# RNB INTERIM REPORT 3

## 1 SEPTEMBER 2013 – 31 MAY 2014

**RNB** RETAIL AND BRANDS

POLARN O. PYRET

DEPARTMENTS & STORES

BROTHERS

# The Group's performance during the interim period

## THIRD QUARTER, MARCH 1, 2014 – MAY 31, 2014 IN SUMMARY

- Net sales amounted to SEK 442 M (609, including the divested JC-operation).
- An impairment of goodwill in Brothers & Sisters of SEK 151 M has occurred.
- Operating income, excluding impairment of goodwill, amounted to SEK -15 M (-27). Operating income during the previous year included SEK -8 M in respect of JC.
- Profit before tax, excluding impairment of goodwill, amounted to SEK -18 M (-30).
- Profit after tax amounted to SEK -169 M (-30), corresponding to SEK -4.99 (-2.99) per share. The result includes an impairment of the goodwill in Brothers & Sisters of SEK 151 M after tax.
- Cash flow from operating activities amounted to SEK -22 M (-44).
- Two new stores were added during the quarter, both franchise stores of Polarn O. Pyret, one in the UK and one in Estonia.

## THE PERIOD, SEPTEMBER 1, 2013 – MAY 31, 2014 IN SUMMARY

- On November 1, 2013, RNB Agreement entered into an agreement to divest the subsidiary JC to Denim Island AB. During the first quarter of the present year, JC's sales amounted to SEK 111 M and its operating income totaled SEK -6 M. In the 9-month period of the previous year, JC's net sales amounted to SEK 509 M and its operating income totaled SEK -318 M, of which SEK -260 M related to impairment of the trademark in the second quarter.
- Net sales amounted to SEK 1,538m (1,978, including the divested operation).
- An impairment of goodwill in Brothers & Sisters of SEK 151 M has occurred.
- Operating income, excluding impairment of goodwill in Brothers & Sisters, amounted to SEK -4 M (-55).
- Profit before tax, including the divested operation, amounted to SEK -13 M (-81), excluding impairment of goodwill in Brothers & Sisters of SEK 151 M and impairment of goodwill and the previous year's impairment of the JC trademark (SEK 260 M). The equivalent result excluding the divested operation amounted to SEK -7 M (-23).
- Profit after tax amounted to SEK -165 M (-341), corresponding to SEK -4.86 (-85.77) per share. The result includes this year's impairment of goodwill of SEK 151 M in Brothers & Sisters and the previous year's impairment of SEK 203 M after tax of the JC trademark.
- Cash flow from operating activities was SEK 0 M (-85)
- Apart from the takeover of 24 stores that occurred in Norway in connection with the acquistion of the Master Franchisee WAM AS, three new stores (Polarn O. Pyret) were opened during the period, of which one was a proprietary store (Sweden) and two were franchise stores (UK and Estonia).
- During the first quarter, Polarn O. Pyret AB entered into an agreement to acquire 100 percent of the shares in WAM AS in Norway. WAM AS was the master franchisee of Polarn O. Pyret in Norway. Completion of the acquisition occurred on January 2, 2014.

## CONTACT


Magnus Håkansson, President +46 (0) 768-87 20 02

Stefan Danieli, CFO +46 (0) 768-87 22 25


## PRESS AND ANALYST MEETING

RNB will hold a press and analyst conference in connection with publication of today's interim report for the third quarter 2013/2014. The conference will be held in the company's premises at Regeringsgatan 29, today, June 26, 2014 at 10.00 a.m.

## FINANCIAL CALENDAR

| | |
|---|---|
| Year-end report 2013/2014 | October 23, 2014 |
| Annual General Meeting | December 18, 2014 |
| Interim report, first quarter | December 18, 2014 |

# Comments from the CEO

RNB displayed results for the third quarter that were clearly better than the corresponding quarter of the previous year. Operating income amounted to SEK -15 M, an improvement of SEK 12 M. The improvement was mainly explained by positive effects from the restructuring process, as well as strong spring and summer assortments for all three concepts. The assortments and marketing campaigns have been well received by our customers which has lead to increased sales during the third quarter.

Operating income in Polarn O. Pyret was adversely affected by the company's three new stores in Holland and Norway. In addition to this impairment of goodwill in Brothers means a negative one-off effect on the third quarter result.

A plan to turn the Brothers operation was established after a thorough evaluation. The plan shows that the turn around process will take somewhat longer time than the initial assessment. The imparment of goodwill in Brothers that now are being executed should be seen in the light of this. The impairment of goodwill for Brothers has a negative effect on the third quarter results.

## RESTRUCTURING PROCESS COMPLETED

The organizational changes carried out as a result of the divestment of JC were completed early in the third quarter. RNB also completed the closure of Sisters during the quarter with the exception of four stores, which are operated under a consignment goods arrangement for an external partner during a transitional period. The divestment of Kosta also brought a positive effect compared to the corresponding period last year. The result improvement was mainly explained by the fact that JC's negative result from the third quarter of the previous year was not included in this quarter. The restructuring process is as of this quarter completed, both from a financial and organizational perspective.

## STRONG ASSORTMENTS DRIVE SALES

Sales during the third quarter were strong in all three concepts. DSE sales increased by 5.3 percent in comparable stores, while Brothers displayed a sales increase of 6.9 percent in comparable stores. The equivalent increase for Polarn O. Pyret was 3.4 percent. Total sales for the RNB Group in comparable stores increased by 5.2 percent during the third quarter compared to the market, which displayed an increase of 1.7 percent according to figures from the Swedish Retail and Wholesale Trade Research Institute (HUI).

## BROTHERS AND POLARN O. PYRET IN FOCUS

The result of Brothers is still unsatisfactory, despite strong sales growth and the divestment of Sisters. As a result, we have established a strong cohesive plan during the third quarter for reversing the weak performance of the Brothers' concept, which includes proprietary stores as well as the franchise-operated stores. The focus of the plan is on improving the coordination between categories and between the external and internal ranges.

The earnings trend in Polarn O. Pyret was affected by the company's three new stores in Holland. A detailed turn-around plan is being implemented and is expected to yield result during the next financial year. The turn-around will be acomplished by making resources available to be invested into marketing campaigns.

The results of Polarn O. Pyret's operations in Norway were weaker than the corresponding period of the previous year, except in May, which was a strong month in respect of earnings. The weaker result is mainly explained by the fact that a large share of gross sales was directed to the Norwegian Master Franchisee. We are now in the final phase of completing the work with integration and our assessment is that the Norwegian operation will start generating a positive contribution to the result during the next financial year.

