEK), average number of shares</b>	<b>-1,38</b>	<b>0,75</b>	<b>-1,11</b>	<b>4,49</b>
<b>Average number of shares, 000's</b>	<b>57 079</b>	<b>57 079</b>	<b>57 079</b>	<b>56 724</b>

## CONSOLIDATED BALANCE SHEET

MSEK	31-Aug-2008	31-Aug-2007
<b>Assets</b>		
Rental rights	1 376,4	1 329,1
Goodwill	500,0	500,0
Brands	90,4	41,3
Tangible fixed assets	215,2	237,8
Financial fixed assets	3,2	3,9
Deferred tax assets	8,2	12,1
Inventories	672,0	549,8
Other current assets	462,6	319,0
<b>Total assets</b>	<b>3 328,0</b>	<b>2 993,0</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity attributable to Parent Company's shareholder	1 404,1	1 554,0
Shareholders' equity attributable to minority owners	-	11,1
Long-term liabilities	717,3	758,7
Short-term liabilities	1 206,6	669,2
<b>Total shareholders' equity and liabilities</b>	<b>3 328,0</b>	<b>2 993,0</b>

## CASH-FLOW STATEMENT

MSEK	Sep 2007- Aug 2008	Sep 2006- Aug 2007
Cash flow from current operations before changes in working capital	24,3	240,7
Changes in working capital	-19,5	-7,6
<b>Cash flow from current operations</b>	<b>4,8</b>	<b>233,1</b>
Company acquisitions	-55,2	-40,9
Divestment of subsidiaries	-	124,5
Cash flow from other investments activities	-104,2	-85,3
<b>Cash flow after investments</b>	<b>-154,6</b>	<b>231,4</b>
Cash flow from financial activities	143,9	-220,0
<b>Cash flow for period</b>	<b>-10,7</b>	<b>11,4</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 2007- Aug 2008	Sep 2006- Aug 2007
Opening balance	1 565,1	1 273,0
Translation difference	-1,1	0,9
Profit for the period attributable to Parent Company's shareholders	-63,2	254,9
Shareholders' equity attributable to minority owners	-11,1	-25,8
New issue	-	45,5
Dividend	-85,6	-23,4
Conversions of debentures	-	40,0
<b>Balance at end of period</b>	<b>1 404,1</b>	<b>1 565,1</b>

## KEY FIGURES

		Sep 2007- Aug 2008 12 months	Sep 2006- Aug 2007 12 months
Gross margin	%	43,3	45,4
Operating margin	%	0,1	9,9
Profit margin	%	-1,8	7,3
Return on capital employed	%	0,6	15,3
Return on shareholders' equity	%	neg	18,3
Solidity	%	42,2	52,3
Interest coverage ratio	mult	0,2	8,4
Net dept	Mkr	991,4	728,2
Net dept/equity ratio	%	70,6	46,5
Average number of employees, full time		1 505	1 356
Average number of shares, 000's		57 079	56 724
Number of shares at end of period, 000's		57 079	57 079
Earnings per share after tax, average number	Kr	-1,11	4,49
Shareholders' equity per share at end of period	Kr	24,60	27,42

## NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

	3 months Jun 2008- Aug 2008	3 months Jun 2007- Aug 2007	12 months Sep 2007- Aug 2008	12 months Sep 2006- Aug 2007
<b>Net turnover, MSEK</b>				
Polarn O. Pyret	102,0	97,0	396,2	388,4
Department Stores	292,3	264,1	1 159,1	973,9
Store Concepts	482,1	581,7	1 881,6	2 111,1
Other	-4,9	-3,8	-10,7	-5,1
<b>Total</b>	<b>871,5</b>	<b>939,0</b>	<b>3 426,2</b>	<b>3 468,3</b>
<b>Operating result, MSEK</b>				
Polarn O. Pyret	24,6	15,4	70,2	56,1
Department Stores	-47,2	-6,7	-22,9	42,8
Store Concepts	-26,3	33,3	-20,1	143,5
Other	-1,5	12,0	-25,4	99,8
<b>Total</b>	<b>-50,4</b>	<b>54,0</b>	<b>1,8</b>	<b>342,2</b>

## INCOME STATEMENT PER QUARTER, GROUP

MSEK	2008		2008	2007/2008	2007		2007	2006/2007	2006
	June-Aug	March-May	Dec-Feb	Sep-Nov	June-Aug	March-May	Dec-Feb	Sep-Nov	
Net turnover	871,5	776,9	854,1	923,7	939,0	758,5	881,0	889,8	
Other operating incomes	2,4	5,2	1,0	4,9	4,8	-	1,6	0,9	
Goods for resale	-536,2	-392,0	-534,6	-478,7	-547,2	-392,2	-497,7	-457,9	
<b>Gross profit</b>	<b>337,7</b>	<b>390,1</b>	<b>320,5</b>	<b>449,9</b>	<b>396,6</b>	<b>366,3</b>	<b>384,9</b>	<b>432,8</b>	
<b>Gross margin</b>	<b>38,5%</b>	<b>49,5%</b>	<b>37,4%</b>	<b>48,2%</b>	<b>41,7%</b>	<b>48,3%</b>	<b>43,5%</b>	<b>48,5%</b>	
Other external costs	-161,4	-178,1	-189,5	-198,1	-179,0	-156,2	-170,9	-187,5	
Personnel costs	-164,0	-155,9	-162,5	-150,6	-137,2	-129,9	-137,8	-139,5	
Depreciation	-27,4	-32,3	-21,6	-19,7	-24,0	-19,6	-19,4	-19,0	
Capital gain on the sale of subsidiaries	-	-	-	-	-2,4	-0,4	109,4	-	
Restructuring costs	-35,3	-	-	-	-	-	-25,0	-	
<b>Operating income</b>	<b>-50,4</b>	<b>23,8</b>	<b>-53,1</b>	<b>81,5</b>	<b>54,0</b>	<b>60,2</b>	<b>141,2</b>	<b>86,8</b>	
Finacial incomes	8,4	1,1	2,7	0,5	3,5	0,2	0,6	0,4	
Financial costs	-22,3	-18,9	-13,4	-11,7	-12,0	-9,3	-9,9	-9,9	
<b>Income after financial items</b>	<b>-64,3</b>	<b>6,0</b>	<b>-63,8</b>	<b>70,3</b>	<b>45,5</b>	<b>51,1</b>	<b>131,9</b>	<b>77,3</b>	

