RNB

RNB RETAIL AND BRANDS

ANNUAL REPORT **2013/2014**

RNB

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. RNB has operations in 11 countries and the total number of stores in the RNB Group amounts to 267, of which 79 are operated by franchisees. The RNB RETAIL AND BRANDS share has been listed on the NASDAQ Stockholm Exchange since 2001 in the Small Cap segment, retail sector under the ticker RNBS. Sales are mainly conducted through the store concepts Brothers and Polarn O. Pyret. In the Departments & Stores business area, RNB Retail AND BRANDS manages departments at NK in Stockholm and in Gothenburg.

BROTHERS

The Brothers business area is a volume-oriented comprehensive concept for men and offers a mix of strong proprietary and external brands with a distinct profile towards tailored and smart casual.

POLARN O. PYRET

Polarn O. Pyret is the leading brand and store concept for baby and children's wear in the quality segment of the Swedish market and it also has an international presence.

DEPARTMENTS & STORES

The Departments & Stores business area conducts sales of fashion wear for women, men and children as well as accessories, jewelry and cosmetics at the department stores NK in Stockholm and in Gothenburg.

"For the first time since 2010, RNB displayed positive operating income for the full-year. This means that we have reached an important milestone in the turnaround work that began in 2011.

– Magnus Håkansson, President & CEO

The year in brief

Q1 JC Sverige AB with stores in Sweden and Finland was divested to Denim Island Group. The divestment was completed without any effect on the results for 2013/14 and with a neutral net effect on liquidity.

Q2 Polarn O. Pyret AB acquired WAM AS in Norway. WAM AS was the master franchisee of Polarn O. Pyret in Norway and generated sales of about SEK 140 M during the 2013 calendar year. The acquisition included all 24 of WAM's Polarn O. Pyret stores an e-commerce business in Norway.

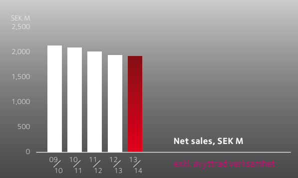
Q3 In the third quarter of 2013/2014, an impairment of goodwill was carried out in Brothers & Sisters of SEK 151 M.

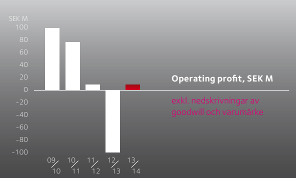
Q4 DSE converted and opened a number of new departments at the NK department stores, including Hugo Boss at NK in Gothenburg and Filippa K at NK in Stockholm.

The closure of Sisters was completed.

2013/2014 fiscal year in figures

- Net sales totaled SEK 1,917 M (1,945), a decrease of 1.4 percent.
- Operating income, excluding the divested operation (JC) and excluding impairment of goodwill in Brothers & Sisters, amounted to SEK 9 M (–99).
- Profit before tax amounted to SEK –155 M (–127).
- Profit after tax including the divested operation (JC) amounted to SEK –161 M (–629), corresponding to SEK –4.75 (–54.56) per share.
- Cash from operating activities was SEK –6 M (–95).





Vision, business concept, goals and strategy

Vision

RNB RETAIL AND BRANDS' vision is to offer customers the ultimate shopping experience.

Business concept

RNB RETAIL AND BRANDS' business concept is to develop and distribute its brands through clear-cut concepts and stores offering an attractive range of fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics, with the aim of providing customers with excellent service and a world-class shopping experience.

Strategy

The starting point of RNB's strategy is to work through three clearly positioned and differentiated store concepts towards each respective target group with inspiring stores, a high level of service as well as an attractive range. Sales are conducted in large cities, smaller towns and shopping centers. The operations in all respects shall be conducted on the basis of an ambition for clear and long-term sustainability.

Cost efficiency and synergies. A key part of the strategy is to continually review all processes in order to streamline the work and boost profitability in all parts of the operations. This review process occurs regularly in all three concepts and also between concepts in order to extract synergies. The production of products with RNB's proprietary brands takes place in China, India, Bangladesh, Vietnam, Turkey, Romania and Lithuania. RNB has established a production office in Hong Kong with the aim of improving control of the production process, reducing the number of suppliers, achieving a more efficient flow of goods and reducing costs through an increased share of proprietary purchasing. This local presence also provides the opportunity to systematically understand, evaluate and influence working environment and climate aspects at the factories where we choose to produce.

Customer focus. Customer focus is crucial in order to meet the overriding goal of profitable and sustainable growth. RNB meets its customers in physical stores, e-commerce, digital channels and via customer clubs. Therefore it is critical to have inspiring stores with an attractive range, which is well-adapted to the target groups. E-commerce is growing rapidly, particularly purchases from mobile devices as customer behavior is gradually changing. A well-developed, easy-to-use and attractive e-commerce channel also creates improved accessibility for customers. There are obvious synergies between e-commerce and physical stores and the customer ranges in both of these channels should always be aligned. Communication via digital channels is also becoming increasingly important, which creates additional interfaces towards customers and strengthens relationships with them.

Goals

RNB RETAIL AND BRANDS' overriding goal is to create value for its shareholders and other stakeholders through profitable and sustainable growth. This overriding goal of profitable, sustainable growth will be achieved by working purposefully with the execution of a clear strategy and clearly-defined financial goals.

Financial goals

RNB works according to the following financial goals for its operations:

- The Group shall achieve a long-term EBIT margin of 5 percent
- Departments & Stores shall achieve a long-term EBIT margin of 6–7 percent
- Polarn O. Pyret shall achieve a long-term EBIT margin of 10 percent
- Brothers shall achieve a long-term EBIT margin of 4–6 percent

President's comments

For the first time since 2010, RNB displayed positive operating income for the full-year. This means that we have reached an important milestone in the turnaround work that began in 2011. This turnaround occurred at the same time as we restructured large parts of the Group and this was made possible by teamwork that we can all be proud of.

An important year
As part of the restructuring work, we implemented several major changes during the year. In November 2013, JC was sold to the Chinese company Denim Island Group. As a consequence of this divestment, extensive organizational changes were carried out in order to adapt the RNB organization to a smaller operation without JC.

During the period February 2013 – March 2014, the closure of Sisters was completed. However, ten franchisees still operate Sisters in parallel with Brothers but without any commercial or practical participation from RNB.

We also carried out investments to develop the operations. The most important investment was the acquisition by Polarn O. Pyret AB of WAM AS, which was the master franchisee of Polarn O. Pyret in Norway, generating sales of about SEK 140 M during the 2013 calendar year. The acquisition included all 24 of WAM's Polarn O. Pyret stores and an e-commerce business. The acquisition has been completed with some initial non-recurring integration costs, which have been charged to earnings for the 2013/2014 fiscal year.

An improved market
The market trend during the year was better than the previous year and the Swedish Retail and Wholesale Trade Research Institute's (HUI) blixt index for Sweden showed that the market for comparable stores grew by 0.5 percent. RNB's sales for the same period increased by 0.8 percent. It is worth noting that RNB's sales during the past half-year increased by 4.3 percent and were 2.1 percentage points better that the market overall. My view is that the market will continue to develop positively during the year and that RNB has good potential to continue growing sales at a higher rate than the market.

Sustainability – an integrated part of our offering
Sustainability issues are an integrated and important part of our business plan and our offering. With our Code of Conduct as a basis, RNB carries out regular checks on all suppliers and conducts a dialogue on how they can improve their operations and the situation of their employees. During the year, RNB joined the Accord on Fire and Building Safety in Bangladesh, through which, we are demonstrating a commitment to continue producing in the country and to contribute to a positive development through safe factories. Through our production office in Hong Kong (with a suboffice in Shanghai), we have also gained improved proximity to production of our products and thus better opportunities to influence our suppliers.

Much work remains to be done in order to meet the challenges regarding environmental issues and human rights that are facing us and other companies in our industry. However, RNB is a relatively small organization globally and therefore we are participating in several national and international industry initiatives in order to bring about change in a collective and coordinated manner. Our aim of integrating sustainability issues into all areas of our operations will continue during 2014/2015.

Departments & Stores – more than a department store
Our Departments & Stores (DSE) concept is the market leader in the premium and luxury goods segment with the NK department stores in Stockholm and Gothenburg as a marketplace. DSE also displayed stable sales and operating income during the fiscal year. The concept has a market-leading position with a base of loyal customers. Our offering with the combination of brands, product ranges, environment and service means that our customers think that it is a pleasant experience to return to us.

As a key part of NK, DSE focuses on realizing the vision that NK should be a world-class department store. This means that the brands should be the most attractive in the market in their respective categories, that our departments should be characterized by finesse in all details and that our customers should perceive a very high level of service. The department store, and our departments, should be perceived as destinations – not just as a marketplace.

Polarn O. Pyret – experts in children's wear
Polarn O. Pyret strengthened its market-leading position in Sweden during the year despite strong competitive pressure, particularly from sportswear stores. Polarn O. Pyret has been a strong brand in Sweden for a long time, and still is, and the Swedish operations are once again performing positively in terms of sales and profitability. In the 2014/2015 fiscal year, we will continue to renew and advance our customer offering in order to strengthen our leading market position and further modernize the unique look that distinguishes Polarn O. Pyret from the mid-price alternatives.

The performance of Polarn O. Pyret in our new markets – Holland and Norway, was not satisfactory during the year. However, conditions are distinctly different in these two markets. Norway is a stable and healthy market where Polarn O. Pyret's brand is well-known. The fact that the Norwegian operations did not meet our goals was largely due to temporary negative effects from the integration work after the acquisition of the Norwegian master franchisee. During the year, we focused on improving operational efficiency and on transforming the organizations in Sweden and Norway into well-coordinated unit. The Norwegian operations will make a greater contribution to profitability during the 2014/2015 fiscal year.

In Holland, we have some work ahead of us to reverse the trend in our three stores. During 2014/2015, we will initially focus on stabilizing the operations and after that we will gradually improve our position in the Dutch market. All of this gives us a good basis to strengthen profitability during 2014/2015.

Brothers – a new look and distinct position
Just like for the RNB Group as a whole, the year for Brothers was dominated by the restructuring of the operations. Of our three concepts. Brothers has experienced the greatest changes. The disposal of JC and the closure of Sisters required considerable resources and much focus, which put a strain on the Brothers organization. During the year, we stabilized the organization and at the same time we established a very strong and cohesive plan to reverse the trend. We see clear positive effects in the first phase of the plan's implementation, with a sharp increase in sales during the second half-year. We are also getting very positive feedback from our customers as well as from employees and franchisees on our collections and our new store look. Our focus on tailored and smart casual with our proprietary brands, Riley, East West and The Tailoring Club means that we can clearly differentiate ourselves from the other chains in the market that specialize in men's fashion. The fall collection is strong and our spring collection was positively received in private showings. With this behind us, I believe that Brothers will report significantly improved operating income during the 2014/2015 fiscal year.

Starting point towards the next milestone
We have now entered a new year with a positive feeling and momentum in the operations. We have clear strategies in place for our three concepts – Polarn O. Pyret, Brothers and DSE – and we are fully focused on executing these strategies in order to maximize the commercial effect from our excellent customer ranges. In light of this, we have great potential to clearly improve profitability during the coming year.

I want to thank all of our employees for their fantastic efforts during the past year where everyone participated in turning around the business and in strengthening a culture that is defined by strong teamwork. We will continue together on this path in our efforts to reach the next milestone.

Magnus Håkansson,
President & CEO

RNB at a glance

RNB RETAIL AND BRANDS owns, operates and develops fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics stores that focus on offering customers excellent service and a world-class shopping experience. Sales are conducted in large cities, smaller towns and shopping centers through the store concepts Brothers and Polarn O. Pyret. In the Departments & Stores business area, RNB Retail AND BRANDS manages departments at NK in Stockholm and in Gothenburg. The three store concepts are clearly positioned and differentiated with inspiring stores, a high level of service as well as attractive and target-group-oriented ranges of fashion.

The Brothers business area is a volume-oriented comprehensive concept for men and offers a strong mix of proprietary and external brands with a distinct profile towards tailored and smart casual. Polarn O. Pyret is the leading brand and store concept for baby and children's wear in the quality segment of the Swedish market and it also has an international presence. The Departments & Stores business area conducts sales of fashion wear for women, men and children as well as accessories, jewelry and cosmetics at the department stores NK in Stockholm and in Gothenburg.

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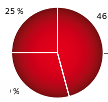
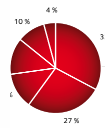


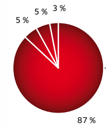
Sales 2013/2014 per business area, %

Departmet & Stores	46 %
Polarn O. Pyret	29 %
Brothers	25 %



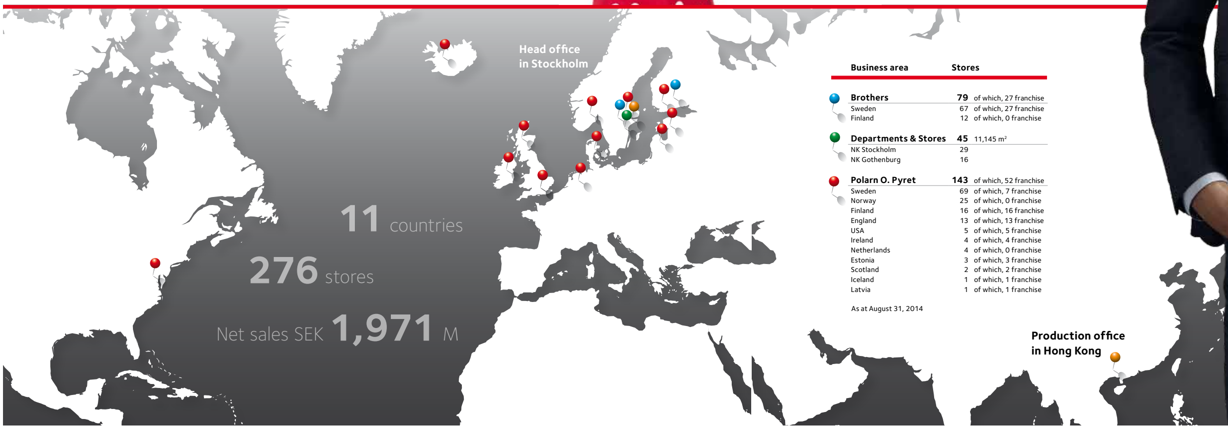
Sales 2013/2014 per product category, %

Men	33 %
Women	27 %
Children	13 %
Underwear & accessories	13 %
Cosmetics	10 %
Jewelry	4 %



Sakes 2013/2014 per geographic market, %

Sweden	87 %
Norway	5 %
Finland	5 %
Other	3 %



Business area	Stores	
Brothers	**79**	of which, 27 franchise
Sweden	67	of which, 27 franchise
Finland	12	of which, 0 franchise
Departments & Stores	**45**	11,145 m²
NK Stockholm	29	
NK Gothenburg	16	
Polarn O. Pyret	**143**	of which, 52 franchise
Sweden	69	of which, 7 franchise
Norway	25	of which, 0 franchise
Finland	16	of which, 16 franchise
England	13	of which, 13 franchise
USA	5	of which, 5 franchise
Ireland	4	of which, 4 franchise
Netherlands	4	of which, 0 franchise
Estonia	3	of which, 3 franchise
Scotland	2	of which, 2 franchise
Iceland	1	of which, 1 franchise
Latvia	1	of which, 1 franchise

As at August 31, 2014

BROTHERS

Interview with Magnus Hultin, Chief designer Brothers

What are you most proud of having achieved during the past year?
I am most proud of all the praise we are getting from our customers. It's a result of the fact that we have really got the team together and created clarity in the collections, marketing and store displays, which works incredibly well in combination. Our sellers and franchisees also do an excellent job in giving our customers the right advice and good service.

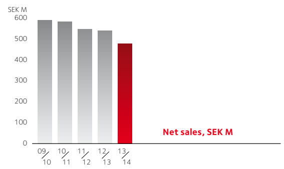
What do you think the customers most appreciate about Brothers?
The clarity and our ability to offer good value and varied fashion collections that can easily be combined or matched in a number of ways depending on the customer's wishes. It should not be difficult or expensive to dress stylishly.

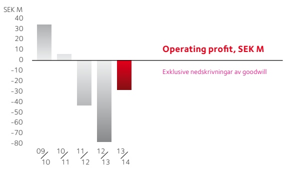
What are you focusing on improving in your customer range?
On working more with innovation and product development rather than trendy design. We are always striving to improve a product, which in the end offers more added value and higher usability. I see this as a clear difference from the other men's fashion chains.

What is highest on the agenda during the coming year?
To always be at our customers' beck and call and to continue to feel passion and confidence in our work so we don't lose our positive momentum.

BROTHERS

Brothers is a comprehensive concept for men in the upper mid-price segment. The concept offers well-tailored garments and casual fashion in an inspiring store environment, with a strong emphasis on service. The range primarily consists of proprietary brands, which are supplemented with external brands. The stores in Sweden are operated either by RNB or by franchisees. In Finland, all stores are operated under RNB's own management.





Vision

Take a position and definitive **ownership of male tailored and smart casual fashion**

Mission

Brothers is a **service concept** in men's fashion that represents the **smart alternative** to leading premium brands and chains

Business concept

What: Tailored, Smart Casual and Leisure

Who: Well-dressed both at work, socially and during leisure time. Stylish but with attitude

How: KCommercial and attractive range that appeals during all buying opportunities within the stylish segment "Value for money"
Attractive stores with strong product displays
Superior shopping experience with personal service and a high level of knowledge about male purchasing behavior

Unique: Strong and innovative products in Tailored and Smart Casual with own design, look and identity

Key ratios Brothers

SEK M	**13/14**	12/13
Net sales	479	539
Share of RNB's sales, %	25	28
Operating income	-28*	-78
Number of employees	252	263
Number of stores	79	86
Of which, franchise	27	29
Of which abroad	12	12

* Excluding impairment of goodwill of SEK 151 M.

The past year

During the recently ended fiscal year, Brothers gradually improved its earnings and displayed increasing sales. The disposal of JC and the closure of Sisters required considerable resources and much focus, which also put a strain on the Brothers organization. Brothers and JC had previously had shared stores and a number of common organizational functions, ranging from headquarters and the production office in Hong Kong to common franchisees.

After the closure of Sisters, Brothers has converted a number of stores during the year, in order to make optimal use of retail space that previously belonged to the Sisters concept. The 2013/2014 fiscal year represents the end of the conversion process and marks the beginning of a new chapter in Brothers' history.

A new more distinct look

During the year, Brothers established a very strong and cohesive plan to reverse the trend. The core of the plan is an attractive and inspiring offering in tailored and smart casual, which means that the concept is clearly positioned in relation to the other chains in the market that are specialized in men's fashion. These customer ranges are mainly delivered through proprietary brands. The offering is characterized by strong products with their own design, look and identity. This is combined with an attractive and selling presentation in the stores and a high level of knowledge and service among the employees who meet the customers.

Men's fashion – a growing segment

The men's fashion segment has historically been a less developed part of the Swedish retail market. Even though there is a lot to do in this market segment, there are only a few nationwide chains established in Sweden today. However, in recent years, some larger players have established themselves and have invested in new concepts. Brothers is now strengthening its profile and positioning through a strong range with attractive products. The concept is benefitting from our focus on a combination of the three proprietary brands Riley, East West and The Tailoring Club and a few external brands, unlike certain competitors that carry a larger diversification of brands. Establishments of more men's fashion chains in the same place creates clusters that attract traffic.

The trend in the segment is driven by new purchasing behavior on the part of men, a greater awareness and a desire for personal choices in combination with a greater willingness to consume. Today men are displaying a greater willingness to choose "Smart Casual" even in professional situations as well as during leisure time.

The path towards profitability

The established turnaround plan aims to achieve a clear improvement in profitability already during the 2014/2015 fiscal year. There are four cornerstones in the plan.

Attractive and competitive range. It is crucial that Brothers continues to be innovative and offer an inspiring and attractive range.

A strengthened shopping experience by creating more distinct stores that are easy for customers to navigate in. It should be easy to make choices in a Brothers store while the stores should be inspiring. An important part of the shopping experience is that store personnel offer first-class service to all customers, which is based on strong knowledge of men's fashion.

Campaigns that drive traffic to stores and e-commerce. During the coming fiscal year, more campaigns with increased commercial content will be launched. The campaigns will aim to clearly highlight the products, the price and the Brothers brand.

Increased focus on digital communication. Part of the continuing turnaround work is to boost the share of marketing via digital channels while reducing traditional marketing, in order to create additional interfaces towards customers and strengthen relationships with them.

During the second half-year, we implemented the first initial measures in the turnaround plan and received strongly positive feedback from customers, franchisees and employees. The trends are positive and we have a good basis for achieving a considerable improvement in operating income during the 2014/2015 fiscal year.

DEPARTMENTS & STORES

Jenny Lundqvist, Project Manager at Departments & Stores' marketing department

What are you most proud of having achieved during the past year?
I am proud of the fact that we – as the largest player in NK – are driving the development of digital communications within the framework developed by NK. We see a clear shift from traditional communications to digital communications. We have worked actively with, and are investing in digital communication – for example, by producing short films in order to show our attractive services digitally in a personal way. All of this generates added value for customers and therefore for our brands and is an important part of our work in creating attractive destinations in the NK department store.