## OUTLOOK

The implemented structural changes in combination with measures to boost efficiency have started to yield results. We will now focus on continuing to improve our assortment as well as developing service and sales of all three existing concepts. Furthermore we will focus on increasing our margins based on more effective collaboration with the production office in Hong Kong. Lastly, we see a large potential in further integrating e-commerce sales into our concepts and through our multi-channel strategy i.e. ensuring an optimal interplay between the physical and digital distribution channels. The necessary work conducted during the past years has yielded results and we still see further potential in the activities we currently are realizing.

Magnus Håkansson

# DEPARTMENTS & STORES

## POLARN O. PYRET

## BROTHERS

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. RNB has operations in 11 countries. The total number of stores in the RNB Group amounts to 267, of which 79 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the NASDAQ OMX Nordic Exchange since 2001 in the Small Cap segment, retail sector under the ticker RNBS.

The store concept strategy is to offer attractive and target-group-oriented ranges of fashion and accessories in major cities, towns and shopping centers. The Brothers business area is a volume-oriented comprehensive concept for men and offers a mix of strong proprietary and external brands. Polarn O. Pyret is the leading brand and store concept for baby and children's wear in the quality segment of the Swedish market  and also has a growing international presence.

In the department and stores business area, rnb focuses on the customer interface and on providing high-quality product ranges and store environments. The stores offer fashion for women, men and children, as well as accessories, jewelry and cosmetics for customers demanding top-class service and quality. Sales are conducted in the NK department stores in Stockholm and Gothenburg.

# Revenue and earnings, RNB Group

## THIRD QUARTER, MARCH 1, 2014 – MAY 31, 2014

RNB's net sales totaled SEK 442 M (previous year: 609, including JC). Reported sales for remaining concepts during the third quarter of the year decreased slightly, from SEK 445 M in the previous year to SEK 442 in the third quarter of the present year, equivalent to a decrease of 0.7 percent. Excluding the discontinuation of Sisters and the divestment of the Kosta Outlet business, sales increased by 8 percent in total for RNB's three concepts.

Gross margin during the quarter for remaining operations was 53.0 percent (49.9), with improvements compared to the previous year in all concepts. A strong sales trend during the quarter, driven by good demand for the spring and summer collections has meant less need for price activities. Total gross profit for the Group increased compared to the previous year, while other revenue remained stable. Fixed costs increased somewhat overall, driven by increased costs in Polarn O. Pyret, as a consequence of additional operations in Norway and in Holland. Fixed costs in other concepts decreased in the quarter compared to the previous year.

Operating income, excluding impairment of goodwill in Brothers & Sisters, amounted to SEK -15 M (-27, of which SEK -8 M related to JC).

Financial expenses amounted to SEK -5 M (-4).

Profit before tax, excluding impairment of goodwill in Brothers & Sisters, amounted to SEK -18 M (-30), whereas the result excluding the divested operation amounted to SEK -18 M (-22).

The result after tax was SEK -169 M (-30, including JC). The equivalent result excluding the divested operation amounted to SEK -169 M (-22). This year's result includes an impairment of goodwill in Brothers & Sisters of SEK 151 M.

Unrealized results on futures contracts affected earnings by SEK 1 M (-1).

## THE PERIOD, SEPTEMBER 1, 2013 – MAY 31, 2014

RNB's net sales including the divested operation amounted to SEK 1,538 M (1,978) during the period. In remaining operations, sales decreased slightly during the period, from SEK 1,469 M in the previous year to SEK 1,427 M in the present year.

Excluding the discontinuation of Sisters and the divestment of the Kosta business, sales increased by about 3 percent in total for RNB's three concepts.

Gross margin during the period was 51.6 percent (49.8), and showed some improvement compared to the previous year for both Polarn O. Pyret and Departments & Stores, as a result of several different interacting factors, but mainly connected to strong demand and lower price activity. Brothers & Sister's gross margin fell marginally compared to the previous year, as a consequence of the completion of the closure of Sisters, in combination with non-recurring items. The decrease in gross profit has been largely offset by reduced fixed costs.

Operating income, excluding impairment of goodwill in Brothers & Sisters of SEK 151 M, amounted to SEK -4 M (-55).

Financial expenses amounted to SEK -10 M (-34). The improvement was explained by lower interest expenses as a result of renegotiated loans with better loan terms.

Profit before tax including the divested operation amounted to SEK -13 M (-81), whereas the result excluding the divested operation amounted to SEK -7 M (-23), excluding the previous year's impairment of the JC trademark of SEK 260 M and this year's impairment of goodwill in Brothers & Sisters of SEK 151 M.

Profit after tax including the divested operation amounted to SEK -165 M (-341). The equivalent result excluding the divested operation amounted to SEK -159 M (-22). The previous year's result included an impairment of the JC trademark of SEK 203 M after tax and this year's result includes impairment of goodwill in Brothers & Sisters of SEK 151 M.

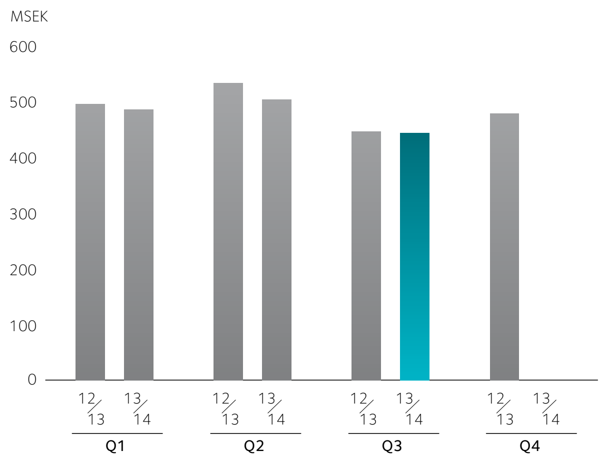
The result after tax was SEK -159 M (-23).

Unrealized results on futures contracts affected earnings by SEK -0 M (4).

