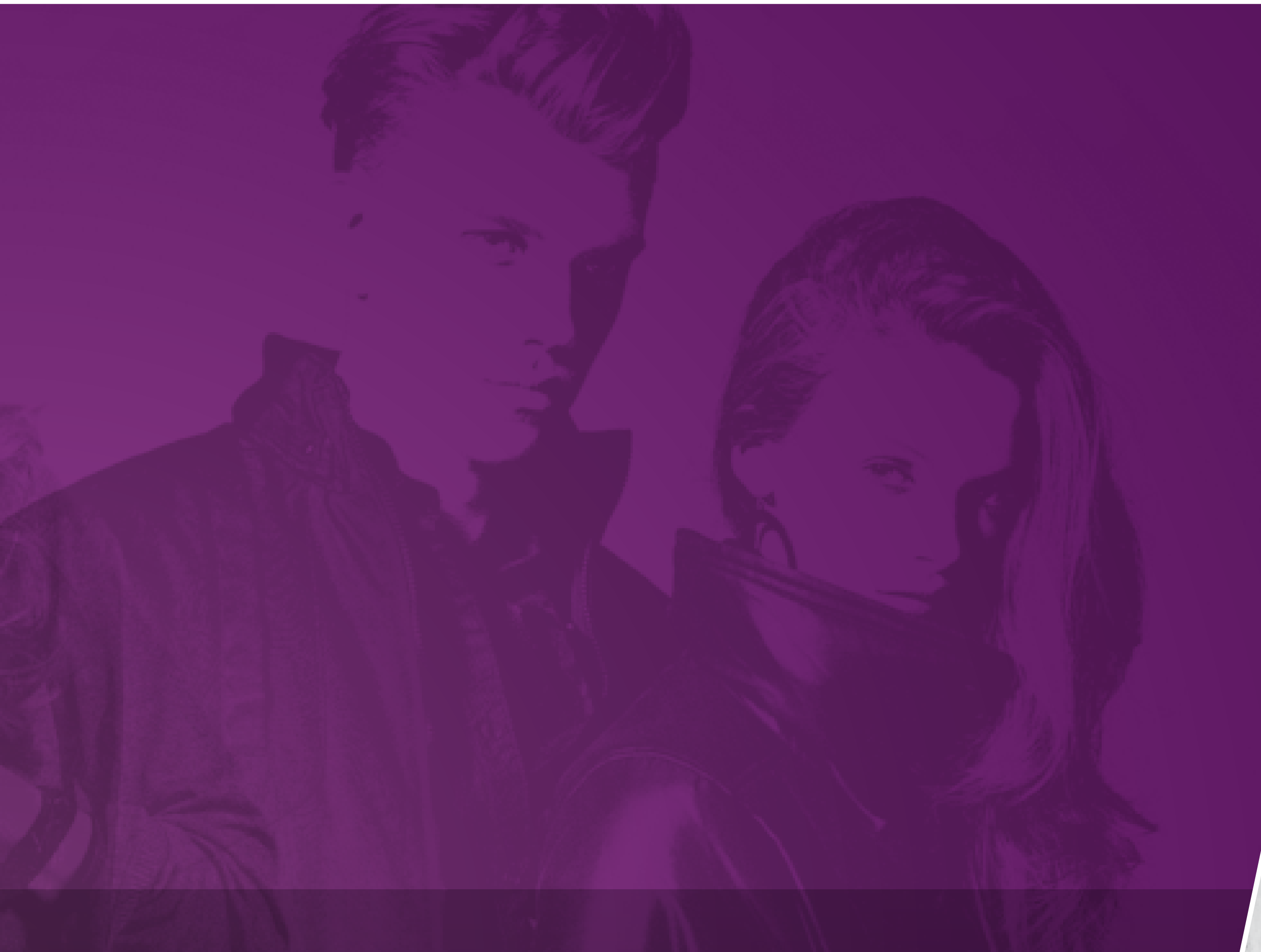
ANNUAL REPORT 08/09

RNB RETAIL AND BRANDS



”The ultimate shopping trip”

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and an extraordinary shopping experience. Sales are mainly conducted in Scandinavia through the three store concepts Brothers & Sisters, JC and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg, Steen & Ström in Oslo and Illum in Copenhagen. RNB has a total of 490 stores, of which 218 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the Nasdaq OMX Nordic Exchange since 2001.

RNB Overview

Business concept
RNB RETAIL AND BRANDS develops and distributes its brands through clear-cut concepts and stores offering an attractive range of fashion wear with the aim of providing excellent service and an extraordinary shopping experience.

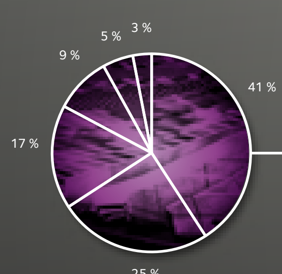
Vision
“The ultimate shopping trip”

Goals
Operational goals
RNB RETAIL AND BRANDS aims to provide excellent service and an extraordinary shopping experience to customers with the help of well-trained and highly motivated employees. The goal is to achieve a conversion rate (proportion of paying customers to the number of store visitors) of 20%.

Financial objectives	Outcome, %		
	08/09	07/08	06/07
Long-term operating margin of 15%	neg	0.1	9.9
Long-term sales growth of 10–20%	–6.4	–1.2	226.0
Equity/assets ratio exceeding 30%	41.2	42.2	52.3

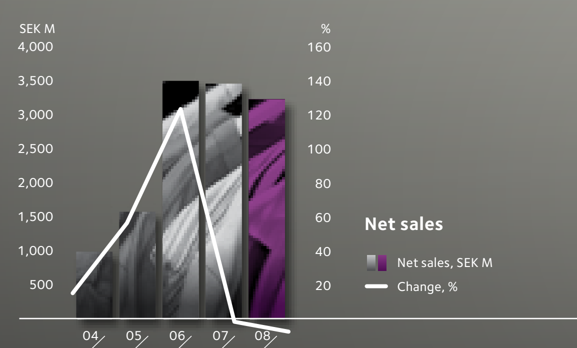
Fiscal year 2008/2009 in figures
- Net sales declined 6.4% to SEK 3,207.3 M (3,426.2). Sales in comparable stores declined 3.2%.
- Excluding impairment of goodwill, an operating loss of SEK 136.0 M (profit: 1.8) was reported. Including impairment of goodwill, which amounted to SEK 500 M during the second quarter, the operating loss amounted to SEK 636.0 M. After net financial items, the loss amounted to SEK 688.6 M (loss: 51.8).
- The loss after tax was SEK 662.8 M (loss: 63.2), corresponding to a loss of SEK 6.12 per share (loss: 1.11).
- Cash flow from operating activities was a negative SEK 103.9 M (positive: 4.8).
- The Board of Directors proposes that no dividend be paid for the 2008/2009 fiscal year.

Important events 2008/2009
JC launches completely new store expression
JC, market leader for jeans in Sweden, launched a completely new store expression as part of its repositioning, which was implemented during 2008. This change-oriented work also included JC’s collections and market communications. Passion for jeans and JC’s history as the Mecca of jeans fashion form the foundation for the new colorful concept.



Sales per product category, %

Men	41 %
Ladies	25 %
Children	17 %
Cosmetics	9 %
Underwear & accessories	5 %
Jewelry	3 %



Net sales
Net sales, SEK M
Change, %

Polarn O. Pyret's stripes available around the clock
Polarn O. Pyret supplemented its existing network of stores with an online store, thereby expanding the Polarn O. Pyret brand geographically in Sweden. Through this new e-commerce platform, the company expands its customer service by enabling customers to shop at the times that suit them, while also offering inspiration prior to store visits.

Polarn O. Pyret's distribution in the UK expanded to 19 new department stores
Polarn O. Pyret's master franchise holder in the UK expanded its cooperation with the House of Fraser. The agreement comprises the distribution of selected parts of Polarn O. Pyret's range to 19 new department stores.

RNB divests operations at NK Stockholm and NK Gothenburg
RNB RETAIL AND BRANDS entered into an agreement with Åhléns AB to divest RNB's stores at NK Stockholm and NK Gothenburg. The purchase consideration was SEK 440 M on a debt-free basis. Subsequently, the Swedish Competition Authority requested that the transaction be reviewed by Stockholm City Court.

Rights issue in 2008
A rights issue completed in September 2008 was fully subscribed and provided RNB with approximately SEK 330 M after issue expenses.

RNB implements combined private placement and rights issue
In August 2009, Konsumentföreningen Stockholm became a shareholder of RNB RETAIL AND BRANDS through a private placement that provided approximately SEK 215 M to the company before issue expenses. Konsumentföreningen Stockholm thus became the owner of 21.1% of the shares and voting rights in the company. RNB decided simultaneously to implement a rights issue with the aim of providing the company with a maximum of SEK 100 M before issue expenses.

Lilian Fossum, Nils Vinberg and John Wallmark appointed new Members of the Board
RNB RETAIL AND BRANDS' Annual General Meeting in January 2009 voted to reelect the Chairman of the Board Claes Hansson and Board members Jan Carlzon, Torsten Jansson and Mikael Solberg. Lilian Fossum, Nils Vinberg and John Wallmark were elected new Members of the Board. Following the close of the fiscal year, Laszlo Kriss, President of Konsumentföreningen Stockholm, was elected to the RNB Board.

Gunnar Bergquist appointed new CFO of RNB
In February, Gunnar Bergquist was appointed new CFO of RNB RETAIL AND BRANDS. Gunnar Bergquist was previously Financial Director at Coop Sverige AB.

After the end of the report period

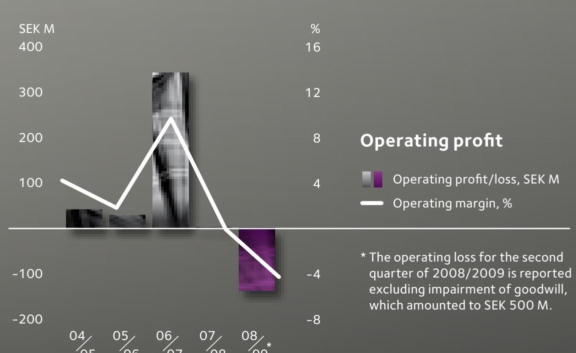
Åhléns has decided, effective December 1, 2009, to abstain from completing the previously agreed acquisition of RNB's operations at NK in Stockholm and at NK in Gothenburg due to the Swedish Competition Authority's review of the transaction and the fact that the ongoing proceedings in Stockholm City Court had caused uncertainty and resulted in a protracted transaction process.

Net sales per quarter and business area **2008/2009**

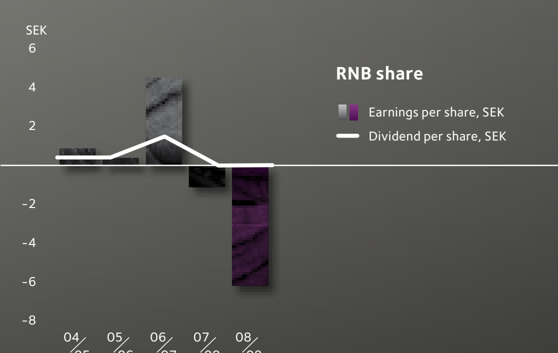
SEK M	Q1	Q2	Q3	Q4	**Total**
Polarn O. Pyret	115.4	108.6	96.3	110.9	**431.2**
Department Stores	269.2	344.0	240.2	299.6	**1,153.0**
Store Concepts	403.3	466.4	354.8	405.5	**1,630.0**
Other	–4.4	–4.5	4.6	–2.6	**–6.9**
Total	**783.5**	**914.5**	**695.9**	**813.4**	**3,207.3**

Operating profit/loss per quarter and business area **2008/2009**

SEK M	Q1	Q2	Q3	Q4	**Total**
Polarn O. Pyret	31.5	16.8	3.6	25.4	**77.3**
Department Stores	4.7	–13	–3.6	–16.0	**–27.9**
Store Concepts	9.1	–583.0	–26.5	–49.5	**–649.9**
Other	–5.1	–9.7	–9.6	–11.1	**–35.5**
Total	**40.2**	**–588.9**	**–36.1**	**–51.2**	**–636.0**



* The operating loss for the second quarter of 2008/2009 is reported excluding impairment of goodwill, which amounted to SEK 500 M.



CEO comments

The past fiscal year was characterized by intensive work to adapt to economic conditions and simultaneously reverse the trend at JC. Much time and effort was devoted to major and, in relation to normal daily activities, freestanding projects in order to reduce costs and increase liquidity. One result of such work was an agreement to divest NK Stockholm and NK Gothenburg. To lower our risk exposure and reduce losses in the Department Stores business area, closure of operations at Illum in Copenhagen is under way, while portions of the space at Steen & Ström in Oslo were closed. At the same time, Polarn O. Pyret continued to exceed our expectations, with increased sales and an operating margin of 17.9%, once again the highest level ever. After the closing date, our balance sheet was further strengthened through a private placement with Konsumentföreningen Stockholm and a rights issue. During the fiscal year now beginning, profitability will continue to be prioritized ahead of growth. Our assessment is that the greatest challenges are now behind us and that the company will show a profit during the current year.

The 2008/2009 fiscal year began with substantial financial unrest in the global market, which had a directly negative effect on consumption and hastened our work to lower costs and reduce tied-up capital. To reverse the trend at JC, a new range and a new store concept were developed. To further distinguish JC as a brand and to adapt the concept to changed purchasing patterns, the children's store concept J-Store was integrated with JC. Furthermore, a thorough analysis of the store structure was performed, following which divestment and closure of unprofitable units is in progress to strengthen the company's future earnings capacity. During the year, sales to franchisees declined by about SEK 220 M. Increasing the proportion of internal brands in relation to external brands is an important challenge during the current year.

It was particularly gratifying that JC's own spring and summer collection was well-received in both Sweden and Finland, resulting in a lower amount of discount sales and a higher gross margin. On the other hand, we did not succeed in reversing the negative trend in Norway, which remains a weak market, and much effort will be devoted to also resolving this task during the coming year.

The Department Stores business area showed a somewhat better sales trend than the market as a whole during the year, although its operating result deteriorated somewhat. The deterioration was due to increased operating losses, combined with provisions for closure costs at the Illum department store in Copenhagen. Closure of remaining departments will be completed during the current fiscal year. Lower sales during autumn 2008 also resulted in a higher proportion of discount-driven sales during the second quarter.

After the closing date, Åhléns chose to exercise its option to cancel its acquisition of NK in Stockholm and NK in Gothenburg. There are three possible paths ahead for RNB, which will now be evaluated. The NK business may be sold in portions to several players, it may be sold in its entirety to a single player or RNB may retain the entire operation. While evaluating these alternatives, we can note that the operations at NK Stockholm and NK Gothenburg have developed well during the new fiscal year.

Brothers & Sisters reported a profit, although significantly lower than in the preceding year. The decline was due to the weaker sales trend during the autumn, which combined with the Group's focus on liquidity-enhancing measures resulted in a higher share of discount sales during the second quarter, in relation to the preceding year. Brothers continued to develop positively, while Sisters showed a somewhat weaker trend. The concept was refined during the year, and customers will see a revamped Sisters in spring 2010. The product range will contain fewer external brands, and our proprietary collection will be gathered under a shared brand, while the fashion element will be increased.

Polarn O. Pyret continued to exceed our expectations, with increased sales and an operating margin of 17.9%, once again the highest level ever. During the year, a total of 15 new stores were opened, and in March 2009, a milestone was noted when the first e-store in Sweden was opened. The launch in Sweden coincided with the opening of our master franchisee's e-commerce channel in the US. This initiative showed very favorable results, with a steadily increasing number of unique visitors. E-commerce will further increase Polarn O. Pyret's accessibility, which has also proven to be important for customers who want to plan their store purchases on the web. E-commerce thus achieves several objectives by both strengthening the brand and enabling sales in locations where we currently do not have physical stores.

We have put a challenging year behind us. We have made considerable progress in work that will take us to profitability during the 2009/2010 fiscal year, while creating greater scope for action through the new share issues that generated SEK 315 M for the company. Together, these achievements provide us with the scope to devote more time and energy to developing our business and bring us one step closer to realizing our vision of the ultimate shopping trip.

Mikael Solberg
President and CEO

RNB RETAIL AND BRANDS’ world

Store Concepts
The Store Concepts business area includes the well-known chains Brothers & Sisters and JC, with stores in Sweden, Norway and Finland. RNB RETAIL AND BRANDS’ ambition for the Store Concepts division is to use clear and target-group-oriented store concepts to offer an attractive range of fashion wear and accessories to customers in large cities and in smaller towns and shopping centers. Store Concepts offers a mix of proprietary and external brands, with a distinct profile in the volume segment.

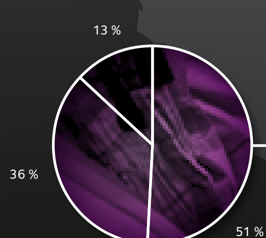
Department Stores
The Department Stores business area encompasses operations in shops at the department stores NK Stockholm and Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. When operating in the department store sector, RNB focuses on the customer interface and on providing high-quality product ranges and store environments. The shops offer fashion wear for women, men and children, as well as underwear, accessories, jewelry and cosmetics, and cater to customers who impose meticulous demands on service and quality.

Polarn O. Pyret
Polarn O. Pyret is a fully integrated brand for baby, children’s and maternity wear, with products that are designed, produced and distributed through proprietary stores and franchise stores in Sweden and abroad. Since its inception in 1976, Polarn O. Pyret has established a position as the leading brand and store concept for children’s clothing in the quality segment of the Swedish market and its clothing is famous for its high quality, functionality and design. Polarn O. Pyret is currently established in 11 markets.

Business area	Stores	
Butikskoncept	**312**	(of which, 156 franchises)
JC	**175**	**(of which, 88 franchises)**
Sweden	116	(of which, 79 franchises)
Norway	41	(of which, 9 franchises)
Finland	18	(of which, 0 franchises)
Brothers	**80**	**(of which, 42 franchises)**
Sweden	72	(of which, 42 franchises)
Finland	8	(of which, 0 franchises)
Sisters	**57**	**of which, 26 franchises)**
Sweden	53	(of which, 26 franchises)
Finland	4	(of which, 0 franchises)
Department Stores	**72**	22,236 Kvm
NK Stockholm	32	7,006
NK Gothenburg	20	5,122
Steen & Ström	17	3,022
Illum	2	1,586
Kosta Outlet	1	5,500

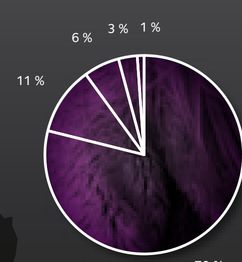
Business area	Stores	
Polarn O. Pyret	**106**	(of which, 62 franchises)
Sweden	58	(of which, 14 franchises)
Norway	18	(franchises)
UK	12	(franchises)
Finland	9	(franchises)
Russia	2	(franchises)
Scotland	2	(franchises)
Iceland	2	(franchises)
Ireland	1	(franchise)
Estonia	1	(franchise)
The US	1	(e-commerce)
Denmark	1	(franchise via Department Store)

Information on August 31, 2009



Sales 2008/2009 by business area, %

Store Concepts	51 %
Department Stores	36 %
Polarn O. Pyret	13 %



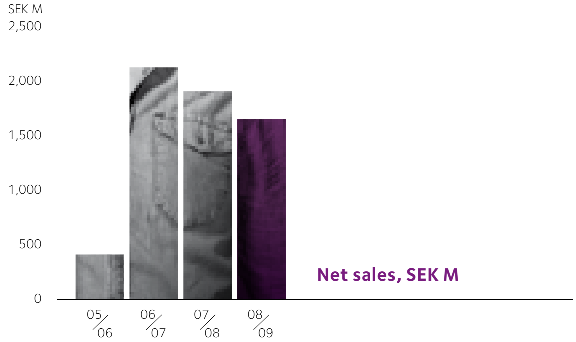
Sales 2008/2009 by geographic market, %

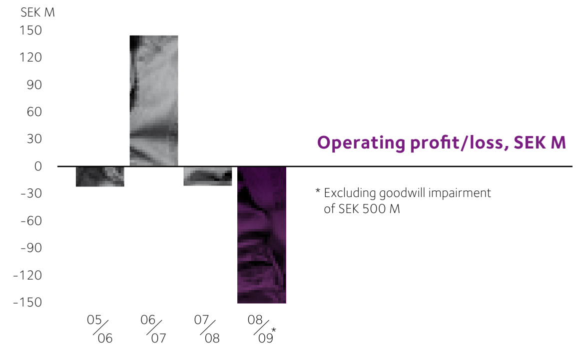
Sweden	79 %
Norway	11 %
Finland	6 %
Denmark	3 %
Other	1 %

Business areas

Store Concepts
Department Stores
Polarn O. Pyret

Store Concepts business area





Key figures Store Concepts

	08/09	07/08
Net sales, SEK M	1,630.0	1,881.6
Share of RNB's sales, %	50.8	54.9
Operating loss, SEK M	–149.9*	–20.1
Number of employees	760	580
Number of stores	312	304
Of which franchises	156	161
Of which outside Sweden	71	76

* Excluding goodwill impairment of SEK 500 M.

The Store Concepts business area includes the well-known chains Brothers & Sisters and JC with a total of 312 stores, including 156 franchises, in Sweden, Norway and Finland. The various store concepts are presented in greater detail on the following pages.

Development in 2008/2009

Net sales in the Store Concepts business area amounted to SEK 1,630.0 M (1,881.6), down 13.4%. Sales in comparable units declined 9.3%.

An operating loss of SEK 649.9 M (loss: 20.1) was reported, of which the loss for JC accounted for SEK 658.8 M (loss: 69.0). The operating loss for JC included SEK 500.0 M for an impairment of goodwill.

Brother & Sisters reported an operating profit of SEK 8.9 M (48.9) for the fiscal year.

The operating loss was also adversely affected by lower sales to franchises, a greater proportion of discount-driven sales in the second quarter, compared with the corresponding quarter in the preceding year, and higher purchasing costs due to unfavorable exchange-rate trends during the second half of the year. In addition, customer bad debts had a negative impact of SEK 25.2 M during the second half of the year.

During the period, RNB took over eight franchise stores within Brothers & Sisters and JC, with total annual sales of about SEK 65 M.

Business concept
Best in jeans and clothing suitable to jeans.

Target group
Girls and guys whose style is based on jeans and clothing suitable to jeans.

Markets
Sweden, Norway and Finland

Development in 2008/2009
JC sales declined in autumn 2007 and the company has since experienced a weak trend. The underlying problems were identified as not only being related to collections and pricing, but also to a need to update the store concept and market communications. The reasons included a demanding move of operations from Gothenburg to Stockholm in parallel with a change in strategy and the organization.

As early as winter 2007, a thorough analysis was performed of what needed to be done to reverse the trend and, during spring 2008, new guidelines were established for collections, store designs and market communications. Consumers saw the results in the store in September 2008. A cornerstone in the repositioning was a return to JC's roots with a focus on jeans and jeans-related fashions.

The change in the range during spring and summer 2009, with an increased focus on own brands complemented by strong external jeans brands, was received positively. At the same time, the new store design more clearly reflects the strong jeans position and emphasizes the new collections.

At the end of the fiscal year, 15 stores, including 12 proprietary units, had been remodeled, and work on the remaining stores is prioritized. In parallel, a thorough review of the store structure was performed with the objective of divesting or closing unprofitable stores and thus strengthening earnings capacity.

The strategic decision taken in autumn 2008 to integrate J-Store with JC and offer a broader range of sizes was implemented and completed during summer 2009. The result was enhanced clarity for customers. The transition during the summer led to a higher proportion of discount sales than during the preceding year. The plan is to supplement J-Store's volume over time through increased sales within JC.

An important part of efforts to reverse JC's negative trend involved creating a competent and creative organization with a focus on customers and sales. New appointments during the year included a sales manager and a marketing/creative manager intended to strengthen the stores' focus on service, sales and long-term brand building.

JC reported an operating loss of SEK 658.8 M (loss: 69.0) for the year, including SEK 500 M for an impairment of goodwill. The sales trend in comparable proprietary stores declined 13.2%, with JC Sweden and JC Finland showing a significantly better trend than JC Norway. The change in the product range had a positive effect on the spring and summer sales trend in Sweden and Finland, while the trend in Norway remained weak. In addition to sales in proprietary stores, JC's sales include wholesale sales to franchise stores. Sales to franchisees with a wholesale subsidy declined SEK 220 M during the fiscal year, which had a negative impact on profitability.

Lea Rytz-Goldman, President of JC
"We now have a really great organization at JC with substantial knowledge in retailing, denim fashion and sales, as well as lots of energy. Our work is starting to generate results in the form of strong own collections and better sales drives in the stores. Our goal of clarifying the JC concept has had a noticeable effect."

Operations
JC's goal is to be the best in jeans and clothing suitable to jeans.

JC's own design and brands, together with the world's leading jeans and denim fashions, will create an offering that makes JC the leading store concept for jeans and related clothing and accessories.

JC shall be a volume concept characterized by attractive pricing and store personnel who through their knowledge of jeans and denim fashion provide added value for customers and create a unique shopping experience. JC works actively to minimize environmental impact and for sound working conditions in production.

The ambition is to increase the proportion of internal brands and thus boost profitability. The goal for the current fiscal year is to achieve a product range in proprietary stores consisting of about 70% strong proprietary brands, such as JC, Crocker and

Marwin, and to supplement this product range with attractive external brands. Crocker accounted for one third of JC's total sales of jeans during 2008/2009, amounting to well over 1.6 million pairs.

Stores

At year-end, JC had 175 stores in Sweden, Norway and Finland, of which 88 were franchise stores with the remainder owned by RNB. In total, the store network was reduced by 11 stores. During the year, JC took over six franchise stores. JC's store network is focused on medium-size cities in which brand stores and department stores are not established and where JC with its range of both own and external brands is the target group's natural choice for fashion. JC must also be present in large cities in attractive locations, and it is in metropolitan regions where JC primarily sees opportunities for enhancing its long-term presence.

The new store design that was launched in autumn 2008 was introduced in 15 stores over the past year. Remaining stores will be remodeled gradually. The concept is based on exciting but timeless black and white store fittings, which improves the garments visibility and clarifies JC's position in denim. The store design invites customers to stay longer, sit down, listen to music and socialize in an atmosphere adapted to the target group.