What do you think that customers most appreciate about your departments at NK?
I think that the customers who visit our departments appreciate the fact that we offer an attractive combination of brands in an inspiring environment with a high level of service from our personnel.

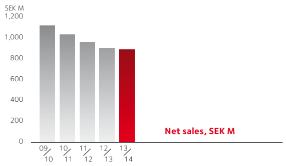
What are you focusing on improving in your marketing efforts at NK?
One thing is that we are helping to increase and retain members in NK's loyalty program – NK Nyckeln. We want to accomplish this by working more with unique offerings and events for the members of NK Nyckeln. We are also focusing on strengthening the communication towards members and on informing them about what is unique at NK in terms of the range and service.

Another thing we are doing is boosting and improving our presence in NK's social media. We want to be better at informing customers about exciting news, for example in the form of new brand and product launches, events and attractive services.

What is highest on the agenda during the coming year?
We will continue to develop the digital communication and ensure that we have significant visibility in NK's digital channels. NK launched a new website in November 2014 that will be developed with additional functions. Departments & Stores is an important player in this work and we will continue to provide interesting content that highlights the ranges in our departments.

DEPARTMENTS & STORES

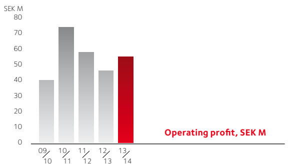
Departments & Stores offers a unique distribution platform for national and international brands in the premium and luxury segment in strong marketplaces. The company has extensive operations in the Nordic region's two leading department stores – NK in Stockholm and NK in Gothenburg. A shared feature of RNB's department stores concept is a focus on the customer interface, combined with a high-quality product range and store environment as well as excellent customer service. The operations extend from children's clothing to jewelry, and all of our customers impose strict demands when it comes to service, knowledge and quality.



Vision
Departments & Stores shall offer a world-class shopping experience

Mission
Departments & Stores shall offer the customer an international range and fashion mix in an inspiring environment with world-class service

Business concept
Departments & Stores develops inspiring destinations with world-class brands and service



Key ratios Departments & Stores

SEK M	**13/14**	12/13
Net sales	885	899
Share of RNB's sales, %	46	46
Operating income	55	47
Number of employees	379	398
Number of stores	45	45
Of which, franchise	-	-
Of which abroad	-	-

The past year
The Departments & Stores business area displayed a stable performance during the fiscal year, both in terms of sales and operating income. One trend is that traffic to the NK department stores is declining slightly but sales are being kept up through larger average purchases. During the fiscal year, a number of new departments were established. These mainly included Tom Ford and BCBGMAXAZRIA. Historically, larger investments have been made in three to four departments every year. During the 2013/2014 fiscal year, the NK Kids & Teens, Filippa K and Hugo Boss departments were opened after extensive conversions.

Departments & Stores and NK – an attractive combination
Departments & Stores operations are different from the other businesses in the RNB Group. This business area focuses on managing departments in the NK department stores in Stockholm and Gothenburg and does not manufacture any proprietary products for sale. Departments & Stores is by far the largest of the total of 100 merchants that are found in the two NK department stores with 45 departments specialized in fashion, beauty and jewelry. The business area accounts for about 40 percent of the total area in NK and offers more than 500 unique brands. Departments & Stores is the market leader in the premium and luxury goods segment with the NK department stores in Stockholm and Gothenburg as a marketplace.

The NK stores, which are Sweden's leading retail locations, are situated in attractive and central locations in Sweden's two largest cities. The property company Hufvudstaden owns the actual NK department stores and the NK brand. Hufvudstaden operates this business through the company, NK AB, and Departments & Stores as the largest player, is a very important partner for AB NK in realizing NK's vision – "World-class department stores".

At the NK department stores, Departments & Stores is responsible for service, the range and brand mix, store concepts, IT and checkout systems for various store concepts, while each brand is responsible for design, production and inventories. In consultation with the supplier, Departments & Stores decides what products will be available in each department, on the basis of historic sales, as well as on forecasts of future sales trends. The business area's unique department store concept in combination with the fact that Departments & Stores is the largest player in the NK marketplaces in Stockholm and Gothenburg, creates a very attractive partner for both Swedish and international luxury brands.

From departments to destinations
In recent years, a number of new shopping centers were established in Sweden, especially in metropolitan areas. The trend towards continued establishments does not look like abating in the near term, which implies an increased risk of over-establishment with eliminations of retailers as a consequence. This development imposes greater demands on all players to clarify and differentiate their positions. With its premium position and well-known brands, NK enjoy special status as regards city trading in Stockholm and Gothenburg. In order to be able to take advantage of the NK department stores' strong position, Departments & Stores is focusing on creating a unique combination of a comprehensive range featuring the most attractive brands in the market in each category, a high level of service in a shopping environment and exceptional marketing. In short – to create destinations instead of departments in order to improve customers' shopping experiences. It should always be worth it to go shopping at NK.

Efficiency generates profitability
The Departments & Stores business area focuses on operating its stores as efficiently as possible. This work is largely about optimizing space and sales per hour worked in order to achieve increased profitability. During the coming year, the business area will focus on getting costs down, particularly in logistics and inventory/head office functions by increasing the number of automated work processes.

During the coming period, there will be also be a lot of focus on digital communication around the destination concept and services and on reaching out and engaging with customers via social media.

POLARN O. PYRET

Interview with Karina Lundell, Chief Designer and Fashion Range Director, Polarn O. Pyret

What are you most proud of having achieved during the past year?
I am proud of the fact that, year after year, we are still appreciated by our customers and the feedback over the past year has been very positive. Polarn O. Pyret has been a strong brand in Sweden for a long time and still is. We are real experts in children's wear and we are secure without being boring.

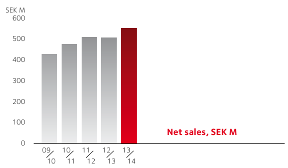
What do you think customers most appreciate about Polarn O. Pyret?
Something that I know is appreciated is our quality combined with our functionality, which means that children can move about and play unimpeded in our garments – quite simply we allow children to be children. The fact that our design does not depend on trends and that we build our collections based on a unisex concept is also something that customers value highly. This means that our garments can be handed down over time, even between sister and brother.

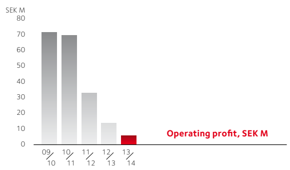
What are you focusing on improving in your offering?
On renewing our collections in order to meet the needs of new generations of parents by introducing a more contemporary design.

What is highest on the agenda during the coming year?
We want to develop our offering with accessories that strengthen the collections and create excitement around them through collaboration with other players that match and complement Polarn O. Pyret.

POLARN O. PYRET

Polarn O. Pyret is a fully integrated brand for baby and children's 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 wear 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 ten markets.





Vision
Polarn O. Pyret shall be a world-leading children's wear chain

Mission
Polarn O. Pyret's watchwords are **happy, warm** and **dry** children **in all weather conditions**

Business concept

What: Smart clothing for all children's needs

Who: Parents and present buyers, with relevance for children

How: In an inspiring environment, using own sales channels (stores, shop-in shop and e-commerce) where we share our expertise about to clothe children in order to help the customer find the best solution

Unique: The combination of smart functionality for children's needs, with a quality that is comfortable and durable in a distinctive, simple, contemporary and exciting design with bright colors and flexible models

Key ratios Polarn O. Pyret

SEK M	13/14	12/13
Net sales	553	508
Share of RNB's sales, %	29	26
Operating income	6	14
Number of employees	321	242
Number of stores	143	140
Of which, franchise	52	79
Of which abroad	74	73

The past year

The recently ended fiscal year was characterized by a strengthening of the leading market position in Sweden despite strong competitive pressure from sportswear stores in particular. Both sales and earnings increased in the Swedish operations and continue to show positive trends. In January 2014, Polarn O. Pyret acquired the previous master franchisee in Norway. The acquisition included 24 stores all over Norway and an e-commerce store. During the third and fourth quarters, the focus was on integrating the Norwegian acquisition into the Swedish operations. The integration involved carrying out certain organizational changes, efficiency improvements and work on boosting inventory levels in the Norwegian operations. Norway and Sweden are both important markets with a lot of similarities but there are also some differences. The fact that the Norwegian operations did not meet our goals was largely due to temporary negative effects from the integration work. Norway is essentially a stable and healthy market where Polarn O. Pyret is a well-known brand. All of this gives us a good basis to strengthen profitability in the Norwegian operations during 2014/2015.

In Holland, we have some work ahead of us to reverse the trend in our three stores. This work began during the fiscal year. The plan will focus initially on stabilizing the operations in order to gradually improve our position in the Dutch market after that. This will be achieved through a combination of cost effective marketing and by creating increased efficiency in all parts of the operations with the goal of significantly reducing the operating loss during the fiscal year.

In the fall of 2014, the shoe brand Kavat was launched in Polarn O. Pyret stores. Kavat stands for high quality and is closely aligned to what Polarn O. Pyret stands for. The possibility for customers to buy shoes in Polarn O. Pyret stores is part of the development of the "one-stop-shop" offering.

A legacy to administer and develop

Polarn O. Pyret has been a market-leading brand in the premium segment for a long time and it is the only chain exclusively focused on children's wear in Sweden. The Polarn O. Pyret brand offers customers security without being boring. Quality is part of Polarn O. Pyret's DNA and the stores offer a superior level of service that is based on expert knowledge. The ambition, rooted in a successful history and tradition, is to advance the leading position by continuing to renew and refine the customer range and the brand. In this work, the focus lies on producing what is cheerful and playful in order to give Polarn O. Pyret a more contemporary feel without relinquishing its expert role. In order to attract customers today, it is not enough to just create a functional and nice collection but the collections must also be supported by clear marketing campaigns with good content that is also harmonized with the look in the stores and the communication with the customers.

E-commerce is becoming increasingly important

In the Nordic region, Polarn O. Pyret is competing with other large fashion chains, even though these chains are not just specialized in children's wear. In outdoor garments, Polarn O. Pyret is the clear leading player despite tough price competition from sportswear chains. Companies such as H&M, Lindex and Kappahl are competing with Polarn O. Pyret in the 0-12 age group. In the 0-6 age group, Polarn O. Pyret has strengthened its position during the year. The competitive situation outside the Nordic region looks somewhat different. In countries such as the UK, Holland and USA, Polarn O. Pyret does not compete with large chains but more with department stores and stores that carry several different brands. Polarn O. Pyret is generally perceived as a strong premium brand in the Nordic region. However, in markets outside the Nordic region, Polarn O. Pyret is perceived more as a luxury brand.

For Polarn O. Pyret, e-commerce is growing faster than in-store sales. In many cases, it is easier to buy children's wear on the Internet than other clothes and accessories. It is hard to talk about a "good fit" when you are talking about children's wear, which is confirmed by the fact that the proportion of returns is at a very low level.

The e-commerce store is also an important marketing channel and an opportunity for customers to conduct research before purchasing. E-commerce is an important instrument in terms of continued expansion to new markets. Polarn O. Pyret's two international e-commerce stores – polarnopyret.eu and polarnopyret.com – can be used to create further brand awareness when required.

RNB's responsibility

Sustainability issues are an integrated and important part of our business plan and value proposition. Our work with sustainability issues is driven by the following goals.

Responsible production
Goods sold through RNB's subsidiaries shall be produced in accordance with international standards and frameworks for working conditions and human rights. Where there is a risk of deviations, measures should be continually taken in order to improve conditions. The environmental impact from production shall always be considered and where possible minimized.

Attractive products
Products that are sold through RNB's subsidiaries shall be safe for the user and shall not contain chemicals that may be hazardous for people or the environment. Design, choice of material and purchasing shall take place by taking safety, the environment and ethics into account.

Operations that are sustainable in the long term
The operations shall be conducted responsibly and with respect for each stakeholder. This means that continuous improvements in social responsibility and the environment shall be a part of the day-to-day work in the Group and its subsidiaries.

Focus on implementation of a new Code of Conduct
RNB owns no production facilities but instead cooperates with a number of suppliers around the world for production of proprietary brands. All suppliers must be familiar with and accept RNB's Code of Conduct and participate in our program for inspections and improvements. RNB is a member of the organization Business Social Compliance Initiative (BSCI) and thus proceeds from BSCI's Code of Conduct in the company's efforts to ensure safe and fair conditions during production of goods. BSCI recently launched an updated version of its Code of Conduct and during the coming year, RNB's work will focus on implementation in the supply chain.

Safe factories in Bangladesh
Since the spring of 2014, RNB has been a member of the Accord on Fire and Building Safety in Bangladesh (Bangladesh Accord), which is an agreement that aims to improve safety in the many textile factories in the country. The agreement, among other things, includes independent and transparent inspections, compulsory repairs and renovations of factories, increased influence for textile workers and an overhaul of the country's standards for building and fire safety. RNB collaborates with a few factories in Bangladesh and views participation in the Bangladesh Accord as a good complement to our existing work with the Code of Conduct and checks. Through the Bangladesh Accord, we commit to continue producing in the country and to promote a positive development and safer factories.

Active chemicals management work
Manufacturing products that are produced without using hazardous and harmful chemicals is a prioritized question for RNB. We work actively by making demands of suppliers, random sampling of chemicals and by continually keeping up to date with new research. In addition to the demands imposed on RNB by legislation, we also work with our own goals, where in some instances, we strive to phase out the use of certain materials quicker than what is required by law. For example, in spring 2015, Polarn O. Pyret will present an outdoor garment collection that is completely water-resistant and which does not involve adding hazardous PFC material during production. This was made possible after intensive efforts to test and evaluate various alternatives.

Increased proportion of sustainable material
Cotton is one of the most important raw materials in the subsidiaries' fashion ranges and RNB works to promote a positive development in the cotton industry. Since the fall of 2013, RNB has been a member of the organization Better Cotton Initiative, whose goal is to shift the global cotton industry into becoming more sustainable. The goal is that as much as possible of the cotton we buy should be sustainably produced, which means either cotton that is certified as ecologically grown or cotton that is grown according to Better Cotton's methods. During the year, Polarn O. Pyret produced over one million garments that were manufactured using ecologically grown cotton and also started the work of asking for Better Cotton when making orders.

Financial statements

Report of the Board of Directors 2013/2014

The Board of Directors and President of RNB RETAIL AND BRANDS AB (publ), Corp. Reg. No. 556495-4682, hereby submit the company's annual accounts and consolidated financial statements for the fiscal year, September 1, 2013 – August 31, 2014.

Operations
RNB RETAIL AND BRANDS owns, operates and develops fashion, ready-to-wear clothing, accessories, jewelry and cosmetics stores that focus on providing excellent service and a world-class shopping experience. Sales are mainly conducted in Scandinavia through the two store concepts Brothers and Polarn O. Pyret, as well as through stores in the NK department stores in Stockholm and in Gothenburg. At August 31, 2014, RNB had a total number of 267 (383) stores, of which 78 (143) were operated by franchisees.

Group
In addition to the Parent Company, RNB RETAIL AND BRANDS AB (publ), the Group includes the wholly-owned subsidiaries Ängsviol Blomstern AB, Polarn O. Pyret AB, PO.P International IP AB, PO.P International UK AB, PO.P International OTH AB, PO.P International Suomi AB, Polarn o. Pyret Netherlands B.V., Polarn O. Pyret Norge AS, Portwear AB, Departments & Stores Europe, Departments & Stores Denmark ApS, Brothers & Sisters AB, Brothers & Sisters Sverige AB, Nordic Textile Grosshandels GmbH, Brothers Clothing Oy, RNB Retail & Brands Norge AS and Far East Ltd.

Significant events during the year

Divestment of JC concept
During the first quarter of the fiscal year, the JC concept was divested with operations in Sweden and Finland, to Denim Island AB. The acquiring company is part of Denim Island Group, a leading international producer of denim products with an extensive international wholesaling business featuring denim brands. The group of companies has a Chinese owner.

Reorganization of inter-company functions
As a result of the divestment of JC during the second quarter, a review of head office functions was conducted, whereupon certain inter-company functions (Finance, Site supervision and E-commerce) were taken over by subsidiaries.

Acquisition of Polarn O. Pyret's Norwegian master franchisee
As part of the international expansion of Polarn O. Pyret AB, 100% of the shares in WAM AS in Norway were acquired via Polarn O. Pyret Sverige AB. WAM AS, which was the master franchisee of Polarn O. Pyret in Norway, consists of 24 stores and an e-commerce business, and it was taken over on January 2, 2014. After the acquisition, the company changed its name to Polarn O. Pyret Norge AS.

Changes in the Group Management
In early 2014, Maria Öqvist resigned as President of Brothers. Peter Bondelid replaced her, after previously holding the position of Supply Chain Director for RNB. The position of Supply Chain Director for RNB was abolished in connection with this change. During fall 2013, Amelie Söderberg, President of DSE, resigned from the company, whereupon Hanna Graflund-Sleyman was appointed as her successor, with effect from January 1, 2014.

Change of bank for the Group
In December 2013, RNB entered into an agreement with Danske Bank for provision of banking services and business financing for the Group in the Nordic region including an overdraft facility, of a maximum of SEK 140 M. This replaced previous agreements on banking services and business financing with SEB.

Participation in the Bangladesh Accord
RNB decided during the second quarter of the fiscal year to participate in the international safety initiative known as the Bangladesh Accord, which aims to create safer workplaces for textile workers.

Impairment of goodwill in Brothers
As a result of an evaluation of the operations in Brothers, it was confirmed that the established turnaround plan was expected to take a longer time to implement than initially expected. In light of this, the value of goodwill in Brothers was written down by SEK 151 M.

Closure completed of Sisters
RNB decided in January 2013 that the Sisters concept would be discontinued. This work on this continued during the fiscal year, and all RNB stores of the Sisters concept have now been closed, after which some ten stores remain under franchise management subject to a licensing agreement with RNB.

Polarn O. Pyret opened its third store in the Netherlands
Apart from the two stores (Eindhoven, Utrecht) which were opened in the Netherlands during the preceding fiscal year, a third store was inaugurated (Maastricht) at the start of the fiscal year.

Significant events after the end of the fiscal year
The Group's current CFO Stefan Danieli will resign from the Group in the middle of March 2015. The process of finding a successor has already begun and a replacement is expected to be place before Danieli leaves the company.

Concepts
Polarn O. Pyret business area
Net sales in the period amounted to SEK 554 M (509), including an increase in sales in both proprietary stores and in e-commerce sales. As a result of the acquisition of the Norwegian franchise business, franchise sales fell, while sales in proprietary stores increased.

Gross margin during the year increased in most of the operations, due to a continued positive performance in the fourth quarter as a whole.

Overhead costs for proprietary stores and head office functions increased compared to the previous year, due to new stores and operations in Sweden, Norway and in Holland. Operating income amounted to SEK 6 M (14), corresponding to an operating margin of 1.0 percent (2.7). The Swedish operations performed well during the year and displayed an increase in earnings despite a negative effect from lower franchise sales in Norway and some increased costs for new operations abroad. The negative result in Holland continues to adversely impact the business area's results, although to a lesser degree, after a somewhat improved fourth quarter compared to the previous year.

The recently acquired operations in Norway have also had an adverse effect on the business area's results, but did not affect the trend as much due to a weak start period after taking over in January 2014.

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

Departments & Stores business area
Net sales in the Departments & Stores business area, excluding the Kosta business, which was divested as of June 1, 2013, amounted to SEK 885 M (869), an increase of 1.8 percent. Net sales including Kosta decreased from SEK 899 M to SEK 885 M , a decrease equivalent to 1.6 percent.

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

Total overhead costs decreased compared to the preceding year, including Kosta – excluding Kosta, overhead costs increased somewhat. Operating income totaled SEK 55 M (47).

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

Brothers & Sisters business area
Net sales for Brothers & Sisters totaled SEK 479 M (539), a decrease of 11.1 percent. Net sales for Brothers showed a largely unchanged performance in proprietary stores, but a decrease in franchise sales.
Net sales for Sisters decreased, as a result of the company's now completed discontinuation process.

Gross margin in the business area decreased overall compared to the previous year, mostly due to non-recurring effects in Brothers and a negative performance in Sisters during the first half of the year. Gross margin in Brothers developed positively during the second half of the year.

Overhead costs in proprietary stores and head office functions continued to decrease significantly, while overhead costs for new stores increased. However, these new stores displayed positive operating income overall during the year. Expenses during the year for bad debt losses were minimal on the franchise side, while the result last year was affected by significant expenses.

Generally speaking, it can be stated that the earnings trend in Brothers was negatively impacted during the year by the divestment of JC, by the related organizational changes, and also by certain adverse effects on the Group's cost structure.

Operating income amounted to SEK -29 M (-78), excluding impairment of goodwill in Brothers & Sisters of SEK 151 M. The quality and level of inventories continued to develop favorably with lower total levels compared to the previous year.

Parent company
The Parent Company provides Group-wide services.