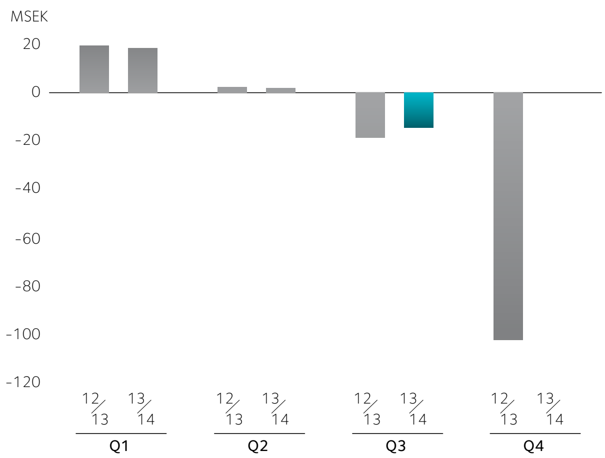
| **Group overview,** including the divested operation | Q3 | | 9 months Sep – May | | Full year | |
|---|---|---|---|---|---|---|
| | 2013/ 2014 | 2012/ 2013 | 2013/ 2014 | 2012/ 2013 | Latest 12 months | 2012/ 2013 |
| Net sales, SEK M | 442 | 609 | 1,538 | 1,978 | 2,180 | 2,620 |
| Gross margin (%) | 53.0 | 51.6 | 51.4 | 50.3 | 47.0 | 46.8 |
| Operating income excluding writedown of Trademark and Goodwill, SEK M | -15 | -27 | -4 | -55 | -290 | -342 |
| Impairment of goodwill and trademark | -151 | 0 | -151 | -260 | -151 | -260 |
| Operating income, SEK M | -166 | -27 | -154 | -315 | -441 | -601 |
| Profit before tax, SEK M | -169 | -30 | -164 | -341 | -451 | -628 |
| Profit after tax, SEK M | -169 | -30 | -165 | -341 | -452 | -629 |
| Operating margin (%) | -37.5 | -4.4 | -10.0 | -15.9 | -20.2 | -23.0 |
| Earnings per share, SEK | -4.99 | -2.99 | -4.86 | -85.77 | -13.33 | -54.56 |
| Cash flow from operating activities, SEK M | -22 | -44 | 0 | -85 | -74 | -95 |
| Number of stores | 267 | 384 | | | | 383 |

| **Group overview,** excluding the divested operation | Q3 | | 9 months Sep – May | | Full year | |
|---|---|---|---|---|---|---|
| | 2013/ 2014 | 2012/ 2013 | 2013/ 2014 | 2012/ 2013 | Latest 12 months | 2012/ 2013 |
| Net sales, SEK M | 442 | 445 | 1,427 | 1,469 | 1,903 | 1,945 |
| Gross margin (%) | 53.0 | 49.9 | 51.6 | 49.8 | 50.6 | 49.3 |
| Operating income excluding writedown of Trademark and Goodwill, SEK M | -15 | -19 | 2 | 3 | -101 | -100 |
| Impairment of goodwill | -151 | 0 | -151 | 0 | -151 | 0 |
| Operating income, SEK M | -166 | -19 | -149 | 3 | -252 | -100 |
| Profit before tax, SEK M | -169 | -22 | -158 | -23 | -262 | -127 |
| Profit after tax, SEK M | -169 | -22 | -159 | -23 | -320 | -183 |
| Operating margin (%) | -37.5 | -4.2 | -10.4 | 0.2 | -13.3 | -5.1 |
| Earnings per share, SEK | -4.99 | -2.20 | -4.68 | -5.66 | -9.43 | -15.92 |
| Cash flow from operating activities, SEK M | -22 | -44 | 0 | -85 | -74 | -95 |
| Number of stores | 267 | 270 | | | | 271 |

**Net sales per quarter,** excluding divested operation, **MSEK**




**Operating income** per quarter, excl. writedown of goodwill & trademark and divested operation, **MSEK**

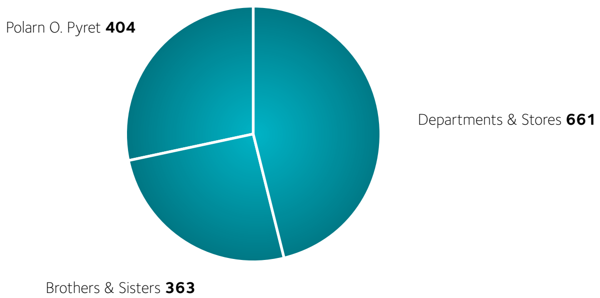


## FINANCIAL OVERVIEW BUSINESS AREAS

RNB RETAIL AND BRANDS reports sales and results for three business areas: Polarn O. Pyret, Departments & Stores and Brothers & Sisters

| | Polarn O. Pyret | | DSE | | Brothers & Sisters | |
|---|---|---|---|---|---|---|
| | Q3 13/14 | Q3 12/13 | Q3 13/14 | Q3 12/13 | Q3 13/14 | Q3 12/13 |
| Net sales, SEK M | 125 | 111 | 201 | 202 | 115 | 132 |
| Operating income, SEK M | -7 | -1 | 4 | -1 | -156 | -10 |
| Number of stores | 143 | 139 | 45 | 46 | 79 | 85 |
| Of which, franchise | 52 | 79 | - | - | 27 | 29 |

**Net sales per business area,**
September 2013-May 2014, **MSEK**



# POLARN O. PYRET

Polarn O. Pyret is a brand focused on baby and children's wear and comprises 143 stores, of which 52 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

## THIRD QUARTER, MARCH 1, 2014 – MAY 31, 2014

Net sales in the period amounted to SEK 125 M (111), including a continued increase in sales in proprietary stores and in the e-commerce business. Sales in comparable proprietary stores increased by 3.4 percent, year-on-year.

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 766 M (713), measured on a rolling 12-month basis.

Gross margin during the quarter increased compared to the same quarter of the previous year, which in combination with increased sales, generated an improvement in gross profit.

Fixed costs for proprietary stores increased compared to the year-earlier period, due to new stores in Sweden, Norway and in Holland.

Operating income amounted to SEK -7 M (-1). The result in Sweden was stable compared to the previous year, but the negative result in Holland continues to adversely affect the business area's results, while the recently acquired operations in Norway did not report positive operating income during the quarter. However the Dutch operations showed a marginal improvement in earnings during the quarter, and the Norwegian operations made a positive contribution to the pro-forma results in May, compared to the previous year.

Inventory levels continued to be stable, with an increase during the quarter and also compared to the previous year. This increase was almost entirely related to the acquired Norwegian operations (and also marginally to the Dutch operations). Current inventory levels are estimated to be slightly on the low side in order to obtain the desired product demand during the summer sales period.

The number of proprietary stores at the end of the period was 91 (60). In addition, there were 52 (79) franchise stores, including 7 (9) in Sweden and 45 (70) abroad. Two new franchise stores were added during the quarter, one in the UK and one in Estonia.

## THE PERIOD, SEPTEMBER 1, 2013 – MAY 31, 2014

Net sales in the period amounted to SEK 404 M (379), including an increase in sales in both proprietary stores and in e-commerce sales.

Gross margin during the period increased in most of the operations, due to a continued positive performance in the third quarter.