Lea Rytz-Goldman

"We have found our way back to the distinct jeans position that JC must have. We also offer a level of service in jeans that is unique. In addition to shortening the jeans free of charge, we offered personal "trashing" during the spring and now, during the autumn, customers can have jeans riveted according to their own preference. Surprising and inspiring the customer with both our range and our service is exactly what JC must stand for."

Market communication

During the year, JC developed a new, long-term platform for market communication. The starting point is that JC must be where the customer is, meaning to a large extent in digital and social media with messages that emphasize JC's core offering of jeans with a clear visual identity. As one initiative, the JC website was reconstructed and enhanced during the year to be more interactive. JC also continued to sponsor selected music festivals during the year to stay close to the target group. The new communication strategy was launched in conjunction with the autumn 2009 premiere.

JC's customer club remains a very important channel for communication with the target group. During the year, JC took initiatives to recruit new members with positive results. In total, the number of club members rose nearly 38,000 during the 2008/2009 fiscal year and now totals about 190,000.

Business model

JC is operated with a combination of proprietary stores, primarily in larger cities, and franchise stores in smaller and medium-size communities. The franchise system has a long history at JC. Historically, retailers with strong roots in the local community have been very important for JC's development. In the wake of the recession and the weak market trend, several franchisees went bankrupt during the year. At the same time, JC took over a number of franchise stores.

Outlook

Work to create a more attractive assortment with the right mix of proprietary and external brands at the right price and with the right fashion content remains vital this year. This is needed to increase sales in the existing store network and to improve profitability. Further strengthening of the already high level of personal service in the stores, as well as on the website, is another important factor. Store remodeling will be prioritized and continue during the year. At the same time, the analysis of the store network as a whole will continue in order to ensure an optimal store structure over the long term.

Lea Rytz-Goldman

"During the year, we worked hard to develop a new format for JC. This required effort, at the same time as the weak market put pressure on us, just like other retail operations. With the major change process behind us, we now have a solid platform upon which to move JC forward, increase sales and achieve stable profitability in operations."


"DON'T MATTER HOW MUCH
I THINK ABOUT
CARE

JC

We love jeans

What seems like thousands of years ago, in around 1963, we opened our first JC store in Helsingborg. What we have realized since then is that some things are timeless. Such as the combination of peace, love and jeans. When we began, it was because we loved jeans and everything that suits jeans. When we opened store number 200 – with the units now spread relatively evenly across Sweden, Norway and Finland – it was for the same reason. Jeans are our passion, and the only reason why we sleep well at night, if we have not been running all day, is if we have helped someone find the perfect pair of jeans. Or the perfect sweater for a pair of jeans. Or, best of all, both.

BROTHERS

SISTERS

Business concept
Through a clear-cut concept and an attractive range of fashion wear, to create strong customer relationships that result in top-class profitability.

Target group
Brothers
Fashion-interested, socially active and ambitious men in their 30s who wish to dress stylishly – and preferably in a manner than lends a younger appearance than that revealed by their passports.

Sisters
Inspiring, fashion-conscious women in their thirties – modern, zestful and committed women who know what they want and wish to dress stylishly.

Markets
Sweden and Finland

Development in 2008/2009
Operating profit amounted to SEK 8.9 M (48.9).

Brothers reported comparable sales growth of 1% during the year, meaning that the concept continued to take market share. The collections consist of both tailored clothing and more casual fashion wear, which has been very positively received also in a younger target group than the core group of men in their 30s. During the year, an additional 13 stores were fitted with Brothers Depot, which is a special department with accessories for men featuring an attractive assortment of cosmetic products, underwear and fashion accessories. The department consists mainly of external brands. The trend for Brothers Depot remained positive with strong sales on a small floor space.

Sisters' performance during the year was somewhat weaker than the market average, with a decline in sales in comparable proprietary stores of 4.9%. Work at Sisters was focused on further strengthening the assortment. The goal of achieving a greater proportion of fashion and trendy garments in various categories and a smaller proportion of tailored clothing has been retained, in line with the demand that the concept evokes. Toward the end of year, a number of special departments for accessories were established and received positively. Accessory departments will be added to more stores over the current year.

During the year, priority was assigned to enhancing profitability through a higher proportion of own brands in both concepts, in proprietary stores as well as franchise stores. At the same time, the store design was analyzed and adapted to guide customers through the store and display products in the best possible manner.

David Thörewik, President of Brother & Sisters
"It is exciting to see that both concepts fared well in the tough market conditions that we faced during the year. Brothers succeeded in taking market share, in part with a strong product range that attracted more customers, including those in somewhat younger age groups. This is naturally positive, since it gives us an opportunity to retain them longer term."

Market communications
An extensive TV marketing campaign was conducted for both concepts during the year, which had a visible effect on sales and resulted in increased brand awareness in the target group. Particularly the Brothers campaign, with the professional hockey player Mats Sundin, attracted considerable publicity in the media. The ambition is to continue with major attention-generating campaigns that illustrate the chains' offerings. For Christmas 2009, Brothers will continue with a campaign on the sports theme.

The customer club remains a very important channel for communication with customers and a tool for driving sales to the concept and creating added value for the customer. Over the past year, a new tool has been deployed to enable more personalized offers. At the same time, more competitions and offers greater activity among club members. The number of members in Brothers & Sisters customer clubs rose nearly 44,000 during the year to a total of about 94,500.

During autumn 2009, Brothers initiated a partnership with the fashion magazine King in which a joint collection of timeless clothing with a modern twist was developed. The first products in the series were three launches of overcoats under the Riley Black brand. This partnership is a feature of Brothers' PR initiatives to consolidate Brothers' strong position within men's fashion.

David Thörewik
"We note that our campaigns during the past year had a strong impact, resulting in increased awareness and preference for the concepts. This Christmas, we will follow them up with a campaign on the sports theme, which perfectly matches Brothers' target group and will feature the hockey brothers Henrik and Joel Lundqvist."

Operations

Brothers is a volume-oriented fashion chain that offers well-tailored garments and casual fashion, as well as complementary products, for men. Sisters has the same focus for women, but with a greater emphasis on fashion. Both chains should be perceived as value-for-money alternatives to brands in the middle and upper price segments. The product range consists of an average of 70% proprietary brands, such as Riley, East West, Blue Ridge and Brothers. For Sisters, products are marketed under the chain's name Sisters. These brands are supplemented by attractive external brands in the upper-middle price segment, such as G-Star, Lyle & Scott, Replay and J Lindeberg.

Both chains share the ambition of providing customers characterized by a unique and lasting shopping experience with extraordinary personal service. Knowledge of ready-made clothing among store personnel is important, particularly for purchases of suits and other more tailored garments, and is a strong competitive advantage in Brothers' segment.

David Thörewik
"We work consistently to improve the attractiveness of our stores. Identifying the optimal customer path, which is the path we want customers to take to meet our products, has been a key initiative during the year. Our departments for accessories in the Sisters stores and the Brothers Depot in the Brothers stores are developing well and are an area in which we will take further initiatives in the future."

With a broad offering of fashion, accessories and hair products from proprietary and external brands, particularly within Brothers, the stores resemble small department stores, which is a strength, particularly in smaller communities with a limited selection of brand stores and fashion department stores. The concept is attractive for many men who want to buy everything in a single store. Men are currently showing a greater interest in purchasing clothing more frequently and buying items characterized by a higher fashion content than previously. In recent years, the as yet immature market for masculine cosmetics, skin and hair care products has increased sharply, resulting in new brands and a broader assortment. With the Brothers Depot department, Brothers is responding to higher demand in this segment, and the company is virtually alone in offering products in a completely masculine environment.

For women, who like to shop in several different stores, Sisters must always be an exciting alternative to more expensive brands or other chains in the same segment. The focus is on offering up-to-date fashions in both trendy and classic styles. Improved quality and environmental awareness in the target group strengthens Brothers & Sisters position, and considerable effort is devoted to constantly improving both chains.

In recent years, Brothers and Sisters have shortened the lead time in own production, while purchasing products with increasingly short delivery times in order to be as well-balanced as possible in terms of both fashion and inventory levels. The chains apply a system of demand-controlled goods restocking that results in better customer service and higher sales.

Stores

At the end of the fiscal year, Brothers had a total of 80 stores, with 72 in Sweden and the remainder in Finland. Of the Swedish stores, 42 were franchise operated, while all stores in Finland were proprietary units. Of the total of 57 Sisters stores, 53 are in Sweden, of which 26 are franchise stores, plus four proprietary stores in Finland. The Brothers & Sisters store network is focused on medium-size communities, but is also established in major cities in attractive locations in the city center and in shopping malls. During the year, 19 stores, of which 14 were proprietary units, were opened. Of these, nine were Brothers stores, while ten Sisters stores were added to existing Brothers stores. For all new establishments today, Brothers and Sisters stores are always located adjacent to each other, a strategy that has proven to result in increased customer visits and sales for both concepts. New store establishments in the future will primarily be in metropolitan regions.

Business model

The business model for Brothers & Sisters is based on a combination of proprietary stores, primarily in major cities, and franchise-operated stores, mainly in small and medium-size communities. Within Brothers, about 40% of the stores are proprietary stores, while the remaining 60% are franchise units. Slightly less than half of Sisters stores are proprietary units.

Outlook

Both concepts will continue to prioritize efforts to improve sales per square meter and profitability per store. Today, about 1.4 visitors in ten make a purchase, and the goal is to raise the proportion to two in ten. Within Sisters, a number of changes are now taking place so that both the product range and the profile will become even clearer and more attractive for the target group. This will become apparent in stores in spring 2010. Sustainability issues will be important during the year, and we will work on raising our ambitions in this area.

David Thörewik
"We take a positive view of the coming year with respect to both the performance of our own concepts and the market, which will hopefully begin to recover. We will continue to work on enhancing and clarifying both concepts over the coming year, particularly Sisters, where we must become even more distinct in our offering."

The potential for Brothers Depot is significant, and more stores will be fitted with such areas during the year, while Sisters will supplement its offering with accessories. Brothers & Sisters will also continue to expand, with five to seven new duo stores, and opportunities are being evaluated to open Sister stores adjacent to more Brothers stores.

After the end of the fiscal year, following seven years at Brothers & Sisters and JC, President David Thörewik decided to take on a new challenge. At the beginning of 2010, David Thörewik will be replaced by Anders Wiberg. Anders Wiberg has extensive experience from retailing and fashion and comes most recently from Filippa K, where he has worked for eight years in various positions, including product manager, COO and President.

BROTHERS

Coordinated style

Looking in the mirror should be an uplifting experience, but it should also make you feel comfortable, and genuine. Brothers has the garments and accessories that the style-conscious man needs, all collected in one location. From attractive underpants to excellently fitting suits and cool jeans. From the scent you love to all the other stylish items you need and want. In the store, we also offer an array of knowledge and assistance to ensure that your purchase is right and made a little easier.

SISTERS

Even more fashion

Sisters aims to be an obvious stop for fashion-interested women out shopping. Our stores always offer carefully selected fashion wear for all occasions. Jackets, dresses, sweaters, tops and, of course, jeans. Sisters gains influences for its garments from a large variety of places, epochs and cultures. From the autumn collection, you can trace a feeling for traditional Russian folk costumes, punk fashion from London, garments tailored in satin and frills. Fashion should be fun, innovative, exciting and challenging. But it should always be characterized by functionality and quality.

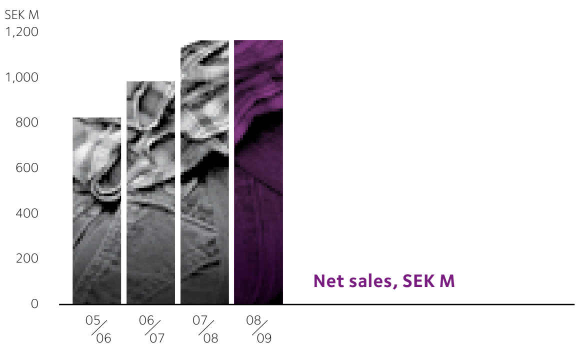

Department Stores business area

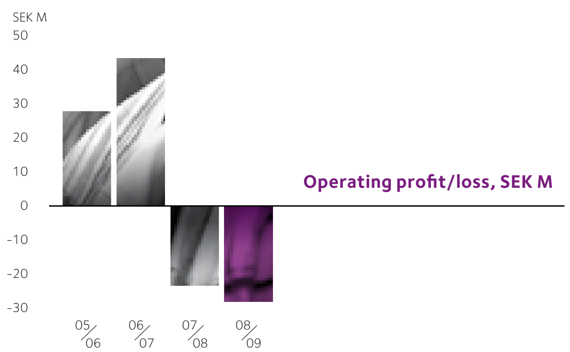
STEEN & STRØM MAGASIN

KOSTA OUTLET

ILLUM

NORDISKA KOMPANIET





Key figures Department Stores

	08/09	07/08
Net sales, SEK M	1,153.0	1,159.1
Share of RNB's sales, %	35.9	33.8
Operating profit/loss, SEK M	–27.9	–22.9
Number of employees	637	592
Number of stores	72	80

Business concept
To offer a unique distribution platform for national and international brands in robust marketplaces.

Target group
The offering ranges from children's wear to jewelry and is aimed at customers with meticulous requirements in terms of service, expertise and quality.

Markets
Sweden, Norway and Denmark.

Development in 2008/2009
Net sales in the Department Stores business area amounted to SEK 1,153.0 M (1,159.1). Sales in comparable units were unchanged, compared with the preceding year. The operating loss amounted to SEK 27.9 M (loss: 22.9). The operating loss was adversely affected by lower-than-expected sales during the autumn, as well as a greater proportion of discount-driven sales in the second quarter, compared with the year-earlier period. The Illum department store in Copenhagen had an adverse impact of SEK 30.3 (neg. 24.2) on earnings during the year, of which redemption of a rental contract during the fourth quarter of 2008/2009 accounted for SEK 7.2 M. The previously communicated intention to close Floor 4, Sports, at the Steen & Ström department store in Oslo was completed during the period. In total, the business area's sales developed better than the market during the year, although earnings deteriorated somewhat compared with the preceding year.

In March 2009, the Board of Directors approved a motion, which was adopted by the Annual General Meeting in April, to divest the Group's operations at NK Stockholm and NK Gothenburg in order to strengthen RNB's financial position and to focus on remaining operations. The sale was subject to approval by the Swedish Competition Authority, which on October 1, decided to request a hearing in the Stockholm District Court. The court was to assess whether the sale of RNB's operations at NK in Stockholm and NK in Gothenburg to Åhléns AB would significantly inhibit competition in the cosmetics product area. On December 1, Åhléns announced its decision to exercise its right as of that date to withdraw from the agreed acquisition. Åhléns elected to discontinue the process in view of the Competition Authority's assessment that the transaction would provide Åhléns with an excessively dominant position in the market for selective cosmetics. For RNB, the discontinued transaction means that the company will now evaluate different alternatives for the NK operation. The three possible scenarios are to sell the operation to another player, to sell the operation in parts or to retain it within RNB. Additional details regarding the sale of the NK units are presented on page 38.

The past year has been characterized by a focus on reducing tied-up capital and improving profitability, including extensive review of processes, efforts to optimize the workforce and a reduction of inventories. At the same time, the adjustment of store areas continued. At the Danish department store Illum, three of five units were closed, leaving the departments Cosmetics and Kids. The reductions at Illum were part of an effort to reduce risk exposure in RNB and were also in response to continued weakness in the Danish market. In Norway, the Sports department at the Steen & Ström department stores was closed. Operations now consist of women's and men's departments, as well as a Hermés store, the first in Norway, which opened on October 30, 2008 and resulted in a positive reception with many visitors and favorable sales.

At NK in Stockholm, a new scents and gifts room was opened in the cosmetics department in November 2008, and in August 2009, the new Kids department opened the doors to a whole floor with everything for children. In August 2009, Sweden's first Paul Smith department was also opened.

Outlet operations in Kosta developed strongly during the year.

Operations and market development

The Department Stores business area comprises operation and sales of ready-made clothing, underwear, cosmetics, accessories and jewelry at the Nordic region's leading department stores, NK Stockholm, NK Gothenburg, Steen & Ström in Oslo and to a certain extent at Illum in Copenhagen. The business area also includes an outlet store in Kosta outside Växjö in southern Sweden. In total, Department Stores comprises about 22,156 square meters (23,500) of retail space divided into 72 departments (80).

Ann-Christin Edling Jönsson,
President of Department Stores
"During the year, we focused fully on liquidity and profitability. This entailed scrutinizing everything in the organization, including inventory, logistics and staffing, which produced results. In terms of sales, we outperformed the market."

The Department Stores business area has two primary driving forces. One is customer demands for a variety of brands, changes in the store offering and a high level of service. The other is the brand provider's need for effective distribution and marketing of its products in the right environment. Consumer patterns change. Women tend to visit the same department stores and shops many times a month, and men's consumption patterns are beginning to largely resemble those of women. This places high demands on the departments to retain and attract new customers by continuously offering news and change. It also requires knowledge of every market and what customers perceive as a high level of service.

Business model

RNB's partner model means in simple terms that RNB and the brand supplier share the responsibility, risk and margins. RNB offers retail space in leading department stores with responsibility for the product mix, store concept, cash register systems, service and sales. The supplier is responsible for design, production, inventory and logistics. The two parties jointly decide on the products that will be available in stores.

The partner model results in a living assortment and increased seasonal variation in which continuous insight into sales trends enables optimization of the assortment and thus higher sales per square meter. The partner model also means that suppliers who take greater responsibility also receive higher margins per sold item, which provides further incentive to shorten lead times and raise the degree of store renewal. The partner model is applied for fashion wear, while the underwear, cosmetic and jewelry departments are operated traditionally, since these products have a lower fashion risk and a higher degree of restocking.

Ann-Christin Edling Jönsson
"By sharing not only responsibility and risk, but also gross margins, we are drawn closer to our suppliers. We have a shared interest in driving store sales and are jointly able to influence the assortment during a season."

Outlook

At the end of the fiscal year, the share of partner agreements accounted for about 65% of revenues from fashion sales. The partner model is not used in the underwear, cosmetics and jewelry departments, since these products have a lower fashion risk and a higher degree of restocking. RNB regards the current level as optimal and future work will involve fully exploiting the partner model's opportunities, rather than increasing the share of partner agreements.

RNB's partner model
The partner model has been developed to enable a broad assortment, short lead times and store renewal. The objective is to create as attractive a store as possible for the customer and to promote sales. The model is based on interaction between RNB and the supplier of brands, whereby RNB is responsible for the store concept, brand mix, purchasing, personnel, marketing and sales. The supplier contributes to determining the products that will be available in the store and the depth and scope of collections, and is responsible for the flow of goods during the season. Because risk associated with the product is shared, in that the supplier owns the inventory until the goods are sold in the store, incentives increase for both parties to maximize store sales.

STEEN & STRØM
MAGASIN

KOSTA OUTLET

ILLUM

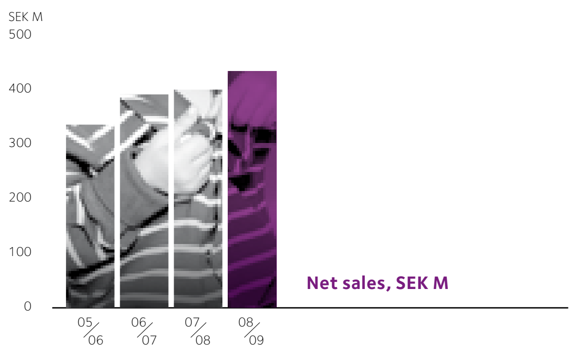
NK
NORDISKA KOMPANIET

Strong marketplaces

NK Stockholm, NK Gothenburg, Steen & Ström in Oslo and Illum in Copenhagen are all leading department stores for national and international brands. RETAIL AND BRANDS has extensive operations in these stores that range from women's and men's wear to cosmetics and jewelry, all according to a well-established partner model. A feature that our departments share is a focus on the customer interface combined with a high-quality product range and store environment. Supplementing the department stores, we also have one of Sweden's largest outlet areas: Kosta Outlet outside Växjö.

Business area

POLARN O. PYRET



Net sales, SEK M

Operating profit, SEK M

Key figures Polarn O. Pyret

Mkr	**08/09**	07/08
Net sales, SEK M	431.2	396.2
Share of RNB's sales, %	13.4	11.6
Operating profit, SEK M	77.3	70.2
Number of employees	230	199
Number of stores	106	91
Of which, franchises	62	50
Of which, international	48	36

Business concept

- We sell smart children's wear for all types of weather.
- We sell to parents.
- We sell through Polarn O. Pyret stores, whose employees are well trained in how children should be clothed.
- We differ from competitors through the combination of design, function and quality.

Target group

Polarn O. Pyret's primary target group comprises parents, both mothers and fathers, with children aged between 0 and 11 years.

Markets

At fiscal year-end, Polarn O. Pyret was established with stores and e-commerce operations in Sweden and with stores in Denmark, Estonia, Finland, Iceland, Ireland, Norway, Russia, Scotland and the UK. E-commerce operations were established in the US during the year.

Development in 2008/2009

Polarn O. Pyret reported net sales of SEK 431.2 M (396.2) during the year. Sales in comparable proprietary stores rose 2.4%. Operating profit increased to SEK 77.3 M (70.2), corresponding to an operating margin of 17.9% (17.7). During the year, new stores rose by a net of 15 units, including three proprietary stores. At fiscal year-end, Polarn O. Pyret had 106 stores, including 62 proprietary stores.

Polarn O. Pyret showed strong growth during the year in Sweden, its largest market, despite a generally sluggish retail sector. Finland also reported a positive trend, while somewhat weaker sales were noted in Norway, in line with the weak Norwegian market trend. After a slow start, stores in the UK recovered during the year. In September 2009, it became clear that Polarn O. Pyret's master franchisee will increase its distribution of selected portions of the assortment in 19 House of Fraser department stores in the UK. Volumes in Estonia, Iceland, Russia and Scotland remained low but are increasing. A launch in the US took place in March 2009 through establishment of an e-commerce operation.

Roger Kylberg, President of Polarn O. Pyret
"Polarn O. Pyret's strong growth during the year shows that our target group is still willing to prioritize smart children's clothes, even in tougher times."

In March 2009, Polarn O. Pyret's e-commerce operation was launched in Sweden and the US. For RNB, the e-commerce initiative is a means of increasing total sales by supplementing the existing store network with an additional channel that is available for purchases around the clock. A review of processes, logistics and distribution is under way to support e-commerce services in other markets.

During the year, Polarn O. Pyret succeeded in raising both the conversion rate, meaning the number of paying customers in the stores, and the average purchase, while a slight decline in the number of visitors per store could be discerned.

A clear trend is that the number of customers who begin their purchases on the chain's website by reviewing the assortment and deciding on purchases is increasing. Higher demands are thus placed on having the products that customers wish to purchase available when customers visit the store.

Operations and market development

Polarn O. Pyret is a completely integrated brand for babies and children, as well as pregnant women, with products that are designed, produced and distributed via proprietary stores and franchise stores in Sweden and other countries. The company's philosophy is to contribute to happy, dry and warm children in all types of weather. Since the start in 1976, Polarn O. Pyret has established itself as the leading brand and store concept for children's clothing in the quality segment in the Swedish market, and its clothes are recognized for their design, functionality and high quality.

Roger Kylberg
"Polarn O. Pyre aims to produce the world's best children's wear. The basic idea is that we always focus on what is best for children and let children be children. This is a deeply rooted philosophy that permeates everything we do and all decisions that we take."

High quality and excellent function, combined with an attractive and unique design, are features that greater numbers of parents are demanding when choosing clothing and equipment for their children, and these are also features that many of them are willing to pay a little extra for. Simultaneously, Polarn O. Pyret offers a range of unisex garments that are appreciated by many customers.

Durability is also increasingly important. Polarn O. Pyret, whose basic principle is that it must be possible to pass on clothes for many years, is to a high degree considered to represent a durability perspective. An initiative in this spirit was the "Pass it on" project that was launched in autumn 2009, whereby the customer was offered a discount when old Polarn O. Pyret clothes were returned. These clothes were then sold in the stores and the proceeds donated to charity organizations for children.

The Polarn O. Pyret stores play a vital role for the brand. The stores provide clear product exposures for customers, while customers receive help from personnel who are experts in children's wear. Continuous development of the stores is assigned high priority. During the year, a new and clearer means of displaying products for customers was deployed. In addition, actions to optimize store staffing were taken during the year.

Polarn O. Pyret is a leading player in its segment of children's wear, with an increasing market share. The company is experiencing intensified competition from sports chains, for example, particularly for functional and outer clothing. The chain's unique concept and the brand's high credibility with respect to quality, functionality and environmental awareness are significant factors in maintaining today's strong market position in the future.

Market communications

The fact that the group of loyal customers is increasing significantly is reflected in the strong growth in membership in Polarn O. Pyret's customer club in Sweden, which rose by 45,000 members during the year to a total of slightly more than 165,000 active members. The customer club is regarded as Polarn O. Pyret's most important channel by far for market communication with its target group. A channel that was tested and shown to be successful during the year was TV advertising. Investments in TV advertising continued during autumn 2009.

Roger Kylberg
"Polarn O. Pyret stands for quality and durability in clothes that can be passed down from brother to sister to cousin or sold onward. At a time when people are increasingly questioning a use-and-dispose mentality, Polarn O. Pyret's products are appreciated by a greater number of customers."

Business model

The international expansion of Polarn O. Pyret that began in 2003 was conducted based on the business model still in use, which enables rapid establishment of the brand in new markets with limited risk. The model entails partnering with a master franchisee that receives exclusive rights to the concept in a geographic market and is responsible for inventory, stores, personnel and marketing initiatives. Polarn O. Pyret builds the brand, ensures production and design and develops the store and marketing concept, while the master franchisee pays a royalty for each item sold. In Sweden, Polarn O. Pyret is operated through a combination of proprietary and franchise stores. Internationally, Polarn O. Pyret operates solely via master franchisees.

Identifying motivated and knowledgeable master franchisees is critical for success in a market and the factor that determines the pace of future expansion. Key factors in selecting a business partner are that the business partner has in-depth knowledge of both retailing and the local market, that it has sufficient capital to ensure market cultivation and, not least, that it is passionate about the Polarn O. Pyret brand. RNB's master franchisees are committed by contract to open stores at a pre-defined rate and to invest in marketing. In cases of significant non-compliance, the contracts can be terminated.

Roger Kylberg
"Our knowledgeable and focused customers are increasingly using our website for pre-shopping. They review the assortment on the Internet, decide what to buy and then go to the store to make their purchase, if they don't decide to make a purchase directly on the web."