Net sales in the Parent Company amounted to SEK 108 M (146). After net financial items, a loss of SEK -159 M was recognized, including SEK 151 M (-637) for impairment of shares in subsidiaries. Investments totaled SEK 4 M (16).

Net sales and earnings
RNB's net sales during the period totaled SEK 1,917 M (1,945), which was a decrease of 1.5%.

Gross margin during the period was 51.0% (49.3).

Operating income amounted to SEK -6 M (-100) excluding impairment of goodwill during the year of SEK 151 M.

The result before tax amounted to SEK -155 M (-127).

The loss for the year amounted to SEK -155 M (-194), corresponding to SEK -4.57 (-16.86) per share.

The loss for the fiscal year, including the discontinued operation amounted to SEK -161 M (-629), corresponding to SEK -4.75 (-54.56) per share.

Financial position and liquidity
The Group had total assets of SEK 1,030 M compared to SEK 1,301 M at the end of the previous fiscal year. Shareholders' equity amounted to SEK 266 M (428) at the end of the period, providing an equity/assets ratio of 25.8 percent (32.9).

At August 31, 2014, inventories totaled SEK 347 M (328).

Cash flow from operating activities amounted to SEK -6 M (-95). Working capital has been positively impacted by reduced trade receivables and other current receivables, while lower trade payables resulted in an increase in working capital, and so working capital (excl. inventories) increased by SEK 32 M.

After investments, cash flow amounted to SEK -56 M (-166).

Net debt amounted to SEK 365 M compared to SEK 325 M during the year-earlier period.

The Group's cash and cash equivalents at the end of the period, including unutilized overdraft facilities, amounted to SEK 140 M compared to SEK 147 M at the end of the previous fiscal year.

Investments, depreciation and impairments
Investments during the period totaled SEK 86 M (84). Depreciation/amortization and impairments amounted to SEK -195 M (-130), which included impairment of goodwill of SEK 151 M.

Personnel
The average number of employees during the fiscal year was 1,092 (1,399).

RNB RETAIL AND BRANDS' vision is to offer our customers the ultimate service and shopping experience. RNB develops and distributes brands through distinct concepts and stores with an attractive range of fashion, ready-to-wear clothing, accessories, jewelry and cosmetics. We want the customer to feel appreciated and inspired to shop. To achieve this, it is crucial that we have committed, motivated and experienced employees.

Our distinct Talent Management process encompassing all employees in the Group is an important part of the work on achieving our vision.

The employee handbook, which is a guide for our managers and our information channel to our employees, is updated with policies, processes and work methods as part of our Talent Management work. RNB is affiliated to the employers' organization, the Swedish Trade Federation, as well as to collective agreements with the trade unions Unionen and the Swedish Commercial Employees' Union.

Sustainability reporting
RNB presents a separate sustainability report. The company has adopted a policy document, a vision and a comprehensive business plan for sustainability issues.

The expectations regarding corporate responsibility continue to rise and sustainability issues are becoming an increasingly important part of our everyday work. As a player in the fashion and beauty industry, with the objective of offering customers the ultimate shopping experience, it is crucial that RNB lives up to the expectations from customers, employees and other stakeholders in respect of responsibility for ethical and environmental issues, and that the company constantly strives to improve in this area.

RNB uses the term CSR, Corporate Social Responsibility, to summarize the work that is performed in order to promote sustainable development. CSR at RNB includes the company's total impact on people and the environment, with the following five primary areas identified as the most important focus areas:

- Working conditions in production
- The impact of production and products on people and the environment
- The impact of business activities on the external environment
- Animal welfare issues
- Social sponsorship

Based on this definition of CSR, two distinct focus areas have been established: production and products. In goods production, major emphasis is placed on working conditions for factory employees, but this also includes environmental issues during manufacturing. The second major focus area concerns the direct impact from products and fashion ranges where the key issues mainly relate to material selection, chemicals and child-proofing.

The priority attached to these focus areas is clearly visible in the work performed during the year.

A complete description of RNB's work on achieving a more sustainable company is available in the separate sustainability report, which is published annually on www.rnb.se..

Related-party transactions

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

The Company has two loans from its principal shareholder Konsumentföreningen Stockholm, totaling SEK 400 M, which run subject to market-related interest- and covenant terms.

For further information on transactions with related parties, refer to Note 5, page 48.

Tax paid

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

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 consolidated results. The risks are described in detail in Note 40.

Corporate governance

RNB is governed by the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act, the company's Articles of Association and the Swedish Code of Corporate Governance. The company's Corporate Governance report is presented on pages 66–74.

The Board's work

RNB's Board of Directors after the Annual General Meeting (AGM) in January consisted of six members elected by the general meeting of shareholders.

The Board is appointed at the AGM for the period until the next Annual General Meeting. The company's Articles of Association do not include any provisions on the appointment or dismissal of Board members.

RNB's Board of Directors is governed by a formal work plan that complies with the Swedish Companies Act with respect to division of duties and reporting. The formal work plan governs Board meetings, issues to be addressed at Board meetings, the Chairman's duties, the President's duties and certain other matters. Within the Board, there is a Remuneration Committee and an Audit Committee. The Remuneration Committee deals with salaries, bonuses and other remuneration for the President and the Senior Executives that report directly to him.

In addition to the statutory meeting, the Board held six regular Board meetings and nine extra meetings during the 2013/2014 fiscal year. The regular meetings were primarily devoted to budget follow-ups, investment matters, external reporting, budgets and strategy issues. The extra meetings dealt with financing and liquidity issues, the strategic review of JC and its divestment as well as the acquisition of the master franchise business in Norway.

Nomination Committee

The Nomination Committee's duties include preparing and submitting proposals to shareholders of the company concerning election of Board members and, when applicable, auditors.

The Chairman of the Board shall annually, and no later than in connection with publication of the company's interim report for the third quarter of the fiscal year, convene the four largest shareholders in the company. They shall then appoint one member each to the Nomination Committee. The Chairman of the Board is to be co-opted to the Nomination Committee, but not as its Chairman. The Chairman of the Board shall also ensure that information about the composition of the Nomination Committee, with contact information, is published well in advance of the AGM. The Chairman of the Board shall also to report to the Nomination Committee regarding the conditions for the Board of Directors' work and specific expertise requirements that may be important for the Nomination Committee's work. Shareholders shall be able to submit proposals to the Nomination Committee for further evaluation within the framework of its work. The Nomination Committee shall hold meetings as necessary, but at least once per year.

Prior to the AGM on December 18, 2014, members of the Nomination Committee were appointed in accordance with the resolution of the 2014 AGM. The Nomination Committee consists of Sune Dahlqvist, Chairman of Konsumentföreningen Stockholm, Ulf Strömsten, Catella Fondförvaltning, Patrick von Schenck, representing Michael Löfman and Joel Lindeman, Provobis Property & Leisure AB.

Guidelines for remuneration to Senior Executives

The AGM on January 16, 2014 resolved on guidelines for remuneration and other terms of employment for the company management. These are described in Note 5.

The Board of Directors proposes that the AGM resolve to adopt the following guidelines.

The company shall offer market-based total remuneration, making it possible to recruit and retain Senior Executives. The remuneration structure for the company management shall comprise a fixed and variable salary as well as pension and other remuneration. Combined, these parts are to comprise the individual's total remuneration. Fixed salary and variable salary together represent the employee's salary.

The fixed salary, in SEK per month, is based on the individual's areas of responsibility and experience. The variable salary shall primarily relate to the outcome of the subsidiaries' operating results and/or consolidated results after financial items compared to established targets.

In respect of the currently applicable bonus, it is proposed that the maximum outcome in terms of the company's costs for the variable salary, which implies fulfillment of all bonus-based targets and the bonus to be paid shall be fully financed by the surplus generated, may not exceed SEK 2,750,000 in total (excluding social security contributions), of which SEK 750,000 to the President and CEO and SEK 500,00 to the other senior executives. The calculation is based on the total of five persons (incl. President) who currently comprise the company management. The bonus will be evaluated annually and the bonus structure will be re-established each year based on budgeted earnings as the target. The bonus does not qualify for vacation or pension.

The variable salary in the bonus program may not exceed 40% of the fixed salary.

As in the past, the President is entitled to an occupational pension corresponding to a maximum premium of 30% of his current annual salary. Other members of the company management are entitled to a pension according to the ITP plan or equivalent. The retirement age is 65.

Other remuneration and benefits shall be market-related and contribute to the ability of executives to fulfill their duties.

The company management's terms of employment include provisions governing notice of termination. Under these agreements, employment may normally be terminated by the employee subject to a notice period of three to six months and, if termination is initiated by the company, a notice period of six to 12 months. Unchanged salary is paid during the notice period. For the President, a notice period of up to 12 months applies if termination is initiated by the company.

The Board is entitled to deviate from the above guidelines if the Board deems that there are specific grounds to justify such a deviation in an individual case.

Ownership

The number of shareholders on August 31, 2014 was 7,753, of whom 7,558 were registered in Sweden. The largest owners at August 31, 2014 were as follows:

Ownership on August 31, 2014

The largest shareholders	Number of shares	Share capital/ Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Catella Fondförvaltning	4,340,314	12.8
Avanza Pension	1,617,566	4.8
Client Long	953,025	2.8
Skandinaviska Enskilda Banken	675,447	2.0
PROVOBIS PROPERTY & LEISURE AB	649,163	1.9
LÖFMAN MICHAEL	575,000	1.7
NORDNET PENSIONSFÖRSÄKRING	494,945	1.5
SEB LIFE INTERNATIONAL ASSURANCE	476,512	1.4
BANQUE DE LUXEMBOURG, CLIENT ACCOUNT	400,000	1.2
Total largest shareholders	**21,428,570**	**63.2**
Other	12,483,606	36.8
Total	**33,912,176**	**100.0**

The number of shares in the company on August 31, 2014 was 33,912,176, which were all common shares, each with a quota value of SEK 6. Each share carries one vote at the AGM and all shares have an equal right to share in the company's assets and profits. There are no provisions in the company's Articles of Association limiting the number of votes that each shareholder may cast at the AGM nor any limitations on the right to transfer shares. Aside from Konsumentföreningen Stockholm and Catella Fondförvaltning, no shareholder, directly or indirectly, holds more than 10% of the shares in RNB RETAIL AND BRANDS AB (publ) as of August 31, 2014. Further information is available in the section "the RNB Share" on pages 75–76.

Expected future trend

The market climate is still weak combined with aggressive offers from e-commerce players and cross merchandising between sportswear and clothing stores. In the near term, we expect this market climate to persist, while the company is picking up indications of improved market conditions in the medium term due to increased consumer demand.

Dividend

The Board proposes that no dividend be paid for the 2013/2014 fiscal year.

Proposed treatment of loss

The following funds are at the disposal of the Annual General Meeting, SEK:	
Retained earnings	0
Loss for the year	-158,698,620
	-158,698,620

The Board of Directors proposes that the accumulated loss be dealt with as follows.	
Set off against statutory reserve	-157,852,603
To be carried forward	-846,017
	-158,698,620

For further information regarding RNB's earnings and financial position, refer to the following statements of comprehensive income and balance sheets with accompanying notes. All amounts are presented in thousands of SEK (SEK 000s) unless otherwise stated.

Consolidated statement of comprehensive income

SEK 000s	Note	**Sep 13–Aug 14**	Sep 12–Aug 13
Net sales	4	1,916,942	1,945,453
Other operating income	4,7	10,410	7,492
		1,927,352	**1,952,945**
Operating expenses			
Goods for resale	9,20	-939,364	-986,232
Other external expenses	6,8,33	-432,567	-453,582
Personnel expenses	5	-502,923	-482,230
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	14,15,16,18	-44,005	-130,198
Impairment of goodwill	14,17	-150,900	-
Capital loss on sale of subsidiaries		-2,644	-700
Operating income	4	**-145,051**	**-99,997**
Profit/loss from financial investments			
Interest income and similar profit/loss items	4,10	3,132	7,329
Interest expenses and similar profit/loss items	11	-13,081	-34,271
Profit/loss after financial items	4	**-155,000**	**-126,939**
Tax on net income for the year	12	-93	-67,384
Net income for the year from continuing operations		**-155,093**	**-194,323**
Discontinued operations			
Profit after tax for the fiscal year relating to discontinued operations	3	-5,919	-434 396
Net loss for the year		**-161,012**	**-628,719**
Other comprehensive income			
Other comprehensive income, which will be reclassified to net income in subsequent periods			
Translation differences		-622	-615
Comprehensive income for the year		**-161,634**	**-629,334**
Net income for the year attributable to:			
Parent Company's shareholders		-161,012	-628,719
Comprehensive income attributable to:			
Parent Company's shareholders		-161,634	-629,334
Earnings per share, (SEK) *	13	-4.75	-54.56
Average number of outstanding shares, (thousands) *	13	33,912	11,523

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

Consolidated statement of cash flows

SEK 000s	Note	**Sep 13–Aug 14**	Sep 12–Aug 13
Operating activities			
Operating income from continuing operations		-145,051	-99,997
Operating income from discontinued operations		-5,600	-501,415
Interest received		1,755	4,674
Interest paid		-10,662	-42,894
Tax paid		-	-500
Adjustment for non-cash items	34	195,777	448,312
Cash flow from operating activities before change in working capital		**36,219**	**-191,820**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in inventories		-9,784	66,249
Decrease (+)/increase (-) in current receivables		6,986	49,735
Decrease (-)/increase (+) in current liabilities	35	-39,342	-19,280
Cash flow from operating activities		**-5 921**	**-95,116**
Investing activities			
Acquisition of property, plant and equipment and intangible assets		-35,650	-81,280
Change in non-current receivables		7,122	10,939
Acquisition of subsidiaries	35	-20,052	-
Divestment of subsidiaries	35	-1,429	-798
Cash flow from investing activities		**-50 009**	**-71,139**
Financing activities			
Increased utilization of overdraft facilities		-	-
Decreased utilization of overdraft facilities		-	-83,683
Redemption of pension provisions		-1,556	-10,753
Rights issue		-	429,237
Borrowings		51,000	85,000
Amortization of loans		-	-236,000
Cash flow from financing activities		**49,444**	**183,801**
Cash flow for the year		**-6,486**	**17,546**
Cash and cash equivalents at beginning of year		46,846	29,711
Exchange difference in cash and cash equivalents		-135	-411
Cash and cash equivalents at end of year	23	**40,225**	**46,846**

Consolidated balance sheet

SEK 000s	Note	**Aug 31, 2014**	Aug 31, 2013
ASSETS			
Non-current assets			
Intangible assets	14		
Software	15	20,880	25,039
Rental rights	16	11,158	12,162
Goodwill	17	379,229	483,673
		411,267	**520,874**
Property, plant and equipment			
Equipment and store fittings	18	92,118	105,776
		92,118	**105,776**
Financial assets			
Other non-current receivables	37	8,779	5,425
		8,779	**5,425**
Total non-current assets		**512,164**	**632,075**
Current assets			
Inventories			
Goods for resale	20	347,353	327,668
		347,353	**327,668**
Current receivables			
Trade receivables	37	49,785	65,963
Current tax assets		6,556	10,390
Other receivables	21	10,587	10,011
Prepaid expenses and accrued income	22	63,671	51,400
		130,599	**137,764**
Cash and cash equivalents	23,25,27	40,225	31,829
Total current assets		**518,177**	**497,261**
Assets that are included in disposal groups are classified as if they are held for sale	3	-	171,239
TOTAL ASSETS	4	**1,030,341**	**1,300,575**

SEK 000s	Note	**Aug 31, 2014**	Aug 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		203,473	203,473
Other contributed capital		2,240,118	2,240,118
Other reserves		-9,399	-8,777
Retained earnings		-2,007,036	-1,378,317
Net loss for the year		-161,012	-628,719
Total equity		**266,144**	**427,778**
Non-current liabilities			
Liabilities to credit institutions	25	2,725	14,420
Deferred tax liabilities	12	0	0
Other non-current liabilities	25,26	400,000	349,000
Total non-current liabilities		**402,725**	**363,420**
Current liabilities			
Overdraft facilities	25,27	-	-
Liabilities to credit institutions	25	2,193	7,111
Provisions for pensions	24	-	682
Trade payables	28	190,770	180,541
Other liabilities	29	62,990	39,715
Accrued expenses and deferred income	30	105,519	114,507
Total current liabilities		**361,472**	**342,556**
Liabilities that are included in disposal groups are classified as if they are held for sale	3	-	166,821
TOTAL EQUITY AND LIABILITIES	4	**1,030,341**	**1,300,575**
Pledged assets	31	367,473	382,251
Contingent liabilities	32	-	127

Consolidated changes in shareholders’ equity

SEK 000s	Share capital	Other contributed capital	Other reserves	Profit/loss brought forward	Net income for the year	**Total equity**
Shareholders’ equity, August 31, 2012	**165,425**	**1,848,929**	**-8,162**	**-1,049,400**	**-328,917**	**627,875**
Transfer of previous year’s profit/loss				-328,917	328,917	0
Net loss for the year					-628,719	-628,719
Other comprehensive income for the year			-615			-615
Comprehensive income for the year			*-615*		*-628,719*	*-629,334*
Transactions with the Group’s owners						
Rights issue	38,048	425,000				463,048
Issue expenses		-33,811				-33,811
Total transactions with owners	*38,048*	*391,189*				*429,237*
Shareholders’ equity, August 31, 2013	**203,473**	**2,240,118**	**-8,777**	**-1,378,317**	**-628,719**	**427,778**
Transfer of previous year’s profit/loss				-628,719	628,719	0
Net loss for the year					-161,012	-161,012
Other comprehensive income for the year			-622			-622
Comprehensive income for the year			*-622*		*-161,012*	*-161,634*
Shareholders' equity, August 31, 2014	**203,473**	**2,240,118**	**-9,399**	**-2,007,036**	**-161,012**	**266,144**

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/loss brought forward and Net income 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 “Other comprehensive income.” In RNB’s case, this item comprises translation differences attributable to translation of foreign subsidiaries pursuant to IAS 21.

“Profit/loss brought forward” corresponds to the total accumulated profits and losses of the Group less dividends paid.

“Share capital” comprised 33,912,176 shares on August 31, 2014. All shares are common shares.

No dividend is proposed to be paid for the September 1, 2013 – August 31, 2014 fiscal year.

Parent Company’s income statement

SEK 000s	Note	**Sep 13–Aug 14**	Sep 12–Aug 13
Net sales	39	107,658	145,883
Other operating income	7	4,873	11,506
		112,531	**157,389**
Operating expenses			
Other external expenses	6,8,33	-79,071	-94,414
Personnel expenses	5	-51,486	-71,177
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	14,15,17,18	-6,665	-79,545
Operating income		**-24,691**	**-87,747**
Profit/loss from financial investments			
Result from participations in group companies	36	-123,184	-516,952
Interest income and similar profit/loss items	10	921	1,554
Interest expenses and similar profit/loss items	11	-11,744	-34,110
Profit/loss after financial items		**-158,698**	**-637,255**
Tax on net income for the year	12	-	-63,900
Net loss for the year		**-158,698**	**-701,155**

Parent Company’s statement of comprehensive income

SEK 000s	Note	**Sep 13–Aug 14**	Sep 12–Aug 13
Net loss for the year		-158,698	-701,155
Other comprehensive income		-	-
Comprehensive income for the year		**-158,698**	**-701,155**

Parent Company's balance sheet

SEK 000s	Note	**Aug 31, 2014**	Aug 31, 2013
ASSETS			
Non-current assets			
Intangible assets			
Software	15	19,982	22,940
		19,982	**22,940**
Property, plant and equipment			
Equipment	18	1,458	1,097
		1,458	**1,097**
Financial assets			
Participations in subsidiaries	19	501,654	651,654
		501,654	**651,654**
Total non-current assets		**523,094**	**675,691**
Current assets			
Current receivables			
Trade receivables	37	514	-
Receivables from group companies	38	82,139	46,297
Current tax assets		1,860	1,536
Other receivables	21	132	934
Prepaid expenses and accrued income	22	6,168	6,632
		90,813	**55,399**
Cash and cash equivalents	23,25,27	28,910	19,119
Total current assets		**119,723**	**74,518**
TOTAL ASSETS		**642,817**	**750,209**

SEK 000s	Note	**Aug 31, 2014**	Aug 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		203,473	203,473
Statutory reserve		157,853	183,647
Total restricted equity		**361,326**	**387,120**
Accumulated loss			
Share premium reserve		-	1,940,087
Loss brought forward		0	-1,264,726
Net loss for the year		-158,698	-701,155
Total accumulated loss		**-158,698**	**-25,794**
Total equity		**202,628**	**361,326**
Non-current liabilities			
Other non-current liabilities	25,26	400,000	349,000
Total non-current liabilities		**400,000**	**349,000**
Current liabilities			
Overdraft facilities	25,27	-	-
Trade payables	28	7,696	12,972
Liabilities to group companies	38	14,347	2,096
Other liabilities	29	1,546	2,665
Accrued expenses and deferred income	30	16,600	22,150
Total current liabilities		**40,189**	**39,883**
TOTAL EQUITY AND LIABILITIES		**642,817**	**750,209**
Pledged assets	31	46,000	316,654
Contingent liabilities	32	24,089	46,789

Parent Company's statement of cash flows

SEK 000s	Note	**Sep 13–Aug 14**	Sep 12–Aug 13
Operating activities			
Operating income		-24,691	-87,747
Interest received		921	1,554
Interest paid		-8,517	-42,930
Tax paid		-	-
Adjustment for non-cash items	34	7,018	79,545
Cash flow from operating activities before change in working capital		**-25,269**	**-49,578**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		-35,414	143,909
Decrease (-)/increase (+) in current liabilities		-3,551	-32,422
Cash flow from operating activities		**-64,234**	**61,909**
Investing activities			
Acquisition of intangible assets and property, plant and equipment		-4,421	-14,042
Shareholders' contribution paid		-10,004	-294,105
Cash flow from investing activities		**-14,425**	**-308,147**
Financing activities			
Decreased utilization of overdraft facilities		-	-83,683
Group contributions received		72,450	70,725
Group contributions paid		-35,000	-
New issue		-	429,237
Borrowings		51,000	85,000
Amortization of loans		-	-236,000
Cash flow from financing activities		**88,450**	**265,279**
Cash flow for the year		**9,791**	**19,041**
Cash and cash equivalents at beginning of year		19,119	78
Cash and cash equivalents at end of year	23	28,910	19,119

Parent Company's changes in shareholders' equity

	Restricted equity		Accumulated loss/non-restricted equity			
SEK 000s	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Net income for the year	**Total equity**
Shareholders' equity, August 31, 2012	**165,425**	**183,647**	**1,548,898**	**-978,402**	**-286,324**	**633,244**
Transfer of previous year's profit/loss				-286,324	286,324	0
Net loss for the year					-701,155	-701,155
Other comprehensive income for the year						0
Comprehensive income for the year					*-701,155*	*-701,155*
Transactions with the Group's owners						
Rights issue	38,048		425,000			463,048
Issue expenses			-33,811			-33,811
Total transactions with owners	*38,048*		*391,189*			*429,237*
Shareholders' equity, August 31, 2013	**203,473**	**183,647**	**1,940,087**	**-1,264,726**	**-701,155**	**361,326**
Transfer of previous year's profit/loss		-25,794	-1 940 087	1 264 726	701,155	0
Net loss for the year					-158,698	-158,698
Other comprehensive income for the year						0
Comprehensive income for the year					*-158,698*	*-158,698*
Shareholders' equity, August 31, 2014	**203,473**	**157,853**	**0**	**0**	**-158,698**	**202,628**

"Share capital" comprised 33,912,176 shares on August 31, 2014. All shares are common shares.

