



RNB

INTERIM REPORT

1 SEPTEMBER 2013 – 28 FEBRUARY 2014

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RNB RETAIL AND BRANDS

POLARN O. PYRET
DEPARTMENTS & STORES

BROTHERS

The Group's performance during the interim period

SECOND QUARTER, DECEMBER 1, 2013 – FEBRUARY 28, 2014 IN SUMMARY

- Net sales excluding the divested operation totaled SEK 502 M (531), a decrease of 5.5 percent.
 - Operating income, excluding the divested operation, totaled SEK 2 M (2).
 - Profit before tax, excluding the divested operation amounted to SEK -2 M (-10).
 - Profit before tax, including the divested operation amounted to SEK -2 M (-41), excluding the previous year's impairment of the JC trademark of SEK 260 M.
 - Profit after tax including the divested operation amounted to SEK -2 M (-300), corresponding to SEK -0.06 (-362.82) per share. The previous year's result includes an impairment of SEK 203 M after tax of the JC trademark.
 - Cash flow from operating activities was SEK 42 M (15)
 - 24 new stores were added during the quarter, in connection with the acquisition of the Norwegian franchise business of Polarn O. Pyret. Otherwise, no new stores were opened during the period December - February.
 - During the quarter, Polarn O. Pyret AB acquired 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.
- Operating income, excluding the divested operation, totaled SEK 17 M (22).
 - Profit before tax, excluding the divested operation amounted to SEK 11 M (0).
 - Profit before tax, including the divested operation amounted to SEK 5 M (-51), excluding the previous year's impairment of the JC trademark of SEK 260 M.
 - Profit after tax including the divested operation amounted to SEK 4 M (-311), corresponding to SEK 0.13 (-375.8) per share. The previous year's result includes an impairment of SEK 203 M after tax of the JC trademark.
 - Cash flow from operating activities was SEK 22 M (-41)
 - Apart from the takeover of 24 stores that occurred in Norway in connection with the acquisition of the Master Franchisee WAM AS, 1 new store (Polarn O. Pyret) was opened during the half-year.
 - 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.

HALF YEAR, SEPTEMBER 1, 2013 – FEBRUARY 28, 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 (174) and operating income totaled SEK -6 M (-21).
- Net sales excluding the divested operation totaled SEK 986 M (1,025), a decrease of 3.8 percent.

EVENTS AFTER THE INTERIM PERIOD

- RNB has joined the international safety initiative Bangladesh Accord, committing to the goal of an enhancing the safety of textile factories. The agreement has been developed in cooperation between international companies and global union organizations and means that, among other things, independent inspectors will review electricity and building structures in the factories. In connection with the inspections, plans for improvements and repairs will be developed and monitored jointly by the participating textile buyers and factories.

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 second quarter 2013/2014. The conference will be held at the company's premises at Regeringsgatan 29, today, April 2, 2014 at 9.30 a.m.

FINANCIAL CALENDAR

Interim report, second quarter 2013/2014 April 2, 2014

Interim report, third quarter 2013/2014 June 26, 2014

Year-end report 2013/2014 October 23, 2014

The information is such that RNB RETAIL AND BRANDS AB (publ) is required to disclose under Sweden's Securities Market Act and/or Financial Instruments Trading Act. It was released for publication at 7.30 am CET on April 2, 2014.

Both an English version and a Swedish version of this report have been prepared. In the event of a difference between the two reports, the Swedish version shall prevail.

Comments from the CEO

The second quarter of the 2013/2014 fiscal year was dominated by completion of a number of activities that were previously communicated. The divestment of JC has now been fully implemented and we have also completed the acquisition of Polarn O. Pyret's master franchise operations in Norway. After the end of the quarter, we completed the closure of Sisters with the exception of four stores, which are operated with franchise goods during a transitional period.

A reorganization has been announced and carried out as a natural part of the work relating to the above strategic activities. This reorganization has affected all head office functions at a Group level.

I consider that our sales were unsatisfactory during the second quarter. Sales in comparable stores fell by 3.1% compared to the market, which displayed a decrease of 0.4 percent according to figures from the Swedish Retail and Wholesale Trade Research Institute (HUI). One factor, which has reduced sales is that we chose not to launch aggressive price reductions during the sales period in the second quarter, which in turn strengthened gross margins as well as gross profits. Another explanation for the weak sales during the period is that the Christmas trade, which carries great weight during the second quarter, showed a weaker performance than expected. What is notable, however, is that we see a large variation between individual months as sales in March (the first month in the third quarter) have developed positively.