Fixed costs for proprietary stores and head office functions increased compared to the previous year, due to new stores and operations in Sweden, Norway and in Holland.

Operating income amounted to SEK 3 M (15), corresponding to an operating margin of 0.7 percent (4.0). The result in Sweden was adversely affected by lower franchise sales in Norway and some increased costs for new operations abroad. The negative result in Holland continues to adversely impact the business area's results, although to a marginally lesser degree, after a somewhat improved third quarter compared to the previous year.

The recently acquired operations in Norway are also having a somewhat negative effect on the business area's results – but it should be noted that the performance in Norway is now going largely as planned, after a weaker start to 2014.

Inventory levels continued to show a stable development during the period, with a marginal increase, including additional inventory in Norway.

The acquisition of 100 percent of the shares in WAM AS in Norway was completed as of year-end. WAM AS, which was the Master Franchisee of Polarn O. Pyret in Norway operated 24 stores as well as an e-commerce business with expected sales of about SEK 130 M annually.

# DEPARTMENTS & STORES

The business area comprises operations at the department stores NK Stockholm and NK Gothenburg.  The number of proprietary stores at the end of the period was 45 (46).

## THIRD QUARTER
## MARCH 1, 2014 – MAY 31, 2014

Net sales in the Departments & Stores business area amounted to SEK 201 M (202), a decrease of 0.1 percent. The decrease in sales was mostly related to Kosta Mode Outlet – a business which was divested as of June 1, 2013 – while sales in the NK department stores (comparable stores) increased by 5.3 percent in total, despite limited sales activities during the quarter.

Gross margin during the period was essentially unchanged. Gross profit increased compared to the previous year, as a consequence of less price activities and the divestment of Kosta. Gross profit in the NK department stores rose due to the increase in sales.

Fixed costs, excluding Kosta, increased slightly compared to the previous year for stores as well as for head office functions, with very small variations for the various types of costs. Overall, fixed costs fell compared to the same quarter of the previous year, including Kosta.

Operating income amounted to SEK 4 M (-1), corresponding to an operating margin of 1.9 percent (-0.5).

Inventory levels in the business area decreased marginally during the quarter, but increased slightly compared to the year-earlier period.

## THE PERIOD,
## SEPTEMBER 1, 2013 – MAY 31, 2014

Net sales in the Departments & Stores business area amounted to SEK 661 M (684), a decrease of 3.4 percent. The decrease in sales was mostly related to Kosta Mode Outlet, a business which was divested as of June 1, 2013 – while sales in the NK department stores increased.

Gross margin during the period was essentially unchanged, even excluding Kosta. Gross profit in the NK department stores rose, due to a positive sales trend. Total gross profit fell compared to the previous year, as a consequence of the divestment of Kosta.

Fixed costs, excluding Kosta, were slightly higher compared to the previous year for stores as well as for head office functions, with small variations for the various types of costs – a limited increase occurred in premises and personnel expenses. Fixed costs fell overall compared to the same period of the previous year, including Kosta.

Operating income amounted to SEK 41 M (34), with an improved operating margin of 6.1 percent (5.0).

Inventory levels in the business area increased during the period, mainly due to increased purchasing values connected to expanded operations in department stores.

# BROTHERS

Brothers is a volume-oriented comprehensive concept for men and the business area has a total of 79 (85) stores, of which 27 (29) are operated by franchisees.  Sisters has essentially been closed down.

## THIRD QUARTER, MARCH 1, 2014 – MAY 31, 2014

Net sales for Brothers & Sisters totaled SEK 115 M (132), a decrease of 12.4 percent. The decrease was entirely due to decreased sales in Sisters. Sales in comparable proprietary stores in Sweden increased by 6.9 percent.

Net sales in Brothers showed an increase in proprietary stores during the quarter, while sales on the franchise side fell. Meanwhile net sales for Sisters also decreased, as a result of the company's discontinuation process, as well as the reduction of sales areas and the number of stores.

Total brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 593 M (634), measured on a rolling 12-month basis.

Gross margin for the business area increased overall compared to the previous year, with very limited underlying changes. Sisters' margin remained at a low, but acceptable level during the quarter, due to sales activities, connected to the discontinuation process.

Fixed costs for Brothers & Sisters have continued to decrease, both in the stores and in head office functions.

Operating income amounted to SEK -5 M (-10), excluding impairment of goodwill in Brothers & Sisters of SEK 151 M.

The quality and level of inventories continued to develop favorably with lower levels during the quarter and compared to the previous year - largely driven by decreased inventory levels in Sisters, but also by lower inventory levels in Brothers. The strong sales trend in the quarter has meant that closing inventory levels are on the low side with regard to desired product demand during the sales period.

## THE PERIOD, SEPTEMBER 1, 2013 – MAY 31, 2014

Net sales for Brothers & Sisters totaled SEK 363 M (407), a decrease of 10.9 percent. The main explanation for the decline was decreased sales in Sisters, due to the discontinuation of the operations.

Net sales for Brothers showed an increase in proprietary stores, but sales decreased on the franchise side. Meanwhile net sales for Sisters decreased, as a result of the company's discontinuation process as well as the reduction of sales areas and the number of stores.

Gross margin for the business area decreased overall compared to the previous year, mostly due to non-recurring effects in Brothers and a negative performance in Sisters during the first two quarters of the year. The gross margin in Brothers developed positively during the third quarter.

Fixed costs in comparable stores and head office functions continued to decrease significantly, while fixed costs for new stores increased. However, the new stores displayed positive operating income overall during the period.

The earnings trend in Brothers was negatively impacted during the year by the divestment of JC, by the related organizational changes carried out, and also by certain adverse effects on the Group's cost structure.

Operating income amounted to SEK -25 M (-25), excluding impairment of goodwill in Brothers & Sisters of SEK 151 M.

The quality and level of inventories continued to develop favorably with lower levels during the period, and compared to the previous year. Lower inventories in Sisters, accounted for a considerable portion of the decrease in inventories.

# Financial position and liquidity

The Group had total assets of SEK 1,004 M compared to SEK 1,301 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 264 M (717) at the end of the period, providing an equity/assets ratio of 26.3 percent (46.4).

At May 31, 2014, inventories totaled SEK 313 M (331).

Cash flow from operating activities amounted to SEK 0 M (-85). Working capital has been positively impacted by reduced inventory levels and lower current receivables, while lower trade payables resulted in an increase in working capital – net, so working capital (excl. inventories) increased by SEK 42 M. After investments, cash flow amounted to SEK -36 M (-144).

Net debt amounted to SEK 344 M compared to SEK 304 M during the year-earlier period.