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

No dividend is proposed to be paid for the September 1, 2013 – August 31, 2014 fiscal year.

Notes to the financial statements

Amounts in SEK 000s unless otherwise stated.

Note 1 Accounting policies, etc.

Information about the company and the annual accounts
RNB RETAIL AND BRANDS AB (publ), Corp. Reg. No. 556495-4682, is a Swedish public limited liability company with its registered office in the Municipality of Stockholm, Stockholm County. The company is listed on NASDAQ OMX Nordic, Stockholm, in the Small Cap segment. RNB RETAIL AND BRANDS AB (publ) is the Parent Company of the Group. The Group owns, operates and develops stores that sell fashion wear, ready-to-wear clothing, accessories, jewelry and cosmetics. The company's fiscal year runs from September 1 to August 31.

The consolidated financial statements and the financial statements for the Parent Company for the 2013/2014 fiscal year were signed by the Board of Directors and the President on November 26, 2014, thereby approving these consolidated financial statements for publication. The statement of comprehensive income and balance sheet for the Group and the income statement and balance sheet for the Parent Company will be subject to adoption at the Annual General Meeting to be held on December 18, 2014.

Conformity with standards and statutes
The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS), as approved by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company's accounting policies". The deviations that occur between the Parent Company and Group accounting policies are due to limitations in the possibilities of fully applying IFRS in the Parent Company on account of the Annual Accounts Act and in certain cases due to tax considerations. The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

Basis of preparation of financial statements for the Parent Company and the Group
The Parent Company's functional currency is SEK, which is also the presentation 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 historical cost (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 consist of derivatives (currency futures contracts).

Preparing the financial statements in accordance with IFRS requires that the company management makes assessments and estimates as well as assumptions that affect the application of accounting policies and the recognized amounts for assets, liabilities, revenue and expenses. Estimates and assumptions are based on historical experience and on 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 the company 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 2.

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 on which the financial statements are authorized for issue by the members of 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 on the balance sheet date have been considered when presenting the financial statements.

The most important accounting policies applied when these consolidated financial statements were prepared are presented below. These policies have been applied consistently for all of the years presented unless otherwise stated.

New and amended accounting policies
The following updated standards have been applied as of the current fiscal year:

IFRS 7 Financial Instruments: Disclosures – amendment (approved by the EU on December 13, 2012.
This amendment has not given rise to any effects on the prepared financial statements.

IFRS 13 Fair Value Measurement (Approved on December 11, 2012)
IFRS 13 shall be applied to fiscal years beginning on or after January 1, 2013. It does not describe when fair value is to be used but rather how it is to be measured when such a valuation shall be or may be used in accordance with a specific IFRS. In accordance with IFRS 13, new disclosures are to be provided to clarify the measurement techniques to be applied and the measurement data (inputs) to be used in these techniques, as well as the effects that the measurement has had on profit or loss. Disclosures are to be provided for both assets and liabilities that are continuously measured at fair value and for assets and liabilities that are measured at fair value only for disclosure purposes. This standard has given rise to more supplementary disclosures.

IAS 19 Employee Benefits - amendment (Approved by the EU on June 5, 2012)
The amendment to IAS 19 shall be applied to fiscal years beginning on or after January 1, 2013. Examples of changes under the amendment:
- the option of deferring actuarial gains and losses as a part of the "corridor" limit or recognizing actuarial gains and losses directly in profit or loss is no longer permissible. Instead, such gains and losses are to be recognized continuously in other comprehensive income.
- remeasurements recognized in other comprehensive income (not reclassification) comprise actuarial gains and losses and the difference between actual and estimated returns on pension assets shall be recognized in other comprehensive income.
- the interest rate applied to the calculation of pension liabilities shall also be used for the calculation of returns on pension assets.
- sensitivity analyses are to be conducted regarding reasonable changes to all assumptions made in the calculation of the pension liability.

Note 1 Cont.

For the Swedish entities, the actuarial calculations will also include future payments of special employer's contributions. As RNB Retail AND BRANDS during the 2013/14 fiscal year closed previously unfunded defined benefit pension plans with the Pensions Registration Institute, there are no longer any pension plans that are recognized as defined benefit plans, and therefore no liability is recognized any longer either. Thus this change has not had any impact on the financial statements.

UFR 9 Recognition of Tax on returns
Application of the statement UFR 9 from the Swedish Financial Reporting Board is to commence at the same time as the amendment to IAS 19, i.e. for fiscal years beginning on or after January 1, 2013. The tax on returns charged on provisions in the balance sheet shall be recognized continuously as an expense in profit or loss for the period to which the tax pertains. Accordingly, such tax on returns is not to be included in the calculation of liabilities for defined benefit pension plans.

New IFRS standards that have been issued but not yet adopted
A brief description follows below of the standards and interpretations that have not yet been adopted by RNB RETAIL AND BRANDS but, which are expected to have a future impact.

IFRS 9 Financial Instruments
The standard entails a reduction in the number of measurement categories for financial assets and stipulates that the main classifications for recognizing financial assets and liabilities are at cost (amortized cost) and at fair value through profit or loss. For certain equity investments, there is the option of recognition at fair value in the statement of financial position, with changes in value recognized directly in other comprehensive income, where no transfer is made to net profit for the period on divestment. In addition, IFRS 9 includes new rules relating to impairment and hedge accounting. This standard shall be applied from and including January 1, 2018.

RNB RETAIL AND BRANDS during the coming periods, will evaluate what effects IFRS 9 can give rise to.

IFRS 10 Consolidated Financial Statements and amendment to IAS 27 Consolidated and Separate Financial Statements (Approved by the EU in December 2012)
IFRS 10 and the amendment to IAS 27 shall be applied to fiscal years beginning on or after January 1, 2014. IFRS 10 replaces the section in IAS 27 dealing with preparation of consolidated financial statements. The rules pertaining to how the consolidated financial statements shall be prepared have not been changed. More specifically, the amendment provides further guidance on how a company is to determine whether a controlling influence exists and thus whether a company is to be consolidated.

As all units at present are wholly-owned, IFRS 10 and amendments in IAS 27 are not expected to affect the financial statements.

IFRS 11 Joint Arrangements and amendment to IAS 28 Investments in Associates and Joint Ventures (Approved by the EU on December 11, 2012)
IFRS 11 and the amendment to IAS 28 shall be applied to fiscal years beginning on or after January 1, 2014. IFRS 11 addresses the recognition of two types of joint arrangements; joint operations where the parties (joint operators) have rights and obligations to assets and liabilities and joint ventures where parties (joint venturers) have rights to the net assets. In a joint operation, joint operators shall recognize their assets, liabilities, revenue and expenses, and/or their relative share. In a joint venture, the rules in IAS 28 shall be applied, i.e. the joint venture shall be recognized in accordance with the equity method.

Since RNB Retail AND BRANDS does not have any joint arrangements as defined by IFRS 11, the application of this standard will not have any impact on the financial reporting.

IFRS 12 Disclosures of Interest in Other Entities (Approved on December 11, 2012)
IFRS 12 is to be applied to fiscal years beginning on or after January 1, 2014. The standard contains more extensive disclosure requirements than previous disclosure standards in annual reports and will impact the content of the financial statements.

IFRS 12 will affect the financial statements since it pertains to disclosures of subsidiaries, associates, joint arrangements and unconsolidated structured entities.

IAS 27 Separate Financial Statements (Approved on December 11, 2012)
This revised version of IAS 27 shall be applied to fiscal years beginning on or after January 1, 2014. The standard shall be applied in recognition of holdings in subsidiaries, joint ventures and associated companies when a company opts, or is obliged under local regulations, to prepare separate financial statements. The standard contains accounting and disclosure requirements. The revision is not expected to imply any changes in the financial statements.

IAS 28 Investments in Associates and Joint Ventures (Approved on December 11, 2012)
This revised version of IAS 28 shall be applied to fiscal years beginning on or after January 1, 2014. The standard describes the equity method for both associated companies and for joint ventures. The standard shall be applied by all companies that have joint control or significant influence over the investment object. The revision is not expected to imply any changes in the financial statements.

IAS 32 Financial Instruments: Presentation – revised (Approved by EU on December 13, 2012)
The amendment to IAS 32 shall be applied to fiscal years beginning on or after January 1, 2014. With the amendment to IAS 32, the application guidance section has been clarified regarding offsetting financial assets and financial liabilities. Clarification has been provided of the definition of "a legally enforceable right of set-off" and what is meant by "items that can be settled net" in various contexts. The amendment is not expected to give rise to any changes in the financial statements.

IAS 38 Intangible Assets - revised (Not yet approved by EU)
The amendment to IAS 38 shall be applied to fiscal years beginning on or after January 1, 2014. The amendment means that the requirement to disclose the recoverable amount of all cash-generating units to which goodwill is allocated, introduced in connection with the introduction of IFRS 13, is removed. Instead additional fair value disclosure requirements are introduced when the recoverable amount of an impaired asset is based on fair value less selling expenses. In addition, disclosure requirements are harmonized when the recoverable amount is calculated on the basis of fair value less selling expenses and based on value in use.

The revision is not expected to imply any changes in the financial statements.

IFRIC 21 Levies (Not yet approved by EU)
The interpretation shall be applied to fiscal years beginning on or after January 1, 2014. The interpretation clarifies when a liability for "levies" shall be recognized. "Levies" are fees/taxes that a governmental or equivalent organ impose on companies in accordance with laws/regulations with the exception of income taxes, penalties and fines. The interpretation states that a liability shall be recognized when the company has an obligation to pay the fee as a result of an event that has occurred. A liability is progressively recognized if the obligating event occurs over a period of time. If a certain minimum threshold must be reached in order for the obligation to arise, the liability is not recognized until this minimum threshold is reached.

Note 1 Cont.

IFRS 15 Revenue from Contracts with Customers
The standard shall be applied from and including January 1, 2017 and means that RNB RETAIL AND BRANDS shall use a new method for assessing what revenue shall be recognized in the income statement and how revenue shall be recognized. IFRS 15 presents a new model for how revenue shall be recognized in the income statement. RNB RETAIL AND BRANDS during the coming periods, shall evaluate what effects the standard will give rise to in the financial statements.

None of the following changes will give rise to any changes in the prepared financial statements.
- IAS 16 and IAS 41: Bearer Plants (issued on June 30, 2014).
- IAS 16 and IAS 38: Clarification of acceptable Methods of Depreciation and Amortization (issued on May 12, 2014)
- IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on May 6, 2014)
- IAS 19: Defined Benefit plans: Employee contributions (issued on November 21, 2014). The change entered into effect on July 1, 2014 but has not yet been adopted by the EU.

Classification
Non-current 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 cover 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 operational strategies for the purpose of obtaining financial benefits.

Subsidiaries are accounted for according to the purchase method. This method means that the acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The cost on consolidation is established through an acquisition analysis performed in conjunction with the acquisition. In the analysis, the cost of shares or operations is established, as is the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities. All transaction costs connected with acquisitions are expensed. The difference between the cost of the subsidiaries' shares and the fair value of acquired assets, assumed liabilities and contingent liabilities is recognized as goodwill. If the cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognized directly through profit or loss. 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 and intra-Group unrealized gains and losses have been eliminated when preparing the consolidated financial statements.

Foreign currency translation
Functional currency and presentation currency
Items included in the financial statements of the various units in the Group are measured in the currency used in the economic environment in which the each company mainly operates (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is the Parent Company's functional currency and the Group's presentation currency.

Transactions and balance sheet items
Transactions in foreign currency are translated to the unit's functional currency using the exchange rate that applied on the transaction date. Receivables and liabilities in foreign currencies are measured at the closing day rate.

Exchange gains and losses attributable to loans and cash and cash equivalents are recognized through profit or loss as financial income or expenses. Other exchange gains and losses are recognized in Goods for resale.

Group companies
For all Group companies whose earnings and financial position are in a functional currency other than the presentation currency, amounts are translated to the Group's presentation currency, namely SEK, as follows:
(a) assets and liabilities for each and every balance sheet are translated at the closing day rate;
(b) revenues and costs for each and every income statement are translated at the average exchange rate and
(c) the translation differences that arise are recognized separately in other comprehensive income.

Goodwill and fair value adjustments of assets and liabilities that arise in connection with the acquisition of a foreign operation are treated as assets and liabilities in the particular operation and are translated at the closing day rate.

Hedging
When hedging future cash flows, hedging instruments are restated at fair value. Hedge accounting is not applied.

Revenue
Group revenues derive 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 through profit or loss in the item "Net sales" for the same period in which the sale to the consumer occurred.

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

Customer loyalty programs, which mainly comprise discounts provided in relation to the customers' actual purchases, are recognized as a special component of the sales transaction in which they are awarded by reducing sales revenues by this component. The reduction of sales revenues is based on the value for the customer and not the cost for RNB RETAIL AND BRANDS. The reduction is recognized as deferred income and included through profit or loss over the periods during which the commitment is fulfilled.

Financial income and expenses
Financial income and expenses primarily consists of interest income on cash and bank balances, interest expenses on loans, changes in value of currency derivatives and other financial items.

Dividend income is recognized as financial income when the right to receive payment has been established.

Borrowing expenses
Borrowing expenses for the acquisition of qualified non-current assets are capitalized. Other borrowing expenses are expensed through profit or loss.

Note 1 Cont.

Financial instruments
All financial assets and liabilities are classified in accordance with IAS 39 in the following categories:
- Financial assets measured at fair value through profit or loss , comprise available-for-sale financial assets, which from RNB RETAIL AND BRANDS' viewpoint consist of currency futures contracts with positive fair values.
- Investments held to maturity comprise non-derivative financial assets with fixed or determinable payments and fixed terms that the Group intends to retain until maturity. RNB RETAIL AND BRANDS has no financial assets classified in this category.
- Loan receivables and Trade receivables consist of non-derivative financial assets with fixed or determinable payments. For RNB RETAIL AND BRANDS, this category comprises cash and cash equivalents, trade receivables, accrued income and loan receivables. Trade receivables are initially recognized at fair value and thereafter at accrued cost less doubtful receivables, which are assessed individually. Since the estimated duration of trade receivables is generally short, their value is recognized at the nominal amount without discounting. Impairment losses on trade receivables are recognised in operating expenses.
- Available-for-sale financial assets consist of non-derivative financial assets that are either classified as available-for-sale or are not classified in any of the other categories. RNB RETAIL AND BRANDS has no financial assets classified in this category.
- Financial liabilities measured at fair value through profit or loss comprise financial liabilities held for trading purposes, which from RNB's viewpoint consist of futures contracts with negative fair values.
- Other financial liabilities, comprise financial liabilities that are not held for trading purposes. From RNB RETAIL AND BRANDS' viewpoint, this category consists of trade payables, accrued costs and loan liabilities. Loan liabilities are measured at accrued cost. Accrued cost 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 allocated over the term of the liability. Non-current 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 trade payables is short, their value is recognised at the nominal amount without discounting.

Financial assets are recognized initially at fair value plus transaction costs. Financial liabilities are recognized at amortized cost. Financial liabilities and assets measured at fair value via profit and loss, i.e. RNB RETAIL AND BRANDS' currency futures contracts, are recognized at fair value, while attributable transaction costs are recognized through profit or loss.

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. Trade receivables 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 arises, even if the invoice has not yet been received. Trade payables are recognized when the invoice has 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 derecognised 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.

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

The indications used primarily by the Group to determine whether there is objective evidence that an impairment need exists include:
- significant financial difficulties displayed by the issuer or the debtor,
- breach of contract, such as lack of or delayed payment of interest or capital amount,
- probability that the borrower will enter bankruptcy or some other form of financial reconstruction,
- an active market for the particular asset ceases to operate due to financial difficulties.

Financial assets and liabilities are offset against each other and recognized as a net amount in the balance sheet only when there is a legal right to offset the recognized amounts and there is an intention to settle them with a net amount.

Intangible assets
Goodwill: Goodwill is the amount by which the cost 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 cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units that comprise the Group's operating segments and is not amortized; instead, it is tested for impairment annually or as soon as indications arise suggesting that the asset in question has decreased in value. Any impairment losses are not reversed.

Trademarks: Trademarks recognised earlier were attributable to the JC segment, which was divested during the 2013/14 fiscal year. The JC trademark was written-down in full at the start of the 2013/14 fiscal year

Rental rights: Rental rights are recognized at cost less amortization. Rental rights are amortized over ten years, which corresponds to their estimated useful lives, in light of the fact that these rights pertain to stores primarily situated in central locations.

Software: Software is recognized at cost less amortization. Software is amortized over five years, which corresponds to its expected useful life.

Property, plant and equipment
Property, plant and equipment refers to equipment and store fittings and is recognized at cost less depreciation and any impairments.

Additional expenditure is added to the asset's carrying amount or is recognized as a separate asset, depending on what is most suitable, only if it is probable that the future economic benefits associated with the asset will accrue to the Group and that the cost of the asset can be measured in a reliable manner. Repair and maintenance expenditure is expensed during the period that such expenditure arises. Property, plant and equipment is depreciated systematically over the estimated useful life of the assets concerned. The straight-line method of depreciation is used for all types of property, plant and equipment. For equipment and store fittings, a depreciation period of five years is used.

The assets' residual values and useful lives are tested for impairment at the close of each reporting period and adjusted if required. The carrying amount of an asset is impaired immediately to the asset's recoverable amount should the carrying amount of the asset exceed its estimated recoverable amount.

Lease agreements
When lease agreements mean that the Group, as the lessee, essentially enjoys the financial benefits and bears the financial risks associated with the leased object, the leasing agreements are classified as financial and the object is recognized as a non-current asset in the consolidated balance sheet and is written down to the shorter of the leasing period or the useful life. The corresponding obligation to pay leasing fees in the future is recognized as non-current and current liabilities. Each leasing payment is allocated between amortization of the recognized debt and financial expenses.

Note 1 **Cont.**

Other lease agreements, mainly rental agreements for premises, are recognized as operating leases.

Operating leasing means that the leasing fee is expensed over the term of the lease.

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. In such cases, only the basic rent is expensed on a straight-line basis. The revenue-based rent is expensed during the period to which the revenue pertains.

Inventories

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

When calculating the cost of inventories, the first-in, first-out principle is applied, and includes expenses arising after the acquisition of inventory items and the transportation of them to their current location and condition.

Cash and cash equivalents

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

Impairment losses

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 fallen in value. If such indications exist, the recoverable amount of the asset concerned is calculated (the highest of value in use or net realizable value). If the recoverable amount is lower than the carrying amount, an impairment loss shall be recognized in the income statement.