MIXED RESULTS

The Group's results in the quarter were significantly better than the previous year with positive operating income for the second consecutive quarter. The improvement was entirely due to the fact that the negative result from JC in the second quarter of the previous year is not included in the results for the present year. However, the subsidiaries' results were unevenly distributed during the quarter. The earnings trend for Polarn O. Pyret was adversely affected by a weak result in the three new stores in Holland. Results in Polarn O. Pyret's Norwegian operations were essentially in line with the previous year's results for the period December to February reported by the master franchisee, but this result made a negative contribution compared to the previous year. PO.P's earnings in Sweden developed favorably.

The Brothers concept is still showing a weaker performance than planned, both in terms of sales and earnings. Departments & Stores' performance continued to be stable during the quarter. The business was profitable and developed positively according to plan.

SHORT-TERM FOCUS ON BROTHERS AND PO.P

The completed closure of Sisters will enable us to focus more strongly on reversing the weak performance in the Brothers concept. We are now focusing on implementing the adopted turnaround plan for Brothers. Much of the plan relates to raising operational efficiency and focusing on the volume categories in the range. We are noticing a clear positive trend

in relation to large parts of our spring range. The remaining work primarily relates to improving the coordination between categories and between the external and internal ranges. We are continuing to selectively evaluate opportunities for further expansion of PO.P in new markets. Our short term focus, however, is on reversing the negative trend in the Dutch stores by streamlining the operations with a focus on costs in the initial phase. Concurrently, we will complete the integration of the acquired master franchise business in Norway.

BANGLADESH ACCORD

RNB has made the decision to participate in the international safety initiative Bangladesh Accord aimed at enhancing the safety of textile factories. Some of the questions we had about the practical application have now been cleared and we can conclude that the initiative evolved in a positive way. RNB has worked systematically for a long time with definition of requirements and monitoring of working conditions, including work environment and fire safety at factories and suppliers. We look forward to greater cooperation with other companies and organizations on this important issue.

OUTLOOK

The comprehensive structural changes, which we have implemented in combination with measures to increase efficiency have started to yield results during the past two quarters. As the divestment of JC is now completely finished and the closure of Sisters has been completed, this means that we will be able to focus more strongly in the future on the long-term strategic performance of our three existing concepts.

The long-term strategic work mainly aims to further boost efficiency and advance the customer offering in our three concepts and to continue the efforts relating to Polarn O. Pyret's international expansion. We also see potential to increase our margins based on more effective collaboration with the production office in Hong Kong, by further integrating e-commerce sales into our concepts and in the implementation of our multi-channel strategy (i.e. by focusing on the seamless interplay between the physical and digital distribution channels). In relation to Departments & Stores, we will continue to collaborate with other businesses in NK in order to realize our vision of a "world-class department store". We are evaluating further opportunities to selectively expand our unique concept in Departments & Stores.

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 77 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 offers a mix

of strong proprietary and external brands, with a distinct profile in the volume segment. 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 Departments 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

SECOND QUARTER DECEMBER 1, 2013 – FEBRUARY 28, 2014

RNB's net sales excluding the divested operation (JC) totaled SEK 502 M (531) during the quarter, which was a decrease of 5.5 percent.

Gross margin during the quarter was 49.7 percent (46.3), with improvements compared to the previous year in both Polarn O. Pyret and Departments & Stores, largely generated by less extensive price activities during the sales period. Brothers & Sisters' gross margin fell during the second half of the quarter, partly due to non-recurring effects in the second quarter of the previous year, and partly due to lower sales and margins in the franchise side during the quarter. Total gross profit for the Group remained unchanged compared to the previous year, while other revenue increased somewhat, whereas overhead expenses were stable overall – however, costs fell in all parts of the Group excluding Polarn O. Pyret. Fixed costs in PO.P have increased as a consequence of additional operations in Norway and in Holland.

Operating income excluding the divested operation totaled SEK 2 M (2).

Financial expenses amounted to SEK -3 M (-14). The improvement was explained by lower interest expenses as a result of renegotiated loans with better loan terms.

Profit before tax excluding the divested operation amounted to SEK -2 M (-10), whereas the result including the divested operation amounted to SEK -2 M (-41), excluding the previous year's impairment of the JC trademark of SEK 260 M.

Profit after tax excluding the divested operation amounted to SEK -2 M (-10). The equivalent result including the divested operation amounted to SEK -2 M (-300). The previous year's result includes an impairment of SEK 203 M after tax of the JC trademark.

Unrealized results on futures contracts affected earnings by SEK -1 M (2).

HALF-YEAR, SEPTEMBER 1, 2013 – FEBRUARY 28, 2014

RNB's net sales excluding the divested operation (JC) totaled SEK 986 M (1,025) during the period, which was a decrease of 3.8 percent.

Gross margin during the period was 51.0 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 essentially related to reduced discount levels during the sales period. Brothers & Sisters' gross margin fell compared to the previous year, as a consequence of a somewhat weaker sales trend in Brothers and completion of the closure of Sisters, combined with non-recurring items. The decreased in gross profit has been largely offset by reduced fixed costs.