Consolidated cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 160 M compared to SEK 147 M at the end of the previous fiscal year.

## INVESTMENTS, DEPRECIATION AND IMPAIRMENTS

Investments during the period totaled SEK 28 M (66). Depreciation and impairments amounted to SEK 34 M (-47), excluding the divested operation and excluding impairment of goodwill in Brothers & Sisters of SEK 151 M.

## PERSONNEL

The average number of employees during the period was 1,093 (1,350), including personnel in divested operations.

## RELATED-PARTY TRANSACTIONS

No transactions were conducted between the RNB Group and related parties, which have materially impacted the Group's financial position and results.

The Company has two loans from its principal shareholder Konsumentföreningen Stockholm, totaling SEK 400 M, with terms and interest-rates in line with market conditions.

For further information on transactions with related parties, see Note 5 on pages 31-33 of the Annual Report 2012/2013.

## TAX PAID

During the period, the Group paid tax totaling SEK 0 M (0).

## PARENT COMPANY

Net sales in the Parent Company amounted to SEK 88 M (110) The result after net financial items amounted to SEK -175 M (-353). Investments totaled SEK 3 M (11).

## ACCOUNTING POLICIES

This report was prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. 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 - Accounting for Legal Entities. The accounting policies applied correspond with those presented in the 2012/2013 Annual Report.

## RISKS AND UNCERTAINTIES

RNB is exposed to a number of risk factors that are wholly or partly beyond the company's control, but which could affect the Group's earnings.

### Financial risks

- Currency exposure related to purchase 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

- Demand for RNB's products, like general demand in the retail sector, is affected by changes in the overall economy.
- 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 2012/2013 Annual Report.

The Board of Directors and the President declare that the interim report provides a true and fair overview of the Company's and the Group's operations, financial position and earnings and also describes significant risks and uncertainties facing the Company and other companies in the Group.

Stockholm, June 26, 2014

Board of Directors and President of,
RNB RETAIL AND BRANDS (publ)

Laszlo Kriss
*Chairman of the Board*

Ann-Sofie Danielsson
*Vice Chairman of the Board*

Monika Elling
*Board member*

Ivar Fransson
*Board member*

Michael Lemner
*Board member*

Per Thunell
*Board member*

Magnus Håkansson
*President and CEO*

**Largest shareholders** as of May 31, 2014

| | Number of shares | Share capital/ Voting rights, % |
|---|---|---|
| Konsumentföreningen Stockholm | 11,246,598 | 33.16 |
| Catella Fondförvaltning | 4,296,814 | 12.67 |
| Avanza Pension | 1,689,748 | 4.98 |
| Client Long | 969,365 | 2.86 |
| Skandinaviska Enskilda Banken | 669,187 | 1.97 |
| Provobis Property & Leisure AB | 600,000 | 1.77 |
| Löfman Michael | 575,000 | 1.70 |
| SEB Life International Assurance | 476,512 | 1.41 |
| Nordnet Pensionförsäkring | 466,343 | 1.38 |
| Banque de Luxembourg | 400,000 | 1.18 |
| **Total 10 largest shareholders** | **21,389,567** | **63.07** |
| Other | 12,522,609 | 36.93 |
| **Total** | **33,912,176** | **100.00** |

Source: Euroclear Sweden AB

# Review report

## RNB RETAIL AND BRANDS AB (PUBL), CORPORATE IDENTITY NUMBER 556495-4682

### INTRODUCTION

We have reviewed the summary interim financial information (Interim Report) of RNB RETAIL AND BRANDS AB (publ) as of May 31, 2014 and for the nine-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### THE FOCUS AND SCOPE OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report 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 is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) 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. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report, in all material respects, is not prepared for the group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Stockholm, June 26, 2014
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

# Consolidated Income Statement

| SEK M | 3 months<br>Mar 2014<br>–May 2014 | <br>Mar 2013<br>–May 2013 | 9 months<br>Sep 2013<br>–May 2014 | <br>Sep 2012<br>–May 2013 | Latest<br><br>12 months | 12 months<br>Sep 2012<br>–Aug 2013 |
|---|---|---|---|---|---|---|
| Net sales | 441.5 | 444.6 | 1,427.0 | 1,469.1 | 1,903.3 | 1,945.4 |
| Goods for resale | -207.7 | -222.7 | -690.8 | -737.1 | -940.0 | -986.3 |
| **Gross income** | **233.8** | **221.9** | **736.2** | **732.0** | **963.3** | **959.1** |
| | | | | | | |
| Other operating income | 3.7 | 2.2 | 6.4 | 6.1 | 7.8 | 7.5 |
| Other external expenses | -119.4 | -105.5 | -333.0 | -328.0 | -458.6 | -453.6 |
| Personnel expenses | -122.1 | -120.7 | -371.3 | -359.8 | -493.7 | -482.2 |
| Depreciation and impairment of non-current assets | -10.6 | -16.5 | -33.6 | -46.9 | -116.8 | -130.1 |
| Impairment of goodwill | -150.9 | - | -150.9 | - | -150.9 | - |
| Profit/loss on sale of subsidiary | - | - | -2.6 | - | -3.3 | -0.7 |
| **Operating income** | **-165.5** | **-18.6** | **-148.8** | **3.4** | **-252.2** | **-100.0** |
| | | | | | | |
| Financial income | - | 1.3 | 0.7 | 2.4 | 1.0 | 2.7 |
| Financial expenses | -4.6 | -4.2 | -10.1 | -32.2 | -12.2 | -34.3 |
| Unrealized profit/loss on futures contracts | 1.0 | -0.8 | 0.2 | 3.7 | 1.2 | 4.7 |
| **Net financial items** | **-3.6** | **-3.7** | **-9.2** | **-26.1** | **-10.0** | **-26.9** |
| | | | | | | |
| **Profit before tax from continuing operations** | **-169.1** | **-22.3** | **-158.0** | **-22.7** | **-262.2** | **-126.9** |
| | | | | | | |
| Tax on net income for the period | - | -0.1 | -0.8 | 0.2 | -57.5 | -56.5 |
| **Net income for the period from continuing operations** | **-169.1** | **-22.4** | **-158.8** | **-22.5** | **-319.7** | **-183.4** |
| | | | | | | |
| **Discontinued operations** | | | | | | |
| Profit after tax for the fiscal year relating to discontinued operations | - | -8.0 | -5.9 | -318.7 | -132.5 | -445.3 |
| **Net income for the period** | **-169.1** | **-30.4** | **-164.7** | **-341.2** | **-452.2** | **-628.7** |
| | | | | | | |
| **Other comprehensive income** | | | | | | |
| Translation differences | 1.5 | 0.9 | 0.7 | 0.8 | -0.7 | -0.6 |
| **Comprehensive income for the period** | **-167.6** | **-29.5** | **-164.0** | **-340.4** | **-452.9** | **-629.3** |
| | | | | | | |
| **Net income for the period attributable to:** | | | | | | |
| Parent Company's shareholders | -169.1 | -30.4 | -164.7 | -341.2 | -452.2 | -628.7 |
| Non-controlling interests | - | - | - | - | - | - |
| | | | | | | |
| **Comprehensive income attributable to:** | | | | | | |
| Parent Company's shareholders | -167.6 | -29.5 | -164.0 | -340.4 | -452.9 | -629.3 |
| Non-controlling interests | - | - | - | - | - | - |
| **Earnings per share before and after dilution (SEK)** | **-4.99** | **-2.99** | **-4.86** | **-85.77** | **-13.33** | **-54.56** |
| | | | | | | |
| **Average number of shares, (000s) *** | **33,912** | **10,177** | **33,912** | **3,978** | **33,912** | **11,523** |