For goodwill with an indefinite useful life, the recoverable amount is calculated on an annual basis. If it is not possible to assign essentially independent cash flows to a single asset, the assets are grouped at the lowest level in which 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 amount. An impairment loss is recognised in the income statement. Impairment testing of goodwill occurs on an operating segment level that is deemed to represent the lowest cash-generating units that is it possible to calculate.

Dividends paid

Dividends paid are recognized as a liability after the Annual General Meeting has approved the dividend.

Pensions

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

Employees in Sweden are covered by both defined benefit and defined contribution plans, while employees in Norway, Finland, the Netherlands and Hong Kong are only covered by 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 personnel cost through profit or loss when they arise.

Defined benefit plans

For employees covered by defined benefit plans, remuneration is paid to employees and former employees based on such factors as salary level on retirement and the number of years of service. The Group bears the risk of paying the promised remuneration. In RNB RETAIL AND BRANDS, previously unfunded defined benefit pension plans with the Pensions Registration Institute were closed during the 2013/14 fiscal year. Therefore in the balance sheet, liabilities related to defined benefit plans are no longer recognized. New vesting is secured through payment of insurance premiums to Alecta.

Alecta

Certain commitments for salaried employees in Sweden are also secured through insurance with Alecta. According to statement UFR 3 from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, the insurance with Alecta constitutes a multi-employer defined benefit plan. Similar to previous years, Alecta 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 through insurance with Alecta is recognized as a defined contribution plan. At September 30, 2014, Alecta's surplus in the form of the collective consolidation level amounted to 146% (153). The collective consolidation level is calculated as the market value of Alecta's asset portfolio in relation to insurance obligations according to actuarial assumptions set by Alecta, which do not comply with IAS 19. See also Note 24.

Remuneration upon termination of employment

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, which at a minimum includes workplace, positions held, the approximate number of employees involved, the remuneration for each personnel category or position and the time for implementation of the plan.

Taxes

Income taxes recognized through profit or 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 enacted. In the balance sheet, current tax receivables and current tax liabilities are recognized as current items.

For items recognized through profit or loss, the associated tax effects are also recognized through profit or loss. Tax effects of items recognized directly in equity are recognized in equity and for items recognized directly in other comprehensive income, the tax effect is also recognized in other comprehensive income.

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 loss carryforwards. Deferred tax assets are recognized as non-current receivables and deferred tax liabilities are recognized as non-current liabilities.

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.

Deferred tax assets and deferred tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities against each other and when the deferred tax assets and tax liabilities pertain to taxes charged by the same tax authority and that pertain either to the same taxpayer or to different taxpayers, where there is an intention to settle the balances through a net payment.

Statement of cash flows

The statement of cash flows was prepared in accordance with the indirect method. The recognized cash flow only includes transactions that involve incoming or outgoing payments.

Reporting by operating segment

Based on how management monitors the operations, RNB RETAIL AND BRANDS has defined the Group Management as its chief operating decision maker. RNB reports three operating segments as of the end of the 2013/2014 fiscal year, namely Polarn O. Pyret, Department & Stores and Brothers & Sisters. During the 2013/14 fiscal year, the JC operating segment was divested. The operating segments' earnings, assets and liabilities include directly attributable items that can be allocated to the operating segments in a reasonable and reliable manner. The Group Management assesses the earnings of the operating segments on the basis of operating income. This measurement does not vary from the measurement of operating income recognized in the consolidated income statement. In the financial statements for the operating segments, central administration is recognized under the heading "Other."

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 recognized as a liability or provision, since it is not probable that an outflow of resources will be required.

Recognition of discontinued operations and assets and liabilities that are included in disposal groups classified as if they are held for sale/disposal

The JC segment was divested as of October 31, 2013. In Note 3, the JC segment's earnings and net cash flow are presented for each fiscal year and its assets and liabilities as of August 31, 2013. In Note 3, the RNB RETAIL AND BRANDS' consolidated statement of comprehensive income for each fiscal year and balance sheet on August 31, 2013 are presented as they would have looked if the JC segment was not classified as assets and liabilities that are included in disposal groups classified as they are held for sale/disposal.

Parent Company accounting policies

The Parent Company prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2. Accounting for Legal Entities. According to RFR 2, the Parent Company, in the annual accounts for the legal entity, 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 most important differences between the Group's and the Parent Company's accounting policies are presented below.

Amended accounting policies for the Parent Company

An amendment to the Swedish Financial Reporting Board's recommendation RFR 2 means that new guidance has been introduced regarding the recognition of group contributions. The amendment shall be applied to fiscal years beginning on or after January 1, 2014 but early adoption is permitted. The guidance shall be applied earlier if a company at the same time applies the new and revised IAS 27 in the consolidated financial statements.

A company can apply either the general rule or the alternative rule in connection with recognition of group contributions. The rule selected must be applied consistently to all group contributions.

The general rule means that the Parent Company recognizes group contributions received from subsidiaries as financial income and group contributions paid to subsidiaries as an increase in participations in Group companies. The alternative rule means that both group contributions received and paid are to be recognized as appropriations.

RNB RETAIL AND BRANDS (publ) has opted to apply the general rule for recognition of group contributions.

Lease agreements

All lease agreements in the Parent Company are recognized as operating leases, irrespective of whether they are financial or operating.

Taxes

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

Shareholders' contributions and Group contributions

The Parent Company recognizes group contributions received and group contributions paid according to the general rule, which means group contributions received from subsidiaries are recognized as financial income and group contributions paid to subsidiaries are recognized as an increase in participations in Group companies.

Shareholders' contributions received are recognized directly in the recipient's equity and shareholders' contributions paid are recognized as an increase in participations in Group companies.

Insofar as impairments are required after group contributions and shareholders' contributions paid, the impairment loss is recognized as a cost through profit or loss under the heading "Profit from participations in Group companies."

Participations in subsidiaries

Participations in subsidiaries are recognized in the Parent Company in accordance with the cost method. All dividends received from subsidiaries are recognized as income through profit or loss under the heading "Profit from participations in Group companies." The balance sheet item "Participations in subsidiaries" is tested for impairment insofar as there are indications or reasons to assume that the recoverable amount is less than the carrying amount.

Note 2 Critical estimates and judgements

When preparing the financial statements, certain accounting methods and accounting policies are used whose application may be based on difficult, complex and subjective assessments on the part of company management. The company management makes its assessments on the basis of previous experience and assumptions that, taking the present circumstances into account, are considered reasonable and realistic. The use of such estimates and assumptions influences carrying amounts. Using other assumptions and under different circumstances, actual outcomes could differ from these estimates. According to the company management, critical assessments pertaining to applied accounting policies and sources of uncertainty in estimates, are primarily related to the valuation of goodwill, taxes, doubtful trade receivables and recognition of inventories.

Goodwill
In accordance with what is stated in Note 14, RNB conducts impairment testing of goodwill, each year or more often in the event of an indication of impairment. Goodwill is attributable to the following operating segments: Department & Stores, SEK 233,445,000 (233,445,000); Polarn O. Pyret, SEK 48,116,000 (1,660,000); and Brothers & Sisters, SEK 97,668,000 (248,569,000). In order to calculate the recoverable amount, value in use is deployed. For these calculations, certain estimates must be made. The principal assumptions pertain to the discount rate, the cash flow forecast for the 2014/15-2018/19 period and for the period thereafter and assumptions concerning growth after the forecast period. See Note 14, for an overview of the sensitivity analysis performed of the assumptions made.

Taxes
When preparing the financial statements, RNB conducts a calculation of the income tax applicable in each tax jurisdiction in which the company operates, as well as of deferred taxes attributable to temporary differences. Deferred tax assets are recognized insofar as it is probable that future taxable surpluses will be available against which the temporary differences can be offset. Changes in assumptions concerning forecast future taxable income, as well as changes in tax rates and actual future outcomes, could result in significant differences in the measurement of deferred taxes. RNB has unrecognized deferred tax assets attributable to loss carryforwards in both Swedish and foreign entities. An additional description of the Group's deferred tax assets is provided in Note 12.

Trade receivables
Trade receivables are recognized net after provisions for bad debts. The provision pertaining to trade receivables is based mainly on receivables from franchisees. In-store sales take the form of payment in cash or by credit card, in which the bank bears the risk. The net value corresponds to the value expected to be received. In RNB's assessment, the current provision is sufficient. At year-end, the total provision for bad debts amounted to SEK 15,730,000 (45,980,000) and trade receivables, net after provisions, amounted to SEK 58,564,000 (71,388,000), of which SEK 8,779,000 (5,425,000) was recognized as non-current receivables taking into account the agreed terms of payment.

Inventories
Inventories have been measured at the lower of cost and net realizable value. The amount of net realizable value reflects calculations of such factors as future selling prices, in which anticipated discounts are taken into account. The actual outcome of future selling prices could deviate from the assessments made.

Note 3 Disposal group that is sold

In February 2013, RNB RETAIL AND BRANDS AB (publ) announced that the company was intending to conduct a strategic review of the JC business area. One of the alternatives in this strategic review was a divestment of JC. In line with this, RNB Retail and Brands entered into an agreement on divestment of JC during the first quarter of 2013/2014 to an external buyer. The sale was completed with effect from November 1, 2013.

	Sep 13-Aug 14	Sep 12-Aug 13
Net sales	110,842	674,467
Other operating income	-1,693	2,105
Gross income	**109,149**	**676,572**
Operating expenses		
Goods for resale	-56,214	-406,221
Other external expenses	-31,028	-282,388
Personnel expenses	-27,507	-155,675
Depreciation and impairment of non-current assets	-	-73,991
Impairment of goodwill and trademark	-	-259,712
Operating income	**-5,600**	**-501,415**
Profit/loss from financial investments		
Financial income	85	2,013
Financial expenses	-306	-1,986
Net financial items	**-221**	**27**
Profit before tax of operation for disposal	**-5,821**	**-501,388**
Tax on net income for the year	-98	66,992
Net income for the year of operation for disposal	**-5,919**	**-434,396**

Note 3 Cont.

	Aug 31, 14	Aug 31, 13
Assets		
Non-current assets		
Trademarks	-	-
Rental rights	-	-
Equipment and store fittings	-	-
Non-current receivables	-	-
Current assets		
Inventories	-	82,101
Trade receivables	-	49,031
Current tax assets		
Other receivables	-	6,822
Prepaid expenses and accrued income	-	18,268
Cash and cash equivalents	-	15,017
Total assets for disposal	**0**	**171,239**
Liabilities		
Non-current liabilities		
Provisions for pensions	-	-
Deferred tax liabilities	-	-
Current liabilities		
Provisions for pensions	-	874
Overdraft facilities	-	-
Trade payables	-	80,431
Other liabilities	-	20,361
Accrued expenses and deferred income	-	65,155
Total liabilities directly associated with assets for disposal	**0**	**166,821**
Net assets directly associated with operation for disposal	**0**	**4,418**
Included in other comprehensive income:		
Translation differences	-	321
Other provisions for operation for disposal	**0**	**321**

Net cash flow in the JC segment is as follows:

	Aug 31, 14	Aug 31, 13
Operating activities	-3,023	-218,856
Investment	-	-11,289
Financing	-11,994	228,160
Net cash flow	**-15,017**	**-1,985**

Note 4 Segment and revenue reporting by country

Sep 13 - Aug 14	Polarn O. Pyret	Departments & Stores	Brothers	Other	Eliminations	Total
Revenue						
External sales	553,126	884,632	479,184	-	-	1,916,942
Internal sales	523	-	-	122,264	-122,787	0
Interest income	849	2	904	-	1,377	3,132
Other revenue	8,485	380	-2,644	4,873	-684	10,410
Total	**562,983**	**885,014**	**477,444**	**127,137**	**-122,094**	**1,930,484**
Earnings						
Operating income	5,610	54,622	-179,924	-25,359	-	-145,051
Profit/loss after financial items	**5,260**	**54,651**	**-179,330**	**-35,581**	**-**	**-155,000**
Other disclosures						
Assets	219,858	460,973	282,373	159,355	-92,218	1,030,341
Liabilities and provisions	174,159	156,555	89,727	435,974	-92,218	764,197
Investments	55,699	9 343	10 609	4,457	-	80,108
Depreciation, amortization and impairments	11,021	8,843	164 000	11,041	-	194,905
Non-current assets by country						
Sweden	25,373	258,032	141,665	24,763	-	449,833
Norway	49,958	-	-	-	-	49,958
Finland	-	-	5,407	-	-	5,407
Denmark	-	-	-	-	-	0
Netherlands	5,866	-	-	-	-	5,866
Hong Kong	-	-	-	1,100	-	1,100

Sep 12 - Aug 13	Polarn O. Pyret	Departments & Stores	Brothers	Other	Eliminations	Total
Revenue						
External sales	507,573	898,560	539,320	-	-	1,945,453
Internal sales	1,661	-	-	145,883	-147,544	0
Interest income	282	226	2,486	-333	4,668	7,329
Other revenue	7,443	49	-	24,819	-24,819	7,492
Total	**516,959**	**898,835**	**541,806**	**170,369**	**-167,695**	**1,960,274**
Earnings						
Operating income	13,730	46,602	-77,690	-82,639	-	-99,997
Profit/loss after financial items	**13,713**	**46,746**	**-74,906**	**-112,492**	**-**	**-126,939**
Other disclosures						
Assets	173,565	382,811	463,286	153,216	-43,542	1,129,336
Liabilities and provisions	113,719	132,896	112,947	389,956	-43,542	705,976
Investments	14,521	8,946	23,580	16,375	-	63,422
Depreciation, amortization and impairments	7,793	9,020	14,793	98,592	-	130,198
Non-current assets by country						
Sweden	28,929	257,566	292,863	38,530	-	617,888
Norway	-	-	-	-	-	0
Finland	-	-	6,617	-	-	6,617
Denmark	-	-	-	-	-	0
Netherlands	5,877	-	-	-	-	5,877
Hong Kong	-	-	-	1,693	-	1,693

Central administration is recognized under the heading "Other" in the segment reporting.

Note 4 Cont.

Net sales per country

	Sep 13 - Aug 14	Sep 12 - Aug 13
Net sales in Sweden	1,669,868	1,758,266
Net sales in Sweden	95,396	43,580
Net sales in Finland	97,504	97,095
Net sales in other countries	54,174	46,512
	1,916,942	**1,945,453**

No individual customer represents more than 10% of total revenue.

Note 5 Personnel and personnel costs

Average number of employees distributed among women and men

	Sep 13 – Aug 14		Sep 12 – Aug 13	
Group	Total	Of whom, men	Total	Of whom, men
Sweden	910	150	982	167
Norway	51	2	-	-
Finland	42	2	35	5
Hong Kong	25	7	22	5
Netherlands	12	0	6	1
	1,040	**161**	**1,045**	**178**

	Sep 13 – Aug 14		Sep 12 – Aug 13	
Parent Company	Total	Of whom, men	Total	Of whom, men
Sweden	63	22	88	27
	63	**22**	**88**	**27**

Distribution between women and men in the Board of Directors and Management Team at August 31

	Aug 31, 14		Aug 31, 13	
Group	Total	Of whom, men	Total	Of whom, men
Board of Directors	6	4	7	6
Management Team incl. President	5	4	6	4

Wages, salaries, other remuneration and social security expenses

	Sep 13 – Aug 14			Sep 12 – Aug 13		
Group total	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Wages, salaries and other remuneration	11,976	367,975	379,951	9,083	337,495	346,578
Social security expenses	3,626	100,818	104,444	3,815	100,161	103,976
Pension expenses	1,582	21,311	22,893	3,300	26,529	29,829
	17,184	**490,104**	**507,288**	**16,198**	**464,185**	**480,383**

During the fiscal year, contributions for personnel of SEK 25,341,000 (24,705,000) were obtained.

	Sep 13 – Aug 14			Sep 12 – Aug 13		
Parent Company	Board of Directors and President	Other employees	Total	Board of Directors and President	Other employees	Total
Wages, salaries and other remuneration	5,922	29,363	35,285	5,218	40,923	46,141
Social security expenses	1,773	10,554	12,327	2,055	16,369	18,424
Pension expenses	133	3,853	3,986	2,133	7,279	9,412
	7,828	**43,770**	**51,598**	**9,406**	**64,571**	**73,977**

Remuneration to the Board and Senior Executives

Principles

The Chairman and Board members receive directors' fees in accordance with resolutions of the Annual General Meeting (AGM). A special fee is paid to the Chairman of the Audit Committee. Remuneration of the President and other senior executives consists of basic salary, variable compensation and provision for pensions. Other senior executives are defined as those persons who together with the President are the members of Group Management.

Note 5 Cont.

Guidelines for remuneration of Senior Executives

On January 16, 2014, the AGM resolved on the guidelines set out below for remuneration and other terms of employment for the company management.

The company shall offer market-related total remuneration, making it possible to recruit and retain senior executives. Remuneration of the company management consists of fixed salary, variable salary, pension and other remuneration. These parts combined make up the individual's total remuneration. Fixed salary and variable salary together represent the employee's salary.

The fixed salary, in SEK per month, is based on the individual's areas of responsibility and experience. The variable salary shall be related to the outcome of the subsidiaries' results and/or the Group's results after financial items compared with established targets.

To receive the current bonus, the company's cost for the variable salary in the event of a maximum outcome, provided that all bonus-based targets are fulfilled, and that the bonus to be paid is fully financed by the surplus generated, may not exceed SEK 2,750,000 in total (excluding social security expenses), of which SEK 750,000 to the President. This calculation is based on the five people who currently form the company management. The bonus will be evaluated annually and the bonus structure will be re-established each year based on budgeted earnings as the target. The bonus does not qualify for vacation or pension. The variable salary in the bonus program may not exceed 40% of the fixed salary.

The President is entitled to an occupational pension corresponding to a premium amounting to 30% of his current annual salary. Other members of the company management are entitled to a pension based on the ITP plan or equivalent. The retirement age is 65.

Other remuneration and benefits shall be market-related and contribute to the ability of executives to fulfill their duties.

The company management's terms of employment include provisions governing notice of termination. Under these agreements, employment may normally be terminated by the employee subject to a notice period of three to six months and, if termination is initiated by the company, a notice period of six to twelve months.

Unchanged salary is paid during the notice period. The notice period for the President is 12 months if termination is initiated by the company.

The Board is entitled to deviate from the aforementioned guidelines if the Board deems that particular grounds exist that motivate doing so in an individual case.

Preparation and decision-making process

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

Board of Directors

During the 2013/2014 fiscal year, the Board Directors received total fees of SEK 1,295,000 (1,225,000), allocated as follows: SEK 369,000 (325,000) to the Chairman of the Board, SEK 206,000 (257,000) to the Vice Chairman of the Board who also served as Chairman of the Audit Committee, SEK 177,000 (163,000) to Board members who are ordinary members of the Audit Committee and SEK 162,000 (138,000) to each of the other Board members who served on the Board during the entire fiscal year (see table below). The Chairman of the Board and the other Board members who are not employed by the Group received no other remuneration or benefits during the fiscal year and no pension costs were charged against consolidated earnings.

President

During the 2013/2014 fiscal year, President and CEO Magnus Håkansson received salary and other remuneration totaling SEK 4,628,000 (3,913,000), excluding bonus. The President is entitled to a maximum bonus of SEK 750,000 based on the Group's profit before tax and the Group's cash flow. The President received a bonus of SEK 250,000 (0) for the 2013/2014 fiscal year.

RNB's pension expenses for the President and CEO Magnus Håkansson amounted to SEK 133,000 (2,133,000) during the fiscal year, in the previous year this included a retroactive premium for the ITP 2 plan, which was credited this year. The President is covered by an occupational pension plan corresponding to a premium of 30% of his current annual salary. No restrictions apply to the President's choice of 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 a notice period of 12 months if termination is initiated by the company, and six months if termination is initiated by the President. Unchanged salary is paid during the notice period for the President.

Other Senior Executives

Other senior executives are defined as those persons who, apart from the President, are members of the Management Team.

During the 2013/2014 fiscal year, the following individuals, in addition to the President, were members of the Group Management: Stefan Danieli, Anders Wiberg, Peter Bondelid and Hanna Graflund-Sleyman. During the year, the former members of the Group Management Maria Öqvist and Amelie Söderberg were replaced by Peter Bondelid and Hanna Graflund-Sleyman.

During the 2012/2013 fiscal year, the following individuals, in addition to the President, were members of the Group Management: Stefan Danieli, Maria Öqvist, Amelie Söderberg, Marthyn Inghamn, Anders Wiberg, Peter Bondelid and Yongan Kim.

Remuneration of other senior executives comprises fixed salary, variable salary, pension and other remuneration. Fixed salary and variable salary together constitute the employee's salary. The variable salary is related in part to the outcome of the Group's operating income and the Group's cash flow.

Salary and other payments totaling SEK 8,642,000 were paid to senior executives in the 2013/2014 fiscal year (10,940,000). Bonus amounts totaling SEK 250,000 (0) were paid to senior executives during the 2013/2014 fiscal year.

Other senior executives are subject to a notice period of six to twelve months 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. Pension fees are payable either in accordance with the ITP plan or of 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 1,499,000 (3,425,000) for the 2013/2014 fiscal year.