Outlook

During 2009/2010, the focus will remain on developing operations with a view to improved profitability. With this as the starting point, we have initiated a major project to enhance efficiency in every process that is part of the flow of goods to the growing foreign markets. Another important task is to enable scalability in store formats and wholesale sales. Polarn O. Pyret's ambition is to continue to open stores in existing and new markets through master franchisees and to supplement its Swedish presence through additional proprietary stores. E-commerce will be evaluated during the year, and we aim to successively introduce this channel in more markets. The assessment is that despite continued uncertainty in the market and increasing competition, the chain has the potential to develop positively during the current fiscal year.

POLARN O. PYRET

Clothing for play

Ever since we designed our very first striped sweater, we have worked in accordance with the same concept: children need clothes that they can play in. Garments that let children be children. For Polarn O. Pyret, this means clothing that makes everyday life easier but is equally suitable as party wear. The garments can withstand rough play and are robust enough to pass down from big brother to little sister. Contemporary classics, beloved favorites and the world's finest stripe. We always use what is best for children as our starting point. That's both our philosophy and our way of working, and is something that characterizes all parts of Polarn O. Pyret and the decisions we make.


ARN O. PYRET
4 MÅN - 2 ÅR

Market

RNB RETAIL AND BRANDS conducts operations involving fashion, ready-to-wear clothing, accessories, jewelry and cosmetics.

Driving forces

The ready-to-wear clothing trade is affected by a variety of different external factors, including changes in GDP, interest rates and consumer views of their private financial status. Consumer expectations of economic trends are in turn strongly linked to economic fluctuations. The demographic structure of the population is an additional factor that affects demand. Because of a shift toward older age groups, the 30–60 age group will comprise a larger proportion of the population in the coming years. Spending propensity and changes in income and taxes are other factors that affect sales in the retail clothing sector.

Market trend

According to data from the Swedish Retail Institute (HUI), the Swedish clothing market reported total sales of approximately SEK 50 billion in 2008. Growth since the mid-1990s has been favorable, averaging slightly less than 5% annually during the period 1995–2008 (current prices). In 2006 and 2007, the market expanded at an annual rate of 8.0 and 5.4%, respectively, gauged in current prices. Due to turbulence in financial markets and a deepening recession, the trend for the Swedish clothing market weakened in 2008, with growth of 0.4%. In autumn 2008, the trend was strongly impacted by the financial decline in the market. A more stable level was reached in spring 2009. From September 2008 to August 2009, the Swedish clothing market declined by 2.6%, according to data from HUI. During the same period, RNB's comparable sales in proprietary stores in Sweden decreased by 1.9%. The total comparable sales trend in proprietary stores in all countries was 3.2% lower.

Since the mid-1990s, the number of companies in the clothing sector has declined, except for in 2003, when a slight rise was noted in companies in the ready-to-wear clothing trade. The clothing industry in Sweden has undergone – and continues to experience – consolidation, with large stores and store chains winning market share. The number of market players has declined, and the players are larger. The market offers considerable economies of scale, as reflected by higher gross margins for companies that have at least 20 employees compared with those that have fewer than 20 employees. Although the number of clothing companies has declined since the mid-1990s, an increase in line with other retail sectors has occurred in the number of stores and the total workforce. This trend has been particularly distinct since the early 2000s. Combined, the ten largest companies in the Swedish clothing industry accounted for approximately 54% of the total market in 2006.

A changing market

The sales channels in RNB RETAIL AND BRANDS' primary market – Sweden – comprise store chains, independent specialist retailers and department stores. For a protracted period, store chains have increased their share of the total market at the expense of specialist retailers. In RNB's view, structural transformation of the ready-to-wear clothing market will accelerate in the years ahead. A greater need for flexibility and flows of goods will favor companies that can utilize purchasing, logistics and IT synergies. Domestic and international store chains will seek a greater presence in the Swedish market. Mergers and acquisitions of local store chains or store premises will become more commonplace. Although the ready-to-wear clothing market is relatively mature, the sector offers favorable growth potential for companies willing to play an active role in its restructuring.

Attractive business locations have progressively become a significant competitive factor as the trade gradually increases its concentration to city centers or suburban shopping malls. This trend will continue to favor major players at the expense of specialist retailers.

The ready-to-wear clothing sector is increasingly competing with other forms of "experience" consumption such as travel and entertainment. Consumers of today impose considerable demands on consumption experiences, making it more difficult to compete solely on the basis of goods specific to the ready-to-wear clothing sector. Each store visit must offer an experience in the form of skilled and service-oriented personnel, in addition to a pleasant, functional store environment and comfort.

A generally higher interest in design and quality – not only in the fashion world – has made today's consumers more aware and more discerning. Purchasing behavior is shaped by such key concepts as quality, fashion-consciousness and value for money. Consumers seek variation, added value, attitude, individuality and a relationship with a store. They seek a brand and product mix that expresses a certain lifestyle in their store preference. Brands – in the form of store chains and suppliers – that make an emotional impression on a distinct target group will be the winners in the ever-denser market haze. If the ready-to-wear clothing sector is to create value, it must focus on customer values and behavior. Customers must be viewed and treated as a resource whose knowledge can be utilized through continual dialog. Extensive loyalty programs and close customer dialog must be priorities in coping with future competition.

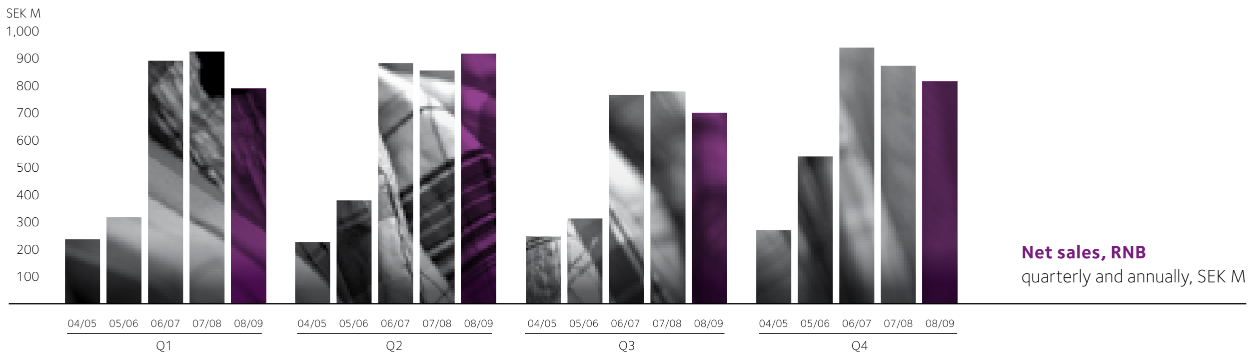
Weather and seasonal variations

Sales of clothing are influenced by the weather. A mild autumn and winter adversely affect sales, while a cold, wet summer boosts figures. Sales of ready-to-wear clothing also vary seasonally. Generally, sales peak during autumn and winter, with December is traditionally the best month.

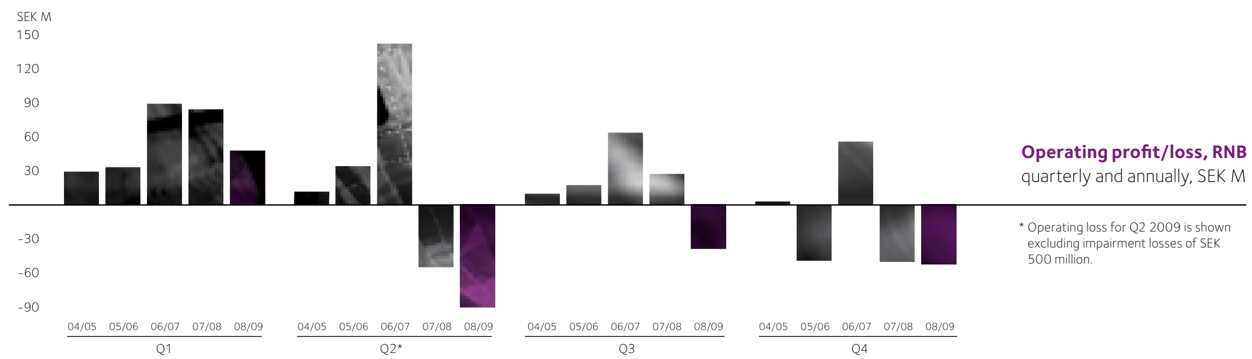
The start of the school term prompts a significant increase in sales of children's clothing. Prices are generally higher for autumn and winter collections, with a positive impact on sales volumes during September to December. The major discount sales months are January, February and July, with a negative impact on gross margins and profit margins.

Competitors

Most of the competition for RNB's various concepts derives from store chains and individual privately owned specialist retailers. However, all players in the clothing sector – irrespective of price and quality segment –compete for consumer spending to some degree or other.

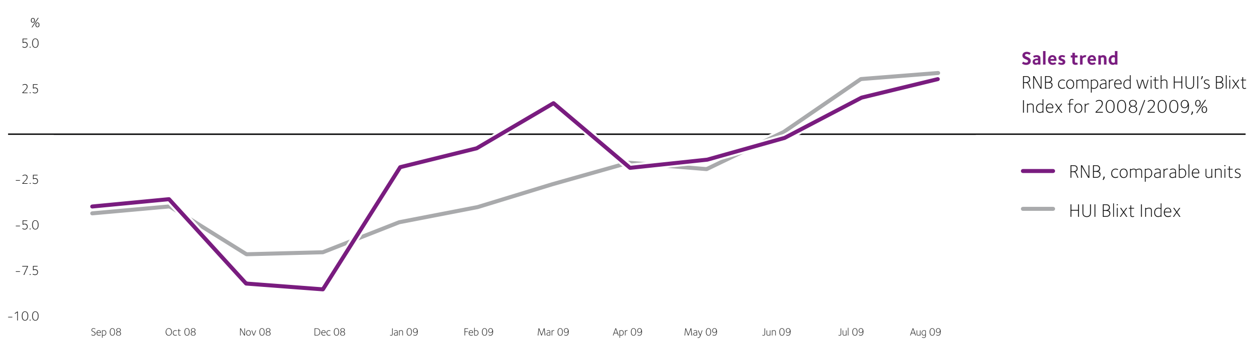


Net sales, RNB
quarterly and annually, SEK M



Operating profit/loss, RNB
quarterly and annually, SEK M

* Operating loss for Q2 2009 is shown excluding impairment losses of SEK 500 million.



Sales trend
RNB compared with HUI's Blixt Index for 2008/2009,%

RNB, comparable units

HUI Blixt Index

Logistics and distribution

RNB RETAIL AND BRANDS aims to offer its customers the ultimate shopping experience. To satisfy the customers' meticulous demands in terms of customer interaction and service level, RNB must offer the right products – at the right time and in the right place. Efficient logistics are a prerequisite for achieving this and raising profitability.

In 2008/2009, the focus was on actions aimed at raising profitability. A review of the entire flow process aimed at improving efficiency and identifying possible cost synergies continued. The implementation of the Group's new business system, Axapta, which was initiated in late 2007 with Polarn O. Pyret as the first concept, proceeded as planned.

Transport and warehouses

The manufacture of proprietary brand clothes for Brothers & Sisters, JC, and Polarn O. Pyret is conducted in Asia and Europe. The goods from Asia are shipped by sea to Gothenburg, from where most of them are forwarded to the company's central warehouse in Vinsta, outside Stockholm, and to the company's external logistics partner in Borås, outside Gothenburg. Clothing produced in Turkey and Italy is shipped by road. Airfreight is only deployed to a limited extent and solely when rapid transport is required.

The environmental issue is a key aspect of RNB's logistics programs. Measures include minimizing the company's airfreight, which is important from an environmental perspective and also from an economic perspective since airfreight entails high costs. RNB and other industry companies also collaborate with the Swedish Road Authority to impose joint standards on distributors aimed at promoting traffic safety and the environment. A company-wide specification of standards was produced during the year to function as the basis for forthcoming procurements.

RNB is increasingly utilizing its central warehouses. When a new collection arrives in Sweden, most of the garments are conveyed to the two central warehouses, while only a start-up collection is forwarded to stores. This approach reduces tied-up capital in store inventories and cuts stockroom space requirements. Subsequently, the inventories are restocked from the central warehouses in pace with clothing sales. Today, Polarn O. Pyret's goods are sent to the stores in the various countries from the Swedish central warehouse. The ultimate aim is to pack the volume for each market directly at the supplier in a bid to reduce overall transport requirements, while alleviating the environmental impact from emissions.

Goods management

Efficient logistics frees up time for employees to provide a high level of service to customers. The aim is to shift all activities not relating to service and sales upstream to the central warehouses, and in certain cases to the supplier. This permits sales staff to focus on their key task, namely, customer care and generating additional sales. Projects initiated during the year included an effort to coordinate packing among various suppliers. The aim is to enhance the efficiency of the reception and unpacking of goods in store, with a target of minimizing the number of individual deliveries to stores.

At Brothers & Sisters, JC, and Polarn O. Pyret, which engage in the design and production of proprietary brands, RNB controls all processes from production to delivery, which in turn means that these business areas have made the greatest progress in terms of efficient logistics.

In the case of Polarn O. Pyret, inventories are replenished six times per week in Stockholm and five times per week in the rest of Sweden. At Brothers & Sisters and JC, goods distribution to stores takes place five days a week. The frequent inventory replenishment means that customers always encounter well-stocked stores, and never have to wait more than a day if a certain size or color is out of stock.

E-commerce

The launch of Polarn O. Pyret's e-commerce platform in spring 2009 entailed additional logistics and distribution investments to ensure the handling of supplies and returns. Distribution is working well, but efforts to further fine-tune the system prior to an expansion of the e-commerce to more markets is under way.

A strong interest has been noted in Polarn O. Pyret's e-commerce solution, which has become a robust supplement to traditional stores in terms of geographic location and availability, since the store is now open every day, round-the-clock. Polarn O. Pyret's e-commerce is now available in Sweden and the US. However, the aim is to successively introduce this channel to all markets in which Polarn O. Pyret is active.

Challenges in 2009/2010

Profitability-enhancement programs involving logistics and distribution will continue to be in focus during the coming year. Programs include work on assessing the implementation of a future Group-wide distribution platform.

Sustainable fashion

Sustainability vision

To create a company that accepts its responsibility and strives to achieve outstanding quality and environmental and ethical excellence in its operations. We aim to exceed customer, employee and market expectations for high-quality products combined with extraordinary service.

Sustainability goals

To create satisfied customers and sustainable operations and enable long-term financial sales growth of 10 to 20%.

Customer expectations in respect of RNB RETAIL AND BRANDS as a supplier and distributor entail considerable product requirements in the form of high quality, functionality and extraordinary customer service as well as increasingly stringent requirements regarding the company's acceptance of responsibility to protect the environment, product safety, its workforce and those working in suppliers' plants. Accepting responsibility for the impact of production on the environment and society is a hallmark of RNB, which works unceasingly to improve processes and contribute to a superior and more pro-environmental production chain.

By pursuing sincere and transparent sustainability programs, RNB generates better understanding and, hopefully, enhances the confidence of its stakeholder groups, irrespective of whether these are customers, employees, shareholders or other parties in the company's business environment. As part of this work, RNB has formulated a sustainability report 'Sustainable Fashion 2008/2009', covering operations in Sweden during the past fiscal year. The purpose of the report is to provide better insight into RNB's efforts as regards sustainability issues, the company's current status and its targets and aims for the future.

The presentation below provides a brief description of RNB's efforts concerning social responsibility and environmental issues. For a more detailed description, the reader is referred to the current Sustainability Report, which is available at the Group's website, www.rnb.se.

Organization and governance of sustainability matters

Sustainability matters are dealt with centrally at the Group level and in detail among subsidiaries. A Group level service is responsible for these matters. RNB's primary assignment is to initiate, support, follow-up and inform. This entails conducting risk analyses, establishing joint policy documents, ensuring the management of the issues involved, initiating projects, coordinating efforts between subsidiaries and annually following up and presenting target figures.

At subsidiaries, specialists in areas including the environment, quality and code of conduct are responsible for operational sustainability work. Based on the Group's joint strategy, these specialists shall draw up company-specific standards and build their brand in accordance with the demands of the product range and customer expectations.

Environment

The aim of RNB's environmental work is to facilitate good business operations that are consistently superior from an environmental perspective. All consumption and sales activities impact the environment in some way or other through the utilization of natural resources, emissions and waste. Conventional cotton cultivation and textile manufacturing entail major pressure on the environment. Insecticides are used in cotton cultivation, while artificial irrigation requires substantial water resources. Since RNB does not own any production plants, close and long-term cooperation with suppliers is crucial for progress in this area.

Since 2007, RNB's environmental work has been conducted with enhanced clarity and systemization and greater coordination between the various companies. This work is based on a Group-wide environmental policy and environmental plan.

Environmental standards for production, suppliers and transports

For proprietary production, Brothers & Sisters, JC, and Polarn O. Pyret have a chemical guide that restricts or prohibits a number of chemicals from being used in production. These chemical standards are also attached to business agreements that are concluded with suppliers. Compliance with these chemical standards is monitored through the chemical testing of goods, such as random sample tests on behalf of subsidiaries or on behalf of suppliers prior to commencing production or deliveries. A challenge for the future will be to intensify the environmental requirements imposed on RNB's own production and to find an improved way of following up these requirements, even among suppliers. RNB also subjects suppliers of external brands to chemical requirements. These suppliers are expected to conform to these standards and follow up their own environmental impact.

Avoiding unnecessary transports requires efficient logistics and proper planning. Proprietarily produced goods are transported from suppliers to a central warehouse by sea or airfreight from Asia and by truck from Europe (including Turkey). Generally, stringent restrictions are imposed on airfreight since this has a significant impact on the environment.

Electricity consumption in stores, warehouses and offices

RNB has initiated an effort to monitor electricity consumption at offices, warehouses and in proprietary stores. This mapping is aimed at achieving a better understanding of the Group's overall electricity consumption and subsequently to implement electricity-saving actions. Gaining an overall understanding of the electricity consumption of stores is impeded by RNB having many concept stores that are operated through franchise agreements in which individual store owners sign their own electricity contracts. Identifying electricity-saving actions without leaving stores in the dark, with poor brand exposure as a result, is the primary challenge. When remodeling or building new stores, new technology can be deployed and an energy-conscious approach applied from the beginning. Electricity consumption is related to both financial considerations and the climate impact.

Eco-labeled and ecological goods in the product range

Cultivating cotton with traditional methods represents a significant burden on the environment and being able to offer customers ecological cotton is a step in the direction of a more environmentally compatible production. Offering eco-labeled clothes takes this one step further. This requires not only ecological fibers but also environmental standards in all phases following cultivation. A number of different eco-labels are currently available.

Polarn O. Pyret offers a broad range of Swan-labeled goods. The Swan's criteria include stringent requirements for ecologically cultivated fiber, environmental standards on all chemicals and dyes used throughout the process, and standards for regulated water consumption and waste emissions. In other words, the environmental standards span the entire process up to the completed garment. All products in the basic striped range are currently eco-labeled with the Swan. Garments worn close to the body, such as baby clothes, nightwear, underwear and nursing wear are also often eco-labeled. During the year, JC offered ecological t-shirts in its product range and in spring 2009, Brothers launched a t-shirt in various colors made of ecological cotton and two shirts that are eco-labeled by the Green Effort project.

Inspection by the Swedish Chemicals Agency

During the year, the Swedish Chemicals Agency conducted a review of grime-resistant garments and the perfluorinated compound PFOA. Perfluorinated elements are a group of chemical elements with characteristics that make them suitable for use as cleansing detergents on garments, such as outerwear. Some of these compounds can be broken down into PFOAs (perfluorooctanoic acids), the composition of which is not yet entirely known. However, in addition to being difficult to decompose, they are probably also toxic to reproduction and carcinogenic. Polarn O. Pyret sells grime-resistant outerwear to reduce the need for washing children's wear. Due to this, Polarn O. Pyret underwent an inspection by the Swedish Chemicals Agency with the aim of ensuring that the company was sufficiently knowledgeable about the chemicals being used for grime-resistant clothing and the follow-up of these chemicals. The results of this review were faultless.

Phthalate tests

In the past year, the Swedish Environmental Protection Agency conducted an analysis of t-shirts with prints from a number of fashion-industry companies and was able to demonstrate the use of phthalates in these tests. This also attracted media coverage. No goods under RNB's proprietary brand were included in this analysis. Phthalates, or softeners, are a group of chemical elements that are added to plastic to make it soft. This prompted Brothers & Sisters, JC and Polarn O. Pyret to conduct extra random tests for phthalates on their goods, since these concept brands do not permit the use of phthalates in their proprietary brands.

Internal training courses covering environmental issues

In the past two years, RNB has undergone considerable staff changes in which new personnel have been recruited to the company. To increase knowledge and awareness of environmental issues, personnel working with product development and purchasing attended internal training courses covering key environmental and chemical issues.

Product liability

Quality standards and product testing

RNB's vision is to offer the ultimate shopping experience. A key component of this is that the goods live up to the quality expected by the customer. For proprietary production at Brothers & Sisters, JC, and Polarn O. Pyret, suppliers are subject to quality standards, such as maintaining product durability, preventing fabric pilling, ensuring endurance, maintaining water resistance standards, maintaining color fastness, preventing fabric from shedding and preventing shrinkage. Compliance with these standards is tested by approved external laboratories in connection with each new order, and proprietary internal laboratories conduct certain tests during product development and when analyzing quality-related issues.

During the year, all product development and purchasing personnel participated in internal training courses covering various quality matters and how these are integrated in continuous work on the product range. By constantly striving for a high level of knowledge and awareness regarding quality matters, employees can work proactively to ensure that the product range maintains a high level of quality.

Product safety

For all concepts, a significant effort is made to achieve safe products. It should be safe and secure to use these products. Polarn O. Pyret, which manufactures children's clothing, focuses particularly on child-safety standards. In Europe, a number of standards pertain specifically to the safety of children's clothing, and these naturally form the basis for Polarn O. Pyret's product standards. In addition, Polarn O. Pyret also imposes its own safety standards.

In autumn 2008, an incident occurred involving a wind fleece overall from Polarn O. Pyret. A wind resistant hood fell over the face of an infant that was sitting and sleeping in a child car seat. The child was unharmed but Polarn O. Pyret decided to review and change the guidelines for the design of wind resistant garments for small children. This case was reported to the Swedish Consumer Agency, which decided to issue a public recall for the product. Customers who had purchased the overall were offered compensation upon return.

Down production

In 2008, RNB adopted an animal welfare policy, with guidelines pertaining to furs and hides, animal husbandry and tests on animals related to production and products.

During the year, an investigative television program entitled "Kalla Fakta" reported on the process by which down is produced in China and Hungary for pillows, duvets and clothing by plucking live geese. The program also showed how producers of down showed false guarantees claiming that their down derived from animals that had already been put down as a byproduct of the food industry. Plucking feathers and down from live birds contravenes RNB's animal policy. Due to this TV program, RNB contacted the suppliers of its proprietary and external brands and requested information on the origins of their feathers. Although the suppliers submitted guarantees that their down was a byproduct of food production, a decision was made to recall all of JC's proprietary down jackets and down jackets from external brand in Brothers stores.

Merino wool from Australia

Animal welfare matters pertaining to merino sheep from Australia and a process known as mulesing were brought to light in 2008 and also in 2009 by the media. Mulesing is a painful procedure performed without the use of anesthesia on merino sheep to prevent flies from laying eggs in the fold of their skin, which results in the sheep falling ill, suffering and possibly dying. RNB has met with representatives from animal welfare organizations and from the Australian wool industry and compiled information from these parties and consulted with independent animal welfare experts. In-house personnel and suppliers of proprietary brands underwent training courses covering mulesing during the year. After 2010, RNB will only purchase wool from other countries, Australian wool that is produced without the use of mulesing or wool from farms that have discontinued the procedure.

Corporate Social Responsibility

A number of ethical and moral issues are encompassed by RNB's responsibility. RNB believes that those who manufacture its goods are entitled to a healthy and safe work environment and to pay levels in line with international conventions. A Group-wide Code of Conduct applies to all store concepts and specifies what RNB views as a safe work environment and appropriate forms of employment. Subsidiaries apply varying strategies to ensure compliance with the Group's Code. Proprietary brands offer the opportunity to exert an influence through direct contact with production operations and provide us with an opportunity to visit production plants. For external brands, information is provided to suppliers, standards are established and suppliers are asked to account for their efforts in this area.

Work condition standards – BSCI Code of Conduct

RNB has applied a Code of Conduct since 1998. Brothers and Sisters, JC and Polarn O. Pyret are members of the Business Social Compliance Initiative (BSCI), a European industry initiative through which a large number of companies engage in joint efforts to facilitate their own activities and those of their suppliers by applying uniform standards (www.bsci-eu.org). Accordingly, Brothers and Sisters, JC and Polarn O. Pyret comply with BSCI's Code of Conduct and improvement systems. All RNB's suppliers of proprietary products must sign the prevailing Code of Conduct and pledge to observe it. They must also permit checks by RNB and independent audits based on BSCI's Code of Conduct. Following an audit, suppliers are given the opportunity to rectify any shortcomings, which are then monitored by a re-audit. RNB also has employees who are involved with improvement programs at plants in key procurement markets, such as Hong Kong/China and Turkey.

Suppliers of external brands are expected to conform to these standards in their production and to strive for acceptable working conditions. During the year, RNB clarified its standards for external brands regarding production guidelines, prohibited the use of certain chemicals and implemented training initiatives in these matters.

Selection of suppliers and production countries

For proprietary brands at Brothers and Sisters, JC and Polarn O. Pyret, RNB pursues its own production, which is conducted by suppliers in various countries, primarily China, Turkey and the Baltic States. Polarn O. Pyret has about 50 suppliers, while some 70 suppliers are involved in production for JC and Brothers and Sisters. The number can vary somewhat over time and between seasons. The primary factor determining the location of production is the potential for identifying attractive suppliers. Suppliers are appraised on the basis of the ability to produce the right quality at the right price and to comply with RNB's Code of Conduct and delivery requirements.

Employees and organization

RNB RETAIL AND BRANDS has the vision of offering its customers the ultimate shopping experience, in addition to its overall objective of increasing the number of store visitors who complete a purchase. The decisive factors in attaining these goals is RNB's ability to create enthusiasm and attract the right type of employee, as well as the salesperson's efforts during the customer encounter and their ability to make customers feel noticed, appreciated and inspired to buy. Identifying employees with the right attitude to service and simultaneously creating the conditions for a higher service level are thus core features of RNB's HR efforts.