* In connection with the completed rights issue, a 200:1 reverse share split was carried out.
Historical comparative figures regarding the average number of shares and earnings per share have been adjusted for this.

# Consolidated Balance Sheet

| SEK M | May 31, 2014 | May 31, 2013 | Aug 31, 2013 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | 378.9 | 483.7 | 483.7 |
| Other intangible assets | 33.8 | 97.3 | 37.2 |
| Property, plant and equipment | 96.2 | 111.2 | 105.8 |
| Non-current receivables | 3.8 | 5.0 | 5.4 |
| Inventories | 313.3 | 331.4 | 327.7 |
| Other current assets | 178.4 | 218.0 | 169.6 |
| Assets included in disposal groups are classified as if they are held for sale/discontinuation | – | 298.9 | 171.2 |
| **Total assets** | **1,004.4** | **1,545.5** | **1,300.6** |
| | | | |
| **Shareholders' equity and liabilities** | | | |
| Equity attributable to the Parent Company's shareholders | 263.8 | 716.7 | 427.8 |
| Non-current liabilities | 401.9 | 357.5 | 363.4 |
| Current liabilities | 338.7 | 318.2 | 342.6 |
| Liabilities included in disposal groups are classified as if they are held for sale/discontinuation | – | 153.1 | 166.8 |
| **Total equity and liabilities** | **1,004.4** | **1,545.5** | **1,300.6** |

# Consolidated Cash Flow Statement

| SEK M | Sep 2013 –May 2014 | Sep 2012 –May 2013 | Sep 2012 –Aug 2013 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating income from continuing operations | -148.8 | -314.8 | -601.4 |
| Operating income from discontinued operations | -5.6 | - | - |
| Adjustment for non-cash items | 181.9 | 304.8 | 448.3 |
| Interest received and other financial income | 0.8 | 3.8 | 4.7 |
| Interest paid | -10.0 | -41.6 | -42.9 |
| Other | - | -6.7 | -0.5 |
| **Cash flow before change in working capital** | **18.3** | **-54.5** | **-191.8** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Change in inventories | 24.1 | 17.7 | 66.2 |
| Change in operating receivables and liabilities | -41.9 | -48.1 | 30.4 |
| **Change in working capital** | **-17.8** | **-30.4** | **96.6** |
| | | | |
| **Cash flow from operating activities** | **0.5** | **-84.9** | **-95.2** |
| | | | |
| **Cash flow from investing activities** | **-36.4** | **-59.0** | **-71.1** |
| | | | |
| **Cash flow after investments** | **-35.9** | **-143.9** | **-166.3** |
| | | | |
| **Financing activities** | | | |
| Repayment of loans | - | -236.0 | -236.0 |
| Borrowings | 51.0 | 85.0 | 85.0 |
| Rights issue | - | 429.9 | 429.2 |
| Change in overdraft facility | - | -83.7 | -83.7 |
| Other | -1.6 | -3.7 | -10.7 |
| **Cash flow from financing activities** | **49.4** | **191.5** | **183.8** |
| | | | |
| **Cash flow during the period** | **13.5** | **47.6** | **17.5** |

# Changes in shareholders' equity

| SEK M | Sep 2013 –May 2014 | Sep 2012 –May 2013 | Sep 2012 –Aug 2013 |
|---|---|---|---|
| Opening balance | 427.8 | 627.9 | 627.9 |
| Net income for the period | -164.7 | -341.2 | -628.7 |
| Other comprehensive income | 0.7 | 0.8 | -0.6 |
| Rights issue | - | 429.2 | 429.2 |
| **Balance at end of period** | **263.8** | **716.7** | **427.8** |

# Key ratios

| | | 9 months Sep 2013 –May 2014 | 9 months Sep 2012 –May 2013 | 12 months Sep 2012 –Aug 2013 |
|---|---|---|---|---|
| Gross margin | % | 51.6 | 49.8 | 49.3 |
| Operating margin | % | -10.4 | 0.2 | -5.1 |
| Profit margin | % | -11.1 | -1.5 | -9.4 |
| Equity/assets ratio | % | 26.3 | 46.4 | 32.9 |
| Interest coverage ratio | times | -14.6 | 0.3 | -2.7 |
| Net debt | SEK M | 343.7 | 303.9 | 325.3 |
| Net debt/equity ratio | % | 130.3 | 42.4 | 76.0 |
| Average number of employees, full time | | 994 | 995 | 1,013 |
| Average number of shares, (000s) | | 33,912 | 3,978 | 11,523 |
| Number of shares at end of period, (000s) * | | 33,912 | 827 | 33,912 |
| Profit after tax per share | SEK | -4.86 | -85.77 | -54.56 |
| Equity per share at end of period | SEK | 7.78 | 866.50 | 12.62 |

*Reverse share split 200:1, processed June 5 2013.