Operating income excluding the divested operation totaled SEK 17 M (22).

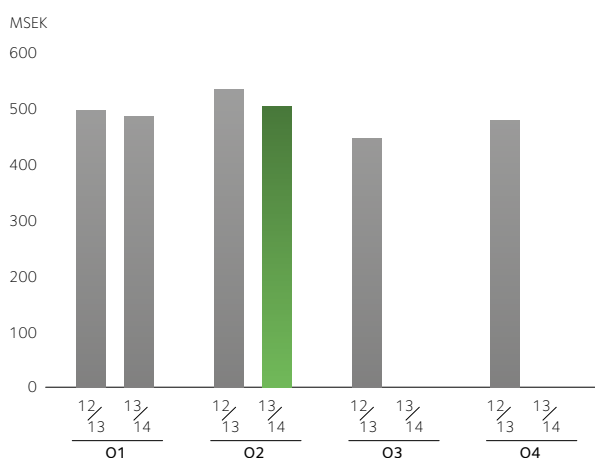
Financial expenses amounted to SEK -6 M (-28). The improvement was explained by lower interest expenses as a result of renegotiated loans with better loan terms.

Profit before tax excluding the divested operation amounted to SEK 11 M (0), whereas the result including the divested operation amounted to SEK 5 M (-51), excluding the previous year's impairment of the JC trademark of SEK 260 M.

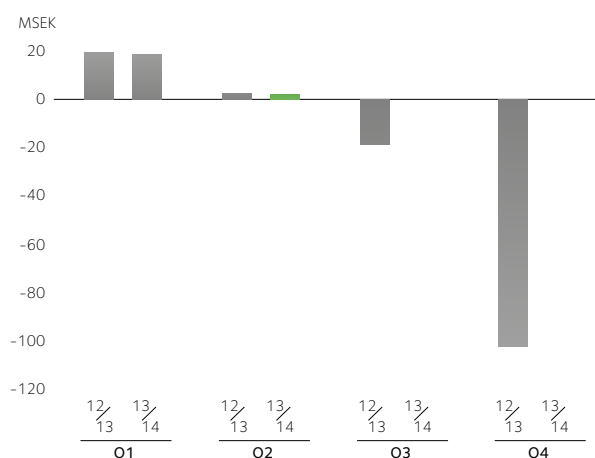
Profit after tax excluding the divested operation amounted to SEK 10 M (0). The equivalent result including the divested operation amounted to SEK 4 M (-311). The previous year's result includes an impairment of SEK 203 M after tax of the JC trademark.

Unrealized results on futures contracts affected earnings by SEK -1 M (5).

Net sales per quarter, excluding divested operation, MSEK



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



Group overview, excluding the divested operation

	Q2		6 months Sep - Feb		Full year	
	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013	Latest 12 months	2012/ 2013
Net sales, SEK M	502	531	986	1,025	1,906	1,945
Gross margin (%)	49.7	46.3	51.0	49.8	49.9	49.3
Operating income excluding writedown of Trademark and Goodwill, SEK M	2	2	17	22	-105	-100
Operating income, SEK M	2	2	17	22	-105	-100
Profit before tax, SEK M	-2	-10	11	0	-116	-127
Profit after tax, SEK M	-2	-10	10	0	-173	-183
Operating margin (%)	0.4	0.4	1.7	2.1	-5.5	-5.1
Earnings per share, SEK	-0.06	-11.97	0.30	-0.12	-6.19	-15.92
Cash flow from operating activities, SEK M	42	15	22	-41	-70	-96
Number of stores	267	266				271

Group overview, including the divested operation

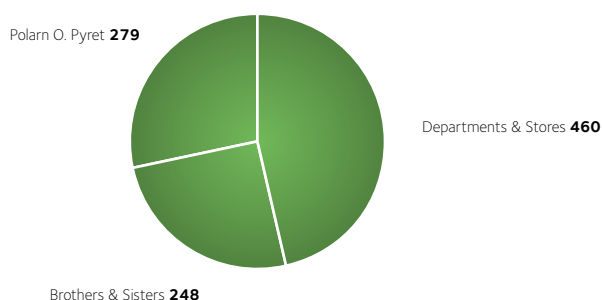
	Q2		6 months Sep - Feb		Full year	
	2013/ 2014	2012/ 2013	2013/ 2014	2012/ 2013	Latest 12 months	2012/ 2013
Net sales, SEK M	502	702	1,096	1,370	2,347	2,620
Gross margin (%)	49.7	46.5	50.8	49.7	47.3	46.8
Operating income excluding writedown of Trademark and Goodwill, SEK M	2	-28	11	-29	-302	-342
Operating income, SEK M	2	-287	11	-288	-302	-601
Profit before tax, SEK M	-2	-300	5	-311	-312	-628
Profit after tax, SEK M	-2	-300	4	-311	-314	-629
Operating margin (%)	0.4	-40.9	1.0	-21.1	-19.2	-23.0
Earnings per share, SEK	-0.06	-362.82	0.13	-375.82	-22.58	-54.56
Cash flow from operating activities, SEK M	42	15	22	-41	-70	-96
Number of stores	267	266				271