Related-party transactions

Brothers & Sisters procured services for SEK 75,000 during the fiscal year from a company controlled by Michael Lemner. The pricing was based on market-related terms. At August 31, 2013, the RNB Group's outstanding debt to the related company amounted to SEK 0.

During the fiscal year, Polarn O. Pyret procured goods for resale from a company in which Mikael Solberg and Ivar Fransson are Board members. Pricing of the products was based on market-related terms. Total procurement from a related company to Mikael Solberg and Ivar Fransson amounted to SEK 0 (209,000). At August 31, 2013, the RNB Group's outstanding debt to the related company amounted to SEK 0.

During the 2009/2010 fiscal year, the RNB Group signed a loan agreement with Konsumentföreningen Stockholm at market-related terms. Loan agreements were renegotiated during 2012/2013. Further information about both loan agreements is provided in Note 27 and Note 38. During the year, interest charges also amounted to SEK 2,732,000 (942,000) for the promissory note loan and SEK 8,073,000 (2,105,000) for the revolving loan, equivalent to an average interest rate of 1.4% for the promissory note loan and 4.7% for the revolving loan. In the previous year, SEK 22,679,000 was paid for a previous loan one and SEK 2,215,000 for a previous loan two, equivalent to an average interest rate of 6.3% for loan one and 5.0% for loan two. Outstanding debt on August 31, 2014 amounted to SEK 400 M (349) and accrued interest was SEK 3,361,000 (397,000).

Note 5 Cont.

Remuneration to the Board of Directors and President

	Sep 13 – Aug 14			Sep 12 – Aug 13		
	Salaries and other remuneration	Of which, bonus	Pension expense	Salaries and other remuneration	Of which, bonus	Pension expense
Chairman of the Board, Laszlo Kriss	368.8			325.0		
Board member, Mikael Solberg	68.8			137.5		
Board member, Jan Carlzon	68.8			137.5		
Board member, Torsten Janson	-			68.8		
Board member, Lilian Fossum Biner	-			112.9		
Board member, Ann-Sofie Danielsson	205.8			143.8		
Board member, Ivar Fransson	162.1			137.5		
Board member, Per Thunell	176.7			162.5		
Board member, Michael Lemner	150.6			80.2		
Board member, Monica Elling	93.3			-		
President and CEO Magnus Håkansson	4,627.6	250.0	133.5	3,913.0	0.0	2,132.6
	5,922.5	**250.0**	**133.5**	**5,218.7**	**0.0**	**2,132.6**

Note 6 Remuneration to auditors

	Group		**Parent Company**	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Ernst & Young AB				
Audit assignment	2,164	2,469	829	997
Audit work apart from the audit assignment	364	618	322	589
Tax consultancy	333	421	333	421
Other services	-	-	-	-
	2,861	**3,508**	**1,484**	**2,007**
Other auditing firms				
Audit assignment	59	45	-	-
Audit work apart from the audit assignment	-	-	-	-
Tax consultancy	-	-	-	-
Other services	-	-	-	-
	59	**45**	**0**	**0**

Audit assignments refer to the examination of the annual financial statements and the accounts, as well as the administration of the Board of Directors and President, and advisory services or other assistance resulting from observations made during such examinations or carrying out of such duties. Audit activities beyond audit assignments refer to various forms of quality assurance services that result in reports or certificates etc. and include review of interim reports, for example. Tax consultancy services include advice relating to tax, VAT and private taxation. Everything else is regarded as other services.

Note 7 Other operating income

	Group		**Parent Company**	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Capital gain on divestment of property, plant and equipment and intangible assets	23	-	-	-
Forwarding of other expenses to franchisees	10,417	7,351	-	-
Forwarding of other expenses to subsidiaries	-	-	-	11,506
Other revenue	-30	141	4,873	-
	10,410	**7,492**	**4,873**	**11,506**

Note 8 Other external expenses

	Group		**Parent Company**	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Premises expenses	296,443	278,451	14,640	12,665
Marketing	58,587	60,538	92	91
Other	77,537	114,593	64,339	81,658
	432,567	**453,582**	**79,071**	**94,414**

Note 9 Exchange differences

Group operating income was impacted by exchange differences of SEK -5,619,000 (+12,202,000) during the fiscal year. The exchange differences were attributable to the Group's purchases of goods and are recognized through profit or loss in the item "Goods for resale."

Note 10 Interest income and similar profit/loss items

Group
Interest income for 2013/2014 included SEK 1,377,000 (4,668,000) in changes in value of currency futures contracts to fair value.

Parent Company
Interest income for 2013/2014 included interest income from Group companies of SEK 146,000 (1,554,000).

Note 11 Interest expenses and similar profit/loss items

Group
Interest expenses for 2013/2014 included changes in value of currency futures contracts to fair value of SEK 0 (0).

Parent Company
Interest expenses for 2013/2014 included interest expense from Group companies of SEK 0 (0).

Note 12 Taxes

Tax on net income for the year

	Group		Parent Company	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Current tax	-15	-578	-	-
Current tax attributable to prior years	-11	78	-	-
Deferred tax	-67	-66,884	-	-63,900
	-93	**-67,384**	**0**	**-63,900**

Deferred tax for the year

	Group		Parent Company	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Deferred tax expense pertaining to reversed loss carryforwards.	-	-63,900	-	-63,900
Deferred tax revenue pertaining to other temporary differences	-	275	-	-
Deferred tax expense pertaining to other temporary differences	-67	-3,259	-	-
	-67	**-66,884**	**0**	**-63,900**

Tax pertaining to items recognized directly in equity

	Group		Parent Company	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Other tax effects*	-	8,892	-	8,892
Unutilized tax effect due to unconsidered effects of loss carryforwards.	-	-8,892	-	-8,892
	0	**0**	**0**	**0**

* Other tax effect refers to tax recognized directly against equity related to the costs attributable to the rights issue during the year. The previous year's tax effect was equivalent to 26.3% of the previous year's costs for the rights issue of SEK 33,811,000 in total.

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

	Group		Parent Company	
	Sep 13– Aug 14	Sep 12– Aug 13	**Sep 13– Aug 14**	Sep 12– Aug 13
Recognised profit/loss before tax from continuing operations	-155,000	-126,939	-158,699	-637,255
Recognised profit/loss before tax from divested operations	-5,821	-501,388	-	-
Recognized loss before tax	**-160,821**	**-628,327**	**-158,699**	**-637,255**
Tax according to current tax rate, 22% (26.3%)	35,381	165,250	34,914	167,598
Tax effect of non-deductible items				
-Impairment of participations in subsidiaries	-	-	-	-154,559
-Impairment of goodwill	-33,198	-	-	-
-Profit/loss on divestment of subsidiaries	-582	-184	-	-
-Other, non-deductible	-846	-50,071	-590	-412
Tax effect of non-taxable items				
-Other, non-taxable	4,057	1,421	309	1,038
Effect of tax change attributable to prior years	-11	78	-	-
Effect of changed tax rate*	-	34	-	-
Effect of other tax rates in foreign subsidiaries	530	-141	-	-
Unutilized and reassessed items**	-5,522	-116,779	-34,633	-77,565
Tax on net income for the year	**-191**	**-392**	**0**	**-63,900**
Tax on net income for the year from continuing operations	-93	-67,384	-	-63,900
Tax on net income for the year from divested operations	-98	66,992	-	-
	-191	**-392**	**0**	**-63,900**

*) Swedish corporation tax has been changed from 26.3% to 22% from fiscal periods beginning on January 1, 2013.
**) The tax effect of unutilized and reassessed loss carryforwards.

Note 12 Cont.

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

	Group		Parent Company	
	Aug 31, 14	Aug 31, 13	**Aug 31, 14**	Aug 31, 13
Deferred tax liabilities				
Derivative receivables	351	-	-	-
Deferred tax assets				
Non-current assets				
-Equipment	-351	-	-	-
	0	**0**	**0**	**0**

Given the past earnings trend, deferred tax assets attributable to loss carryforwards are recognized only insofar as deferred tax liabilities exist against which to offset them. Unutilized, unrecognized loss carryforwards are found in both the Group's foreign and Swedish units. These amount to SEK 792,376,000 (791,496,000) in total and are allocated as follows between different countries: Sweden SEK 448,702,000 (475,643,000), Norway SEK 121,197,000 (113,480,000), Denmark SEK 114,912,000 (109,109,000) Germany SEK 91,800,000 (87,300,000) and Netherlands SEK 15,765,000 (5,964,000). The loss carryforwards in the Netherlands run subject to a time limitation – SEK 5,954,000 shall be used within 8 years at the latest and SEK 9,801,000 shall be used within 9 years at the latest. Other loss carryforwards are not subject to any time limitations.

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	
	Aug 31, 14	Aug 31, 13	**Aug 31, 14**	Aug 31, 13
Deferred tax assets	351	-	-	-
Deferred tax liabilities	-351	-	-	-
	0	**0**	**0**	**0**

Note 13 Earnings per share

RNB has no outstanding equity instruments that imply a dilutive effect. With this in mind, earnings per share and the average number of shares refers to before and after dilution. Calculation of the average number of shares was based on the following reconciling items.

	Number of shares at end of period	
Period	**Sep 13–Aug 14**	Sep 12–Aug 13
Sep 1 - May 5	33,912,176	827,126
May 6 - Aug 31	33,912,176	33,912,176

The average number of outstanding shares based on the above amounted to 33,912,176 (11,523,115).

Earnings per share are obtained by dividing net income for the year by the average number of shares.

Note 14 Intangible assets

The Group has significant values in respect of goodwill.

Goodwill
The goodwill that resulted from this year's acquisition of the previous franchise operations of Polarn O. Pyret in Norway and previous year's acquisition of subsidiaries, pertained to synergies that became available as a result of the acquisitions. The anticipated synergies relate to more streamlined logistics, organizational mergers and more favorable purchasing terms from external suppliers. The carrying amount for the Group's goodwill at August 31, 2014 was SEK 379,229,00 (483,673,000). Goodwill is allocated among the operating segments as follows: Polarn O. Pyret SEK 48,116,000 (1,660,000), Department & Stores SEK 233,445,000 (233,445,000) and Brothers SEK 97,668,000 (248,568,000). In connection with impairment testing in the third quarter, 2013/14, the carrying amount of goodwill in Brothers was written-down by SEK 150,900,000.

Impairment testing of carrying amounts for goodwill was conducted in accordance with the conditions described below.

Impairment testing
Goodwill associated with the Group's operating segments that are deemed to be the lowest cash-generating units is tested for impairment every year. The Group has considerable values in respect of goodwill and the recoverable amount of the items included is based on the same key assumptions.

Impairment testing is based on calculations of future values in use. The calculations are based on forecasts of cash flows over the period 2014/2015- 2018/2019 (5 years), linked to the Group's budget and strategic plans, and, thereafter, on a perpetual flow (terminal period), since it is not possible to establish a limited useful life for these assets.

The cash flows of the operating segments are affected by commercial factors such as market growth, competitiveness, margins, cost trend, investment levels and tied-up working capital. Additional assessment of such factors as the interest rate situation, borrowing costs, market risk, beta values and tax rates is performed in connection with discounting. Refer also to the comments below regarding key assumptions.

Forecast cash flows during the terminal period are based on an annual growth rate of 3% (3), which is deemed to correspond to the long-term growth rate of the market. The forecast cash flows have been calculated at present value based on a discount rate of 9.5% (9.5) after tax, corresponding to approximately 10.9% (11.0) before tax. The discount rate is calculated as a weighted average between return on equity and borrowed capital (WACC). The forecast corresponds to prior experiences and external sources of information. All operating segments are deemed to have a similar risk profile, which is why the same discount rate is used.

The impairment tests conducted in 2013/2014 resulted, as a result of the then trend and performance in the Brothers operating segment, in a revision of future expectations, which meant that the prior carrying amount of goodwill was indefensible. Therefore, as described above, an impairment of goodwill of SEK 150,900,000 was made in relation to the Brothers operating segment. After prior impairments , a carrying amount for goodwill of SEK 97,668,000 remains for the Brothers operating segment and a total of SEK 379,229,000 for all operating segments.

Sensitivity analysis
EA general analysis of the sensitivity of the variables utilized has been performed.

Assuming a decline in the annual growth rate from 3% to 2% does not imply any impairment need in respect of the carrying amounts for goodwill of any of the operating segments. (Nor does a decline to 1% imply any impairment need).

An assumption of an increase in the discount rate from 10.9% to 11.9% or 12.9% before tax, does not imply an impairment need for any of the operating segments.

Note 14 Cont.

For both the Polarn O. Pyret and Departments & Stores operating segments, a combination of the above-mentioned changed assumptions would not result in any impairment need either. In the Brothers operating segment, an impairment need arises in the event of a combined change of 2 and 1 percentage points respectively, independently of what variable changes with what percentage.

A maintained level of results during the entire forecast period for the Polarn O. Pyret and Departments & Stores operating segments would mean that the carrying amounts were defensible, and that no impairment need would exist. Deviations in the forecast cash flows during individual years affect the impairment testing, although the decisive factor for the model is the expected sustainable operating income and cash flow.

To warrant the carrying amount for goodwill, the Brothers operating segment must operate on the basis of sustainable operating income of just over SEK 19 M, corresponding to a basis of a sustainable cash flow of about SEK 15 M after tax. A deviation from the sustainable operating income and cash flow after tax for the Brothers operating segment of about SEK 10 M would impact the value of goodwill by an amount of about SEK 100 M.

Other key assumptions

UIn addition to the above, comments are provided below on a number of assumptions linked to the assessment of Brothers' future cash flows.

Sales, market share and growth

The company, after a period of losing market shares, has managed to recapture market shares during the past year as a result of successful work on development of the range, among other things. It is a natural part of all fashion retail operations that collection outcomes vary. The company's assessment is based on a continuation and stabilization of the trend towards strong market shares. Accordingly, sales in comparable stores are expected to be positive during the forecast period. The performed impairment tests were based on the existing franchisee structure. Sensitivity analysis relating to sales growth for the Brothers operating segment indicates that a decrease in annual sales growth of 1 percentage point, would impact sustainable operating income negatively by about SEK 11 M, based on the adopted budget for 2014/2015. In such a scenario, an impairment need of almost SEK 10 in respect of the carrying amount of goodwill would arise.

Gross margins

During the preceding year, gross margins continued to improve, primarily due successful range development, combined with less discount sales on account of low/normalized inventory levels, and improved initial margins through lower costs prices. Inventories are still favorable both in terms of the level and composition. In light of this and certain other measures that have been taken, the assessment has been made that the gross margin will increase, not least due to the completed closure of Sisters during 2013/2014, but also due to continued positive effects from the company's own purchasing organization in Asia. The calculation model is based on an assumption that the gross margin over a 5-year period will increase by about 3 percentage points overall. Sensitivity analysis relating to the impact of the gross margin on sustainable operating income shows that an unchanged gross margin during the entire period would impact sustainable operating income by about SEK -16 M, resulting in an impairment need of just over SEK 50 M.

Overhead costs

Overhead costs are essentially expected to grow with sales except certain common expenses, which are expected to grow with inflation.

Personnel expenses

The forecast for personnel expenses is based on expected inflation, a certain increase in real salaries and planned efficiency improvements. Personnel expenses are the largest individual cost item for the Brothers operating segment, corresponding to just over 40% of total overhead costs. A change of 1 percentage point in personnel expenses annually would impact sustainable operating income by about SEK 1-2 M.

Premises expenses

The forecast for premises expenses is based on expected inflation and certain rent adjustments. Premises expenses are equivalent to almost 30% of total overhead costs. A change of 1 percentage point in personnel expenses annually would impact sustainable operating income by about SEK 1 M.

Actions have been taken to improve the performance, such as enhancing the product range, optimizing inventories, streamlining processes and cost savings.

Note 15 Software

Group	Aug 31, 14	Aug 31, 13
Opening cost	88,060	162,356
Purchasing during the year	5,690	14,442
Disposals for the year	-2,589	-88,738
Closing accumulated cost	**91,161**	**88,060**
Opening amortization	-63,021	-68,506
Disposals for the year	144	26,881
Amortization for the year	-7,404	-21,396
Closing accumulated amortization	**-70,281**	**-63,021**
Opening impairment	0	0
Disposals for the year	-	60,686
Impairment for the year	-	-60,686
Closing accumulated impairment	**0**	**0**
Closing planned residual value	**20,880**	**25,039**

The Group's non-current assets include lease items pertaining to IT platforms held on the basis of financial lease agreements with a cost of SEK 52,837,000 (57,837,000) and accumulated amortization amounting to SEK 52,231,000 (51,110,000). The carrying amount is thus SEK 606,000 (1,727,000).

Parent Company	Aug 31, 14	Aug 31, 13
Opening cost	31,156	104,066
Disposals for the year	-2,587	-87,352
Purchasing during the year	5,506	14,442
Closing accumulated cost	**34,075**	**31,156**
Opening amortization	-8,216	-17,697
Disposals for the year	142	26,666
Amortization for the year	-6,019	-17,185
Closing accumulated amortization	**-14,093**	**-8,216**
Opening impairment	0	0
Disposals for the year	-	60,686
Impairment for the year	-	-60,686
Closing accumulated impairment	**0**	**0**
Closing planned residual value	**19,982**	**22,940**

All lease agreements in the Parent Company are recognized as operating leases, irrespective of whether they are financial or operating leases.

Note 16 Rental rights

Group	Aug 31, 14	Aug 31, 13
Opening cost	116,189	191,910
Acquisitions during the year	2,049	2,432
Divestments and disposals for the year	-2,000	-600
Reclassification of assets pertaining to disposal group (Note 3)	-	-77,553
Translation difference	-	-
Closing accumulated cost	**116,238**	**116,189**
Opening amortization	-94,530	-150,088
Divestments and disposals for the year	2,000	436
Amortization for the year	-3,053	-4,616
Reclassification of assets pertaining to disposal group (Note 3)	-	59,738
Translation difference	-	-
Closing accumulated amortization	**-95,583**	**-94,530**
Opening impairment	-9,497	-14,202
Divestments and disposals for the year	-	-
Impairment for the year	-	-13,110
Reclassification of assets pertaining to disposal group (Note 3)	-	17,815
Translation difference	-	-
Closing accumulated impairment	**-9,497**	**-9,497**
Closing planned residual value	**11,158**	**12,162**

Note 17 Goodwill

Group	Aug 31, 14	Aug 31, 13
Opening cost	483,673	483,673
Impairment for the year	-150,900	-
Acquisitions during the year	46,456	-
Closing accumulated cost	**379,229**	**483,673**

Goodwill item allocated by segment:

	Aug 31, 14	Aug 31, 13
Polarn O. Pyret	48,116	1,660
Departments & Stores	233,445	233,445
Brothers & Sisters	97,668	248,568
Closing accumulated cost	**379,229**	**483,673**

Note 18 Equipment and store fittings

Group	Aug 31, 14	Aug 31, 13
Opening cost	425,892	544,710
Accumulated cost acquired companies	8,239	-
Purchasing during the year	27,881	66,385
Divestments and disposals for the year	-70,442	-75,846
Reclassification of assets pertaining to disposal group (Note 3)	-	-111,210
Translation difference	1,833	1,853
Closing accumulated cost	**393,404**	**425,892**
Opening depreciation	-317,560	-400,095
Accumulated depreciation acquired companies	-6,625	-
Divestments and disposals for the year	57,557	74,439
Depreciation for the year	-33,547	-55,985
Reclassification of assets pertaining to disposal group (Note 3)	-	65,370
Translation difference	-1,110	-1,289
Closing accumulated depreciation	**-301,286**	**-317,560**
Opening impairment	-2,556	0
Disposals for the year	2,556	-
Impairment for the year	-	-48,396
Reclassification of assets pertaining to disposal group (Note 3)	-	45,840
Closing accumulated impairment	**0**	**-2,556**
Closing planned residual value	**92,118**	**105,776**

The Group's non-current assets include lease items pertaining to store fittings held on the basis of financial lease agreements with a cost of SEK 20,556,000 (41,461,000) and accumulated depreciation of SEK 17,839,000 (28,695,000). The carrying amount is thus SEK 2,717,000 (12,766,000).

Parent Company	Aug 31, 14	Aug 31, 13
Opening cost	55,609	54,992
Purchasing during the year	1,007	868
Divestments and disposals for the year	-	-251
Closing accumulated cost	**56,616**	**55,609**
Ingående avskrivningar	-54,512	-53,054
Årets försäljningar och utrangeringar	-	216
Årets avskrivningar	-646	-1,674
Utgående ackumulerade avskrivningar	**-55,158**	**-54,512**
Opening impairment	0	0
Disposals for the year	-	-
Impairment for the year	-	-
Closing accumulated impairment	**0**	**0**
Closing planned residual value	**1,458**	**1,097**

All lease agreements in the Parent Company are recognized as operating leases, irrespective of whether they are financial or operating leases.