# Net Sales and Operating Income per Business Area

| | 3 months | | 9 months | | Latest | 12 months |
|---|---|---|---|---|---|---|
| | **Mar 2014 –May 2014** | Mar 2013 –May 2013 | **Sep 2013 –May 2014** | Sep 2012 –May 2013 | 12 months | Sep 2012 –Aug 2013 |
| **Net sales, SEK M** | | | | | | |
| Polarn O. Pyret | 124.9 | 111.2 | 403.7 | 379.4 | 533.5 | 509.2 |
| Departments & Stores | 201.4 | 201.6 | 660.9 | 684.0 | 875.5 | 898.6 |
| Brothers & Sisters | 115.3 | 131.6 | 362.8 | 407.1 | 495.0 | 539.3 |
| Other | -0.1 | 0.2 | -0.4 | -1.4 | -0.7 | -1.7 |
| **Total continuing operations** | **441.5** | **444.6** | **1,427.0** | **1,469.1** | **1,903.3** | **1,945.4** |
| Divested operations | 0.0 | 164.1 | 110.8 | 509.1 | 276.2 | 674.5 |
| **Total** | **441.5** | **608.7** | **1,537.8** | **1,978.2** | **2,179.5** | **2,619.9** |
| **Operating income, SEK M** | | | | | | |
| Polarn O. Pyret | -6.9 | -0.5 | 2.9 | 15.1 | 1.5 | 13.7 |
| Departments & Stores | 3.8 | -1.1 | 40.6 | 34.4 | 52.8 | 46.6 |
| Brothers & Sisters | -155.5 | -9.9 | -175.8 | -24.7 | -228.8 | -77.7 |
| Other | -6.9 | -7.2 | -16.5 | -21.5 | -77.6 | -82.6 |
| **Total continuing operations** | **-165.5** | **-18.7** | **-148.8** | **3.3** | **-252.1** | **-100.0** |
| Divested operations | - | -7.8 | -5.6 | -318.1 | -188.9 | -501.4 |
| **Total** | **-165.5** | **-26.5** | **-154.4** | **-314.8** | **-441.0** | **-601.4** |

# Income Statement per quarter, Group

| SEK M | Note | 2014 Mar-May | 2013/2014 Dec-Feb | 2013 Sep-Nov | 2013 Jun-Aug | 2013 Mar-May | 2012/2013 Dec-Feb |
|---|---|---|---|---|---|---|---|
| Net sales | | 441.5 | 501.7 | 483.8 | 476.3 | 444.6 | 531.0 |
| Goods for resale | | -207.7 | -252.2 | -230.9 | -249.2 | -222.7 | -285.0 |
| **Gross profit** | | **233.8** | **249.5** | **252.9** | **227.1** | **221.9** | **246.0** |
| | | | | | | | |
| **Gross profit margin** | | **53.0%** | **49.7%** | **52.3%** | **47.7%** | **49.9%** | **46.3%** |
| Other operating income | | 3.7 | 3.9 | -1.2 | 1.4 | 2.2 | 2.2 |
| Other external expenses | | -119.4 | -113.6 | -100.0 | -125.6 | -105.5 | -109.5 |
| Personnel expenses | | -122.1 | -128.1 | -121.1 | -122.2 | -120.9 | -123.0 |
| Depreciation and impairment of non-current assets | | -10.6 | -9.9 | -13.1 | -83.2 | -16.5 | -13.4 |
| Impairment of goodwill | | -150.9 | - | - | - | - | - |
| Profit/loss on sale of subsidiary | | - | - | -2.6 | -0.7 | - | - |
| **Operating income** | | **-165.5** | **1.8** | **14.9** | **-103.2** | **-18.8** | **2.3** |
| | | | | | | | |
| Financial income | | - | 0.4 | 0.3 | 0.3 | 1.3 | 0.4 |
| Financial expenses | | -4.6 | -3.1 | -2.4 | -2.1 | -4.2 | -14.3 |
| Unrealized profit/loss on futures contracts | | 1.0 | -0.8 | - | 1.0 | -0.8 | 1.5 |
| **Result after net financial items** | | **-169.1** | **-1.7** | **12.8** | **-104.0** | **-22.5** | **-10.1** |
| | | | | | | | |
| Tax | | - | -0.2 | -0.6 | -56.7 | -0.1 | 0.2 |
| **Net income for the period** | | **-169.1** | **-1.9** | **12.2** | **-160.7** | **-22.6** | **-9.9** |
| | | | | | | | |
| **Discontinued operations** | | | | | | | |
| Profit after tax for the fiscal year relating to discontinued operations | 1 | - | - | -5.9 | -126.8 | -7.8 | -290.2 |
| **Net income for the period** | | **-169.1** | **-1.9** | **6.3** | **-287.5** | **-30.4** | **-300.1** |
| | | | | | | | |
| **Other comprehensive income** | | | | | | | |
| Translation differences | | 1.5 | 0.4 | -1.2 | -0.7 | 0.2 | -1.2 |
| **Comprehensive income for the period** | | **-167.6** | **-1.5** | **5.1** | **-288.2** | **-30.2** | **-301.3** |

# Number of Stores at end of period

| | May 31, 2014 | Feb 28, 2014 | Nov 30, 2013 | Aug 31, 2013 | May 31, 2013 | Feb 28, 2013 |
|---|---|---|---|---|---|---|
| Own stores Sweden | 147 | 149 | 150 | 208 | 207 | 204 |
| Own stores Norway | 25 | 25 | – | – | – | – |
| Own stores Finland | 12 | 12 | 12 | 29 | 29 | 29 |
| Own stores Netherlands | 4 | 4 | 3 | 3 | 2 | 1 |
| Franchise stores Sweden | 34 | 34 | 37 | 73 | 76 | 77 |
| Franchise stores outside Sweden | 45 | 43 | 70 | 70 | 70 | 69 |
| **Total** | **267** | **267** | **272** | **383** | **384** | **380** |

| | | May 31, 2014 | | | May 31, 2013 | |
|---|---|---|---|---|---|---|
| **Polarn O. Pyret** | **Own** | **Franchise** | **Total** | **Own** | **Franchise** | **Total** |
| Sweden | 62 | 7 | 69 | 58 | 9 | 67 |
| Norway | 25 | – | 25 | – | 26 | 26 |
| Finland | – | 16 | 16 | – | 16 | 16 |
| England | – | 13 | 13 | – | 12 | 12 |
| Scotland | – | 2 | 2 | – | 2 | 2 |
| Ireland | – | 4 | 4 | – | 4 | 4 |
| Iceland | – | 1 | 1 | – | 2 | 2 |
| Estonia | – | 3 | 3 | – | 2 | 2 |
| Latvia | – | 1 | 1 | – | 1 | 1 |
| Netherlands | 4 | – | 4 | 2 | – | 2 |
| USA | – | 5 | 5 | – | 5 | 5 |
| **Total** | **91** | **52** | **143** | **60** | **79** | **139** |

| **Departments & Stores** | **Own** | **Own** |
|---|---|---|
| **Number of stores** | **45** | **46** |
| Total retail space, $m^2$ | 11,145 | 17,113 |

| **JC** | **Own** | **Franchise** | **Total** | **Own** | **Franchise** | **Total** |
|---|---|---|---|---|---|---|
| JC, Sweden | – | – | – | 59 | 38 | 97 |
| JC, Finland | – | – | – | 17 | – | 17 |
| **Total** | **0** | **0** | **0** | **76** | **38** | **114** |

| **Brothers & Sisters** | **Own** | **Franchise** | **Total** | **Own** | **Franchise** | **Total** |
|---|---|---|---|---|---|---|
| Brothers, Sweden (single) | 35 | 27 | 62 | 22 | 16 | 38 |
| Brothers, Finland (single) | 12 | – | 12 | 12 | – | 12 |
| Bro & Sis, Sweden (duo) | 4 | – | 4 | 21 | 13 | 34 |
| Outlet (duo) | 1 | – | 1 | 1 | – | 1 |
| **Total** | **52** | **27** | **79** | **56** | **29** | **85** |