Effective recruitment

A thorough and well-defined recruitment process is a key element for securing the right competence and a well-functioning organization. The right person for the right position is an important parameter for the company's development and for achieving these goals.

To create conditions for successful recruitment, the company must also develop efficient forms for reaching potential employees. In the past year, RNB has developed its own recruitment tool, which is tailored to RNB's needs, through which applicants can apply for available positions, submit a spontaneous application and register their CVs via RNB's website. This recruitment tool, which was launched in autumn 2009, provides effective support in recruitment, both centrally and by store managers

Internal recruitment is a key parameter for competitiveness when it comes to optimizing the transfer of knowledge and being able to offer attractive career paths to employees. The fact that the Group has several concepts increases opportunities to change positions or for geographic placement, currently also to an even greater extent internationally.

RNB's values and development of expertise

Historically, RNB has experienced considerable and rapid expansion. The company also comprises a number of different operations with their particular visions and goals. Creating a shared view of what RNB represents and the goals that everybody should strive for – irrespective of the concept or business area – requires considerable clarity and an ability to generate commitment and enthusiasm among employees.

Skills development at RNB revolves primarily around a Group-wide training program or business school – RNB University. The program – which is run by internal resources using the in-house exchange of know-how as its base – is structured around in-house occupational roles. All new employees at RNB undergo obligatory introductory training that encompasses RNB as a company and its business areas, goals and visions. In addition, various forms of training programs involving sales and service, safety-related issues and specific product training programs are offered.

Active work-environment effort

During 2009, RNB provided a training course in systematic work-environment activities (SAM) for store managers and department managers in which material for safety reviews was produced. The aim of this was to ensure active efforts to optimally improve the employees' work environment. In 2010, employee surveys will be conducted and will provide the basis for improving the work-environment at the workplace. In 2009, the Group HR function produced a number of processes to facilitate work in stores.

Sickness absence in the Group is generally relatively low. Long-term sickness absence is monitored and analyzed continually in a bid to assist those on sick leave and help them to return to their job as soon as possible.

In February 2008, a healthy-presence project was initiated in the Department stores area with the launch of a service entitled "Illness and health advisory service" by the company's healthcare service. The purpose is to provide employees with an advisory number to call and healthcare advice. At the same time, advisory services are offered free of charge to employees who are at home looking after sick children as well as a service in which managers can receive support and advice regarding rehabilitation matters.

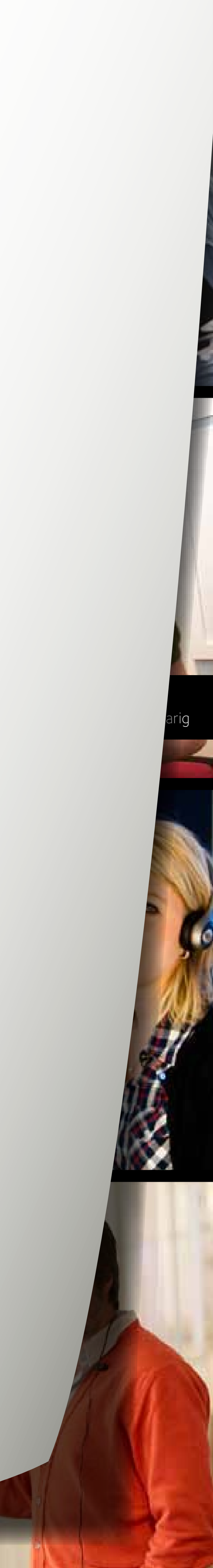
The organization in figures

The average number of employees during the 2008/2009 fiscal year was 1,686. Among the employees, 1,200 are employed in Sweden and the remainder in RNB's other markets. Of the total workforce, 1,720 were employed in stores/department stores and 280 in central functions

Gender distribution in the management team and on the Board

There is a management team at the Group level and a management team for each subsidiary. Women are represented on RNB's Board and in the Group's five management teams.

August 31, 2009	Women	Men
RNB Board	1	6
RNB Management team	5	5
JC management team	3	5
Brothers & Sisters	3	2
Polarn O. Pyret	6	4
Department stores	5	0



Camilla Olofsson
JC, Planner Crocker

Carl Thulin & Anneli Korsberg
JC, Design assistant JC, Purchasing assistant

Sara Arvidsson & Christin Sylvendahl
Department Stores, Purchasing

Oscar Wetterström
Department Stores, Controller

Ruben Orellana
JC, Design JC Boys

Sanna Ström
Brothers, Design assistant

Linda Holtz & Marika Larsson,
Polarn O. Pyret, Financial Controller
and Accounting Assistant, respectively

Filip Lundqvist & Nina Köhler
JC, Production Crocker

Elisabeth Andersson & Martina Ribbeklint
Polarn O. Pyret, Production

Linda Hallendahl & Sandra Eriksson Castillo
Department Stores, Purchasing

Elisabeth Andersson & Nathalie Benitha
Polarn O. Pyret, Production and Quality
Technician, respectively

Ann-Charlotte Björkman
RNB, Assistant to the President


Johanna Johnsson & Emma Ekström
JC, Purchasing Assistants


Magnus Hultin
Brothers, Head of Collection


Maud Paulsson & Elisabeth Fahlström
JC, Purchasing Controller and Purchaser
JC Boy, respectively


Anita Yakob
JC, Marketing


Ida Alnemo
JC, Quality Technician


Hanna Carle
Brothers & Sisters, Financial Controller


Johan Pahlén
RNB, Technology and Support Manager


Malin Åkerlund
JC, Pattern Designer


Kerstin Claesson & Linda Axelsson
RNB, Receptionists


Emil Lindstedt
JC, Planner JC Girl


Lina Fredriksson
JC, Design Assistant JC Boy


Sasa Stanic
JC, Marketing Support

Board of Directors' Report 2008/2009

The Board of Directors of RNB RETAIL AND BRANDS AB (publ), Corp. Reg. No. 556495-4682, hereby submits its annual report and consolidated financial statements for the fiscal year, September 1, 2008 – August 31, 2009.

Operations

RNB RETAIL AND BRANDS owns, operates and develops fashion, clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and an extraordinary shopping experience. Sales are mainly conducted in Scandinavia through the three store concepts Brothers & Sisters, JC and Polarn O. Pyret, as well as through shops in the department stores NK in Stockholm and Gothenburg, Steen & Ström in Oslo and Illum in Copenhagen. As per August 31, 2009, RNB had a total of 490 stores, of which 218 are operated by franchisees.

Significant events during the year

Divestment of NK Stockholm and NK Gothenburg

In March 2009, the Board of Directors of RNB RETAIL AND BRANDS decided to sell the operations at NK in Stockholm and NK in Gothenburg to Åhléns AB. The purchase consideration amounted to SEK 440 M on a debt-free basis. The sale was deemed to enable the company to focus time and resources on the remaining operations, while strengthening the company's financial position. The transaction was not expected to result in any significant effect on earnings, and was subject to approval by the Swedish Competition Authority.

In October, after an extended special examination, the Competition Authority decided to request that the transaction be reviewed by the Stockholm City Court. The court was to assess whether the sale of RNB's operations at NK in Stockholm and NK in Gothenburg to Åhléns AB would significantly restrict competition in the selective cosmetics product area. The Swedish Competition Authority's assessment was that Åhléns, through its acquisition of RNB's operations at NK, would achieve an excessively dominant position in the market for selective cosmetics. The Åhléns Group does not share the Swedish Competition Authority's opinion, which has caused uncertainty and resulted in a protracted transaction process. Accordingly, on December 1, Åhléns announced that it would exercise its right to abstain from the agreed acquisition as of this date. For RNB, the discontinued transaction entails a reassessment by the company of the various alternatives for its NK operations. The three possible scenarios are the sale of its operations to another company, that RNB decides to sell them in parts, or that RNB retains the entire operation.

Action program to reverse the trend in JC

Since autumn 2007, the JC store concept has developed significantly weaker than expected. To reverse the trend, a new assortment and a new store concept were developed, while a thorough analysis of the store structure was performed. Divestments and closures of unprofitable units are in progress. The measures are intended to strengthen the company's future earnings capacity and to preserve and enhance JC's strengths as a jeans concept.

Work to integrate J-Store into JC was completed during the fourth quarter now being reported.

Divestment of operations at Illum

During the current and the preceding fiscal years, the Department Stores business area reported sharply reduced earnings, primarily as a result of the establishment at Illum in Copenhagen in August 2007 and the simultaneous opening of new units at Steen & Ström in Oslo. The timing of the establishment in Copenhagen coincided with declining consumption resulting from a sharp economic downturn.

Accordingly, the RNB Board of Directors decided to sharply reduce risk exposure at Illum in Copenhagen.

Discontinuation of operations at Illum is under way. In the 2007/2008 year-end report, it was announced that provisions totaling SEK 35.3 M had been posted for impairment and discontinuation costs for Illum. In addition to the previous provisions, redemption of a rental contract at Illum at a cost of SEK 7.2 M was charged against earnings for the year. During the fiscal year, three of the original stores were closed. Operations will only take place in the two remaining departments – Illum Cosmetics and Illum Kids – until these are discontinued.

Costs and tied-up capital

The ongoing work to cut costs and optimize the company's structure will continue until profitability has been achieved. With respect to tied-up capital, the prevailing market conditions had an adverse impact on a number of franchisees, which resulted in considerable accounts receivable for JC and Brothers & Sisters. Inventory is now deemed satisfactory.

Completed new issue

In September 2008, RNB implemented a new issue that was fully subscribed for. The issue increased the number of RNB shares by 57,078,832. The issue provided RNB with a total of SEK 331 M after deductions for issue expenses of about SEK 11 M.

Impairment of goodwill attributable to the acquisition of JC

The acquisition of JC AB during summer 2006 resulted in goodwill and a value for the JC brand. Given JC's development and performance to date, the future expectations were lowered, meaning that the level of goodwill attributable to JC in 2006 was no longer defensible. Accordingly, an impairment of goodwill by SEK 500 M was posted during in fiscal year.

Market and demand

For the fiscal year from September 1, 2008 to August 31, 2009, the ready-to-wear market fashion clothing industry in Sweden declined 2.6%, according to the HUI index. Sales in RNB's comparable stores declined 1.9%. Total sales in RNB's comparable proprietary stores in all countries declined 3.2%.

The financial unrest in markets worldwide during autumn 2008 had a direct impact on consumption. A sharp decline in consumption during the first half of the 2008/2009 fiscal year resulted in an inventory build-up in the market during the winter of early 2009. The market trend subsequently stabilized during spring and summer, and the assessment is that consumer confidence and thus purchasing propensity have been strengthened.

Significant events after the end of the fiscal year

Åhléns is not to complete the acquisition of RNB's operations at NK

On December 1, Åhléns announced its decision to exercise its right to abstain from the agreed acquisition as of that date. Åhléns elected to discontinue the process due to the Swedish Competition Authority's assessment that Åhléns, through its acquisition of RNB's operations at NK, would achieve an excessively dominant position in the market for selective cosmetics. For RNB, the discontinued transaction entails a reassessment by the company of the various alternatives for its NK operations. The three possible scenarios are the sale of its operations to another company, that RNB decides to sell them in parts, or that RNB retains the entire operation.

New share issues

To ensure financing for completion of the action program now in progress at JC and to provide financial capacity to take advantage of the opportunities arising in the current market climate, two new share issues were implemented in September 2009, after the end of the period. A private placement to Konsumentföreningen Stockholm (KfS) was implemented that provided the company with SEK 215 M before issue costs. To give shareholders an opportunity to subscribe for shares on the same terms as KfS, a rights issue was also implemented in an amount of SEK 100 M before issue costs. As a result, the company's financial capacity was increased.

The rights issue was fully subscribed without having to exercise any guarantees. The two implemented share issues thus provided RNB, after the end of the fiscal year, with a total of SEK 315 M before issue costs. Issue costs amounted to about SEK 9.5 M. The two share issues increased the number of RNB shares by 51,267,587 to a total of 165,425,251 shares outstanding.

Concept stores

Polarn O. Pyret business area

Net sales during the period totaled SEK 431.2 M (396.2), up 8.8%. Sales in comparable proprietary stores rose 2.4%.

Operating profit increased to SEK 77.3 M (70.2), corresponding to an operating margin of 17.9% (17.7). The number of proprietary stores at the end of the fiscal year was 44 (41). In addition, there were 62 (50) franchise stores, including 14 (14) in Sweden and 48 (36) abroad.

Department stores business area

Net sales within Department Stores during the year totaled SEK 1,153.0 M (1,159.1). Sales in comparable stores were unchanged compared with the preceding year.

An operating loss of SEK 27.9 M was reported (loss: 22.9). The operating result was adversely affected by lower-than-expected sales during the autumn and a larger portion of discount-driven sales in the second quarter compared with the year-earlier period.

The department store Illum in Copenhagen had an adverse impact of SEK 30.3 M (negative: 24.2). on operating earnings, of which SEK 7.2 M was attributable to the redemption of a rental contract in the fourth quarter of 2008/2009. The previously announced plan to close floor 4, Sports, at the Steen & Ström department store in Oslo was implemented during the year. The number of proprietary stores at the end of the fiscal year was 72 (80), with a total of 22,236 (23,481) square meters of retail floor space.

Store concepts business area

Net sales for the period amounted to SEK 1,630.0 M (1,881.6), down 13.4%. Sales in comparable proprietary stores declined 9.3%.

The operating result amounted to a loss of SEK 649.9 M (loss: 20.1), of which the loss in JC accounted for SEK 658.8 M (loss: 69.0). The operating result for JC included a charge of SEK 500.0 M for goodwill impairment. In addition, the operating result was negatively affected by lower sales to franchises, a greater proportion of discount-driven sales in the second quarter, compared with the corresponding period in the preceding year, and higher purchasing prices due to unfavorable currency trends during the second half of the year. Furthermore, customer bad debts had a negative impact of SEK 25.2 M during the second half of the year. Brothers and Sisters reported an operating profit of SEK 8.9 M (48.9) for the fiscal year. During the year, eight JC and Brothers & Sisters franchise stores with combined annual sales of about SEK 65 M were taken over. The number of proprietary stores at the end of the fiscal year was 156 (143). In addition, there were 156 (161) franchise stores.

Parent Company

Net sales in the Parent Company amounted to SEK 104.3 M (132.4). After net financial items, a loss of SEK 652.9 M (loss: 130.0) was reported, including a charge of SEK 500.0 M for impairment of shares in subsidiaries. Investments during the fiscal year totaled SEK 21.5 M (77.6), of which acquisitions accounted for 0 (31.2).

Net sales and earnings

RNB's net sales during the period amounted to SEK 3,207.3 M (3,426.2), down 6.4%. Lower invoicing to franchisees, compared with the preceding year, had a negative impact of SEK 242 M on sales. Currency effects on the translation of foreign subsidiaries had a positive impact of about SEK 22 M on sales.

Sales in comparable proprietary stores declined 3.2% during the year.

The gross margin for the fiscal year was 43.0% (43.3). The gross margin was negatively affected by a higher proportion of discount sales compared with the year-earlier period, and by higher purchasing costs due to unfavorable currency trends during the second half of the year.

Gross earnings were negatively affected by lower sales to franchises. The operating result excluding goodwill amounted to a loss of SEK 136.0 M (profit: 1.8). Including the recognized goodwill impairment of SEK 500 M in the second quarter relating to JC, the operating result amounted to a loss of SEK 636.0 M. Customer bad debts within Store Concepts amounted to SEK 25.2 M, and losses in the foreign department store unit Illum to SEK 30.8 M. Negative currency effects of about SEK 25 M were charged against earnings during the fiscal year. In addition, redemption of rental contracts at JC Norway and Illum in Copenhagen had a negative impact of SEK 12.9 M. After net financial items, a loss of SEK 688.6 M (loss: 51.8) was reported. The loss after tax was SEK 662.8 M (loss: 63.2). The measurement of forward contracts at fair value had a negative impact of SEK 13.1 M.

Financial position and liquidity

The Group had total assets of SEK 2,600.9 M compared with SEK 3,328.2 M at the end of the preceding fiscal year. Shareholders' equity at fiscal year-end amounted to SEK 1,071.3 M (1,404.1), resulting in an equity/assets ratio of 41.2% (42.2). At August 31, 2009, inventories totaled SEK 590.6 M compared with SEK 672.0 M a year earlier. The establishment of new units resulted in a net increase of about SEK 5 M in inventories. Cash flow from operating activities was a negative SEK 103.9 M (positive: 4.8). The weakened cash flow was due to operating losses. Cash flow after investments was a negative SEK 143.2 M (negative: 154.7). Net debt amounted to SEK 826.6 M compared with SEK 991.4 M on August 31, 2008. Consolidated cash and cash equivalents at fiscal year-end, including unutilized overdraft facilities, amounted to SEK 108.9 M compared with SEK 151.5 M at the end of the preceding fiscal year.

In September 2009, a private placement to Konsumentföreningen Stockholm, (KfS) was carried out. The private placement generated approximately SEK 215 M before issue expenses. Parallel to the private placement a new share issue with preferential rights for the company's shareholders was carried out and fully subscribed. The rights issue generated approximately SEK 100 M before issue expenses. After a deduction for issue expenses, about SEK 305.5 M net was contributed to the company.

During the year, long-term credit agreements were renegotiated. The company's Board and Group management believe long-term financing to be secured, based on current forecasts and plans.

Investments and depreciation/amortization

Investments during the period totaled SEK 43.5 M (163.7), of which the acquisition of companies accounted for SEK 0 M (57.8). Depreciation/amortization during the period amounted to SEK 99.7 M (101.0) and impairment of goodwill to SEK 500 M.

Personnel

The average number of employees during the fiscal year was 1,686.

Risk factors

RNB is exposed to a number of risk factors that are fully or partly beyond the company's control, but which could adversely impact on consolidated profit. The risks are described in detail in Note 30.

Corporate Governance

RNB is governed through the Annual General Meeting, the Board of Directors and President in accordance with the Swedish Companies Act, the Articles of Association and the Swedish Code for Corporate Governance. The company's Corporate Governance report is presented on pages 69–71.

Board of Directors' work

At the beginning of the fiscal year, RNB's Board of Directors consisted of seven members elected by the Annual General Meeting. The President is a Board Member.

RNB's Board of Directors has a formal work plan that complies with the

Swedish Companies Act with respect to work distribution and reporting. The formal work plan governs Board's meetings, issues to be addressed at Board meetings, the Chairman's assignments, the President's assignments and certain other matters. Within the Board, there is a Remuneration Committee and an Audit Committee. The Remuneration Committee addresses salaries, bonuses and other remuneration for the President and senior executives that report directly to the President.

In addition to the statutory meeting, the Board held six scheduled Board meetings and 14 extraordinary meetings during the fiscal year. The scheduled meetings focused primarily on earnings follow-ups, investment matters, external reporting, budget and budget follow-ups and strategy issues. The extraordinary meetings dealt primarily with matters related to raising capital and the divestment process pertaining to operations at NK in Stockholm and NK in Gothenburg.

Nomination Committee

At the 2009 Annual General Meeting, it was decided that a Nomination Committee should be elected among the major shareholders for the purpose of nominating Board Members ahead of the 2010 Annual General Meeting. Prior to the Annual General Meeting on January 28, 2010, members of the Nomination Committee have been appointed pursuant to a resolution at the 2009 Annual General Meeting and these comprise Sune Dahlqvist, Chairman of Konsumentföreningen Stockholm, Fredrik Persson, President of Axel Johnson AB, Jan Carlzon, shareholder via Irish Life and Swiss Life and Arne Lööw, representing the Fourth AP Fund.

Guidelines for remuneration of senior executives

On January 28, 2009, the Annual General Meeting proposed the principles below for remuneration and other terms of employment for company management. The Board proposes that the same guidelines shall apply for the next fiscal year.

The company shall offer market-based total remuneration to encourage the recruitment and retention of senior executives. Remuneration of company management shall consist of basic salary, variable salary, pension and other remuneration. These parts shall jointly represent the individual's total remuneration. Basic salary and variable salary jointly represent the employee's salary. The basic salary, which currently totals SEK 170,000 per month for the President, shall be based on the individual's areas of responsibility and experience. The variable salary shall be related in part to the outcome of the Group's operating profit and/or profit after financial items compared with budget, and in part to the individual's compliance with qualitative goals. The variable salary shall represent a maximum of 40% of the basic salary.

The President shall be entitled to occupational pension corresponding to a premium amounting to 35% of his current annual salary. Other members of company management shall be entitled to pension in accordance with the ITP plan or the equivalent. Retirement age is 65 years.

Other remuneration and benefits must be market-based and contribute to facilitating the individual's compliance with his work assignments.

Company management's terms of employment include regulations governing termination notice. According to these agreements, employment may normally be terminated by the employee subject to a period of notice of three to six months and, if termination is initiated by the company, six to 12 months. Unchanged salary is paid during the period of notice. The period of notice for the President is 12 months if termination is initiated by the company. The Board is entitled to deviate from the above-mentioned guidelines if the Board deems that particular grounds exist that motivate doing so in an individual case.

Ownership conditions

The number of RNB shareholders on August 31, 2009 was 12,215, of whom 11,806 were registered in Sweden. The three largest owners on August 31, 2009 were Axbrands AB, Mikael Solberg through his company and associated parties, and Jan Carlzon via insurance companies.

The number of shares in the company on August 31, 2009 totaled 114,157,664, which were all common shares. More information is available under the section called "The Share" on page 74.

Outlook

The 2008/2009 fiscal year was adversely affected by problems affecting JC and the Department Stores business area. During the past year, a number of actions have been taken to reverse the negative trend. In the opinion of the Board of Directors, the actions taken and those in progress will create the conditions necessary for the Group to report a profit during the 2009/2010 fiscal year.

Dividend

The Board proposes that no dividend be paid for the 2008/2009 fiscal year.

Proposed distribution of unappropriated earnings

The following funds are available for allocation by the Annual General Meeting (SEK 000s):	
Retained earnings	1,410,837
Loss for the year	–633,046
	777,791
The Board of Director proposes:	
That the following amount be carried forward	777,791

The Board of Directors and the President declare that the annual accounts were prepared in accordance with generally accepted accounting principles, give an accurate view of the Parent Company's position and earnings and that the Board of Directors' Report gives an accurate view of the development of the Parent Company's operations, position and earnings and also describes significant risks and uncertainties facing the Parent Company. The Board of Directors and the President also give their assurance that the consolidated accounts were prepared in accordance with international accounting standards, IFRS, as approved by the EU, give an accurate view of the Group's position and earnings and that the Board of Directors' Report for the Group provides an accurate view of the development of the Group's operations, position and earnings and also describes significant risks and uncertainties facing the Group.

Stockholm, December 3, 2009

Claes Hansson
Chairman of the Board

Jan Carlzon
Board member

Lillian Fossum
Board member

John Wallmark
Board member

Torsten Jansson
Board member

Nils Vinberg
Board member

Laszlo Kriss
Board member

Mikael Solberg
President and Board member

Our Auditors' Report was submitted on December 3, 2009
Ernst & Young AB

Bertel Enlund
Authorized Public Accountant

Consolidated income statement

SEK 000s	Note	**Sep 08–Aug 09**	Sep 07–Aug 08
Net sales	1, 29	3,207,329	3,426,202
Other operating revenues		4,710	13,502
		3,212,039	**3,439,704**
Operating expenses			
Goods for resale	4	–1,827,051	–1,941,526
Other external costs	3	–777,159	–727,053
Personnel costs	2	–644,237	–632,978
Depreciation and amortization of tangible and intangible fixed assets	8,9,11	–99,650	–101,006
Impairment of goodwill	10	–500,000	–
Restructuring costs	18	–	–35,341
Operating profit/loss		**–636,058**	**1,800**
Results from financial investments			
Interest income and similar profit/loss items	31	6,529	12,729
Interest expense and similar profit/loss items	32	–59,134	–66,267
Profit/loss after financial items		**–688,663**	**–51,738**
Tax on net profit for the year	5	25,848	–11,484
Net loss for the year		**–662,815**	**–63,222**
Net loss for the year pertaining to:			
Parent Company's shareholders		–662,815	–63,222
Minority shareholders		–	–
Earnings per share (SEK)		–6.12	–1.11
Average number of shares (thousands)		108,371	57,079

Consolidated balance sheet

SEK 000s	Note	**Aug 31, 2009**	Aug 31, 2008
ASSETS			
Fixed assets			
Intangible fixed assets	6		
Trademarks	7	500,000	500,000
Software	8	67,519	62,726
Rental rights	9	20,525	27,690
Goodwill	10	876,013	1,376,432
		1,464,057	**1,966,848**
Tangible fixed assets			
Equipment and store fittings	11	196,851	215,245
		196,851	**215,245**
Financial fixed assets			
Other long-term receivables		0	3,227
		0	**3,227**
Deferred tax assets	5	0	8,225
Total fixed assets		**1,660,908**	**2,193,545**
Current assets			
Inventories			
Goods for resale		590,604	671,967
		590,604	**671,967**
Current receivables			
Accounts receivable	25	222,157	290,994
Other receivables		24,494	50,280
Prepaid expenses and accrued income	13	87,459	89,831
		334,110	**431,105**
Cash and bank balances		15,281	31,619
Total current assets		**939,995**	**1,134,691**
TOTAL ASSETS		**2,600,903**	**3,328,236**

SEK 000s	Note	**Aug 31, 2009**	Aug 31, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		114,158	57,079
Other contributed capital		1,594,149	1,317,027
Other reserves		–3,900	291
Profit/loss brought forward		29,685	92,907
Net loss for the year		–662,815	–63,222
Equity attributable to the Parent Company's shareholders		**1,071,277**	**1,404,082**
Equity attributable to minority shareholders		–	–
Total equity		**1,071,277**	**1,404,082**
Long-term liabilities			
Liabilities to credit institutions	15	447,418	527,200
Provisions for pensions	14	26,904	30,699
Deferred tax liabilities	5	116,222	159,508
Total long-term liabilities		**590,544**	**717,407**
Current liabilities			
Liabilities to credit institutions	15	157,956	118,039
Overdraft facilities	16	209,688	347,094
Accounts payable		337,399	551,307
Other liabilities		72,909	54,057
Accrued expenses and prepaid income	17	161,130	136,250
Total current liabilities		**939,082**	**1,206,747**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,600,903**	**3,328,236**
Assets pledged	19	1,998,946	2,547,661
Contingent liabilities	20	8,978	15,316

Consolidated cash-flow statement

SEK 000s	Note	**Sep 08–Aug 09**	Sep 07–Aug 08
Operating activities			
Operating profit/loss		–636,058	1,800
Interest received		6,529	5,408
Interest paid		–61,393	–60,643
Tax paid		9,950	–23,623
Adjustment for non-cash items	22	581,162	101,335
Cash flow from operating activities before changes in working capital		**–99,810**	**24,277**
Cash flow from changes in working capital			
Inventories		86,187	–115,136
Operating receivables		97,795	–119,868
Operating liabilities		–188,094	215,521
Cash flow from operating activities		**–103,922**	**4,794**
Investing activities			
Acquisition of subsidiaries	23	0	–55,229
Acquisition of other fixed assets		–43,477	–106,161
Change in long-term receivables		3,227	623
Sale of fixed assets		1,000	1,310
Cash flow from investing activities		**–39,250**	**–159,457**
Financing activities			
Change in overdraft facility		–137,406	304,512
Change in pension provisions		–3,795	–
Dividends paid		–	–85,618
New share issue		330,985	–
Changes in liabilities to credit institutions		–62,950	–74,972
Cash flow from financing activities		**126,834**	**143,922**
Cash flow during the year		**–16,338**	**–10,741**
Cash and cash equivalents at the beginning of the year		**31,619**	**42,360**
Cash and cash equivalents at year-end	22	**15,281**	**31,619**

Changes in Group shareholders' equity

SEK 000s	Share capital	Other contributed capital	Other reserves: Hedging reserve	Other reserves: Translation difference	Profit brought forward	Minority share	**Total shareholders' equity**
Shareholders' equity, August 31, 2007	**57,079**	**1,317,027**	**–1,001**	**1,410**	**179,526**	**11,150**	**1,565,191**
Translation difference				–1,119			–1,119
Cash flow hedging			1,001		–1,001		0
Net loss for the year					–63,222		–63,222
Change attributable to minority shareholders						–11,150	–11,150
Dividends					–85,618		–85,618
Shareholders' equity, August 31, 2008	**57,079**	**1,317,027**	**0**	**291**	**29,685**	**0**	**1,404,082**
Translation difference				–4,191			–4,191
Net loss for the year					–662,815		–662,815
New share issue	57,079	285,393					342,472
Issue expenses		–11,487					–11,487
Tax effect attributable to issue expenses		3,216					3,216
Shareholders' equity, August 31, 2009	**114,158**	**1,594,149**	**0**	**–3,900**	**–633,130**	**0**	**1,071,277**

Presentation of shareholders' equity for the Group
Pursuant to IAS 1, shareholders' equity must be broken down into its constituent components. RNB has chosen to specify shareholders' equity as follows: Share capital, Other contributed capital, Other reserves, Profit brought forward and Net profit/loss for the year.