Note 19 Participations in subsidiaries

Company	Corporate identity no.	Registered office	Number	Share of equity (%)	Carrying amount
Ängsviol Blomstern AB	556539-1926	Stockholm	1,000	100	-
Polarn O. Pyret AB	556235-7383	Stockholm	10,000	100	46,000
PO.P International IP AB	556889-3704	Stockholm	500	100	-
PO.P International OTH AB	556889-3613	Stockholm	500	100	-
PO.P International Suomi AB	556890-1630	Stockholm	500	100	-
PO.P International UK AB	556899-3654	Stockholm	500	100	-
Polarn O. Pyret Netherlands B.V.	852 123 747	Amsterdam	1	100	-
Polarn O. Pyret Norge AS	985 983 860	Oslo	4,597	100	-
Portwear AB	556188-7513	Stockholm	1,911,680	100	270,654
Departments & Stores Europe AB	556541-8778	Stockholm	810,000	100	-
Departments & Stores Denmark ApS	30 27 43 18	Copenhagen	1	100	-
Brothers & Sisters AB	556468-8991	Stockholm	37,147,880	100	185,000
Brothers & Sisters Sverige AB	556513-6826	Stockholm	1,000	100	-
RNB Retail and Brands Norge AS	961 313 880	Oslo	500	100	-
Nordic Textile Grosshandels GmbH	HR B 52245	Cologne	1	100	-
Brothers Clothing Oy	2587462-8	Helsinki	100	100	-
Far East Ltd.	1 642 223	Hong Kong	1	100	-
Carrying amount					**501,654**

The share of equity and share of voting power are the same in all companies.

Note 19 Cont.

Parent Company	Aug 31, 14	Aug 31, 13
Opening carrying amount	651,654	945,226
Purchasing during the year	-	-
Divestments during the year	-	-
Shareholders' contribution paid	10,000	294,105,
Group contributions paid	35,000	-
Impairments during the year	-195,000	-587,677
Closing carrying amount	**501,654**	**651,654**

Impairment losses of SEK 150,000,000 (355,633,000) in the preceding year were attributable to Brothers & Sisters AB as well as the shareholders' contributions and group contributions paid from the Parent Company to the subsidiaries, which were tested for impairmets.

Note 20 Inventories

AOf the total recognised inventories of SEK 347,353,000 (327,668,000), SEK 13,370,000 (28,359,000) represented inventories recognized at fair value less selling expenses. The remainder were recognized at cost. Inventories consist exclusively of goods for resale.

Note 21 Other receivables

Group	Aug 31, 14	Aug 31, 13
Other receivables	10,587	10,011
	10,587	**10,011**

Parent Company	Aug 31, 14	Aug 31, 13
Other receivables	132	934
	132	**934**

The other receivables above are expected to be received within 12 months.

Note 22 Prepaid expenses and accrued income

Group	Aug 31, 14	Aug 31, 13
Prepaid rent	20,167	22,685
Prepaid other expenses	37,251	23,347
Derivative assets	1,361	-
Accrued income	4,892	5,368
	63,671	**51,400**

Parent Company	Aug 31, 14	Aug 31, 13
Prepaid rent	1,257	1,257
Prepaid leasing	791	423
Prepaid other expenses	4,120	4,952
	6,168	**6,632**

In accordance with IAS 39, derivative assets are classified in the category financial assets measured at fair value through profit or loss and accrued income is classified in the loan receivables category; read more in Note 37.

Note 23 Cash and cash equivalents

Cash and cash equivalents are held in the following currencies.

Group	Rate Aug 31, 14	Rate Aug 31, 13	Aug 31, 14	Aug 31, 13
SEK			16 224	18 322
NOK	1,13	1,08	-2 041	610
DKK	1,23	1,17	91	15
USD	6,97	6,59	467	1 682
EUR	9,18	8,73	22 766	8 525
HKD	0,90	0,85	2 717	2 675
			40 225	**31 829**

Parent Company	Rate Aug 31, 14	Rate Aug 31, 13	Aug 31, 14	Aug 31, 13
SEK			14,712	19,119
NOK	1.13	1.08	4,634	-
EUR	9.18	8.73	8,602	-
USD	6.97	6.59	962	-
			28,910	**19,119**

Note 24 Provisions for pensions

The Group's net obligation relating to defined benefit plans is calculated by estimating the future payments vested to employees through their employment during current and prior periods. This amount is discounted to present value and the fair value of any plan assets is deducted.

The defined benefit pension plans are unfunded, which is why no plan assets are recognized. All defined benefit plans relate to Sweden. As shown in Note 1 Accounting policies, the pension insurance with Alecta is treated as a defined contribution plan. In RNB RETAIL AND BRANDS, previously unfunded defined benefit pension plans with the Pensions Registration Institute were closed during the 2013/14 fiscal year. Therefore in the balance sheet, liabilities related to defined benefit plans are no longer recognized.

Pensions and other remuneration, post-employment
Defined benefit plans

Group	Aug 31, 14	Aug 31, 13
Present value of unfunded obligations	-	682
	0	**682**

Historical development of present value of unfunded obligations

Group	Aug 31, 14
August 31, 2012	4,235
August 31, 2011	9,076
August 31, 2010	10,582

Change in net obligation for defined benefit plans recognized in the balance sheet

Group	Aug 31, 14	Aug 31, 13
Net obligation for defined benefit plans, September 1	682	5414
Remuneration paid	-	-
Costs recognized through profit or loss	408	-1,270
Redemption of obligations	-1,090	-3,462
Net obligation for defined benefit plans, August 31	**0**	**682**

Assumptions underlying defined benefit obligations
Principal actuarial assumptions on the balance sheet date

Group	Aug 31, 14	Aug 31, 13
Discount rate on August 31, %	-	4.25
Future increase in pensions, %	-	1.50

Costs recognized through profit or loss

Group	Sep 13–Aug 14	Sep 12–Aug 13
Adjustments of unrecognized actuarial gains/losses due to redemption	316	-965
Profit/loss items for the period relating to actuarial gains/losses	89	-400
Interest	3	95
	408	**-1,270**

Costs recognized under the following items through profit or loss

Group	Sep 13–Aug 14	Sep 12–Aug 13
Personnel expenses	405	-1,365
Interest expenses and similar profit/loss items	3	95
	408	**-1,270**

For the 2013/2014 fiscal year, the Group's expenses for defined contribution pension plans amounted to SEK 22.5 M (31.2).

Multi-employer plans
The Group has retirement and family pension obligations for white-collar employees in Sweden, which are secured through insurance with the insurance company, Alecta. This is a multi-employer pension plan. At present, Alecta cannot provide specific defined benefit amounts for those participating and therefore premiums paid to Alecta are recognized as a part of defined contribution plans.

Alecta's surplus in the form of the collective consolidation level amounted to 146% (153%). The collective consolidation level is calculated as the market value of Alecta's asset portfolio in relation to insurance obligations according to actuarial assumptions set by Alecta, which do not comply with IAS 19.

Group companies share of total savings premiums for ITP 2 in Alecta

	Aug 31, 14	Aug 31, 13
Brothers & Sisters AB	0.016%	0.076%
Brothers & Sisters Sverige AB	0.004%	0.002%
Departments & Stores Europe AB	0.010%	0.007%
Polarn O. Pyret AB	0.011%	0.009%
RNB Retail and Brands AB	0.005%	0.021%

Group companies share of total number of active insured persons in ITP 2

	Aug 31, 14	Aug 31, 13
Brothers & Sisters AB	0.001%	0.004%
Brothers & Sisters Sverige AB	0.007%	0.003%
Departments & Stores Europe AB	0.011%	0.009%
Polarn O. Pyret AB	0.015%	0.012%
RNB Retail and Brands AB	0.005%	0.011%

Note 25 Liabilities to credit institutions and other non-current liabilities

The Group has raised loans from Konsumentföreningen Stockholm (refer to Notes 26 and 37), which are recognized as other liabilities. The entire liability falls due for repayment within five years. Remaining liabilities to credit institutions pertain to financial lease agreements. The present value of future repayment obligations resulting from these financial lease agreements is recognized as "liabilities to credit institutions" and amounts to SEK 4,918,000 (21,531,000), including a short-term portion of SEK 2,193,000 (7,111,000). The entire liability falls due for repayment within 5 years.

The Group's average interest rates on loans and overdraft facilities amounted to:

Group	Sep 13–Aug 14	Sep 12–Aug 13
Konsumentföreningen Stockholm, loan 1	-	6.26%
Konsumentföreningen Stockholm, loan 2	-	5.00%
Konsumentföreningen Stockholm, promissory note loan	1.35%	1.50%
Konsumentföreningen Stockholm, revolving loan	4.68%	4.50%
Overdraft facilities with Danske Bank	2.57%	4.41%

Note 26 Other non-current liabilities

The company renegotiated its loans from the company's principal owner, Konsumentföreningen Stockholm. The company has two loans of SEK 200 M each, of which one is a promissory note loan and the other is a revolving loan. The utilized loan facility on August 31, 2014 was SEK 400 M. Both loans run until May 2016, with possibility of extension of the promissory note loan until May 2017. Both loans are free from redemption until the maturity date. The terms of the loans are market-related. The Group fulfills the covenants contained in the prevailing agreements with creditors. Note 38 describes the terms and conditions of the loan agreements entered into.

Maturity structure of long-term borrowing is distributed as follows:

	Group		Parent Company	
	Aug 31, 2014	Aug 31, 2013	**Aug 31, 2014**	Aug 31, 2013
between 1 and 2 years	400,000	-	400,000	-
between 2 and 5 years	-	349,000	-	349,000
more than 5 years	-	-	-	-
	400,000	**349,000**	**400,000**	**349,000**

Note 27 Overdraft facilities

Group
On August 31, 2014, approved overdraft facilities amounted to SEK 100 M (100).

Parent Company
On August 31, 2014, approved overdraft facilities amounted to SEK 100 M (100).

Note 28 Trades payables

Trade payables are held in the following currencies.

Group	Rate Aug 31, 14	Rate Aug 31, 13	Aug 31, 14	Aug 31, 13
SEK			137,531	144,404
NOK	1.13	1.08	8,817	4
DKK	1.23	1.17	6	78
USD	6.97	6.59	11,176	11,578
EUR	9.18	8.73	32,525	23,369
HKD	0.90	0.85	-19	565
GBP	11.57	10.23	734	543
			190,770	**180,541**

The payment terms of trade payables are 10-90 days.

Parent Company	Rate Aug 31, 14	Rate Aug 31, 13	Aug 31, 14	Aug 31, 13
SEK			7,697	12,267
NOK	1.13	1.08	0	0
USD	6.97	6.59	0	0
EUR	9.18	8.73	0	705
			7,697	**12,972**

The payment terms of trade payables are 10-90 days.

Note 29 Other liabilities

Group	Aug 31, 14	Aug 31, 13
Value added tax	11,918	9,876
Personnel-related taxes	13,084	12,609
Gift vouchers	11,036	12,293
Other	26,952	4,937
	62,990	**39,715**

Parent Company	Aug 31, 14	Aug 31, 13
Value added tax	188	1,135
Personnel-related taxes	1,358	1,530
Gift vouchers	-	-
Other	-	-
	1,546	**2,665**

Note 30 Accrued expenses and deferred income

Group	Aug 31, 14	Aug 31, 13
Accrued vacation and payroll liabilities	51,994	53,070
Accrued social security expenses	25,667	33,055
Derivative liabilities	-	16
Accrued interest	3,398	171
Accrued expenses related to stores and concepts approved for discontinuation	1,000	11,795
Other accrued expenses	21,432	16,127
Deferred income	2,028	273
	105,519	**114,507**

Accrued expenses related to stores and concepts approved for discontinuation consist of reserved expenses for discontinuation of retail space related to the Sisters concept.

Parent Company	Aug 31, 14	Aug 31, 13
Accrued vacation and payroll liabilities	4,139	5,103
Accrued social security expenses	4,583	6,701
Accrued interest	3,398	171
Other accrued expenses	2,452	10,175
Deferred income	2,028	-
	16,600	**22,150**

In accordance with IAS 39, derivative liabilities are classified in the category financial liabilities measured at fair value through profit or loss and accrued expenses are classified in the category other financial liabilities; read more in Note 37.

Note 31 Pledged assets

For liabilities to credit institutions and overdraft facilities

Group	Aug 31, 14	Aug 31, 13
Chattel mortgages	650	790
Non-current assets with reservation of title	3,323	14,493
Shares in subsidiaries	363,500	366,968
	367,473	**382,251**

Parent Company	Aug 31, 14	Aug 31, 13
Shares in subsidiaries	46,000	316,654
	46,000	**316,654**

Note 32 Contingent liabilities

Group	Aug 31, 14	Aug 31, 13
Other guarantees	0	127
	0	**127**

Parent Company	Aug 31, 14	Aug 31, 13
Guarantees for subsidiaries	24,089	46,789
	24,089	**46,789**

Note 33 Rental and operating lease agreements

Group and Parent Company
The Group and the Parent Company have entered into operating lease agreements regarding stores and offices subject to the following non-terminable rental commitments.

Fees during the fiscal year	Group	Parent Company
September 2013 - August 2014	290,428	16,583
September 2012 - August 2013	295,624	23,972

This only relates to fixed minimum fees. Apart from this, there are commitments relating to sales-based rental income which are variable. Fixed rental fees for the year amounted to SEK 290,428,000 (SEK 295,624,000) and the revenue-based fee to SEK 2,396,000 (2,659,000).

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

Fees that are due	Group		Parent Company	
	Aug 31, 14	Aug 31, 13	**Aug 31, 14**	Aug 31, 13
Within 1 year	301,186	284,137	14,182	25,855
Within 2-5 years	432,599	316,927	6,285	38,632
More than 5 years	8,718	273	-	-

This refers to fixed and variable rental fees.

Of the future rental commitments listed above, SEK 5,230,000 (24,738,000) comprises financial lease agreements in the Group. This amount refers to undiscounted rental commitments. Discounted rental commitments relating to financial lease agreements amounted to SEK 4,917,000 (21,531,000).

Note 34 Statement of cash flows

Adjustment for non-cash items

Group	Aug 31, 14	Aug 31, 13
Depreciation, amortization and impairments	44,005	204,189
Impairment of goodwill and trademark	150,900	259,712
Capital gain on sale of non-current assets	2,966	1,108
Capital loss on sale of subsidiaries	2,644	700
Other adjustments	-4,738	-17,397
	195,777	**448,312**

Parent Company	Aug 31, 14	Aug 31, 13
Depreciation, amortization and impairments	6,665	79,545
Capital gain on retirement of non-current assets	353	-
	7,018	**79,545**

Cash and cash equivalents in the cash flow statement comprise cash and bank balances amounting to SEK 40,225,000 (31,829,000) for the Group and SEK 28,910,000 (19,119,000) for the Parent Company at August 31, 2014.

Note 35 Acquisition and divestment of subsidiaries

During the 2013/2014 fiscal year, Brothers Clothing Oy was formed with a capital investment of EUR 2,500.

During the comparative year 2012/2013, Polarn O. Pyret Netherlands B.V. was formed with a capital investment of EUR 1 and DSE konfektion AB was formed through a new issue of SEK 50,000.

The fair value of the assets and liabilities acquired during the 2013/2014 fiscal year is stated below:

Item	Polarn O. Pyret Norge AS
Goodwill	46,453
Other non-current assets	12,395
Inventories	293,
Current receivables	2,327
Cash and cash equivalents	10,967,
Current liabilities	-24,030
Purchase price	**48,406,**
Additional purchase price entered as a liability	-17,386
Purchase price paid	**31,020**
Cash and cash equivalents in the divested company	-10,967
Impact on the Group's cash and cash equivalents	**20,052**

The fair value of the assets and liabilities sold during the 2013/2014 fiscal year is stated below:

Item	JC Sverige AB	JC Clothing Oy
Other non-current assets	522	-
Inventories	59,202	13,517
Current receivables	65,132	9,020
Cash and cash equivalents	6,090	4,330
Current liabilities	-122,640	-26,182
Purchase price paid	**8,306**	**685**
Cash and cash equivalents in the divested company	-6,090	-4,330
Impact on the Group's cash and cash equivalents	**2,216**	**-3,645**

The fair value of the assets and liabilities sold during the 2012/2013 fiscal year is stated below:

Item	Kosta Outlet Mode AB
Equipment	101
Inventories	7,844
Current receivables	592
Cash and cash equivalents	208
Current liabilities	-9,335
Purchase price paid	**-590**
Cash and cash equivalents in the divested company	-208
Impact on the Group's cash and cash equivalents	**-798**

Note 36 Results from participations in Group companies

Parent Company	Aug 31, 14	Aug 31, 13
Impairment of shares in subsidiaries	-195,000	-587,677
Impairment of receivables to subsidiaries	-634	-
Group contributions received	72,450	70,725
	-123,184	**-516,952**

Note 37 Financial instruments

Financial assets
The financial assets that are available for utilization by the Group consist of cash and cash equivalents, trade receivables, loan receivables, accrued income and financial assets measured at fair value through profit and loss. All amounts stated below under cash and cash equivalents, loan receivables, trade receivables, accrued income and currency futures 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, 2014, cash and cash equivalents amounted to SEK 40,255,000 (31,829,000) for the Group and SEK 28,910,000 (19,119,000) for the Parent Company.

Note 37 Cont.

Loan receivables and trade receivables
The terms for payment of trade receivables are 10-30 days. Certain customers benefitted from extended repayment plans. On August 31, 2014, trade receivables falling due within one year amounted to SEK 49,785,000 (65,963,000) for the Group and SEK 514,000 (0) for the Parent Company. In addition to this, non-current receivables, which are interest-based, amounted to SEK 8,779,000 (5,425,000).

Age analysis trade receivables	Aug 31, 14	Aug 31, 13
Not due	28,527	47,048
< 60 days	19,062	10,625
60-90 days	1,537	1,866
90-180 days	659	4,816
> 180 days	5,423	11,939
Total trade receivables	**55,208**	**76,294**
Provision for depreciation/ amortization	-5,423	-10,331
Total	**49,785**	**65,963**

Age analysis other non-current receivables	Aug 31, 14	Aug 31, 13
Not due	19,086	16,316
Total other non-current receivables	**19,086**	**16,316**
Provision for depreciation/ amortization	-10,307	-10,891
Total	**8,779**	**5,425**

The need for impairment concerning trade receivables is tested on an individual basis. Receivables from customers benefitting from extended repayment plans are not recognized as due in the above age analysis as long as the repayment plans are followed.

Provisions for doubtful receivables have been changed as follows:

	Aug 31, 14	Aug 31, 13
Opening provisions	21,222	21,128
Provisions for probable losses	193	14,608
Confirmed losses	-5,685	-14,514
Closing provisions	**15,730**	**21,222**

Accrued income
Accrued income amounted to 4,892,000 (5,368,000).

Financial liabilities
The financial liabilities that are available and utilized by the Group consist of trades payable, overdraft facilities, loans from credit institutions, other loan liabilities, accrued costs and financial liabilities measured at fair value through 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 liability.

Trade payables
The Group's trade payables consist mainly of liabilities in SEK, EUR and USD. The terms and conditions for payment of trade payables allow 10 to 90 days of credit. Also refer to Note 28, for a description of the composition of trade payables by currency.

Financial liabilities measured at fair value through profit or loss
Outstanding hedging and value on August 31, 2014:

Currency	Hedged volume	Fair value	Number of hedged months
USD	5,950	1,436	0-6 months
EUR	1,350	-75	0-6 months
Total		**1,361**	

Changes in fair value of futures contracts are recognized through profit or loss; also refer to Notes 10 and 11. The item is recognized in the balance sheets under "Prepaid expenses and accrued income." All hedging contracts mature within 12 months.

Overdraft facilities
The Group and Parent Company have an overdraft facility with Danske bank totaling SEK 100 M (100) at August 31, 2014. Utilized amounts at August 31, 2014 amounted to SEK 0 M (0) and are recognized as current liabilities.

The interest rate on the overdraft facility is variable and the average interest rate in 2013/2014 was 2.57% (4.41).

The overdraft facility since early 2014 is raised with Danske Bank, and is a part of the total business financing of SEK 140 M. The financing represents a total sum that can be allocated flexibly among overdraft facilities and guarantees, letters of credit etc.

No specific financial covenants are linked to the new financing with Danske Bank.

Other loan liabilities
In the 2012/2013 fiscal year, the company raised two loans, each loan of SEK 200 M from Konsumentföreningen Stockholm. Both of these loans were raised on market terms. Loan 1 is a promissory note loan, whereas loan 2 is a revolving loan. The credit facility allowed under the revolving loan is SEK 200 M and is available based on the needs of the Group. On August 31, 2014, both loans were fully utilized. The total credit commitment with Konsumentföreningen Stockholm subsequently amounts to a maximum of SEK 400 M. Both loans run subject to a term of three years, with repayment in May 2016. The promissory note loan may be extended by one year, to maturity in May 2017. Both loans are free from redemption until the maturity date and are recognized as non-current liabilities. The entire liability falls due for repayment within five years. No specific financial covenants are linked to the loans with Konsumentföreningen Stockholm.

The current interest rate on August 31, 2014 was 1.22% for the promissory note loan and 4.72% for the revolving loan. The average interest rate in 2013/2014 was 3.20%. The loans run according to variable rates of interest, based on Stibor, including an additional margin.