## NUMBER OF STORES AT END OF PERIOD

	31-Aug-08	31-May-08	29-Feb-08	30-Nov-07	31-Aug-07	31-May-07	28-Feb-07	30-Nov-06
Own stores Sweden	174	172	164	157	155	154	152	165
Own stores Norway	54	54	54	52	53	48	48	48
Own stores Finland	32	32	32	32	31	31	31	29
Own stores Denmark	4	4	4	3	3	-	-	-
Franchise stores Sweden	166	169	173	175	174	174	175	175
Franchise stores outside Sweden	45	44	46	44	40	42	38	37
<b>Total</b>	<b>475</b>	<b>475</b>	<b>473</b>	<b>463</b>	<b>456</b>	<b>449</b>	<b>444</b>	<b>454</b>

## INCOME STATEMENT PARENT COMPANY

Mkr	3 months	3 months	12 months	12 months
	Jun 2008- Aug 2008	Jun 2007- Aug 2007	Sep 2007- Aug 2008	Sep 2006- Aug 2007
Net turnover	32,9	33,8	132,4	98,8
Other operating incomes	-4,6	0,8	0,2	1,0
	<b>28,3</b>	<b>34,6</b>	<b>132,6</b>	<b>99,8</b>
Other external costs	-5,5	-20,9	-74,7	-51,7
Personnel costs	-17,3	-10,9	-72,5	-33,0
Depreciation of tangible and intangible fixed assets	-4,7	-3,5	-12,5	-7,9
Restructuring costs	-	-	-	-8,5
<b>Operating income</b>	<b>0,8</b>	<b>-0,7</b>	<b>-27,1</b>	<b>-1,3</b>
Results from participation in Group companies	-60,0	130,0	-60,0	130,0
Financial incomes	-	-	-	0,1
Financial costs	-10,6	-8,3	-42,9	-31,9
<b>Income after financial items</b>	<b>-69,8</b>	<b>121,0</b>	<b>-130,0</b>	<b>96,9</b>
Allocation to tax allocation reserve	-8,0	-1,8	-8,0	-1,8
Tax	22,1	9,1	22,1	9,1
<b>Profit/loss for period</b>	<b>-55,7</b>	<b>128,3</b>	<b>-115,9</b>	<b>104,2</b>

## BALANCE SHEET PARENT COMPANY

Mkr	31-Aug-2008	31-Aug-2007
<b>Assets</b>		
Intangible fixed assets	25,1	-
Tangible fixed assets	34,9	26,2
Financial fixed assets	2 086,4	2 055,1
Deferred tax assets	23,4	29,9
Other current assets	278,1	177,5
<b>Total assets</b>	<b>2 447,9</b>	<b>2 288,7</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	1 321,7	1 449,3
Untaxed reserves	17,5	9,5
Long-term liabilities	489,2	559,8
Short-term liabilities	619,5	270,1
<b>Total shareholders' equity and liabilities</b>	<b>2 447,9</b>	<b>2 288,7</b>



## NUMBER OF STORES

Polarn O. Pyret	31-Aug-08			31-Aug-07		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	41	14	55	38	16	54
Norway	0	17	17	0	15	15
Finland	0	5	5	0	2	2
United Kingdom	0	9	9	0	4	4
Scotland	0	1	1	0	0	0
Ireland	0	1	1	0	1	1
Iceland	0	1	1	0	1	1
Russia	0	2	2	0	1	1
Estonia	0	0	0	0	2	2
Latvia	0	0	0	0	2	2
Lithuania	0	0	0	0	1	1
Denmark (through Departments Stores)	0	0	0	0	0	0
<b>Total</b>	<b>41</b>	<b>50</b>	<b>91</b>	<b>38</b>	<b>45</b>	<b>83</b>

Department Stores	31-Aug-08	31-Aug-07
	Own	Own
Number of stores	80	76
Total retail space, m2	23 481	22 960

Store Concepts	31-Aug-08			31-Aug-07		
	Own	Franchise	Total	Own	Franchise	Total
JC, J-Store, Sweden	33	89	122	30	93	123
JC, J-Store, Norway	35	9	44	34	11	45
JC, J-Store, Finland	20	0	20	19	0	19
Brothers, Sweden	23	40	63	19	41	60
Brothers, Finland	8	0	8	8	0	8
Sisters, Sweden	20	23	43	14	24	38
Sisters, Finland	4	0	4	4	0	4
<b>Total</b>	<b>143</b>	<b>161</b>	<b>304</b>	<b>128</b>	<b>169</b>	<b>297</b>



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