The item "Share capital" encompasses the registered share capital of the Parent Company. "Other contributed capital" consists essentially of all funds contributed by shareholders in excess of shareholders' equity. "Other reserves" consists of those items that are recognized directly in shareholders' equity. In RNB's case, this item comprises translation differences attributable to translation of foreign subsidiaries pursuant to IAS 21.

"Profit brought forward" corresponds to the total accumulated profits and losses of the Group less dividends paid.

"Share capital" comprised 114,157,664 shares on August 31, 2009. All of the shares are common shares.

No dividend is proposed for the September 1, 2008 – August 31, 2009 fiscal year.

Parent Company income statement

SEK 000s	Note	**Sep 08–Aug 09**	Sep 07–Aug 08
Net sales	1, 29	104,248	132,431
Other operating revenues		211	204
		104,459	**132,635**
Operating expenses			
Other external costs	3	–87,179	–74,665
Personnel costs	2	–35,436	–72,534
Depreciation and amortization of tangible and intangible fixed assets	8,9,11	–19,178	–12,525
Operating loss		**–37,334**	**–27,089**
Results from financial investments			
Results from participation in Group companies	24	–586,000	–60,000
Interest income and similar profit/loss items		85	21
Interest expense and similar profit/loss items	32	–29,663	–42,894
Loss after financial items		**–652,912**	**–129,962**
Appropriations			
Depreciation in excess of plan		–1,850	–8,000
Dissolution of tax allocation reserve		6,254	–
Loss before tax		**–648,508**	**–137,962**
Tax on net profit for the year	5	15,462	22,099
Net loss for the year		**–633,046**	**–115,863**

Parent Company cash-flow statement

SEK 000s	Note	**Sep 08–Aug 09**	Sep 07–Aug 08
Operating activities			
Operating loss		–37,334	–27,089
Interest received		–	21
Interest paid		–32,462	–40,983
Tax paid		6,598	–7,903
Adjustment for non-cash items	22	19,178	12,525
Cash flow from operating activities before changes in working capital		**–44,020**	**–63,429**
Cash flow from changes in working capital			
Operating receivables		–36,319	–290,689
Operating liabilities		–103,892	29,626
Cash flow from operating activities		**–184,231**	**–324,492**
Investing activities			
Acquisition of subsidiaries	23	–100	–31,257
Acquisition of other fixed assets		–21,479	–46,386
Cash flow from investing activities		**–21,579**	**–77,643**
Financing activities			
Change in overdraft facility		–140,958	319,076
Group contribution received		73,281	102,564
Dividends paid		–	–85,618
Dividends paid		–	130,000
New share issue		330,985	–
Changes in liabilities to credit institutions		–57,499	–71,851
Cash flow from financing activities		**205,809**	**394,171**
Cash flow during the year		**–1**	**–7,964**
Cash and cash equivalents at the beginning of the year		**35**	**7,999**
Cash and cash equivalents at year-end	22	**34**	**35**

Parent Company balance sheet

SEK 000s	Note	**Aug 31, 2009**	Aug 31, 2008
ASSETS			
Fixed assets			
Intangible fixed assets			
Software	8	37,133	25,111
		37,133	**25,111**
Tangible fixed assets			
Equipment and store fittings	11	25,177	34,898
		25,177	**34,898**
Financial fixed assets			
Shares in subsidiaries	12	1,586,458	2,086,358
		1,586,458	**2,086,358**
Deferred tax assets	5	28,622	23,350
Total fixed assets		**1,677,390**	**2,169,717**
Current assets			
Current receivables			
Accounts receivable		45	36
Receivables from Group companies	26	211,522	258,878
Other receivables		923	8,039
Prepaid expenses and accrued income	13	15,875	11,093
		228,365	**278,046**
Cash and bank balances		34	35
Total current assets		**228,399**	**278,081**
TOTAL ASSETS		**1,905,789**	**2,447,798**

SEK 000s	Note	**Aug 31, 2009**	Aug 31, 2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		114,158	57,079
Statutory reserve		183,647	183,647
Total restricted shareholders' equity		**297,805**	**240,726**
Non-restricted shareholders' equity			
Profit/loss brought forward		1,410,837	1,196,816
Net loss for the year		–633,046	–115,863
Total non-restricted shareholders' equity		**777,791**	**1,080,953**
Total equity		**1,075,596**	**1,321,679**
Untaxed reserves			
Tax allocation reserve	27	–	6,254
Accumulated depreciation in excess of plan		13,050	11,200
Total untaxed reserves		**13,050**	**17,454**
Long-term liabilities			
Liabilities to credit institutions	15	394,231	489,230
Total long-term liabilities		**394,231**	**489,230**
Current liabilities			
Liabilities to credit institutions	15	136,500	99,000
Overdraft facilities	16	119,776	319,076
Accounts payable		12,064	20,265
Liabilities to Group companies	26	135,275	165,454
Other liabilities		8,168	1,857
Accrued expenses and prepaid income	17	11,129	13,783
Total current liabilities		**422,912**	**619,435**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,905,789**	**2,447,798**
Assets pledged	19	1,586,358	2,086,358
Contingent liabilities	20	184,951	130,042

Parent Company, changes in shareholders' equity

	Restricted shareholders' equity		Non-restricted shareholders' equity		
SEK 000s	Share capital	Statutory reserve	Profit/loss brought forward	Net loss for the year	**Total share-holders' equity**
Shareholders' equity, August 31, 2007	**57,079**	**183,647**	**1,104,390**	**104,197**	**1,449,313**
Preceding year's profit brought forward			104,197	–104,197	0
Group contribution received			102,565		102,565
Less tax on Group contribution received			–28,718		–28,718
Net loss for the year				–115,863	–115,863
Dividends			–85,618		–85,618
Shareholders' equity, August 31, 2008	**57,079**	**183,647**	**1,196,816**	**–115,863**	**1,321,679**
Preceding year's loss brought forward			–115,863	115,863	0
Group contribution received			73,281		73,281
Less tax on Group contribution received			–20,519		–20,519
Net loss for the year				–633,046	–633,046
New share issue	57,079		285,393		342,472
Issue expenses			–11,487		–11,487
Tax effect attributable to issue expenses			3,216		3,216
Shareholders' equity, August 31, 2009	**114,158**	**183,647**	**1,410,837**	**–633,046**	**1,075,596**

Accounting policies, etc.

Information about the company and the annual report
RNB RETAIL AND BRANDS AB, Corp. Reg. No. 556495-4682, is a Swedish public limited liability company with its registered office in the Municipality of Stockholm, Stockholm County.

The annual report for the Group and the Parent Company for the 2008/2009 fiscal year was signed by the Board of Directors and the President on December 3, 2009. The income statements and balance sheets for the Parent Company and the Group included in the annual report will be adopted at the Annual General Meeting to be held on January 28, 2010.

Conformity with standards and regulations
The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's (RFR) recommendation RFR 1.2 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group except in the cases listed below under the section "Parent Company's accounting policies." Instances in which the Parent Company's accounting policies deviate from those of the Group are caused by limits on the possibilities of applying IFRS in the Parent Company as a consequence of the Swedish Annual Accounts Act and, in certain cases, due to tax purposes. The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and RFR 2.2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

Conditions for preparing the financial statements for the Parent Company and the Group
The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All figures, unless otherwise stated, are rounded off to the nearest thousand. Recognition of assets and liabilities is based on the historical acquisition value (cost), with the exception of certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities, which are measured at fair value, comprise forward contracts, cash and cash equivalents and receivables and liabilities in foreign currencies.

Preparing the financial statements in accordance with IFRS requires that company management make assessments and estimates as well as assumptions that affect the application of accounting policies and the reported figures for assets, liabilities, revenues and expenses. Estimates and assumptions are based on historical experience and a number of other factors that, under prevailing circumstances, are considered reasonable. The results of these estimates and assumptions are then used in determining the carrying amounts of assets and liabilities, which are not otherwise evident from other sources. The actual outcome may differ from these estimates and assumptions.

In the application of IFRS, assessments made by management that have a significant impact on the financial statements and the estimates made and that can cause substantial adjustments in the following years' financial statements are described in detail in Note 28.

Events after the balance-sheet date refer to both favorable and unfavorable events that occur after the balance-sheet date but before the date in the following year in which the financial reports are authorized for issue by the Board of Directors. Information is disclosed in the annual accounts concerning significant events after the balance-sheet date that were not taken into account when preparing the balance sheets and the income statements. Only such events that provide evidence of conditions that existed at the balance-sheet date have been considered in the preparation of the financial reports.

New and amended accounting policies
The accounting policies applied comply with those applied in the preceding year, with the exception of the standards, interpretations and amendments specified below. Only the changes that had an impact on the Group are presented.

IFRIC 13 Customer Loyalty Programs
The statement requires that the rewards of customer loyalty programs be recognized as a special component of the sales transaction in which they are awarded and that the transaction's parts of received compensation measured at fair value be recognized as deferred income and included in profit and loss over the periods during which the commitment is fulfilled. The application of this statement did not have any material impact on the consolidated financial statements.

New IFRS standards, IFRS interpretations and amendments that have been issued but not yet been applied
The following is a brief account of the standards and interpretations that have yet to be applied by RNB but are estimated to have a future impact.

IAS 1 (Amendment) Presentation of financial reports
In this standard, changes in shareholders' equity following transactions with owners and other changes are separated. The statement of changes in shareholders' equity will contain only details regarding transactions with owners. In addition, the standard introduces the term "statement of comprehensive income," which presents items pertaining to revenues and expenses that were previously recognized in the statement of shareholders' equity, either in a separate statement or in two connected statements. The amendment of IAS 1 applies from January 1, 2009 or later, which means as of the 2009/2010 fiscal year for RNB.

IFRS 3 (Amendment) Business combinations
The change entails an amendment to the rules for dealing with business combinations (acquisitions). For example, transaction expenses are to be recognized in profit and loss when they occur and may not be capitalized as part of the acquisition. The change also enables measurement and recognition of minority interests at fair value, a method that entails that what is known as "full goodwill" is recognized. In future, changes in the value of supplementary purchase considerations are to be recognized in profit and loss, and adjustments in relation to goodwill will no longer be possible. Insofar as RNB acquires companies, this amendment will affect financial reporting. The amendment of IAS 3 applies from fiscal years beginning July 1, 2009 or later, which means as of the 2009/2010 fiscal year for RNB.

IFRS 8 Operating segments
This standard contains disclosure requirements concerning the Group's operating segments and replaces the requirement to define primary and secondary segments of the Group based on lines of business and geographical areas. The amendment of IAS 8 applies from fiscal years beginning January 1, 2009 or later, which means as of the 2009/2010 fiscal year for RNB.

Apart from the above standards, amendments to IFRS 2, IAS 23, IAS 32, IFRIC 12, IFRIC 14, IFRIC 15 and IFRIC 16 are not expected to have any impact on RNB's income statements or balance sheets.

Classification
Fixed assets and long-term liabilities consist essentially of amounts that are expected to be recovered or paid after more than twelve months from the balance-sheet date. Current assets and current liabilities consist essentially of amounts that are expected to be recovered or paid within twelve months from the balance-sheet date.

Consolidation principles
The consolidated financial statements include the Parent Company and subsidiaries in which the Parent Company has a controlling influence, which implies having the right, directly or indirectly, to formulate the company's financial and operative strategies for the purpose of obtaining financial benefits.

Subsidiaries are reported in accordance with the purchase method, which entails that the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. With regard to the Group, the acquisition value is established through an acquisition analysis performed in conjunction with the acquisition. In the analysis, the acquisition value of shares or operations is established, as is the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities. The difference between the acquisition value of the subsidiaries' shares and the fair value of acquired assets, assumed liabilities and contingent liabilities is recognized as goodwill. The subsidiaries' financial statements are included in the consolidated financial statements from the date of acquisition until the date the controlling influence ceases.

Intra-Group transactions have been eliminated when preparing the consolidated financial statements.

Assets and liabilities in foreign subsidiaries are translated at the exchange rate prevailing on the balance-sheet date. All items in the income statement are translated at an average exchange rate for the year. Translation differences are recognized directly against shareholders' equity.

Foreign currencies
Transactions in foreign currency are translated at the exchange rate prevailing on the transaction date.

Receivables and liabilities in foreign currencies are measured at the exchange rate prevailing on the balance-sheet date.

Upon hedging of future cash flows, the hedging instruments are restated at fair value. No hedge accounting is applied.

Revenue
Group revenues result from sales to consumers in proprietary stores and from wholesale sales to franchisees. Franchisees also pay a franchise fee based on their sales. The franchise fee is recognized in profit and loss in the item "Net sales" for the same period as when the sale occurred.

Sales of goods are recognized on delivery of the product to the customer, in accordance with the terms and conditions for sale. All store sales are conducted on a 10-30 days sale-or-return basis. Sales are recognized following deductions for discounts, excluding VAT.

Financial income and expenses
Financial income and expenses comprise interest income on cash and bank balances, interest expenses on loans and other financial items.

Financial instruments
All financial assets and liabilities are classified in accordance with IAS 39 in the following categories:

- *Financial assets measured at fair value in profit and loss* comprise available-for-sale financial assets, which from RNB's viewpoint comprise forward contracts.

- *Investments held to maturity* comprise non-derivative financial assets with fixed or fixable payments and fixed maturities that the Group intends to retain until maturity. RNB has no financial assets classified in this category.

- *Loan receivables and Accounts receivable* comprise non-derivative financial assets involving fixed or fixable payments. For RNB, this category comprises cash and cash equivalents, accounts receivable and loan receivables. Accounts receivable are recognized in the amount expected to flow in, following a deduction for doubtful receivables, which are assessed individually. Since the estimated maturity of an account receivable is short, its value is recognized in the nominal amount without discounting. Impairment losses on accounts receivable are recognized in operating expenses.

- *Available-for-sale financial assets* comprise non-derivative financial assets that are either classified as available-for-sale or are not classified in any of the other categories. RNB has no financial assets classified in this category.

- *Financial liabilities measured* at fair value in profit and loss comprise financial liabilities held for trading purposes, which from RNB's viewpoint comprise forward contracts with negative fair values.

- *Other financial liabilities* comprise financial liabilities that are not held for trading purposes. From RNB's viewpoint, this category consists of accounts payable and loan liabilities. Loan liabilities are valued at accrued acquisition value. Accrued acquisition value is determined on the basis of the effective interest rate that was calculated when the liability was raised. This means that surplus and deficit values, as well as direct issue expenses, are accrued over the maturity of the liability. Long-term liabilities have an anticipated maturity that exceeds one year, while current liabilities have a maturity of less than one year. Since the estimated maturity of an account payable is short, its value is recognized in the nominal amount without discounting.

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the contractual terms and conditions of the instrument. Accounts receivable are recognized in the balance sheet when the invoice has been sent. A liability is recognized when the counterparty has performed a service and a contractual payment obligation prevails, even if the invoice has not yet been received.

A financial asset is derecognized from the balance sheet when the contractual rights to the asset are realized, extinguished or the company loses control over them. The same applies to a portion of a financial asset.

A financial liability is derecognized from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished. The same applies to a portion of a financial liability.

At each reporting occasion, the company assesses if there are objective indications that a financial asset, or group of financial assets, requires impairment.

Intangible fixed assets

Goodwill: Goodwill is the amount by which the acquisition value exceeds the fair value of the Group's participation in the net assets of acquired subsidiaries at the date of acquisition. Goodwill is measured at acquisition value less any accumulated impairment. Goodwill is divided into cash-generating units that comprise the Group's segments and is not amortized; instead, it is tested for any impairment annually or as soon as any indications arise that suggest that the asset in question has decreased in value. The majority of goodwill is attributable to the Store Concepts business area.

Trademarks: In addition to goodwill, the Group has trademarks that are deemed to have an indefinite useful life. The Group intends to retain and further develop the JC trademark, which is well established within its market. Trademarks are not amortized; instead, they are tested for any impairment annually or as soon as any indications arise that suggest that the asset in question has decreased in value.

Rental rights: Rental rights are recognized at acquisition value less amortization. Rental rights are amortized at a rate of 10% annually, which is warranted by the fact that these stores have central locations with a value that normally lasts ten years.

Software: Software is recognized at acquisition value less amortization. Software is amortized at a rate of 20% annually.

Tangible fixed assets

Tangible fixed assets are recognized at acquisition value less depreciation and any impairment. Improvement fees increase the carrying amount of an asset. Repair expenses are recognized as costs. Tangible fixed assets are depreciated systematically over the estimated useful life of the assets concerned. The straight-line depreciation method is used for all types of tangible fixed assets. For equipment, a depreciation period of five years is used.

Leasing agreements

Leasing agreements are classified as financial and the object is recognized as a fixed asset in the consolidated financial statements when the leasing agreement entails that the Group, as the lessee, essentially enjoys the financial benefits and bears the financial risks associated with the leasing object.

Other leasing agreements, mainly rental agreements for premises, are recognized as operational agreements.

Operational leasing means that the leasing fee is expensed over the agreement period.

Rental fees

In a certain number of the Group's rental contracts, the rent is divided into basic rent and revenue-based rent, whereby the rental amount depends on the store's sales during the fiscal year.

Inventories

Inventories are measured at the lower of the acquisition value and net realizable value.

When calculating the acquisition value of inventories, the first-in, first-out principle is applied, including expenses arising after the acquisition of inventory assets and the transportation of them up to their current location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and immediately available balances with banks and similar institutions.

Impairment

On each balance-sheet date, an impairment test is performed to determine whether there is any indication that the carrying amounts of Group assets have been impaired. If such indications exist, the recoverable value of the asset concerned is calculated.

For goodwill and trademarks with indefinite useful lives, the recoverable value is calculated once a year. If it is not possible to assign essentially independent cash flows to a single asset, the assets are grouped at the lowest level where it is possible to identify essentially independent cash flows when the impairment test is performed. An impairment loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its recoverable value. Impairment is charged against profit and loss. Impairment tests of goodwill have been based on the Group's segments that are deemed to be the lowest cash-generating units.

Pensions

The Group has both defined-contribution and defined-benefit pension plans.

Employees in Sweden are covered by both the defined-benefit and defined-contribution plans, while employees in Norway, Denmark and Finland are covered by only defined-contribution plans.

Defined-contribution plans

For employees covered by defined-contribution plans, contributions are paid to a separate legal entity and there is no obligation to pay additional contributions. Commitments pertaining to defined-contribution plans are recognized as a cost in profit and loss when they arise.

Defined-benefit plans

For employees covered by defined-benefit plans, remuneration is paid to employees and former employees based on salary levels when they retire and the number of years of service. In certain cases, the Group bears the risk of paying the promised remuneration. The defined-benefit pension plans are unfunded. The calculated present value of the obligations is recognized in the balance sheet as a liability.

Pension costs and pension commitments for defined-benefit pension plans are calculated according to the Projected Unit Credit Method. This method divides the costs for pensions in line with the employee performing services for the Group, which increases their right to future remuneration. The Group's commitment is calculated annually by independent actuaries. The commitment comprises the present value of the expected future payments. The discount rate applied corresponds to the interest rate for first-class corporate bonds or government bonds with a term corresponding to the average term of the commitments and the currency. The most important actuarial assumptions are described in Note 14.

Actuarial gains and losses may arise when the present value of the commitments is determined. These gains and losses arise either when the actual outcome deviates from previous assumptions or when assumptions are changed. For actuarial gains and losses that arise in the calculation of the Group's commitments, the so-called corridor rule is applied. The corridor rule means that the portion of the accumulated actuarial gains and losses that exceeds 10% of the larger of the commitment's present value and the fair value of the planned assets is recognized in profit and loss over the anticipated average remaining period of service of the employees covered by the plan. Otherwise, actuarial gains and losses are not taken into account.

The accounting policy described above is applied only to the consolidated financial statements. Each legal entity in the Group recognizes defined-benefit pension plans in accordance with local rules and regulations.

Alecta

Certain commitments for salaried employees in Sweden are also insured on the basis of insurance with Alecta. According to statement URF 3 from the Swedish Financial Reporting Board, the insurance with Alecta comprises a multi-employer defined-benefit plan. Similar to previous years, the company has not had access to such information that would make it possible to recognize this plan as a defined-benefit plan. Accordingly, the ITP pension plan secured on the basis of insurance with Alecta is recognized as a defined-contribution plan. At September 30, 2009, Alecta's surplus in the form of the collective consolidation level amounted to 136%. The collective consolidation rate comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

Severance pay
A provision is recognized in conjunction with the termination of employment only if the company is unquestionably obligated to terminate employment prior to the scheduled time or when remuneration is paid as an offer to encourage voluntary resignation. In cases where the company terminates employment, a detailed plan is prepared that includes workplace, positions held, the approximate number of employees involved, the remuneration for each personnel category or position and the time of the implementation of the plan.

Provisions
A provision is recognized when the company has an existing legal or informal obligation resulting from a transpired event and it is likely that a flow of resources will be required for its settlement and a reliable estimate of the amount can be performed. Where the effect of when payment occurs is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the monetary value over time and, if appropriate, the risks associated with the debt.

Taxes
Income taxes recognized in profit and loss include tax that is to be paid or received and pertains to the current year, adjustments of current tax in prior years and changes in deferred tax. These taxes have been calculated in accordance with the applicable tax regulations in each country.

Tax liabilities/assets are measured at nominal amounts in accordance with the taxation rules and tax rates that have been decided or announced and that with considerable certainty will be implemented.

For items recognized in profit and loss, the associated tax effects are also recognized in profit and loss. Tax effects of items recognized directly in shareholders' equity are recognized in shareholders' equity.

Deferred tax is calculated and recognized on all temporary differences between the tax-assessment value and the carrying amount of assets and liabilities, and for other deductions for tax purposes or loss carryforwards. Deferred tax assets are recognized as long-term receivables and deferred tax liabilities are recognized as long-term liabilities.

Current tax receivables/tax liabilities are recognized as current in the balance sheet.

The value of deferred tax assets is assessed every time the annual accounts are prepared and is reduced to the extent that it is no longer probable that sufficiently large taxable profits will be available to offset all or portions of the deferred tax assets.

Cash-flow statement
The cash-flow statement was prepared in accordance with the indirect method. The reported cash flow only includes transactions that involve receipts or disbursements.

Segment reporting
RNB consists of three business areas: Polarn O. Pyret, Department Stores and Store Concepts. These business areas comprise the principal basis of division for segment information. The segments' earnings, assets and liabilities include directly attributable items that can be allocated to the segment in a reasonable and reliable manner.

Contingent liabilities
A contingent liability is recognized when a possible obligation arises from past events whose existence will only be confirmed by one or more uncertain future events or when an obligation exists that is not reported as a liability or provision, since it is not probable that an outflow of resources will be required.

Parent Company's accounting policies
The Parent Company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. According to RFR 2.2, the Parent Company, in the annual accounts for legal entities, must apply all EU-approved IFRS and statements, to the greatest possible extent, within the framework of the Annual Accounts Act and taking into consideration the relationship between accounting and taxation. The recommendation specifies the exceptions and supplements that are permissible in relation to IFRS. The differences between the Group's and the Parent Company's accounting policies are presented below.

Leasing agreements
All leasing agreements in the Parent Company are recognized as rental agreements, irrespective of whether they are financial or operational.

Taxes
In the Parent Company, as a result of the relationship between reporting and taxation, the deferred tax liability on untaxed reserves is recognized as part of untaxed reserves. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity.

Group contributions
The Parent Company reports Group contributions in accordance with the statement by the Swedish Financial Reporting Board, UFR 2. Group contributions are recognized in accordance with their financial impact. This means that Group contributions paid or received to reduce the total tax of the Group are recognized directly against profit brought forward less deductions for the tax effect.