## NOTE 1 DISPOSAL GROUP THAT IS SOLD DISCONTINUED

In February 2013, RNB RETAIL AND BRANDS AB (publ) announced that the company was conducting a strategic review of the JC business area. One of the alternatives in this strategic review was a disposal of JC. In line with this, this alternative became a reality in September and RNB Retail and Brands entered into an agreement on divestment of JC to an external buyer. The sale was completed with effect from November 1, 2013.

| SEK M | Sep 2013 -May 2014 | Sep 2012 -May 2013 | Sep 2012 -Aug 2013 |
|---|---|---|---|
| Net sales | 110.8 | 509.1 | 674.5 |
| Goods for resale | -56.2 | -246.9 | -406.2 |
| **Gross income** | **54.6** | **262.2** | **268.3** |
| Other operating income | -1.7 | 2.1 | 2.1 |
| Other external expenses | -31.0 | -188.6 | -282.4 |
| Personnel expenses | -27.5 | -122.5 | -155.7 |
| Depreciation and impairment of non-current assets | - | -11.7 | -74.0 |
| Impairment of trademark | - | -259.7 | -259.7 |
| **Operating income** | **-5.6** | **-318.2** | **-501.4** |
| Financial income | 0.1 | 1.4 | 2.0 |
| Financial expenses | -0.3 | -1.9 | -2.0 |
| **Net financial items** | **-0.2** | **-0.5** | **0.0** |
| **Profit before tax of operation for disposal** | **-5.8** | **-318.7** | **-501.4** |
| Tax on net income for the year | -0.1 | - | 56.1 |
| **Net loss for the year of operation for disposal** | **-5.9** | **-318.7** | **-445.3** |

| SEK M | May 31, 2014 | May 31, 2013 | Aug 31, 2013 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | - | - | - |
| Trademarks | - | - | - |
| Other intangible assets | - | 13.0 | - |
| Property, plant and equipment | - | 50.8 | - |
| Non-current receivables | - | 4.4 | - |
| Inventories | - | 134.7 | 82.1 |
| Other current assets | - | 96.0 | 89.1 |
| **Total assets for disposal** | **0.0** | **298.9** | **171.2** |
| **Liabilities** | | | |
| Non-current liabilities | - | 4.8 | - |
| Current liabilities | - | 148.3 | 166.8 |
| **Total liabilities directly associated with assets for disposal** | **0.0** | **153.1** | **166.8** |
| **Net assets directly associated with operation for disposal** | **0.0** | **145.8** | **4.4** |

Included in other comprehensive income:

| SEK M | May 31, 2014 | May 31, 2013 | Aug 31, 2013 |
|---|---|---|---|
| Translation differences | - | 0.3 | -0.6 |
| **Other reserves of operation for disposal** | **0** | **0.3** | **-0.6** |

Net cash flow in the JC segment is as follows:

| SEK M | Sep 2013 -May 2014 | Sep 2012 -May 2013 | Sep 2012 -Aug 2013 |
|---|---|---|---|
| Operating activities | -3.0 | -171.7 | -218.9 |
| Investment | - | -14.4 | -11.3 |
| Financing | -6.9 | 177.9 | 228.2 |
| **Net cash flow** | **-9.9** | **-8.2** | **-2.0** |

# Income Statement Parent Company

| SEK M | 3 months Mar 2014 –May 2014 | Mar 2013 –May 2013 | 9 months Sep 2013 –May 2014 | Sep 2012 –May 2013 | Latest 12 months | 12 months Sep 2012 –Aug 2013 |
|---|---|---|---|---|---|---|
| Net sales | 21.3 | 36.3 | 87.6 | 109.6 | 123.9 | 145.9 |
| Other operating income | 2.0 | 2.8 | 6.5 | 8.8 | 9.2 | 11.5 |
| | **23.3** | **39.1** | **94.1** | **118.4** | **133.1** | **157.4** |
| Other external expenses | -18.2 | -19.5 | -61.4 | -72.0 | -83.8 | -94.4 |
| Personnel expenses | -11.2 | -22.5 | -44.3 | -56.2 | -59.3 | -71.2 |
| Depreciation and impairment of non-current assets | -1.7 | -4.8 | -5.0 | -14.2 | -70.4 | -79.6 |
| **Operating income** | **-7.8** | **-7.7** | **-16.6** | **-24.0** | **-80.4** | **-87.8** |
| | | | | | | |
| Result from participations in group companies | -150.0 | - | -150.0 | -298.0 | -369.0 | -517.0 |
| Financial income | - | - | - | - | 1.6 | 1.6 |
| Financial expenses | -3.5 | -3.8 | -8.4 | -30.8 | -11.7 | -34.1 |
| **Result after financial items** | **-161.3** | **-11.5** | **-175.0** | **-352.8** | **-459.5** | **-637.3** |
| Taxes | - | - | - | -63.9 | - | -63.9 |
| **Net income for the period** | **-161.3** | **-11.5** | **-175.0** | **-416.7** | **-459.5** | **-701.2** |

Comprehensive income for the period corresponds to net income for the period

# Balance Sheet Parent Company

| SEK M | May 31, 2014 | May 31, 2013 | Aug 31,2013 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 20.8 | 83.4 | 23.0 |
| Property, plant and equipment | 1.2 | 1.4 | 1.1 |
| Financial assets | 501.7 | 795.2 | 651.6 |
| Defered tax assets | - | - | - |
| Other current assets | 96.7 | 255.8 | 74.5 |
| **Total assets** | **620.4** | **1,135.8** | **750.2** |
| | | | |
| **Shareholders' equity and liabilities** | | | |
| Equity | 186.4 | 646.5 | 361.3 |
| Non-current liabilities | 400.0 | 349.0 | 349.0 |
| Current liabilities | 34.0 | 140.3 | 39.9 |
| **Total equity and liabilities** | **620.4** | **1,135.8** | **750.2** |

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