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	
	Q2 13/14	Q2 12/13	Q2 13/14	Q2 12/13	Q2 13/14	Q2 12/13
Net sales, SEK M	135	134	241	254	126	143
Operating income, SEK M	-1	5	19	17	-10	-9
Number of stores	141	135	45	46	81	85
Of which, franchise	50	78	-	-	27	30

Net sales per business area,
September 2013–February 2013, MSEK



POLARN O. PYRET

Polarn O. Pyret is a brand focused on baby and children's wear and comprises 141 stores, of which 50 are franchise stores. Today, Polarn O. Pyret is established in 11 countries.

SECOND QUARTER DECEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales in the period amounted to SEK 135 M (134), including a continued increase in sales in proprietary stores as well as to franchisees (excluding Norway). Sales in comparable proprietary stores decreased with 4.9 percent, year-on-year.

Brand sales (total sales to consumers, excluding VAT, in all markets and distribution channels) amounted to SEK 755 M (708), measured on a rolling 12-month basis.

Gross margin during the quarter increased in proprietary stores, the franchise business and in e-commerce compared to the same quarter of the previous year – for proprietary stores this was explained by a reduced level of discount sales during the sales period.

Fixed costs for proprietary stores increased compared to the second quarter of the previous year, due to new stores in Sweden, Norway and in Holland, while fixed costs in other parts of the operations continued to fall due to ongoing rationalization work in both PO.P and in the RNB Group.

Operating income amounted to SEK -1 M (5), corresponding to an operating margin of -0.8 percent (3.6). The result in Sweden improved compared to the previous year, but the negative result in Holland of approx. SEK 3 M was charged to the business area's results.

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 going as planned and is meeting expectations, and that the pro forma result compared to the previous year is essentially unchanged.

Inventory levels continued to be stable during the quarter, with a limited decrease during the quarter, but an increase was shown compared to the previous year, which was fully explained by the acquired Norwegian operations.

The number of proprietary stores at the end of the period was 91 (57). In addition, there were 50 (78) franchise stores, including 7 (9) in Sweden and 43 (69) abroad.

The acquisition of 100% 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 SEK 130 M annually.

HALF-YEAR, SEPTEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales in the period amounted to SEK 279 M (268), including a continued increase in sales in proprietary stores as well as to franchisees (excluding Norway).

Gross margin during the half-year increased in all parts of the operations, due to a positive performance in the second quarter.

Fixed costs for proprietary stores increased compared to the previous year, due to new stores in Sweden, Norway and in Holland, while fixed costs in other parts of the operations continued to fall due to the ongoing rationalization work in both PO.P and in the RNB Group.

Operating income amounted to SEK 10 M (16), corresponding to an operating margin of 3.5 percent (5.8). The result in Sweden continued to improve compared to the previous year, but the negative result in Holland of approx. SEK 5 M was charged to the business area's results.

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 going as planned and is meeting expectations.

Inventory levels continued to show a stable performance during the half-year, with a seasonal decrease, even including additional inventory in Norway.

The acquisition of 100% 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 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).

SECOND QUARTER DECEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales in the Departments & Stores business area amounted to SEK 241 M (254), a decrease of 5.0 percent. Sales in comparable stores decreased by 1.2 percent. The decrease in sales was primarily related to Kosta Mode Outlet, a business which was divested as of June 1, 2013 – while sales in the NK department stores decreased marginally, among other things, due to a decision to limit price activities during the sales period in January.

Gross margin during the period was essentially unchanged. Gross profit fell compared to the previous year, mainly as a consequence of the divestment of Kosta. Gross profit in the NK department stores decreased marginally as a result of the limited decrease in sales.

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

Operating income amounted to SEK 19 M (17), with an operating margin of 7.7% (6.6).

Inventory levels in the business area increased during the quarter, and to an equivalent degree compared to the corresponding date of the previous year – this mainly occurred as a result of increased purchasing ahead of a campaign period in March.

HALF-YEAR, SEPTEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales in the Departments & Stores business area amounted to SEK 460 M (482), a decrease of 4.7 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 fell marginally at most.

Gross margin during the period was essentially unchanged, even excluding Kosta. Gross profit fell compared to the previous year, as a consequence of the divestment of Kosta. Gross profit in the NK department stores remained stable, displaying a marginal decrease at most compared to the previous year.