Anticipated dividends
Anticipated dividends from subsidiaries are recognized when the Parent Company alone has the right to determine the size of the dividend and the Parent Company has made a decision regarding the size of the dividend prior to the Parent Company publishing its financial statements.

Notes

Amounts are in SEK 000s, unless stated otherwise.

Note 1 Segment reporting

Sep 08–Aug 09	Polarn O. Pyret	Department Stores	Store Concepts	Other	Eliminations	Total
Revenues						
External sales	426,276	1,153,019	1,628,034	0	–	3,207,329
Internal sales	4,893	0	1,954	104,248	–111,095	0
Other revenues	2,147	2,250	32	281	0	4,710
Total revenues	**433,316**	**1,155,269**	**1,630,020**	**104,529**	**–111,095**	**3,212,039**
Earnings						
Profit/loss per business segment	77,357	–27,911	–649,813	–35,691	0	–636,058
Operating profit/loss	**77,357**	**–27,911**	**–649,813**	**–35,691**	**0**	**–636,058**
Other disclosures						
Assets	146,188	598,252	1,875,504	309,523	–328,567	2,600,900
Liabilities and provisions	115,117	261,538	453,591	1,027,921	–328,567	1,529,600
Investments	4,008	2,914	13,510	23,045	0	43,477
Depreciation/amortization	7,016	22,819	32,150	37,665	0	99,650

Sep 07–Aug 08	Polarn O. Pyret	Department Stores	Store Concepts	Other	Eliminations	Total
Revenues						
External sales	391,174	1,153,450	1,881,578	–	–	3,426,202
Internal sales	5,040	5,692	–	132,431	–143,163	0
Other revenues	1,431	6,261	5,606	204	–	13,502
Total revenues	**397,645**	**1,165,403**	**1,887,184**	**132,635**	**–143,163**	**3,439,704**
Earnings						
Profit/loss per business segment	70,260	–22,909	–20,090	–25,461	–	1,800
Operating profit/loss	**70,260**	**–22,909**	**–20,090**	**–25,461**	**–**	**1,800**
Other disclosures						
Assets	152,364	601,130	2,453,332	586,364	–464,954	3,328,236
Liabilities and provisions	109,381	445,577	560,858	1,273,292	–464,954	1,924,154
Investments	8,554	31,304	80,913	43,173	–	163,944
Depreciation/amortization	6,584	25,557	45,107	23,758	–	101,006

Net sales per country

Group	**Sep 08–Aug 09**	Sep 07–Aug 08
Sweden	2,544,094	2,720,318
Norway	358,853	420,364
Denmark	94,160	84,615
Finland	182,788	173,748
Other countries	27,434	27,157
Total	**3,207,329**	**3,426,202**

Note 2 Personnel and personnel costs

Average number of employees distributed among women and men

Group	Sep 08–Aug 09 Total	Sep 08–Aug 09 Of whom, men	Sep 07–Aug 08 Total	Sep 07–Aug 08 Of whom, men
Sweden	1,262	239	1,217	226
Norway	211	35	225	34
Finland	118	19	124	17
Denmark	95	12	96	10
	1,686	**305**	**1,662**	**287**

Parent Company	Sep 08–Aug 09 Total	Sep 08–Aug 09 Of whom, men	Sep 07–Aug 08 Total	Sep 07–Aug 08 Of whom, men
Sweden	59	26	134	44
	59	**26**	**134**	**44**

Distribution between women and men in the Board of Directors and Management Group at August 31, 2009

Group	Sep 08–Aug 09 Total	Sep 08–Aug 09 Of whom, men	Sep 07–Aug 08 Total	Sep 07–Aug 08 Of whom, men
Board of Directors	7	6	7	6
Management Group excl. President	9	4	9	5

Wages, salaries, other remuneration and social security costs

Group total	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	8,615	500,119	508,734	7,776	486,996	494,772
Social security costs	3,117	124,326	127,443	2,642	126,762	129,404
Pension costs	2,323	28,285	30,608	1,388	27,839	29,227
	14,055	**652,730**	**666,785**	**11,806**	**641,597**	**653,403**

Group Sweden	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	8,615	378,518	387,133	7,776	361,947	369,723
Social security costs	3,117	112,434	115,551	2,642	113,855	116,497
Pension costs	2,323	18,468	20,791	1,388	19,079	20,467
	14,055	**509,420**	**523,475**	**11,806**	**494,881**	**506,687**

Group Norway	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	–	60,896	60,896	–	67,988	67,988
Social security costs	–	9,010	9,010	–	9,453	9,453
Pension costs	–	860	860	–	405	405
	–	**70,766**	**70,766**	**–**	**77,846**	**77,846**

Group Finland	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	–	33,362	33,362	–	30,710	30,710
Social security costs	–	2,476	2,476	–	2,995	2,995
Pension costs	–	5,839	5,839	–	5,878	5,878
	–	**41,677**	**41,677**	**–**	**39,583**	**39,583**

Note 2 Cont'd

Group Denmark	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	–	27,344	27,344	–	26,350	26,350
Social security costs	–	406	406	–	459	459
Pension costs	–	3,118	3,118	–	2,477	2,477
	–	**30,868**	**30,868**	**–**	**29,286**	**29,286**

Parent Company	Sep 08–Aug 09 Board members and President	Sep 08–Aug 09 Other employees	Sep 08–Aug 09 Total	Sep 07–Aug 08 Board members and President	Sep 07–Aug 08 Other employees	Sep 07–Aug 08 Total
Wages, salaries and other remuneration	3,024	25,845	28,869	2,915	56,517	59,432
Social security costs	1,087	9,383	10,470	935	17,349	18,284
Pension costs	895	3,307	4,202	479	3,521	4,000
	5,006	**38,535**	**43,541**	**4,329**	**77,387**	**81,716**

Remuneration of Board members and senior executives

Principles

The Chairman and Members of the Board receive director fees in accordance with resolutions by the Annual General Meeting. No special fee is paid for committee work. Remuneration of the President and other senior executives consists of basic salary, variable compensation and a provision for pensions. Other senior executives are defined as those persons who together with the President are the members of Group Management.

Preparation and decision-making process

The Board of Directors has appointed a Remuneration Committee that addresses the matter of remuneration paid to the President and other executives who report directly to the President.

Board of Directors

During the 2008/2009 fiscal year, Board Members received total director fees of SEK 875,000, of which SEK 250,000 was paid to the Chairman of the Board and SEK 125,000 to other Board members who are not employed by the company (refer to the table below). The Chairman of the Board and the other Board members received no other remuneration or benefits during the year and no pension costs were charged against consolidated earnings.

President

The President and CEO, Mikael Solberg, received a salary and other remuneration totaling SEK 2,149,000 during the 2008/2009 fiscal year. The President is entitled to a maximum bonus of 500, based mainly on the Group's pretax earnings. The President did not receive any bonus for the 2008/2009 fiscal year.

RNB's pension costs for the President and CEO amounted to SEK 895,000 during the fiscal year. The President is covered by an occupational pension plan corresponding to a premium of 35% of his current annual salary. The President is entitled to an optional pension solution. The parties agree that the pension provision selected must, under all circumstances, be tax deductible for the company. The ordinary age of retirement is 65 years.

The President is subject to 12 months' employment termination notice if his employment is terminated by the company, and six months if it is initiated by the President. Unchanged salary will be paid during periods of notice.

Related-party transactions

During the 2008/2009 fiscal year, the RNB Group procured printed materials in an amount of SEK 2,117,000 from a company related to Mikael Solberg. Pricing of the products was based on normal commercial terms. On August 31, 2009, RNB owed this related company SEK 58,000.

In January 2005, Polarn O. Pyret signed an agreement pertaining to purchasing cooperation with the New Wave Group for the Chinese market. Since then, the cooperation has developed through RNB establishing an outlet store in Kosta. RNB's Board member Torsten Jansson is the working Chairman of the Board of New Wave Group AB. The cooperation was in progress before Torsten Jansson was elected to RNB's Board of Directors and he is not involved in decisions concerning the cooperation.

During the year, the Department Stores and Store Concepts business areas procured goods for resale from companies in which Nils Vinberg is a Board member. Pricing of the products was based on normal commercial terms, which are based on purchasing agreements signed before Vinberg became a member of the RNB's Board of Directors.

Other senior executives

Other senior executives are defined as those persons who, apart from the President, are members of the Management Group. During the 2008/2009 fiscal year, the following persons were members of the Management Group: Mikael Solberg, Göran Blomberg, Gunnar Bergquist, Roger Kylberg, Ann-Christin Edling Jönsson, Lea Rytz Goldman, Agnes Öhlund, Tina Zetterström, Anders Lundström, Cecilia Lannebo and David Thörewik. Salary and other payments totaling SEK 9,129,000 were paid to senior executives in the 2008/2009 fiscal year.

Other senior executives are subject to six to 12 months' employment termination notice if their employment is terminated by the company and three to six months if it is terminated by the executive. Unchanged salary will be paid during periods of notice.

The age of retirement for other senior executives is 65 years. Pension fees are payable either in accordance with the ITP plan or in amounts corresponding to 20–25% of the gross salary of the senior executives. RNB's pension costs for the other senior executives amounted to SEK 2,126,000 for the 2008/2009 fiscal year.

Note 2 Cont'd

Remuneration of the Board of Directors and President

	Sep 08–Aug 09			Sep 07–Aug 08		
	Salaries and director fees	Of which bonus	Pension cost	Salaries and director fees	Of which bonus	Pension cost
Chairman of the Board, Claes Hansson	250.0			250.0		
Board member, Jan Carlzon	125.0			125.0		
Board member, Torsten Jansson	125.0			125.0		
Board member, Lilian Fossum	62.5			–		
Board member, John Wallmark	62.5			–		
Board member, Nils Vinberg	62.5			–		
Board member, Eva Kempe Forsberg	62.5			125.0		
Board member, Hans Risberg	62.5			125.0		
Board member, Pelle Törnberg	62.5			125.0		
President and CEO, Mikael Solberg	2,149.0	0	895.0	2,040.0	0	479.0
	3,024.0	**0**	**895.0**	**2,915.0**	**0**	**479.0**

Reporting of sickness absence, Sweden

	Group			**Parent Company**		
Sep 08–Aug 09	Women	Men	Total	Women	Men	Total
Ordinary working hours (thousands of hours)	1,894	322	2,216	56	46	103
Sickness absence (thousands of hours)	69	7	76	1	1	2
– Employees, up to 29 years of age, %	2.8	3.7	3.0		0	0.7
– Employees 30–49 years of age, %	3.7	1.3	3.3	2.9	2.0	2.4
– Employees, 50 years of age or above, %	7.2	–	6.9			1.4
Total, %	**3.6**	**2.4**	**3.4**	**2.4**	**1.9**	**2.1**
Of which, long-term sickness absence (more than 60 days)	31.9	2.2	29.0	0	0	0

	Group			**Parent Company**		
Sep 07–Aug 08	Women	Men	Total	Women	Men	Total
Ordinary working hours (thousands of hours)	1,698	411	2,109	156	78	234
Sickness absence (thousands of hours)	82	11	93	6	2	8
– Employees, up to 29 years of age, %	3.3	3.0	3.2	4.2	6.1	4.7
– Employees 30–49 years of age, %	5.6	2.1	5.0	3.5	0.5	2.3
– Employees, 50 years of age or above, %	10.2	6.4	10.0	4.3	3.0	4.1
Total, %	**4.8**	**2.8**	**4.4**	**3.9**	**2.2**	**3.3**
Of which, long-term sickness absence (more than 60 days)	36.4	4.3	32.5	10.4	0.0	8.1

Total sickness absence pertains to Swedish units and is stated as a percentage of the employees' total ordinary working hours. Long-term sickness absence is the percentage of sickness absence pertaining to a consecutive period of absence of 60 days or more. Ordinary working hours are defined as working hours specified in collective agreements or other agreements with employees. Vacation leave is included in ordinary working hours. Sickness absence is not reported for groups of not more than ten employees.

Note 3 Remuneration to auditors

Group	Sep 08–Aug 09	Sep 07–Aug 08
Audit assignments		
Ernst & Young AB	4,423	3,680
KPMG AB	–	131
	4,423	**3,811**
Other assignments		
Ernst & Young AB	2,060	614
KPMG AB	–	0
	2,060	**614**

Parent Company	Sep 08–Aug 09	Sep 07–Aug 08
Audit assignments		
Ernst & Young AB	945	799
	945	**799**
Other assignments		
Ernst & Young AB	1,862	314
	1,862	**314**

Audit assignments comprise the examination of the annual report and the financial accounts, as well as the management by the Board of Directors and President, other duties that the Company's auditors are obliged to perform and advisory services or other assistance resulting from observations made during such examinations or the implementation of such duties. Everything else is regarded as other assignments.

Note 4 Exchange-rate differences

Exchange-rate gains of SEK 4,133,000 (gain: 18,626,000) had an impact on the consolidated income statement during the fiscal year. The exchange-rate differences were attributable to the Group's purchases of goods and recognized in profit and loss under "Goods for resale."

Note 5 Taxes

Tax on net profit/loss for the year

	Group		Parent Company	
	Sep 08–Aug 09	Sep 07–Aug 08	**Sep 08–Aug 09**	Sep 07–Aug 08
Current tax	–	−689	20,519	28,718
Current tax attributable to prior years	−6,055	1,908	−7,113	−53
Deferred tax	31,903	−12,703	2,056	−6,566
	25,848	**−11,484**	**15,462**	**22,099**

Deferred tax for the year

	Group		Parent Company	
	Sep 08–Aug 09	Sep 07–Aug 08	**Sep 08–Aug 09**	Sep 07–Aug 08
Deferred tax pertaining to change in untaxed reserves	20,437	−2,409	–	–
Deferred tax pertaining to loss carryforwards	−2,953	−10,714	2,056	−6,566
Deferred tax costs pertaining to other temporary differences	−228	−2,890	–	–
Deferred tax revenue pertaining to other temporary differences	14,647	3,310	–	–
	31,903	**−12,703**	**2,056**	**−6,566**

Tax pertaining to items reported directly against shareholders' equity

	Group		Parent Company	
	Sep 08–Aug 09	Sep 07–Aug 08	**Sep 08–Aug 09**	Sep 07–Aug 08
Tax effect of Group contribution	–	–	−20,519	−28,718
Other tax effect	3,216	–	3,216	–
	3,216	**–**	**−17,303**	**−28,718**

Difference between the Group's tax costs and tax costs based on the current tax rate

	Group		Parent Company	
	Sep 08–Aug 09	Sep 07–Aug 08	**Sep 08–Aug 09**	Sep 07–Aug 08
Reported pretax loss	−688,663	−51,738	−648,508	−137,962
Tax according to current tax rate (28%)	192,826	14,487	181,582	38,629
Tax effect of non-deductible items				
- Impairment of participations in subsidiaries	–	–	−164,080	−16,800
- Impairment of goodwill	−140,000	–	–	–
- Other, non-deductible	−1,310	−1,562	−139	−225
Tax effect of non-taxable items				
- Anticipated dividends	–	–	–	–
Effect of tax change attributable to prior years	−6,055	1,908	−7,113	−53
Effect of changed tax rates[1]	7,580	–	−1,850	–
Effect of other tax rates in foreign subsidiaries	−1,294	−1,637	–	–
Unutilized and reassessed items[2]	−25,899	−24,680	7,062	548
	25,848	**−11,484**	**15,462**	**22,099**

1 The corporate income tax rate in Sweden was changed from 28% to 26.3% from fiscal years beginning January 1, 2009. Deferred tax is calculated according to the new rate of 26.3%.

2 The tax effect of unutilized and reassessed loss carryforwards.

Note 5 Cont'd

Temporary differences pertaining to the following items resulted in deferred tax liabilities and deferred tax assets:

	Group		Parent Company	
	Aug 31, 2009	Aug 31, 2008	**Aug 31, 2009**	Aug 31, 2008
Deferred tax liabilities				
Untaxed reserves	–19,986	–43,639	–	–
Fixed assets				
–Rental rights	–707	–1,307	–	–
–Trademarks	–131,500	–140,000	–	–
–Equipment	–368	–588	–	–
Derivative assets	–	–2,173	–	–
Deferred tax assets				
Fixed assets				
–Rental rights	1,683	1,792	–	–
–Equipment	1,917	977	–	–
Provision for restructuring costs	–	–	–	–
Provisions for pensions	1,961	2,080	–	–
Derivative liabilities	1,414	–	–	–
Loss carryforwards in Sweden	29,364	23,350	28,622	23,350
Loss carryforwards in foreign subsidiaries	–	8,225	–	–
	–116,222	**–151,283**	**28,622**	**23,350**

In view of the future profits anticipated during the years ahead, RNB is expected to be able to benefit from the recognized loss carryforwards. For this reason, the related deferred tax assets are recognized. All recognized loss carryforwards pertain to loss carryforwards arising in Sweden. Unutilized, unrecognized loss carryforwards are found in the Group's foreign subsidiaries.

Deferred tax assets and tax liabilities are offset against each other if there is a legal right to offset the particular tax assets and tax liabilities and if the deferred taxes pertain to the same tax authority. After such offsetting, the following amounts arose and were recognized in the balance sheet:

	Group		Parent Company	
	Sep 08– Aug 09	Sep 07– Aug 08	**Sep 08– Aug 09**	Sep 07– Aug 08
Deferred tax assets	–	8,225	28,622	23,350
Deferred tax liabilities	–116,222	–159,508	–	–
	–116,222	**–151,283**	**28,622**	**23,350**

Note 6 Intangible fixed assets

The goodwill that resulted from the implemented acquisition of subsidiaries during the year pertained in its entirety to synergies that became available as a result of the acquisitions. The anticipated synergies pertain to more effective logistics, mergers and more favorable purchasing terms from external suppliers.

In addition to goodwill, the Group has trademarks that are estimated to have an indefinite useful life. On August 31, 2009, the value of these acquired trademarks was SEK 500,000,000, which was attributable entirely to the JC trademark. The useful life of the strategic trademark JC, which is well established in its market and which the Group intends to retain and enhance, is estimated to be indefinite.

Goodwill and the trademarks associated with the Group's segments that are deemed to be cash-generating units are impairment tested every year. The Group has considerable values in the form of goodwill and trademarks and the recoverable amount of both of these items is based on the same major assumptions. Impairment testing is based on calculations of future values in use. The calculations are based on forecasts of cash flows over a period of five years, linked to the Group's strategic plans, and, thereafter, on a perpetual flow, since it is not possible to establish a limited useful life for these assets.

The cash flows forecast after the first five years are based on an annual growth rate of 2%, which corresponds to the long-term growth rate in the market. The forecast cash flows have been calculated at present value based on a discount interest rate of 11% before tax.

In light of the trend and performance of the Store Concepts segment to date, the impairment testing carried out in 2008/2009 included a review of future expectations, which meant that the currently recognized amount of goodwill could not be justified. Accordingly, an impairment loss of SEK 500,000,000 on goodwill was recognized for the 2008/2009 fiscal year.

A general analysis of the sensitivity of the variables utilized was performed. Assuming a decline in the annual growth rate from 2% to 1%, an additional impairment loss of SEK 133 M would be required, and assuming an increase in the discount rate from 11% to 12% before tax, an additional impairment loss of SEK 167 M would be required.

Note 7 Trademarks

Group	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	500,000	500,000
Closing accumulated acquisition value	**500,000**	**500,000**

Note 8 Software

Group	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	72,182	–
Reclassification	–	9,121
Acquisitions for the year	21,447	63,061
Closing accumulated acquisition value	**93,629**	**72,182**
Opening amortization	–9,456	–
Amortization for the year	–16,654	–9,456
Closing accumulated amortization	**–26,110**	**–9,456**
Closing planned residual value	**67,519**	**62,726**

Note 8 Cont'd

Parent Company	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	26,665	–
Acquisitions for the year	19,126	26,665
Closing accumulated acquisition value	**45,791**	**26,665**
Opening amortization	–1,554	–
Amortization for the year	–7,104	–1,554
Closing accumulated amortization	**–8,658**	**–1,554**
Closing planned residual value	**37,133**	**25,111**

The Group's fixed assets include lease items pertaining to IT platforms held on the basis of financial leasing contracts with an acquisition value of SEK 45,912,000 (45,517,000) and accumulated amortization amounting to SEK 17,066,000 (7,902,000).

Note 9 Rental rights

Group	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	188,946	192,519
Acquisitions for the year	4,251	1,778
Sales during the year	–5,074	–5,466
Translation differences	–	115
Closing accumulated acquisition value	**188,123**	**188,946**
Opening amortization	–142,525	–132,489
Sales during the year	3,875	4,226
Amortization for the year	–10,217	–14,181
Translation differences	–	–81
Closing accumulated amortization	**–148,867**	**–142,525**
Opening impairment losses	–18,731	–18,711
Translation differences	–	–20
Closing accumulated impairment losses	**–18,731**	**–18,731**
Closing planned residual value	**20,525**	**27,690**

Note 10 Goodwill

Group	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	1,376,432	1,329,133
Acquisitions for the year	–	47,299
Translation differences	–419	–
Impairment losses for the year	–500,000	–
Closing accumulated acquisition value	**876,013**	**1,376,432**

Goodwill item distributed by segment:

	Aug 31, 2009	Aug 31, 2008
Polarn O. Pyret	1,660	1,660
Department Stores	233,445	233,445
Store Concepts	640,908	1,141,327
	876,013	**1,376,432**

Note 11 Equipment and store furnishings

Group	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	611,674	549,219
Acquisitions during the year	52,080	77,703
Accumulated acquisition value, acquired companies	1,724	6,731
Sales and disposals for the year	–22,348	–13,945
Reclassification	–	–9,121
Translation differences	5,321	1,087
Closing accumulated acquisition value	**648,451**	**611,674**
Opening depreciation	–396,429	–311,401
Sales and disposals for the year	22,518	13,096
Accumulated depreciation, acquired companies	–1,123	–5,676
Depreciation for the year	–72,778	–77,369
Impairment losses for the year	–	–14,234
Translation differences	–3,788	–845
Closing accumulated depreciation	**–451,600**	**–396,429**
Closing planned residual value	**196,851**	**215,245**

The Group's fixed assets include leased items pertaining to store computer systems held on the basis of financial leasing contracts with an acquisition value of SEK 111,514,000 (75,489,000) and accumulated depreciation amounting to SEK 73,837,000 (66,077,000).

Parent Company	Aug 31, 2009	Aug 31, 2008
Opening acquisition value	64,186	44,458
Acquisitions for the year	2,353	19,728
Closing accumulated acquisition value	**66,539**	**64,186**
Opening depreciation	–29,288	–18,312
Depreciation for the year	–12,074	–10,976
Closing accumulated depreciation	**–41,362**	**–29,288**
Closing planned residual value	**25,177**	**34,898**

Note 12 Shares in subsidiaries

Company	Corporate Registration Number	Head Office	Number	Share of equity (%)	Carrying amount
Ängsviol Blomstern AB	556539–1926	Stockholm	1,000	100	21,000
Polarn O. Pyret AB	556235–7383	Stockholm	10,000	100	–
C/o Department & Stores Nordic AB	556403–1325	Stockholm	15,000	100	65,800
Portwear AB	556188–7513	Stockholm	1,911,680	100	233,593
Departments & Stores Europe AB	556541–8778	Stockholm	810,000	100	–
Departments & Stores Norway AS	987 901 675	Oslo	100	100	–
Departments & Stores Denmark AS	30 27 43 18	Copenhagen	10,000,000	100	–
Skandinaviskt Dammode AB	556542–9627	Stockholm	5,000	100	2,900
Skandinaviskt Herrmode AB	556445–9039	Stockholm	8,000	100	3,000
JC AB	556468–8991	Stockholm	37,147,880	100	1,260,065
JC Sverige AB	556308–6734	Stockholm	1,000	100	–
Brothers & Sisters Sverige AB	556513–6826	Stockholm	1,000	100	–
Meijer & Meijer AB	556345–1748	Stockholm	1,000	100	–
JC Jeans & Clothes AS	961 313 880	Oslo	500	100	–
JC Retail AS	875 337 122	Oslo	100	100	–
JC Jessheim AS	985 548 307	Oslo	91	91	–
Nordic Textile Grosshandels GmbH	HR B 52245	Cologne	1	100	–
JC Jeans & Clothes Oy	760.404	Helsinki	4,000	100	–
Brothers & Sisters AB	556778–5059	Stockholm	1,000	100	100
Carrying amount					**1,586,458**

The shareholding and proportion of voting rights are the same in all companies.

Parent Company	Aug 31, 2009	Aug 31, 2008
Opening carrying amount	2,086,358	2,055,102
Acquisitions during the year	–	31,256
Shareholders' contribution paid	86,000	60,000
Impairment losses for the year	–586,000	–60,000
Closing carrying amount	**1,586,358**	**2,086,358**

Note 13 Prepaid expenses and accrued income

Group	Aug 31, 2009	Aug 31, 2008
Prepaid rent	31,565	25,844
Prepaid other costs	52,674	45,339
Derivative asset	–	7,761
Accrued income	3,220	10,887
	87,459	**89,831**

Parent Company	Aug 31, 2009	Aug 31, 2008
Prepaid rent	1,665	1,671
Prepaid other costs	14,210	9,422
	15,875	**11,093**

In accordance with IAS 39, derivative assets are classified in the financial assets measured at fair value in profit and loss category and accrued income is classified in the loan receivables category.

Not 14 Provisions for pensions

The Group's net obligation pertaining to defined-benefit plans is calculated separately for each plan by means of an estimation of the future payments vested to employees through their employment during both the current and prior periods. This amount is discounted to present value and the fair value of any plan assets is deducted.

For actuarial gains and losses that arise in the calculation of the Group's commitments for various plans, the so-called corridor rule is applied. The corridor rule means that the portion of the accumulated actuarial gains and losses that exceeds 10% of the larger of the commitment's present value and the fair value of the planned assets is recognized in profit and loss during the anticipated average remaining period of service of the employees covered by the plan. Otherwise, actuarial gains and losses are not taken into account.

The defined-benefit pension plans are unfunded, which is why no planned assets are recognized. All defined-benefit plans refer to Sweden.

Note 14 Cont'd

Pensions and other remuneration, post-employment
Defined-benefit plans

Group	Aug 31, 2009	Aug 31, 2008
Present value of unfunded obligations	27,131	29,423
Unrecognized actuarial gains (+) and losses (-)	–227	1,276
	26,904	**30,699**

Change in net obligation for defined-benefit plans reported in the balance sheet

Group	Aug 31, 2009	Aug 31, 2008
Net obligation for defined-benefit plans, September 1	30,699	28,377
Paid remuneration	–238	–336
Costs recognized in profit and loss	1,323	2,658
Redemption of obligation	–4,880	–
Net obligation for defined-benefit plans, August 31	**26,904**	**30,699**

Assumptions underlying defined-benefit obligations
Principal actuarial assumptions on the balance-sheet date (expressed as weighted averages)

Group	Aug 31, 2009	Aug 31, 2008
Discount rate on August 31	4.5	4.5
Future pay rises, %	3.0	3.0
Anticipated remaining period in service, years	23	27
Future increase in pensions, %	2.0	2.0

Costs recognized in profit and loss

Group	Sep 08–Aug 09	Sep 07–Aug 08
Benefits vested during the period	98	1,180
Adjustments to unrecognized actuarial gains/losses due to redemption	–211	-
Interest	1,436	1,478
	1,323	**2,658**

Costs recognized under the following items in profit and loss

Group	Sep 08–Aug 09	Sep 07–Aug 08
Personnel expenses	–113	1,180
Interest expense and similar profit/loss items	1,436	1,478
	1,323	**2,658**

For the 2008/2009 fiscal year, the Group's expenses for defined-contribution pension plans amounted to SEK 29.9 M (27.8).

Note 15 Liabilities to credit institutions

Liabilities to credit institutions
The Group has four loans with credit institutions. The loans are subject to variable interest rates and to the following terms and conditions:

Loan amount Aug 31, 2009 (SEK 000s)	**Interest rate** Aug 31, 2009 (%)	**Repayment** per quarter (SEK 000s)
518,731	2.11	20,750
12,000	5.70	4,000
3,500	5.50	500
1,500	5.70	300

During the 2009/2010 fiscal year, repayments took place in accordance with the above repayment plan and an additional repayment of SEK 41,500,000 was made. The conditions of the signed loan agreement are described in Note 25.

In addition to the above, there is a liability pertaining to a financial lease agreement. The present value of future repayment obligations resulting from these financial lease contracts is recognized as "liabilities to credit institutions" in the amount of SEK 69,643,000 (48,809,000), including a short-term portion of SEK 18,256,000 (10,839,000). The entire liability is due for repayment within five years.

Note 16 Overdraft facilities

Group
Overdraft facilities granted on August 31, 2009 amounted to SEK 305.1 M (granted on August 31, 2008: SEK 467.0 M).

Parent Company
Overdraft facilities granted on August 31, 2009 amounted to SEK 235.0 M (granted on August 31, 2008: SEK 400.0 M).

Note 17 Accrued expenses and prepaid income

Group	Aug 31, 2009	Aug 31, 2008
Accrued vacation and payroll liabilities	64,925	60,245
Accrued social security contributions	47,233	34,795
Derivative liabilities	5,375	–
Other accrued costs	43,597	41,210
	161,130	**136,250**

Parent Company	Aug 31, 2009	Aug 31, 2008
Accrued vacation and payroll liabilities	1,801	5,001
Accrued social security contributions	4,797	4,726
Other accrued costs	4,531	4,056
	11,129	**13,783**

In accordance with IAS 39, derivative liabilities are classified in the "financial liabilities measured at fair value in profit and loss" category and accrued costs are classified in the "other financial liabilities category."

Note 18 Restructuring costs/provisions

Restructuring costs of SEK 35,341,000 were recognized in profit and loss in 2007/2008. The item refers to impairment losses on fixed assets and inventories incurred by the Department Stores operations in Norway and Denmark.

Note 19 Pledged assets

For liabilities to credit institutions and overdraft facilities

Group	Aug 31, 2009	Aug 31, 2008
Chattel mortgages	353,550	350,250
Leased fixed assets	66,523	47,027
Shares in subsidiaries	1,578,873	2,150,384
	1,998,946	**2,547,661**

Parent Company	Aug 31, 2009	Aug 31, 2008
Shares in subsidiaries	1,586,358	2,086,358
	1,586,358	**2,086,358**

Note 20 Contingent liabilities

Group	Aug 31, 2009	Aug 31, 2008
Other guarantees	8,978	15,316
	8,978	**15,316**

Parent Company	Aug 31, 2009	Aug 31, 2008
Guarantees for subsidiaries	184,951	130,042
	184,951	**130,042**

Note 21 Rental and leasing agreements

Group and Parent Company
The Group and the Parent Company have entered into rental agreements regarding stores and offices subject to the following rental commitments. For agreements that are revenue based, only the basic rent is stated for future commitments.

Payments during the fiscal year	Group	Parent Company
September 2008 – August 2009	423,834	42,560

The Group's future commitments for leasing and rental agreements amount to the following:

Payments due	Group	Parent Company
September 2009 – August 2010	357,745	42,133
September 2010 – August 2011	251,635	39,899
September 2011 – August 2012	169,936	35,006
After August 2012	156,183	20,975

Note 22 Cash-flow statement

Adjustment for items not included in the cash flow

Group	Aug 31, 2009	Aug 31, 2008
Depreciation/amortization	99,650	101,006
Effects of financial leasing	–18,953	–13,537
Capital gain/loss on the sale of fixed assets	465	–376
Impairment losses on fixed assets	500,000	14,242
	581,162	**101,335**

Parent Company	Aug 31, 2009	Aug 31, 2008
Depreciation/amortization	19,178	12,525
	19,178	**12,525**

Cash and cash equivalents in the cash-flow statement comprise cash and bank balances amounting to SEK 15,821,000 for the Group and SEK 34,000 for the Parent Company at August 31, 2009.

Not 23 Acquisition and divestment of subsidiaries

One franchise company, pertaining to the Store Concepts business area, was acquired during the fiscal year. In addition, a new subsidiary was formed.

The fair value of assets and liabilities acquired during the 2008/2009 fiscal year was as follows:

Item	Meijer & Meijer AB	Brothers & Sisters AB
Rental rights	1,521	
Equipment	601	
Deferred tax assets	342	
Inventories	4,751	
Current receivables	1,000	
Cash and cash equivalents	–	100
Current liabilities	–8,215	
Purchase consideration paid	0	100
Cash and cash equivalents in acquired companies	0	–100
Impact on the Group's cash and cash equivalents	**0**	**0**

Note 23 Cont'd

The fair value of assets and liabilities acquired during the 2007/2008 fiscal year was as follows:

Item	Leif och Gittan Handel AB	Kulla B&P AB	Jeanspartner AS	Jeans Kompaniet AS	Compulsory redeemed JC AB	Total
Goodwill	19,588	1,660	2,662	3,282	20,107	47,299
Equipment	791	65	74	96	–	1,026
Deferred tax assets	–	–	264	362	–	626
Inventories	6,583	398	–	–	–	6,981
Current receivables	1,134	57	40	478	–	1,710
Cash and cash equivalents	2,331	38	25	158	–	2,552
Current liabilities	–11,371	–518	–447	–1,225	–	–13,561
Minority interest	–	–	–	–	11,150	11,150
Purchase consideration paid	19,056	1,700	2,618	3,152	31,257	57,783
Cash and cash equivalents in acquired companies	–2,331	–38	–25	–160	–	–2,554
Impact on the Group's cash and cash equivalents	**16,725**	**1,662**	**2,593**	**2,992**	**31,257**	**55,229**

The goodwill that resulted from the acquisition of subsidiaries pertained in its entirety to synergies that became available as a result of the acquisitions. The anticipated synergies pertain to more effective logistics, mergers and more favorable purchasing terms from external suppliers. No additional intangible assets, which can be priced, were identified. It is not deemed possible to provide reliable information on the acquired operations' impact on the Group's earnings and financial position based on the assumption that the acquisitions had become effective at the beginning of the year.

Note 24 Results from participation in Group companies

Parent Company	Aug 31, 2009	Aug 31, 2008
Impairment of shares in subsidiaries	–586,000	–60,000
	–586,000	**–60,000**

Note 25 Financial instruments

Financial assets

The financial assets that are available for utilization by the Group comprise cash and cash equivalents, accounts receivable, loan receivables and financial assets measured at fair value in profit and loss. All amounts stated below under Cash and cash equivalents, Loan receivables and accounts receivables and Forward contracts correspond to the carrying amounts in the Group. The carrying amounts correspond to the fair values of each particular asset.

Cash and cash equivalents

Cash and cash equivalents are deposited in bank accounts at standard rates of interest. On August 31, 2009, cash and cash equivalents amounted to SEK 15,281,000 for the Group and SEK 35,000 for the Parent Company.

Loan receivables and accounts receivables

The terms and conditions for payment for accounts receivables allow 10–30 days of credit. On August 31, 2009, accounts receivables amounted to SEK 222,157,000 for the Group and SEK 45,000 for the Parent Company.

Age analysis	Aug 31, 2009	Aug 31, 2008
Not due	168,760	234,754
> 60 days	17,213	37,098
60 – 90 days	5,807	2,851
90 – 180 days	19,958	9,817
> 180 days	42,368	11,309
Total accounts receivable	**254,106**	**295,829**
Provision for depreciation/amortization	–31,949	–4,835
Total	**222,157**	**290,994**

Financial liabilities

The financial liabilities that are available for utilization by the Group comprise accounts payable, overdraft facilities, loans from credit institutions and financial liabilities measured at fair value in profit and loss. All amounts stated below under financial liabilities correspond to the carrying amounts in the Group. The carrying amounts correspond to the fair values of each particular asset.

Accounts payable

The Group's accounts payable consist mainly of liabilities in SEK, EUR and USD. The terms and conditions for payment for accounts payable allow 10-90 days of credit.

Financial liabilities measured at fair value in profit and loss

Outstanding transaction hedges and value on August 31, 2009:

Currency	Hedged volume	Fair value	Number of hedged months
EUR	3,000	–946	0–6 months
USD	10,000	–3,569	0–6 months
USD	4,000	–860	6–12 months
Total		**–5 375**	

Changes in fair value regarding forward contracts are recognized in profit and loss. The item is recognized in the balance sheets under "Prepaid expenses and accrued income."

Note 25 Cont'd

Overdraft facilities
The Group's overdraft facilities on August 31, 2009 totaled SEK 305.1 M. Utilized amounts on August 31, 2009 amounted to SEK 209.7 M. The overdraft facility is subject to variable interest rates.

Loans from credit institutions
The company was granted an overdraft facility totaling SEK 519 M based on a club loan agreement with two banks. This credit agreement contains such covenants as requirements for a certain level of EBITDA and liquidity. Furthermore, the agreement is based on the divestment of the company's stores in NK in Stockholm and in NK in Gothenburg. If the company does not fulfill its commitments under the agreement, the banks are entitled to terminate the overdraft facility and demand repayment of the loan. The company is currently meeting all of its commitments. The credit agreement is valid until the company's stores in NK in Stockholm and NK in Gothenburg are divested, but not later than June 13, 2011.

Both the club loan and overdraft facility must be renegotiated if the divestment has not taken place by May 31, 2010.

The Group has four loans from credit institutions. The loans are subject to variable interest rates and to the following terms and conditions:

Loan amount Aug 31, 2009 (SEK 000s)	**Interest rate** Aug 31, 2009 (%)	**Repayment** per quarter (SEK 000s)
518,731	2.11	20,750
12,000	5.70	4,000
3,500	5.50	500
1,500	5.70	300

During the 2009/2010 fiscal year, repayments took place in accordance with the above repayment plan and an additional repayment of SEK 41,500,000 was made.

In addition to the above, there is a liability pertaining to a financial lease agreement. The present value of future repayment obligations resulting from these financial lease contracts is recognized as liabilities to credit institutions in the amount of SEK 69,643,000 (48,809,000), including a short-term portion of SEK 18,256,000 (10,839,000). The entire liability is due for repayment within five years.

Note 26 Receivables/liabilities from Group companies

Parent Company
The subsidiaries' share of liabilities/receivables in the Group's central account system with banks is reported among current liabilities/receivables from Group companies.

Note 27 Tax allocation reserve

Parent Company
The tax allocation reserve, which is attributable to 2007 in its entirety, has been dissolved.

Note 28 Critical estimates and assessments

According to company management, the critical assessments pertaining to the applied accounting policies, and to sources of uncertainty in estimates, relate primarily to the valuation of goodwill, trademarks, taxes, doubtful receivables and recognition of inventories.

The carrying amount of goodwill and trademarks is checked every balance-sheet date or when indicated to determine any impairment requirement, whereby a number of assumptions concerning, for example, the discount interest rate, cash flow and growth are made in order to calculate the fair value of underlying assets.

Deferred tax assets are recognized to the extent it is probable that future taxable surpluses will be available, against which the temporary differences could be utilized.

The basis for doubtful receivables comprises an assessment of unpaid receivables.

Inventories were measured at the lower of the acquisition value and net realizable value. The amount of the net realizable value comprises calculations based on assessments of future sales prices, in which estimated price reductions were taken into account. The actual outcome of future sales prices could deviate from estimated assessments.

Note 29 Intra-Group purchases and sales

The Parent Company's net sales of SEK 104,248,000 (132,431,000) are entirely attributable to internally debited services provided to subsidiaries.

Note 30 Risks and risk management

Exchange-rate risks
The RNB Group's exchange-rate exposure consists of the approximately 30% of the Group's purchases of products that are implemented in foreign currency. The Board of Directors has established a Group policy in the form of a framework for managing exchange-rate risks. The main focus is that 70–80% of the anticipated net flows in foreign currency for each season must be hedged using forward contracts. The two principal foreign currencies in which products are purchased are EUR and USD. A sensitivity analysis shows that a change in the exchange rate has the following impact on earnings:

Currency	Change	Impact, SEK M
EUR	+/– 10 %	–/+ 10
USD	+/– 10 %	–/+ 25

Credit and liquidity risks
RNB's credits consist of loans and overdraft facilities. Available cash and cash equivalents are used to reduce the utilization of overdraft facilities, thereby reducing interest expense. RNB limits its interest-rate risks by endeavoring to have short periods of fixed interest. Today, the maximum period of fixed interest is six months.

Liquidity risks refer to the risk that financing cannot be obtained or can be obtained only at significantly increased costs. In conjunction with the raising of the long-term loan liability, the company signed a special covenant. The conditions of the signed loan agreement are described in Note 25.

Note 30 Cont'd

Cyclicity
Demand for RNB's products, like general demand in the retail sector, is affected by changes in the overall economy. A positive economic trend normally has a favorable effect on RNB's sales and earnings trend. An economic downturn could have an adverse effect on RNB's sales and earnings trends, if disposable household income declines simultaneously.

Weather and seasonal variations
The weather affects sales of clothing products. A mild autumn and winter normally has an adverse effect on sales, while a cold and rainy summer normally boosts sales figures.

Sales of clothing products also vary according to the time of year. Generally, sales are highest during the autumn and winter, with December traditionally being the best month of the year. Price levels are generally higher for autumn and winter clothes, which affects sales revenues.

Fashion risks
RNB is dependent on consumer preferences in terms of the design, quality and price of clothing, accessories, cosmetics, jewelry and clocks and watches. RNB's own brands, combined with the distribution of other national and international brands, provide an extensive decision-making base in respect of discerning fashion trends and adapting products to demand. In line with efforts to limit dependence on fashion trends, RNB's proprietarily developed collections include a basic range of classic designs. However, since the fashion industry is subject to rapid changes, the possibility of temporary declines in sales of certain collections cannot be excluded.

Distribution centers
Most of the goods sold in RNB's stores pass through one of the company's distribution centers in Vinsta or Borås. If one of the distribution centers or its equipment is damaged or needs to be shut down, the company may experience problems with deliveries to stores. If these conditions are not rectified rapidly and cost effectively, it could impact the operations. Insurance policies cover property and production interruptions, but there are no guarantees that the amounts are sufficient or that this damage can be completely recovered.

Information systems
RNB depends on information systems to monitor the flow of goods from purchasing to sales in stores, and to coordinate operational and statistical information. The risks comprise both the suitability of existing systems and the assurance of operations-sensitive information. Each long-term interruption, or inadequate functionality in information systems, may result in the loss of important information or in actions being delayed, particularly if the problems occur during a peak season, for example, during the Christmas season.

Franchise agreements
RNB's operations are conducted in part through franchise agreements. Despite extensive and well-functioning cooperation with franchisees, agreements can be terminated with negative consequences for the company's operations.

Competitive situation
The market for RNB's products is exposed to strong competition in terms of products and markets. RNB's market position is dependent on the company's own and its competitors' resources for marketing, investments and product development, and the ability to adapt to the changing preferences of consumers. Increased competition could exacerbate pressure on prices and reduce market shares.

Supplier risks
RNB is highly dependent on suppliers for delivery of their products. Approximately 50% of purchases are from suppliers in China. Companies in Turkey, Portugal and the Baltic region represent a major portion of other deliveries. Consequently, disruptions in the suppliers' operations could have an impact on RNB's sales and earnings. Any trade restrictions on national or international levels, such as EU restrictions on textile imports from China, could result in the company changing its purchasing procedures, which could in turn have a negative impact on operations. Similar measures, or other restrictions in the suppliers' ability to deliver goods, could have negative consequences on the company's earnings. RNB works actively to ensure that the suppliers with which it cooperates comply with specific ethical guidelines, including bans on child labor.

Risk of bad-debt losses
The risk of bad-debt losses pertains to the risk of franchisees not being able to pay for delivered products due to their financial situation.

Translation exposure
RNB reports items in income statements and balance sheets in SEK. Parts of the Group report in currencies other than SEK, which result in RNB's consolidated earnings and shareholders' equity being exposed to exchange-rate fluctuations. This currency risk is known as translation exposure and is not hedged.

Note 31 Interest income and similar profit/loss items

Group
Interest income for the comparative year includes SEK 7,321,000 for the recalculation of forward contracts at fair value.

Note 32 Interest expenses and similar profit/loss items

Group
Interest expense for 2008/2009 includes SEK 13,131,000 for the recalculation of forward contracts at fair value.

Parent Company
Interest expense for 2008/2009 includes SEK 3,062,000 (803,000) comprising interest expense to Group companies.

Audit Report

To the Annual Meeting of the shareholders of **RNB RETAIL AND BRANDS AB** (publ)
Corporate Registration Number 556495-4682

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of RNB RETAIL AND BRANDS AB (publ) for the September 1, 2008 to August 31, 2009 fiscal year. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 38 – 67. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the President and significant estimates made by the board of directors and the president when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting policies in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group´s financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, December 3, 2009

Ernst & Young AB

Bertel Enlund
Authorized Public Accountant

Corporate governance report

RNB RETAIL AND BRANDS AB is controlled via the Annual General Meeting, the Board of Directors and President in accordance with the Swedish Companies Act, the Articles of Association and the Swedish Code of Corporate Governance.

Swedish Code of Corporate Governance

This Corporate Governance Report was prepared in accordance with the Swedish Code of Corporate Governance and any deviation from the Code is explained in connection with the appropriate sections. The Report has not been reviewed by the company's auditor. RNB's Articles of Association and other corporate-governance information about the company are available at www.rnb.se.

Annual General Meeting

The Annual General Meeting is RNB's highest decision-making body. The Meeting appoints the Board of Directors. The Meeting is also responsible for adopting the company's balance sheets and income statements, making decisions on the disposal of profits from operations and discharging members of the Board and the President from personal liability. The Annual General Meeting also elects RNB's auditors.

At RNB's Annual General Meeting on January 28, 2009, 42 shareholders participated, representing 31% of the number of shares and voting rights in the company. Present at the meeting were the entire Board of Directors, the President and those nominated to the Board.

Election Committee

The task of the Election Committee is to prepare and submit proposals to shareholders in the company pertaining to the election of Board members and, if applicable, auditors.

The Chairman of the Board shall annually, in adequate time prior to the Annual General Meeting, contact the four largest shareholders in the company requesting that they jointly elect a Election Committee. The Chairman of the Board can be elected as a member of the Election Committee. The Chairman of the Board shall also ensure that information on the composition of the Election Committee along with contact information is publicized in adequate time prior to the Annual General Meeting. The Chairman of the Board shall also report to the Election Committee the current status of the Board's work, requirements for specialist expertise and other matters that may be significant to the Committee's work. It shall be possible for shareholders to submit proposals to the Election Committee for further evaluation within the parameters of its work. The Election Committee holds meetings as necessary, however, at least once annually.

The 2009 Annual General Meeting resolved that an Election Committee should be appointed from among the largest shareholders with the task of proposing Board members for presentation at the 2010 Annual General Meeting. Prior to the Annual General Meeting to be held on January 28, 2010, the Election Committee comprises the following members who were appointed in accordance with a resolution by the 2009 Annual General Meeting: Sune Dahlqvist, Chairman of Konsumentföreningen Stockholm; Fredrik Persson, President of Axel Johnson AB; Jan Carlzon, shareholder through Irish Life and Swiss Life; and Arne Lööw representing the Fourth Swedish National Pension Fund.

Board of Directors

RNB's Board of Directors makes decisions on issues pertaining to RNB's strategic focus, investments, financing, organizational issues, acquisitions and divestments. The Board's work is governed by the Swedish Companies Act, the Articles of Association and the formal work plan established by the Board for its work.

In accordance with the Articles of Association, the Board shall consist of no fewer than five and no more than eight members with an equal number of deputies. Members and deputies are elected at the Annual General Meeting for the period up to the end of the following Annual General Meeting.

During 2008/2009, RNB's Board of Directors comprised seven members elected by the Annual General Meeting. The President is a member of the Board. At the Annual General Meeting on January 28, 2009, Board members Hans Risberg, Pelle Törnberg and Eva Kempe-Forsberg were replaced by John Wallmark, Nils Vinberg and Lilian Fossum.

Remuneration of the Board of Directors

The director fees paid to the members of the Board, which were adopted by the 2009 Annual General Meeting, totaled SEK 875,000, of which SEK 250,000 was paid to the Chairman of the Board and SEK 125,000 to each other Board member who is not employed by the company.

Board of Directors' formal work plan

RNB's Board of Directors has a formal work plan that complies with the Swedish Companies Act for work distribution and reporting. The formal work plan governs the Board's meetings, issues to be addressed at Board meetings, the Chairman's assignments, the President's assignments and certain other matters.

In addition to the statutory meeting, the Board held six scheduled Board meetings and 14 extraordinary meetings during the 2008/2009 fiscal year. The scheduled meetings focused primarily on earnings follow-ups, investment matters, external reporting, budget and budget follow-ups and strategy issues. The extraordinary meetings dealt primarily with issues pertaining to raising capital and the divestment process for the operations at NK in Stockholm and NK in Gothenburg.

Within the Board, there is a Remuneration Committee and an Audit Committee. The Remuneration Committee addresses salaries and bonuses for the President and senior executives that report directly to the President. The company also has an

Election Committee, which is responsible for proposing Board members to the Annual General Meeting.

John Wallmark, Nils Vinberg and Lilian Fossum took office as members of the Board of Directors at the Annual General Meeting on January 28, 2009. These members succeeded Hans Risberg, Pelle Törnberg and Eva Kempe-Forsberg, who stepped down from the Board at the same Meeting.

Participation in Board meetings during the fiscal year was as follows:

Board member	Present at scheduled meetings	Present at extraordinary meetings
Claes Hansson	6	14
Jan Carlzon	6	14
Torsten Jansson	5	7
Eva Kempe-Forsberg	3	3
Hans Risberg	3	4
Pelle Törnberg	3	4
John Wallmark	2	10
Nils Vinberg	3	10
Lilian Fossum	3	5
Mikael Solberg	6	14

It was determined that the Board fulfills the listing agreement of the Nasdaq OMX Nordic Stock Exchange and the Swedish Code of Corporate Governance pertaining to requirements concerning independent Board members.

Remuneration Committee

The company's Remuneration Committee shall review and provide the Board with recommendations pertaining to the principles for remuneration of senior executives, including performance-based remuneration and pension benefits. Issues pertaining to the President's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and resolved by the Board of Directors.

During the 2008/2009 fiscal year, the company's Remuneration Committee comprised Claes Hansson, Jan Carlzon and Nils Vinberg.

Audit Committee

The task of the Audit Committee is to support the Board in fulfilling its responsibilities with respect to quality assuring the company's financial reporting. The Committee is responsible for continuous contact with the company's auditors to keep itself informed of the focus and scope of the audit and to discuss views of the company's risks. The Audit Committee shall also establish guidelines for the procurement of services other than audit-related activities from the company's auditors. The Committee is also responsible for examining the accounting records and providing this information to the Election Committee, and for assisting the Election Committee in the preparation of proposals for auditors and audit fees.

During the 2008/2009 fiscal year, the company's Audit Committee comprised Claes Hansson, Lilian Fossum and John Wallmark.

External auditors

RNB's auditors are elected by the Annual General Meeting for a period of four years. The current period commenced in January 2008 and, consequently, there will be a new election of auditors in conjunction with the 2012 Annual General Meeting. RNB's auditors are Ernst & Young AB, with Bertel Enlund as the Auditor in Charge. Ernst & Young AB has been RNB's auditor since 2004.

The auditors examine the Board's and President's management of the company and the quality of the company's accounting documents. The auditors report the results of their examination to shareholders through the Audit Report, which is presented at the Annual General Meeting. In addition, the auditors submit detailed reports to the Audit Committee at scheduled Audit Committee meetings and to the Board once annually.

In addition to the audit, Ernst & Young performs certain other services for RNB. RNB believes that the execution of these services does not compromise the independence of Ernst & Young.

Internal audit

To date, RNB has not found any reason to establish a specific internal audit function. The company focuses primarily on internal control and a number of control activities have been implemented. The issue of a specific internal audit function will be assessed annually.

President and Group Management

The President manages operations in accordance with the approved formal work plan for the President and the Board as well as the Board's instructions. The President is responsible for keeping the Board informed and ensuring that the Board has the necessary information and as complete decision-making documentation as possible. The President also keeps the Chairman of the Board informed of the company's and Group's development and financial position.

The President and other members of Group Management hold formal meetings once per month to review budget follow-ups and plans and to discuss strategic issues. RNB's Group Management consists of ten members, of which five are women.

The Board is responsible for the existence of an efficient system for internal control and risk management. The President has been delegated the responsibility of creating a solid basis for working on these issues. Both Group Management and managers at different levels in the company have this responsibility within their specific areas. Authority and responsibility are defined in guidelines, responsibility descriptions and authorization instructions.