Fixed costs, excluding Kosta, were slightly lower 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, while other costs decreased. Fixed costs fell overall compared to the same period of the previous year, including Kosta.

Operating income amounted to SEK 37 M (36), with an improved operating margin of 8.0% (7.4).

Inventory levels in the business area increased during the half-year, and also to an equivalent degree compared to the corresponding date of the previous year – this was mainly due to increased purchasing ahead of a campaign period in March.



BROTHERS

Brothers is a volume-oriented comprehensive concept for men and the business area has a total of 81 (85) stores, of which 27 (30) are operated by franchisees. Sisters has essentially been closed down.

SECOND QUARTER DECEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales for Brothers & Sisters totaled SEK 126 M (143), a decrease of 12.1 percent. Sales in comparable proprietary stores decreased by 7.3 percent.

Net sales for Brothers during the quarter showed a decrease in proprietary stores, and in sales on the franchise side, while net sales for sisters also decreased, as a result of the company's plan for discontinuing the internal product range and for reducing 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 778 M (647), measured on a rolling 12-month basis.

Gross margin for the business area decreased overall compared to the previous year, mainly due to non-recurring effects during the quarter, both in the present year (negative) and in previous years (positive), where comparable stores showed a small improvement, however, compared to the previous year. Sisters' margin remained at a low level during the quarter, due to sales promotions, 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 totaled SEK -10 M (-9).

The quality and level of inventories continued to develop favorably with lower levels during the quarter and compared to the previous year.

HALF-YEAR, SEPTEMBER 1, 2013 – FEBRUARY 28, 2014

Net sales for Brothers & Sisters totaled SEK 248 M (276), a decrease of 12.1 percent.

Net sales for Brothers showed an increase in proprietary stores, but a decrease in the franchise side, while net sales for Sisters decreased, as a result of the company's plan for discontinuing the internal product range and for reducing 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 period. Sisters' margin fell, due to increased sales promotion activities, connected to the discontinuation process.

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

Operating income totaled SEK -20 M (-15).

The quality and level of inventories continued to develop favorably with lower levels during the half-year and compared to the previous year.



Financial position and liquidity

The Group had total assets of SEK 1,210 M compared to SEK 1,301 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 431 M (317) at the end of the period, providing an equity/assets ratio of 35.6 percent (21.5).

At February 28, 2014, inventories totaled SEK 314 M (330).

Cash flow from operating activities amounted to SEK 22.3 M (-41.4). Working capital has been positively impacted by a decrease in inventory levels, while an increase in current receivables and lower trade payables resulted in an increase in working capital - net, working capital (excl. inventories) increased by SEK 30 M. After investments, cash flow amounted to SEK -21 M (-78).

Net debt amounted to SEK 330 M compared to SEK 673 M during the year-earlier period.

Consolidated cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 176 M compared to SEK 51 M at the end of the previous fiscal year.

INVESTMENTS, DEPRECIATION AND IMPAIRMENTS

Investments during the period totaled SEK 21 M (42). Depreciation and impairments amounted to SEK 23 M (30), excluding the divested operation.

PERSONNEL

The average number of employees during the period was 1,158 (1,358), 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 (3).

PARENT COMPANY

Net sales in the Parent Company amounted to SEK 70 M (73). The result after net financial items amounted to SEK -14 M (-341). Investments totaled SEK 0 M (1).

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.

REVIEW

This interim report has not been subject to review by the Company's auditor.

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, April 2, 2014

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

Laszlo Kriss
Chairman of the Board

Ann-Sofie Danielsson
Board member

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 February 28, 2014

	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.16
Catella Fondförvaltning	3,718,711	10.97
Avanza Pension	1,245,361	3.67
Client Long	953,059	2.81
Skandinaviska Enskilda Banken	623,989	1.84
Provobis Property & Leisure AB	600,000	1.77
Löfman Michael	575,000	1.70
Nordnet Pensionförsäkring	505,352	1.49
Vätterleden	500,000	1.47
SEB Life International Assurance	476,512	1.41
Total 10 largest shareholders	20,444,582	60.29
Other	13,467,594	39.71
Total	33,912,176	100.00