On August 31, 2009, Group Management comprised the following persons:

Mikael Solberg, President	David Thörewik
Gunnar Bergquist	Agnes Öhlund
Ann-Christin Edling Jönsson	Tina Zetterström
Roger Kylberg	Anders Lundström
Lea Rytz-Goldman	Cecilia Lannebo

Remuneration of the President and senior executives

Salaries for persons in company management comprise a fixed part in the form of basic salary, and a variable part, bonus. The bonus is dependent upon the achievement of goals set for the company and the individual. For members of company management, the bonus may amount to a maximum of SEK 500,000 for each person.

The Board of Director's report on internal control

The internal control aims to create an efficient decision-making process in which demands, goals and frameworks are distinctly defined. The control is ultimately aimed at protecting the company's assets and thereby the shareholders' investments. The Board is responsible for the company's internal control and, as part of this work, has prepared a report on internal control pertaining to the financial reporting for the fiscal year. The report was prepared in accordance with the Swedish Code of Corporate Governance and its application instructions and is consequently limited to a description of the organization of the financial reporting. The report has not been examined by the company's auditor.

Control environment

The control environment constitutes the foundation for the internal control. The control environment consists primarily of ethical values, integrity, expertise, management philosophy, organizational structure, responsibility and authority. RNB's internal work plans, instructions, policies, guidelines and manuals in this connection are important since they are used as guidelines for employees. A distinct distribution of roles and responsibilities to efficiently manage operational risks is achieved at RNB by providing instructions for the President. The President reports to the Board on a regular basis. In respect of operating activities, the President is responsible for the system of internal controls that is required to create a control environment for significant risks.

Risk assessment and control activities

RNB also has guidelines and policies pertaining to financial control and monitoring, communication issues and business ethics. Frameworks for credit and currency management, financial control and follow-ups are established through financial, accounting and investing policies. In addition, RNB has a Code of Conduct that applies to the entire Group. The Code of Conduct, which is based on a series of internationally accepted conventions, is an expression of the values and guidelines that apply within the Group in terms of business ethics, freedom and rights.

The Board's opinion is that there is sufficient understanding among employees of the need for adequate control of financial reporting. In brief, RNB's internal control structure is based on work distribution between the executive and shareholder functions of the company, reporting to the Board, established policies and guidelines, and the fact that employees comply with the policies and guidelines, thus ensuring adequate control of financial reporting.

RNB continuously works on risk analyses to identify potential sources of error within its financial reporting. The company has identified the processes in which the risks for significant errors in the financial reporting may be supposed to be relatively higher than in other process, due to complexity in the business process, or due to high amounts or large transaction volumes. RNB has also documented vulnerability in certain IT systems and identified the risk of erroneous valuations and stickiness of inventories, including assessments of obsolescence. The documentation and subsequent risk assessment have resulted in a number of countermeasures and control activities. Normal control activities comprise account reconciliations and support controls. The aim of all countermeasures and control activities is to prevent, discover and correct any mistakes or deviations in the financial reporting. The objective is to continue monitoring control activities during the coming fiscal year.

Information and communication

Correct internal and external information requires that all parts of the operations exchange and report relevant significant information on operations in an efficient manner. To achieve this, RNB has issued policies and guidelines pertaining to the handling of information in the financial process, which have been communicated from Group Management to employees.

Follow-ups

The Board continuously evaluates the information submitted by company management. The Board also monitors the efficiency of the work of company management. The Board's work includes ensuring that measures are implemented pertaining to the inadequacies and suggestions for corrective measures that may have arisen from the external audit.

Management

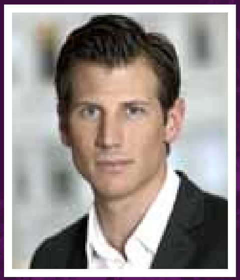

Mikael Solberg


Gunnar Bergquist


Ann-Christin Edling Jönsson


Lea Rytz-Goldman


Roger Kylberg


David Thörewik


Anders Wiberg


Agnes Öhlund


Cecilia Lannebo


Tina Zetterström

Mikael Solberg
President and CEO → Born 1962 → Employed by RNB since 2002 → Degree in economics → Other Board assignments: Chairman of the Board of Tryckeri AB Knappen, Douglas Invest AS and Angelstar AB and Member of the Board of Solberg Holding BV → Shareholding in RNB August 31, 2009: 9,081,776 shares together with related parties. → Shareholding in RNB October 31, 2009: 9,245,804 shares together with related parties.

Gunnar Bergquist
Chief Financial Officer → Born 1955 → Employed by RNB since 2009 → Degree in business administration → Shareholding in RNB August 31, 2009: 50,000 shares. → Shareholding in RNB October 31, 2009: 57,142 shares.

Ann-Christin Edling-Jönsson
President of Department Stores → Born 1963 → Employed by RNB since 1997 → Other Board assignments: Member of the Board of Ballingslöv International AB. → Shareholding in RNB August 31, 2009: 4,000 shares. → Shareholding in RNB October 31, 2009: 4,000 shares.

Lea Rytz-Goldman
President of JC → Born 1963 → Employed by RNB since 2002 → Other Board assignments: Member of the Board of Brio AB. → Shareholding in RNB August 31, 2009: 67,778 shares. → Shareholding in RNB October 31, 2009: 67,788 shares.

Roger Kylberg
President of Polarn O. Pyret → Born 1968 → Employed by RNB since 1997 → Other Board assignments: Member of the Board of Klovsjöfjäll AB and Klovsjö Logi. → Shareholding in RNB August 31, 2009: 0 shares. → Shareholding in RNB October 31, 2009: 0 shares.

David Thörewik
President of Brothers and Sisters → Born 1977 → Employed by RNB since 2003 (JC) → Degree in business administration → Shareholding in RNB August 31, 2009: 460 shares. → Shareholding in RNB October 31, 2009: 525 shares.

Anders Wiberg
President-to-be of Brothers & Sisters → Born 1961 → Employed by RNB since 2010 → Tertiary education → Shareholding in RNB August 31, 2009: 0 shares. → Shareholding in RNB October 31, 2009: 0 shares.

Agnes Öhlund
IT Manager → Born 1966 → Employed by RNB since 2007 → Graduate engineer → Shareholding in RNB August 31, 2009: 2,800 shares together with related parties. → Shareholding in RNB October 31, 2009: 3,200 shares together with related parties.

Cecilia Lannebo
Investor Relations and Information Manager → Born 1973 → Employed by RNB since 2007 → Degree in business administration → Shareholding in RNB August 31, 2009: 69,035 shares. → Shareholding in RNB October 31, 2009: 78,897 shares.

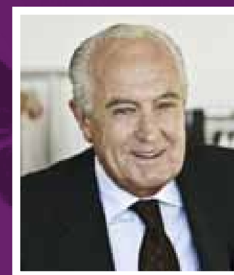
Tina Zetterström
Human Resources Manager → Born 1972 → Employed by RNB since 2008 → Degree in Human Resources → Shareholding in RNB August 31, 2009: 0 shares. → Shareholding in RNB October 31, 2009: 0 shares.

Board of Directors


Claes Hansson


Mikael Solberg


Torsten Jansson


Jan Carlzon


Lilian Fossum


Laszlo Kriss


Nils Vinberg


John Wallmark

Claes Hansson
Chairman of the Board → Member of the RNB Board since 2000 → Born 1957 → Degree in business administration → President and Chief Executive Officer of Forshem Group AB → Other Board assignments: Member of the Board of Forshem Group AB and all Forshem subsidiaries, Vristuven AB, Skaraborgs Provinsbank and Ferrocon AB. → Shareholding in RNB August 31, 2009: 16,000 shares. → Shareholding in RNB October 31, 2009: 18,000 shares.

Mikael Solberg
President and CEO → Member of the RNB Board since 1996 → Born 1962 → Degree in economics → Other Board assignments: Chairman of the Board of Tryckeri AB Knappen, Douglas Invest AS and Angelstar AB and Member of the Board of Solberg Holding BV → Shareholding in RNB August 31, 2009: 9,094,114 shares together with related parties. → Shareholding in RNB October 31, 2009: 9,245,804 shares together with related parties.

Torsten Jansson
Member of the RNB Board since 2007 → Born 1962 → President of New Wave Group AB → Other Board assignments: Chairman of the Board of Porthouse Interior AB. Member of the Board of New Wave Group AB and the company's subsidiaries, and Barneken AB, Forcera AB and HIJ Fastighetsinvest AB. → Shareholding in RNB August 31, 2009: 1,872,882 shares together with related parties. → Shareholding in RNB October 31, 2009: 2,140,436 shares together with related parties.

Jan Carlzon
Member of the RNB Board since 2006 → Born 1941 → Degree in business administration → Other Board assignments: Chairman of the Board of HemOnline AB, JC & Associates AB, EKF Kapitalförvaltning AB, Företagarna och Mentor Sverige. Member of the Board of E. Öhman J:r AB, Unlimited Travel AB, Utveckling i Noresund AB, Farmagon AS and Aviation Capacity Resource. → Shareholding in RNB August 31, 2009: 7,931,926 shares together with related parties. Shareholding in RNB October 31, 2008: 8,057,327 shares together with related parties.

Lilian Fossum
Member of the RNB Board since 2009 → Born 1962 → Degree in business administration → CFO and Executive Vice President of Axel Johnson AB. → Other Board assignments: Member of the Board of Axel Johnson International AB, Novax AB, Servera, Svensk BevakningsTjänst AB, Åhléns AB, Holmen AB and Oriflame Cosmetics S.A. → Shareholding in RNB August 31, 2009: 0 shares. → Shareholding in RNB October 31, 2009: 0 shares.

Laszlo Kriss
Member of the RNB Board since 2009 → Born 1946 → President of Konsumentföreningen Stockholm → Other Board assignments: Chairman of the Board of Atrium Ljungberg AB and Member of the Board of Konsumentföreningen Stockholm, MedMera Bank AB and Blomsterfonden i Stockholm. → Shareholding in RNB August 31, 2009: 0 shares. → Shareholding in RNB October 31, 2009: 0 shares.

Nils Vinberg
Member of the RNB Board since 2009 → Born 1957 → Degree in business administration → Other Board assignments: Vice Chairman of Björn Borg AB. Member of the Board of CV Friskvård AB, Odd Molly International AB, Charge Holding AB, Source II AB and Vinberg Management AB. → Shareholding in RNB August 31, 2009: 75,000 shares. → Shareholding in RNB October 31, 2009: 85,714 shares.

John Wallmark
Member of the RNB Board since 2009 → Born 1950 → Degree in business administration → President of Spartoi AB → Other Board assignments: Chairman of the Board of Spartoi AB and its subsidiaries Spartoi Invest AB, Spartoi Förvaltning AB, Pars Pro Ed AB, Retail Invest in Scandinavia AB. Member of the Board of Eatwell Solutions AB, SMA Maskin AB, SMA Nordic AB and Utveckling i Noresund AB. → Shareholding in RNB August 31, 2009: 3,692,721 shares together with related parties. → Shareholding in RNB October 31, 2008: 4,000,000 shares together with related parties.

The RNB share

Share capital

The RNB RETAIL AND BRANDS share has been listed on the Nasdaq OMX Nordic, Stockholm, Small Cap list since June 2001 under the ticker RNBS. The registered share capital in RNB on August 31, 2009 amounted to SEK 114,157,664, divided between 114,157,664 shares each with a par value of SEK 1. All of the shares are common shares.

According to Euroclear, the number of RNB shareholders on August 31, 2009 was 12,215, of whom 91% were registered in Sweden. RNB's ten largest owners held shares corresponding to 50.82% of both the share capital and voting rights in the company. On the same date, the shares registered outside Sweden represented 30.7% of the total number of shares in the company.

Share-price trend

The closing share price on August 31, 2009 was SEK 6.54, equal to market capitalization of SEK 746,591,122 for RNB RETAIL AND BRANDS. A total of 199,448,442 shares were traded in 2008/2009. The average number of shares traded per trading day was 797,794 in 2008/2009. The highest price quoted during the year was SEK 12.93 on September 1, 2008 and the lowest price was SEK 2.54 on December 29, 2008.

Rights issue in September 2008

On July 18, 2008, the Board of Directors of RNB decided to propose and on August 25 an Extraordinary Shareholders' Meeting resolved to implement a rights issue in order to strengthen the company's financial position. According to the terms of the rights issue, the company's shareholders were entitled to subscribe for one new share for each existing share held at an issue price of SEK 6.00 per share. According to a final calculation conducted on September, 55,988,819 shares, corresponding to 98.1% of the shares offered, were subscribed for on the basis of subscription rights. The 1,090,013 shares not subscribed for on the basis of subscription rights were allotted to those who subscribed for the shares without preferential rights, in accordance with the principles described in the prospectus. The rights issue contributed proceeds of about SEK 330 M to RNB after issues costs.

The rights issue increased the number of RNB shares by 57,078,832 and the share capital by SEK 57,078,832. Following the rights issue, the share capital amounted to SEK 114,157,664 and the number of shares to 114,157,664.

Combined rights issue and private placement, October 2009

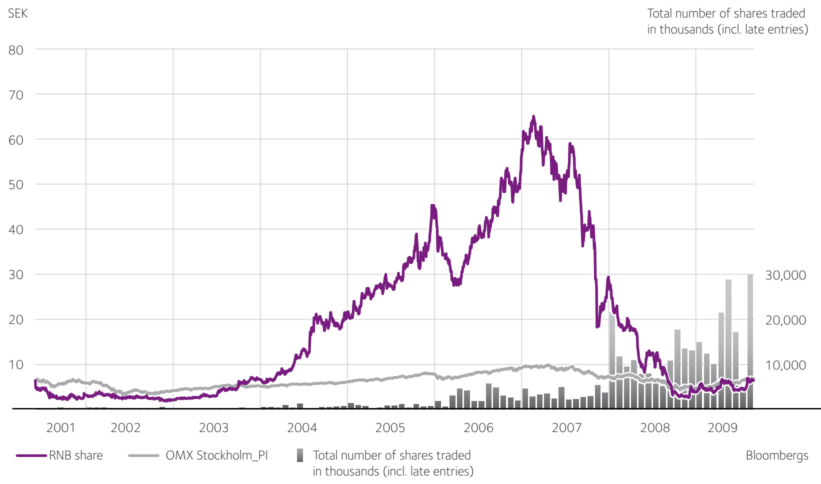
On August 26, 2009, the Board of Directors of RNB decided, based on the approval of the Extraordinary General Meeting held on September 10, to implement a combined rights issue and private placement. The combined share issue comprised a private placement of 34,959,350 new shares to Konsumentföreningen Stockholm at a subscription price of SEK 6.15 per share, whereby RNB received proceeds of SEK 215 M, and an issue of preferential rights for RNB's shareholders whereby existing shareholders were entitled to subscribe for one new share for seven old shares for a price of SEK 6.15, for which RNB received additional proceeds of approximately SEK 100 M. A total of 15,673,637 shares, corresponding to about 96.1% of the shares offered, were subscribed for based on subscription rights. In addition, 36,691,247 shares, corresponding to about 225% of the shares offered, were subscribed without support of subscription rights in accordance with the principles described in the prospectus.

Following the combined share issue, the number of shares in RNB rose to 51,267,587 and the share capital by SEK 51,267,587. After the final shares were registered on November 3, 2009, the total number of shares in the combined share issue amounts to 165,425,251 and share capital to SEK 165,425,251.

Dividend policy

The Board of Directors' long-term objective is to distribute half of profit after taxes to shareholders. The Board proposes that no dividend be paid for the 2008/2009 fiscal year.

RNB share diagram



Analysts who monitor RNB

ABG Sundal Collier	Anna-Karin Enwall anna-karin.enwall@abgsc.se
Handelsbanken	Stefan Stjernholm stst06@handelsbanken.se
Ålandsbanken	Peter Wallin peter.wallin@alandsbanken.se
Proactive Independent Ideas Ltd.	Frans Høyer frans.hoyer@pi-ideas.co.uk
SEB Enskilda	Nicklas Fhärm nicklas.fharm@enskilda.se
Öhman Fondkommission	Rolf Karp rolf.karp@ohman.se Susanna Westman susanna.westman@ohman.se

Ownership structure at August 31, 2009

Largest shareholders	No. of shares	Share capital/ Voting rights, %
Axbrands AB	11,600,000	10.16
Mikael Solberg with family	9,094,114	7.97
Irish Life International Ltd[1]	4,547,122	3.98
Försäkringsaktiebolaget Avanza pension	4,447,863	3.90
Retail Invest ab	3,692,721	3.23
Fourth Swedish National Pension Fund	2,656,879	2.33
UBS AG	2,617,200	2.29
Irish Life International Ltd PB[1]	2,169,000	1.90
Torsten Jansson including companies	1,872,882	1.64
Nordnet Pensionsförsäkring AB	1,761,457	1.54
Total, ten largest shareholders	**44,459,238**	**38.95**
Others	69,698,426	61.05
Total	**114,157,664**	**100.00**

1 Controlled by Jan Carlzon.

Ownership structure at October 30, 2009

Largest shareholders	No. of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	34,959,350	21.21
Axbrands AB	11,600,000	7.04
Mikael Solberg with family	9,245,804	5.61
Avanza Pension	5,603,251	3.40
UBS AG	4,781,657	2.90
Irish Life International Ltd[1]	4,547,122	2.76
Retail Invest AB	4,000,000	2.43
Nordnet Pensionsförsäkring	3,804,694	2.31
Fourth Swedish National Pension Fund	3,036,433	1.84
Irish Life International Ltd PB[1]	2,169,000	1.32
Total, ten largest shareholders	**83,747,311**	**50.82**
Others	81,043,340	49.18
Total	**164,790,651**[2]	**100.00**

2 On November 3, 2009, all shares had been registered and the total number of shares amounted to 165,425,251.

Shareholder structure at August 31, 2009

Size of shareholding by category	No. of shares	Share capital/ Voting rights, %
1–500	4,286	0.9
501–1,000	2,539	2.0
1,001–5,000	3,645	8.2
5,001–10,000	893	6.3
10,001–15,000	211	2.4
15,001–20,000	151	2.5
20,001–	490	77.7
Total	**12,215**	**100.0**

Key data per share

SEK per share	2005/ 2006	2006/ 2007	2007/ 2008	**2008/ 2009**
Earnings per share	0.31	4.49	–1.11	–6.12
Dividend per Class B share	0.41	1.50	0	0
Bid price for Class B share on OMX Nordic Exchange at year-end	48.50	72.50	12.95	6.54
Shareholders' equity per share	23.07	27.42	24.60	9.38
Dividend yield, % (unrestricted Class B)	0.8	2.1	0	0
P/E ratio, Class B (share price/earnings per share)	156.5	16.1	neg.	neg.

Trend of share capital

Year, Transaction	Increase in no. of shares	Accumulated no. of shares	Increase in share capital	Accumulated share capital	Par value per share, SEK
1997, Opening balance		90,000		9,000,000	100
1998, New share issue	11,250	101,250	1,125,000	10,125,000	100
2000, New share issue	106,125	207,375	10,612,500	20,737,500	100
2001, Split 25-for-1	4,977,000	5,184,375		20,737,500	4
2001, New share issue	150,000	5,334,375	600,000	21,337,500	4
2001, New share issue	253,740	5,588,115	1,014,960	22,352,460	4
2001, New share issue	2	5,588,117	8	22,352,468	4
2001, New share issue	1,916,320	7,504,437	7,665,280	30,017,748	4
2005, New share issue	800,000	8,304,437	3,200,000	33,217,748	4
2005, Split 2-for-1	8,304,437	16,608,874		33,217,748	2
2006, Split 2-for-1	16,608,874	33,217,748		33,217,748	1
2006, New share issue	20,871,016	54,088,764	20,871,016	54,088,764	1
2006, New share issue	1,083,562	55,172,326	1,083,562	55,172,326	1
2006, New share issue	755,286	55,927,612	755,286	55,927,612	1
2006, New share issue	151,220	56,078,832	151,220	56,078,832	1
2006, Conversion of debentures	1,000,000	57,078,832	1,000,000	57,078,832	1
2008, New share issue	57,078,832	114,157,664	57,078,832	114,157,664	1
2009, New share issue	34,959,350	149,117,014	34,959,350	149,117,014	1
2009, New share issue	16,308,237	165,425,251	16,308,237	165,425,251	1

Five-year summary

Income statement items

SEK M	Sep 04–Aug 05	Sep 05–Aug 06	Sep 06–Aug 07	Sep 07–Aug 08	**Sep 08–Aug 09**
Revenues	975.5	1,543.2	3,475.5	3,439.7	3,212.0
Operating profit/loss	41.6	29.9	342.2	1.8	–636.0
Net financial items	–5.3	–9.0	–36.4	–53.5	–52.6
Profit/loss after financial items	36.3	20.9	305.8	–51.7	–688.6
Net profit/loss for the year	**25.8**	**10.6**	**255.8**	**–63.2**	**–662.8**

Balance-sheet items

SEK M	Sep 04–Aug 05	Sep 05–Aug 06	Sep 06–Aug 07	Sep 07–Aug 08	**Sep 08–Aug 09**
Fixed assets	296.7	2,039.5	2,124.2	2,193.5	1,660.9
Inventories	184.3	508.1	549.8	672.0	590.6
Accounts receivable	14.9	172.2	188.5	291.0	222.1
Other current assets	51.9	111.9	88.1	140.1	112.0
Cash and cash equivalents	11.8	30.9	42.4	31.6	15.3
Total assets	**559.6**	**2,862.6**	**2,993.0**	**3,328.2**	**2,600.9**
Shareholders' equity	254.6	1,273.0	1,565.2	1,404.1	1,071.3
Long-term liabilities	66.3	815.7	758.7	717.4	590.5
Current liabilities	238.7	773.9	669.1	1,206.7	939.1
Total shareholders' equity and liabilities	**559.6**	**2,862.6**	**2,993.0**	**3,328.2**	**2,600.9**

Key data

	Sep 04–Aug 05	Sep 05–Aug 06	Sep 06–Aug 07	Sep 07–Aug 08	**Sep 08–Aug 09**
Gross profit margin, %	48.8	48.0	45.4	43.3	43.0
Operating margin, %	4.3	1.9	9.9	0.1	neg
Profit margin, %	2.7	0.7	7.3	neg	neg
Risk-bearing equity, SEK M	254.6	1,402.8	1,715.6	1,563.5	1,187.5
Share of risk-bearing equity, %	45.5	49.0	57.3	47.0	45.7
Equity/assets ratio, %	45.5	44.5	52.3	42.2	41.2
Capital employed, SEK M	371.5	2,194.1	2,335.7	2,427.1	1,913.2
Return on capital employed, %	14.2	2.4	15.3	0.6	neg
Return on equity, %	13.4	1.5	18.3	neg	neg
Number of annual employees	497	721	1,356	1,662	1,686
Number of proprietary stores at year-end	101	229	242	264	272
Number of franchise stores at year-end	25	210	214	211	218

Data per share[1]

	Sep 04–Aug 05	Sep 05–Aug 06	Sep 06–Aug 07	Sep 07–Aug 08	**Sep 08–Aug 09**
Profit/loss after tax, SEK	0.82	0.31	4.49	–1.11	–6.12
Shareholders' equity, SEK	7.67	23.07	27.42	24.60	9.38
Share price, August 31, SEK	39.00	48.50	72.50	12.95	6.54
Average number of shares (thousands)	31,616	36,181	56,724	57,079	108,371
Number of shares at year-end, thousands	33,216	55,172	57,079	57,079	114,158

1 Data per share pertains to the situation prior to the rights issue in September 2009.

Definition of key data

Capital employed
Total assets less non-interest-bearing liabilities.

Cash flow per share
Cash flow after investments divided by number of shares.

Comparable sales trends
Sales trend for comparable months in proprietary stores that have been open for more than 12 months.

Direct yield
Dividend as a percentage of the share price on the balance-sheet date.

Earnings per share
Profit after full tax divided by the weighted average number of shares.

Earnings per share after dilution
Profit after full tax divided by the weighted average number of shares after conversion of the convertible debenture loan.

Equity/assets ratio
Shareholders' equity in relation to total assets.

Gross profit margin
Net sales minus cost of goods sold in relation to net sales.

Number of annual employees
Total number of hours of attendance during the past 12-month period divided by the normal hours worked per year in each country.

Operating capital
Total assets less cash and cash equivalents, other interest-bearing assets and non-interest-bearing liabilities

Operating margin
Operating profit in relation to net sales.

Pay-out ratio
Dividend as a percentage of earnings per share

Profit margin
Net profit in relation to net sales.

Return on capital employed
Profit after financial items plus financial expenses as a percentage of average capital employed. Average capital employed is calculated as capital employed at the beginning of the year plus capital employed at year-end divided by two.

Return on equity
Profit after tax as a percentage of average shareholders' equity. Average shareholders' equity is calculated as shareholders' equity at the beginning of the year plus shareholders' equity at year-end divided by two.

Risk-bearing equity
Total of reported shareholders' equity, minority interest and deferred tax liabilities.

Share of risk-bearing equity
Risk-bearing shareholder's equity in relation to total assets.

Financial calendar

January 13, 2010	Interim report for the first quarter of 2009/2010
January 28, 2010	Annual General Meeting, 5:00 p.m.
March 26, 2010	Interim report for the second quarter of 2009/2010
June 23, 2010	Interim report for the third quarter of 2009/2010
October 21, 2010	Year-end report for the 2009/2010 fiscal year

Annual General Meeting

The Annual General Meeting will be held on January 28, 2010 at the company's premises at Regeringsgatan 29, Stockholm, Sweden

Participation

Shareholders wishing to participate in the business of the Meeting shall be recorded in the Securities Register maintained by Euroclear Sweden AB (formerly VPC AB) no later than Friday, January 22, 2010, and notify the company of their intention to participate no later than Monday, January 25, 2010 a t the address RNB RETAIL AND BRANDS AB, PO Box 161 42, SE-103 23 Stockholm, Sweden by telephone to +46 8 410 520 00 or by e-mail to info@rnb.se.

Trustee-registered shares

To be entitled to vote at the Meeting, shareholders whose shares are registered in a nominee's name must temporarily register their shares in their own names with Euroclear Sweden AB. Shareholders requiring such registration must inform their trustee of this no later than January 22, 2010.

Dividend

The Board proposes that no dividend be paid for the 2008/2009 fiscal year.

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