Source: Euroclear Sweden AB

Consolidated Income Statement

SEK M	3 months		6 months		12 months	
	Dec 2013 –Feb 2014	Dec 2012 –Feb 2013	Sep 2013 –Feb 2014	Sep 2012 –Feb 2013	Dec 2013 –Feb 2014	Sep 2012 –Aug 2013
Net sales	501.7	531.0	985.5	1,024.5	1,906.4	1,945.4
Goods for resale	-252.2	-285.0	-483.1	-514.4	-955.0	-986.3
Gross income	249.5	246.0	502.4	510.1	951.4	959.1
Other operating income	3.9	2.2	2.7	3.9	6.3	7.5
Other external expenses	-113.6	-109.5	-213.6	-222.5	-444.7	-453.6
Personnel expenses	-128.1	-123.0	-249.2	-239.1	-492.3	-482.2
Depreciation and impairment of non-current assets	-9.9	-13.4	-23.0	-30.4	-122.7	-130.1
Profit/loss on sale of subsidiary	-	-	-2.6	-	-3.3	-0.7
Operating income	1.8	2.3	16.7	22.0	-105.3	-100.0
Financial income	0.4	0.4	0.7	1.1	2.3	2.7
Financial expenses	-3.1	-14.3	-5.5	-28.0	-11.8	-34.3
Unrealized profit/loss on futures contracts	-0.8	1.5	-0.8	4.5	-0.6	4.7
Net financial items	-3.5	-12.4	-5.6	-22.4	-10.1	-26.9
Profit before tax from continuing operations	-1.7	-10.1	11.1	-0.4	-115.4	-126.9
Tax on net income for the period	-0.2	0.2	-0.8	0.3	-57.6	-56.5
Net income for the period from continuing operations	-1.9	-9.9	10.3	-0.1	-173.0	-183.4
Discontinued operations						
Profit after tax for the fiscal year relating to discontinued operations	-	-290.2	-5.9	-310.7	-140.5	-445.3
Net income for the period	-1.9	-300.1	4.4	-310.8	-313.5	-628.7
Other comprehensive income						
Translation differences	0.4	-1.2	-0.8	-0.1	-1.3	-0.6
Comprehensive income for the period	-1.5	-301.3	3.6	-310.9	-314.8	-629.3
Net income for the period attributable to:						
Parent Company's shareholders	-1.9	-300.1	4.4	-310.8	-313.5	-628.7
Non-controlling interests	-	-	-	-	-	-
Comprehensive income attributable to:						
Parent Company's shareholders	-1.5	-301.3	3.6	-310.9	-314.8	-629.3
Non-controlling interests	-	-	-	-	-	-
Earnings per share before and after dilution (SEK)	-0.06	-362.82	0.13	-375.82	-11.22	-54.56
Average number of shares, (000s) *	33,912	827	33,912	827	27,930	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	Feb 28, 2014	Feb 28, 2013	Aug 31, 2013
Assets			
Goodwill	529.8	483.7	483.7
Other intangible assets	35.1	101.5	37.2
Property, plant and equipment	101.2	101.6	105.8
Non-current receivables	3.8	5.8	5.4
Inventories	313.8	329.5	327.7
Other current assets	226.6	159.7	169.6
Assets included in disposal groups are classified as if they are held for sale/discontinuation	-	292.8	171.2
Total assets	1,210.3	1,474.6	1,300.6
Shareholders' equity and liabilities			
Equity attributable to the Parent Company's shareholders	431.4	317.0	427.8
Non-current liabilities	403.8	512.4	363.4
Current liabilities	375.1	413.3	342.6
Liabilities included in disposal groups are classified as if they are held for sale/discontinuation	-	231.9	166.8
Total equity and liabilities	1,210.3	1,474.6	1,300.6

Consolidated Cash Flow Statement

SEK M	Sep 2013 –Feb 2014	Sep 2012 –Feb 2013	Sep 2012 –Aug 2013
Operating activities			
Operating income from continuing operations	16.7	22.0	-601.4
Operating income from discontinued operations	-5.6	-310.3	0.0
Adjustment for non-cash items	22.5	289.1	448.3
Interest received and other financial income	0.8	2.1	4.7
Interest paid	-6.1	-31.2	-42.9
Other	-	-3.1	-0.5
Cash flow before change in working capital	28.3	-31.4	-191.8
Cash flow from changes in working capital			
Change in inventories	23.6	20.3	66.1
Change in operating receivables and liabilities	-29.6	-30.3	29.9
Change in working capital	-6.0	-10.0	96.0
Cash flow from operating activities	22.3	-41.4	-95.8
Cash flow from investing activities	-42.9	-36.6	-70.9
Cash flow after investments	-20.6	-78.0	-166.7
Financing activities			
Repayment of loans	-	-	-236.0
Borrowings	51.0	85.0	85.0
Rights issue	-	-	429.2
Change in overdraft facility	-	-18.8	-83.7
Other	-1.6	-2.5	-10.7
Cash flow from financing activities	49.4	63.7	183.8
Cash flow during the period	28.8	-14.3	17.1

Changes in shareholders' equity

SEK M	Sep 2013 –Feb 2014	Sep 2012 –Feb 2013	Sep 2012 –Aug 2013
Opening balance	427.8	627.9	627.9
Net income for the period	4.4	-310.8	-628.7
Other comprehensive income	-0.8	-0.1	-0.6
Rights issue	0.0	0.0	429.2
Balance at end of period	431.4	317.0	427.8

Key ratios

		6 months Sep 2013 –Feb 2014	6 months Sep 2012 –Feb 2013	12 months Sep 2012 –Aug 2013
Gross margin	%	51.0	49.8	49.3
Operating margin	%	1.7	2.1	-5.1
Profit margin	%	1.0	0.0	-9.4
Equity/assets ratio	%	35.6	21.5	32.9
Interest coverage ratio	times	3.0	1.0	-2.7
Net debt	SEK M	330.3	672.7	325.3
Net debt/equity ratio	%	76.6	212.2	76.0
Average number of employees, full time		1,000	995	1,013
Average number of shares, (000s)		33,912	827	11,523
Number of shares at end of period, (000s) *		33,912	827	33,912
Profit after tax per share	SEK	0.13	-375.82	-54.56
Equity per share at end of period	SEK	12.72	383.26	12.62

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

Net Sales and Operating Income per Business Area

	3 months		6 months		12 months	
	Dec 2013 –Feb 2014	Dec 2012 –Feb 2013	Sep 2013 –Feb 2014	Sep 2012 –Feb 2013	Dec 2013 –Feb 2014	Sep 2012 –Aug 2013
Net sales, SEK M						
Polarn O. Pyret	134.8	134.4	278.8	268.2	519.8	509.2
Departments & Stores	241.4	254.2	459.5	482.4	875.7	898.6
Brothers & Sisters	125.6	142.9	247.5	275.5	511.3	539.3
Other	-0.1	-0.5	-0.3	-1.6	-0.4	-1.7
Total continuing operations	501.7	531.0	985.5	1,024.5	1,906.4	1,945.4
Divested operations	0.0	170.9	110.8	345.0	440.3	674.5
Total	501.7	701.9	1,096.3	1,369.5	2,346.7	2,619.9
Operating income, SEK M						
Polarn O. Pyret	-1.1	4.8	9.8	15.6	7.9	13.7
Departments & Stores	18.5	16.8	36.8	35.5	47.9	46.6
Brothers & Sisters	-10.2	-9.0	-20.3	-14.8	-81.7	-76.2
Other	-5.4	-10.3	-9.6	-14.3	-79.4	-84.1
Total continuing operations	1.8	2.3	16.7	22.0	-105.3	-100.0
Divested operations	0.0	-289.7	-5.6	-310.3	-196.7	-501.4
Total	1.8	-287.4	11.1	-288.3	-302.0	-601.4

Income Statement per quarter, Group

SEK M	Note	2013/2014 Dec-Feb	2013 Sep-Nov	2013 Jun-Aug	2013 Mar-May	2012/2013 Dec-Feb
Net sales		501.7	483.8	476.3	444.6	531.0
Goods for resale		-252.2	-230.9	-249.2	-222.7	-285.0
Gross profit		249.5	252.9	227.1	221.9	246.0
Gross profit margin		49.7%	52.3%	47.7%	49.9%	46.3%
Other operating income		3.9	-1.2	1.4	2.2	2.2
Other external expenses		-113.6	-100.0	-125.6	-105.5	-109.5
Personnel expenses		-128.1	-121.1	-122.2	-120.9	-123.0
Depreciation and impairment of non-current assets		-9.9	-13.1	-83.2	-16.5	-13.4
Profit/loss on sale of subsidiary		-	-2.6	-0.7	-	-
Operating income		1.8	14.9	-103.2	-18.8	2.3
Financial income		0.4	0.3	0.3	1.3	0.4
Financial expenses		-3.1	-2.4	-2.1	-4.2	-14.3
Unrealized profit/loss on futures contracts		-0.8	-	1.0	-0.8	1.5
Result after net financial items		-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		-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		-1.9	6.3	-287.5	-30.4	-300.1
Other comprehensive income						
Translation differences		0.4	-1.2	-0.7	0.2	-1.2
Comprehensive income for the period		-1.5	5.1	-288.2	-30.2	-301.3

Number of Stores at end of period

	Feb 28, 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012
Own stores Sweden	149	150	208	207	204	205
Own stores Norway	25	-	-	-	-	-
Own stores Finland	12	12	29	29	29	29
Own stores Netherlands	4	3	3	2	1	-
Franchise stores Sweden	34	37	73	76	77	82
Franchise stores outside Sweden	43	70	70	70	69	69
Total	267	272	383	384	380	385

Polarn O. Pyret	Feb 28, 2014			Feb 28, 2013		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	62	7	69	56	9	65
Norway	25	-	25	-	26	26
Finland	-	16	16	-	16	16
England	-	12	12	-	11	11
Scotland	-	2	2	-	2	2
Ireland	-	4	4	-	4	4
Iceland	-	1	1	-	2	2
Estonia	-	2	2	-	2	2
Latvia	-	1	1	-	1	1
Netherlands	4	-	4	1	-	1
USA	-	5	5	-	5	5
Total	91	50	141	57	78	135

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)	37	27	64	21	16	37
Brothers, Finland (single)	12	-	12	12	-	12
Bro & Sis, Sweden (duo)	4	-	4	22	14	36
Outlet (duo)	1	-	1	-	-	-
Total	54	27	81	55	30	85

NOTE 1 DISPOSAL GROUP THAT IS FOR SALE/DISCONTINUATION

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 has now 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 -Feb 2014	Sep 2012 -Feb 2013	Sep 2012 -Aug 2013
Net sales	110.8	345.0	674.5
Goods for resale	-56.2	-174.7	-406.2
Gross income	54.6	170.3	268.3
Other operating income	-1.7	1.8	2.1
Other external expenses	-31.0	-130.7	-282.4
Personnel expenses	-27.5	-84.4	-155.7
Depreciation and impairment of non-current assets	-	-7.6	-74.0
Impairment of goodwill and trademark	-	-259.7	-259.7
Operating income	-5.6	-310.3	-501.4
Financial income	0.1	1.0	2.0
Financial expenses	-0.3	-1.4	-2.0
Net financial items	-0.2	-0.4	0.0
Profit before tax of operation for disposal	-5.8	-310.7	-501.4
Tax on net income for the year	-0.1	12.0	56.1
Net loss for the year of operation for disposal	-5.9	-298.7	-445.3

SEK M	Feb 28, 2014	Feb 28, 2013	Aug 31, 2013
Assets			
Goodwill	-	-	-
Trademarks	-	-	-
Other intangible assets	-	13.5	-
Property, plant and equipment	-	52.7	-
Non-current receivables	-	4.9	-
Inventories	-	134.0	82.1
Other current assets	-	87.7	89.1
Total assets for disposal	0.0	292.8	171.2
Liabilities			
Non-current liabilities	-	5.7	-
Current liabilities	-	226.2	166.8
Total liabilities directly associated with assets for disposal	0.0	231.9	166.8
Net assets directly associated with operation for disposal	0.0	60.9	4.4

Included in other comprehensive income:

SEK M	Feb 28, 2014	Feb 28, 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 -Feb 2014	Sep 2012 -Feb 2013	Sep 2012 -Aug 2013
Operating activities	-3.0	-80.0	-218.9
Investment	-	-13.3	-11.3
Financing	-6.9	186.8	228.2
Net cash flow	-9.9	93.5	-2.0

Income Statement Parent Company

SEK M	3 months		6 months		12 months	
	Dec 2013 –Feb 2014	Dec 2012 –Feb 2013	Sep 2013 –Feb 2014	Sep 2012 –Feb 2013	Dec 2013 –Feb 2014	Sep 2012 –Aug 2013
Net sales	34.7	36.4	70.4	73.3	143.0	145.9
Other operating income	0.1	3.8	0.3	6.0	5.8	11.5
	34.8	40.2	70.7	79.3	148.8	157.4
Other external expenses	-22.3	-29.2	-43.2	-52.5	-85.1	-94.4
Personnel expenses	-17.2	-17.7	-33.1	-33.7	-70.6	-71.2
Depreciation and impairment of non-current assets	-1.7	-4.8	-3.3	-9.4	-73.5	-79.6
Operating income	-6.4	-11.5	-8.9	-16.3	-80.4	-87.8
Result from participations in group companies	-	-298.0	-	-298.0	-517.0	-517.0
Financial income	-	-	-	-	-	-
Financial expenses	-2.8	-14.2	-4.9	-27.0	-10.4	-32.5
Result after financial items	-9.2	-323.7	-13.8	-341.3	-607.8	-637.3
Taxes	-	-54.3	-	-63.9	-	-63.9
Net income for the period	-9.2	-378.0	-13.8	-405.2	-607.8	-701.2

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

Balance Sheet Parent Company

SEK M	Feb 28, 2014	Feb 28, 2013	Aug 31, 2013
Assets			
Intangible assets	21.0	84.4	23.0
Property, plant and equipment	0.8	1.8	1.1
Financial assets	651.6	795.2	651.6
Other current assets	127.6	73.2	74.3
Total assets	801.0	954.6	750.0
Shareholders' equity and liabilities			
Equity	347.5	228.0	361.3
Non-current liabilities	400.0	500.0	349.0
Current liabilities	53.5	226.6	39.7
Total equity and liabilities	801.0	954.6	750.0

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