Loans relating to financial leases
The present value of future repayment obligations resulting from these financial lease agreements is recognized as "liabilities to credit institutions" and amounts to SEK 4,918,000 (21,531,000), including a short-term portion of SEK 2,193,000 (7,111,000). The entire liability falls due for repayment within 5 years.

Accrued expenses
Accrued expenses primarily comprise personnel-related items; see Note 30.

Note 37 Cont.

Group, August 31, 2014

Financial assets	Assets measured at fair value through profit or loss	Loan receivables and trade receivables	Other financial assets	Total
Trade receivables		49,785		49,785
Other receivables		19,366		19,366
Accrued income		4,892		4,892
Derivatives	1,361			1,361
Cash and cash equivalents			40,225	40,225
				115,629

Financial liabilities	Liabilities measured at fair value through profit or loss		Other financial liabilities	Total
Trade payables			190,770	190,770
Derivatives	0			0
Loans from credit institutions			4,918	4,918
Overdraft facilities				0
Other loan liabilities			400,000	400,000
Other liabilities			62,990	62,990
Accrued expenses			105,519	105,519
				764,197

Group, August 31, 2013

Financial assets	Assets measured at fair value through profit or loss	Loan receivables and trade receivables	Other financial assets	Total
Trade receivables		65,963		65,963
Other receivables		15,436		15,436
Accrued income		5,368		5,368
Derivatives	0			0
Cash and cash equivalents			31,829	31,829
				118,596

Financial liabilities	Liabilities measured at fair value through profit or loss		Other financial liabilities	Total
Trade payables			180,541	180,541
Derivatives	16			16
Loans from credit institutions			21,531	21,531
Overdraft facilities			0	0
Other loan liabilities			349,000	349,000
Other liabilities			39,715	39,715
Accrued expenses			114,507	114,507
				705,310

Note 37 Cont.

Fair value hierarchy:
The Group has financial instruments in the form of currency futures that are measured at fair value in the balance sheet. The Group uses the following hierarchy in order to classify the instruments based on measurement techniques:

1. Quoted prices (not adjusted/unconfirmed) on active markets for identical assets or liabilities
2. Other input data than the quoted prices included in Level 1, which is observable for assets or liabilities either direct (i.e. as prices) or indirect (i.e. derived from prices)
3. Input data for assets or liabilities in question, which is not based on observable (non-observable input data)

2013/2014	Value	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss:				
Currency futures	1,361	-	1,361	-
Liabilities				
Financial liabilities at fair value through profit or loss: Currency futures	-	-	-	-

No transfers have occurred between the levels during the fiscal year.

2012/2013	Value	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit or loss:				
Currency futures	-	-	-	-
Liabilities				
Financial liabilities at fair value through profit or loss:				
Currency futures	16	-	16	-

No transfers have occurred between the levels during the fiscal year.

Financial liabilities age analysis
The following age analysis is based on discounted cash flows and included interest and amortization. In the analysis, the interest rate level on the balance sheet date has been assumed for future interest payments. The company has two loans of SEK 200 M each, of which one is a promissory note loan and the other is a revolving loan. The utilized loan facility on August 31, 2014 was SEK 400 M. Both loans run until May 2016, with possibility of extension of the promissory note loan until May 2017. Both loans are free from redemption until the maturity date. The terms of the loans are market-related. The Group fulfills the covenants contained in the prevailing agreements with creditors.

Maturity of the Group's financial liabilities

2013/2014	0-3 months	4-12 months	1-2 years	2-3 years	3-4 years	More than 4 years	**Total contracted cash flows**
Other non-current liabilities	-	-	400,000	-	-	-	400,000
Liabilities to credit institutions	2,443	2,080	395	-	-	-	4,918
Overdraft facilities	-	-	-	-	-	-	0
Interest rates	3,398	-	-	-	-	-	3,398
Trade payables	190,770	-	-	-	-	-	190,770
Currency futures contracts	-	-	-	-	-	-	0

2012/2013	0-3 months	4-12 months	1-2 years	2-3 years	3-4 years	More than 4 years	**Total contracted cash flows**
Other non-current liabilities	-	-	-	349,000	-	-	349,000
Liabilities to credit institutions	3,223	6,038	5,669	4,982	1,619	-	21,531
Overdraft facilities	-	-	-	-	-	-	0
Interest rates	171	-	-	-	-	-	171
Trade payables	180,541	-	-	-	-	-	180,541
Currency futures contracts	16	-	-	-	-	-	16

Note 38 Receivables/liabilities from group companies

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

	Receivables		Liabilities	
Parent Company	**Aug 31, 14**	Aug 31, 13	**Aug 31, 14**	Aug 31, 13
Brothers & Sisters AB	668	-	-	291
RNB Retail and Brands Norge AS	-	-	-	907
Brothers Clothing Oy	-	-	11,172	-
Portwear AB	-	-	-	-
Polarn O. Pyret AB	45,253	17, 927	-	-
Departments & Stores Europe AB	32,144	24,119	-	-
Brothers & Sisters Sverige AB	-	-	2,956	467
Ängsviol Blomstern AB	-	-	219	219
Far East Ltd.	4,074	4,251	-	-
JC Sverige AB	-	-	-	212
	82,139	**46,297**	**14,347**	**2,096**

Note 39 Purchases and sales between Group companies

The Parent Company's net sales of SEK 107,658,000 (145,883,000) are entirely attributable to internally debited services provided to subsidiaries. The Parent Company also recognizes other reinvoiced expenses of SEK 4,873,000 (11,506,000) under other operating income. The Parent Company has purchased services from subsidiaries amounting to SEK 314,000 (1,192,000).

Note 40 Risks and risk management

Foreign exchange risk
The RNB Group's currency exposure consists of the 30-40% of the Group's purchases of goods that are made in foreign currency. The Board of Directors has established a Group policy in the form of a framework for managing foreign exchange risk. The main focus is that 70-80% of the anticipated net flows in foreign currency for each season must be hedged using futures 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 %	–/+ 13
USD	+/– 10 %	–/+ 20

Capital structure
The Group has been under pressure due to a weak financial structure for quite some time, which led to the decision to carry out a rights issue of SEK 463 M (before issue costs), which was completed during the preceding fiscal year. This created opportunities for renegotiation of the company's loans as well as for implementation of structural measures, particularly the divestment of the JC concept. Therefore a considerably improved basis now exists for continued improvement of the capital structure, provided that we see a positive development of earnings and cash flow from the Group's remaining concepts. A long-term goal of the Group is to achieve an improved ratio between net debt and operating income before depreciation/amortization and impairments, in line with, or better than similar companies in the retail sector.

Credit, interest 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.

Interest risk mainly consists of changes in market rates of interest. RNB limits its interest rate risk by endeavoring to have short interest rate refixing periods.

A change in loan interest of 1% would, in the event of maximum utilization of available loan facilities (SEK 400 M in total) impact the interest expense of the Group by SEK 4.0 M, while an equivalent change in the bank interest would affect interest expenses by SEK 1.4 M in the event of maximum utilization of available bank financing (SEK 140 M).

Liquidity risk refers to the risk that financing cannot be obtained or can be obtained only at significantly increased costs. The Group's goal is to strike a balance between continuity and flexibility in the financing through loans and overdraft facilities. Credits to customers, the rate of receivables due, credits from suppliers and tied-up capital in inventories affects the need for liquid assets. Note 38 describes the terms and conditions of the loan agreements entered into.

Dependence on market conditions
Demand for RNB's products, like general demand in the retail sector, is affected by changes (actual or expected) in overall market conditions. A positive economic trend normally has a favorable effect on RNB's sales and earnings trend. Weaker market conditions could have an adverse effect on RNB's sales and earnings trends, if disposable household income declines simultaneously. Demographics are another factor impacting demand. A gradual shift toward older age groups during an extended period means that individuals between the ages of 30 and 60 are gradually accounting for a relatively large proportion of the population, thus also increasing the significance of this age group for RNB.

Weather and seasonal variations
Generally speaking, the retail sales trend varies with the seasons. Sales are at their strongest during the fall and winter, peaking in December when Christmas shopping is a powerful driver. The beginning of the school year in August has historically proved to be a strong sales month during which sales of children's clothes increase. The price level is generally higher for the fall and winter collections, which also has a positive impact on gross profit during the first quarter (September-November) of the split fiscal year. The major discount months of January, February and July have an adverse impact on both gross margins and operating margins during these periods.

The weather is another factor that affects sales. A mild fall and winter generally tends to have an adverse impact on sales, and a cold and rainy summer has historically proven to have a positive impact on sales.

Fashion risks and changed purchasing behavior
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. RNB endeavors to limit dependence on fashion trends by having a basic range of classic designs included in the proprietarily developed collections. However, since the fashion industry is subject to rapid changes, the possibility of temporary declines in sales of certain collections cannot be excluded. RNB in the longer term also needs to adjust to changes in customers, e.g. due to demographic or other reasons as well as to changes in consumer purchasing behavior.

Distribution centers
Most of the goods sold in RNB's stores pass through one of the company's distribution centers in Slagsta 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 damage the company's operations. Insurance policies cover property and production interruptions, but there are no guarantees that such insurance amounts are sufficient or that financial losses can be completely recovered.

Note 40 **Cont.**

Information systems
RNB depends on information systems in all parts of the operations 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 as well as securing sensitive operational information. Each long-term interruption, or defective functionality in information systems, may result in the loss of important information or in actions being delayed, particularly if problems occur during peak season, for example, during the Christmas period.

Franchise agreements
RNB's operations in Polarn O. Pyret and Brothers are conducted to some extent through franchisees. 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 the 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 the company's products. Approximately 50% of purchases are made from suppliers in China. Companies in Turkey, Bangladesh, Pakistan and the Baltic region represent a major portion of other deliveries. Consequently, disruptions in suppliers' operations could have an impact on RNB's sales and earnings. Any trade restrictions at a national or international level, 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 suppliers' ability to deliver goods, could have negative consequences on the company's earnings. RNB works actively to ensure its suppliers comply with specific ethical guidelines, including bans on child labor.

Trademarks
RNB's policy is to register and protect its brands and names. There are no guarantees that these measures will prove sufficient to protect the brands and other intellectual property.

In addition, unauthorized use of the brand in pirate copies or the copying of RNB's stores could damage the company's image and reputation.

Risk of bad debt losses
The risk of bad debt losses refers 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 means that RNB's consolidated earnings and shareholders' equity are exposed to exchange rate fluctuations. This currency risk is known as translation exposure and is not hedged.

The Board of Directors and the President provide their assurance that the annual accounts have been prepared in accordance with generally accepted accounting policies, provide a true and fair view of the Parent Company's financial position and results and that the Board of Directors' report provides a true and fair overview of the Parent Company's operations, financial position and results and also describes the material risks and uncertainties faced by the Parent Company. The Board of Directors and the President also affirm that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and results and that the Board of Directors' report for the Group provides a true and fair overview of the Group's operations, financial position and results and also describes the material risks and uncertainties faced by the Group.

Stockholm, November 27, 2014

Laszlo Kriss
Chairman of the Board

Magnus Håkansson
President and CEO

Ann-Sofie Danielsson
Deputy Chairman of the Board and Board member

Monika Elling
Board member

Ivar Fransson
Board member

Michael Lemner
Board member

Per Thunell
Board member

Our audit report was submitted on November 26, 2014
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

Audit report

To the Annual General Meeting of the shareholders of **RNB RETAIL AND BRANDS AB** (publ)
Corp. Reg. No. 556495-4682

Report on the annual accounts and consolidated financial statements
We have audited the annual accounts and consolidated financial statements for RNB RETAIL AND BRANDS AB (publ) for the fiscal year, September 1, 2013 to August 31, 2014. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 23-64.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated financial statements
The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of August 31, 2014 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of August 31, 2014 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the Annual Meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the statement of comprehensive income and balance sheet for the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated financial statements, we have also examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of RNB RETAIL AND BRANDS AB (PUBL) for the September 1, 2013 – August 31, 2014 fiscal year.

Responsibilities of the Board of Directors and the President
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for the administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
We recommend to the Annual Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

Stockholm, November 27, 2014
Ernst & Young AB

Johan Eklund
Authorized Public Accountant

Corporate Governance Report

RNB RETAIL AND BRANDS AB (publ), RNB, is a Swedish public limited liability company listed on the NASDAQ OMX Stockholm Exchange. RNB applies the Swedish Code of Corporate Governance and issues this Corporate Governance Report for the fiscal year September 1, 2013 – August 31, 2014. RBB has prepared this Corporate Governance Report in accordance with the provisions of the Swedish Code of Corporate Governance as well as with Chapter 6, sections 6–9 of the Swedish Annual Accounts Act and Chapter 9, section 31 of the Swedish Companies Act. The guidelines pertaining to the Swedish Code of Corporate Governance are available on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The Corporate Governance Report is not part of the Board of Directors' Report.

Corporate governance is concerned with the relationship between the shareholders and the company's Board and President/Group Management. The Group's corporate governance is based on Swedish legislation, the articles of association and NASDAQ OMX Stockholm's rules for issuers as well as other relevant statutes and regulations. Governance is exercised through the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act, the articles of association and the Swedish Code of Corporate Governance.

RNB RETAIL AND BRANDS' overriding goal is to create long-term value for its shareholders and other stakeholders. This requires a well-functioning corporate governance model, which is characterized by an efficient organizational structure, internal control system, risk management and transparency.

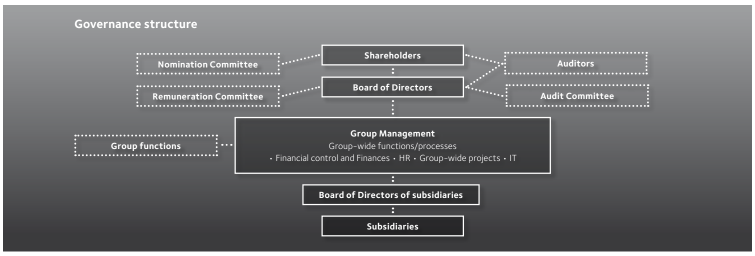
RNB RETAIL AND BRANDS applies the majority of the rules contained in the Swedish Code of Corporate Governance. The Code is based on the principle "comply or explain" which means that companies which apply the Code may depart from specific rules but should then provide an explanation for the departure. RNB has made the following departures from the Swedish Code of Corporate Governance:

[STATE DEVIATION FROM THE CODE AND REASON]

RNB RETAIL AND BRANDS also applies the Swedish Annual Accounts Act in relation to how the company reports its corporate governance work. RNB Retail AND BRANDS follows developments in the corporate governance field and continually adjusts its corporate governance principles with the aim of creating value for owners and other stakeholders. No breaches of applicable stock exchange regulations have occurred.

Shares and shareholders

On August 31, 2014, the share capital in RNB amounted to SEK [XXXXX] distributed among [XXXXX] shares with a quota value of SEK[XXXXX]. All shares are ordinary shares. Each share carries one vote at the annual general meeting and all shares have an equal right to share in the company's assets and profits. On August 31, 2014, the number of shareholders amounted to [XXXXX], of whom [XXXXX]% were registered in Sweden. The three largest shareholders as of August 31, 2014 were Konsumentföreningen Stockholm (KfS) with 33.16%, Catella Fondförvaltning with 12.8% and Försäkringsaktiebolaget Avanza Pension with 4.77%. Apart from Konsumentföreningen Stockholm and Catella Fondförvaltning, no other shareholder holds more than 10% of the votes. For further information about the share and shareholders, please refer to pages XX–XX and RNB's website, www.rnb.se.



Annual General Meeting

The Annual General Meeting (AGM) is RNB RETAIL AND BRANDS' highest decision-making body. The AGM elects the company's Board of Directors and auditors and also approves the fees payable to the Board, among other things. The AGM is also responsible for adopting the company's balance sheets and income statements, for making resolutions concerning the disposal of profits from operations and discharging members of the Board and the President from liability. The AGM also elects RNB's auditors. The AGM must be held no later than six months after the end of the fiscal year.

Annual General Meeting 2013

The AGM 2013 took place on January 16, 2014 in RNB's premises at Regeringsgatan 29 in Stockholm. At the AGM, 12 shareholders participated, personally or via proxy, representing [XX]% of the number of shares and votes in the company. Laszlo Kriss was elected as Chairman of the AGM.

The main resolutions passed included the following:

- XXXXXX.
- XXXXXX.

Proposals to the Annual General Meeting 2014

The next AGM for shareholders in RNB will be held at 5 p.m. on Thursday, December 18, 2014 in the company's premises at Regeringsgatan 29 in Stockholm. For further information about the AGM, please see RNB's website, www.rnb.se.

The company's AGM shall be held within six months from the end of the fiscal year. Notices for AGMs and extraordinary general meetings (EGMs) convened to address a motion concerning amendment of the Articles of Association must take place no earlier than six weeks and no later than four weeks before the AGM/EGM. Notices convening other EGMs must take place no earlier than six weeks and no later than three weeks before the EGM. All shareholders registered in the share register and who have notified their attendance in time are entitled to attend and vote at the AGM/EGM. Those shareholders who cannot attend themselves may be represented by proxy.

Information from previous AGMs and EGMs is available on www.rnb.se.

Nomination Committee

RNB RETAIL AND BRANDS has a Nomination Committee whose duties include preparing and submitting proposals to the company's shareholders concerning election of Board members and, when applicable, auditors. The Chairman of the Board shall annually, and no later than in connection with the publication of the company's interim report for the third quarter of the fiscal year, convene the four largest largest shareholders in the company. They shall then appoint one member each to the Nomination Committee. The Chairman of the Board is to be co-opted to the Nomination Committee, but not as its Chairman. The Chairman of the Board shall also ensure that information about the composition of the Nomination Committee, with contact information, is published well in advance of the AGM. The Chairman of the Board shall also report to the Nomination Committee the current status of the Board's work, requirements for specialist expertise and other matters that may be important for the Committee's work. To perform its work, the Nomination Committee must keep itself informed about the Group's strategy and its future challenges in order to be able to judge what skills and experience are required by the Board members. The Nomination Committee also has to consider the rules

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

	Attendance at Board meetings		Attendance at meetings of	
Board members	Ordinary (6)	Extra (5)	Remuneration Committee (2)	Audit Committee (4)
Laszlo Kriss	6	5		3
Ann-Sofie Danielsson	6	5		4
Michael Lemner	5	5	1	
Jan Carlzon	1	2	1	
Mikael Solberg	2	5		
Ivar Fransson	6	5	2	
Per Thunell	6	5		4
Monika Elling	2		1	

Mikael Solberg and Jan Carlzon resigned from the Board of Directors in connection with the AGM on January 16, 2014. Monika Elling joined the Board in connection with the AGM on January 16, 2014.

on independence, which apply to the Board. The Nomination Committee shall hold meetings as necessary, but at least once per year. Shareholders may submit proposals to the Nomination Commitee for futher evaluation within the scope of this work.

At the AGM 2013, it was resolved that a Nomination Committee should be appointed from among the major shareholders with the task of proposing Board members ahead of the AGM 2014. The members of the Nomination Committee ahead of the AGM on December 18, were appointed in accordance with the resolution of the AGM 2013 and include Sune Dahlqvist, chairman of Konsumentföreningen Stockholm, Ulf Strömsten, Catella Fondförvaltning, Patrick von Schenck, representing Michael Löfman and Joel Lindeman, Provobis Property & Leisure AB. No remuneration is paid to members of the Nomination Committee.

Board of Directors

The Board of Directors is RNB RETAIL AND BRANDS' highest administrative body under the AGM and has ultimate responsibility for the management and organization of the company's operations. The Board monitors the company's operations and management and also takes decisions on important matters relating to strategies, investments, organization and financial questions. The Board has two permanent committees: an Audit Committee and a Remuneration Committee. According to the articles of association, the Board shall consist of not less than five and not more than eight members without deputies. The members are elected at the AGM for the period until the end of the next AGM. RNB's Articles of Association do not include any provisions on the appointment or dismissal of Board members. The Board's work is governed by the Swedish Companies Act, the articles of association and the formal work plan established by the Board. At the AGM on January 16, 2014, the following Board members were re-elected; Laszlo Kriss, Ann-Sofie Danielsson, Ivar Fransson, Michael Lemner and Per Thunell while Monika Elling was elected as a new member. The President is co-opted to the Board of Directors .

The formal work plan of the Board and independence

RNB RETAIL AND BRANDS' Board is subject to a formal work plan that complies with the Swedish Companies Act with respect to the division of duties and reporting. The formal work plan governs Board meetings, issues to be addressed at Board meetings, the Chairman's duties, the President's duties and certain other matters.

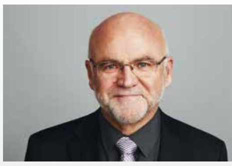
The Board holds six regular Board meetings during the fiscal year and extra Board meetings are held if necessary. Four of the regular meetings are held in connection with publication of each of the four quarterly reports, one meeting is reserved for strategy issues and one regular meeting deals with the budget for the following fiscal year. In addition to the statutory meeting, the Board held [XX] regular Board meetings and [XX] extra Board meetings during the 2013/2014 fiscal year. The regular meetings were primarily devoted to earnings follow-ups, investment matters, external reporting, budgets and strategy issues. The extra meetings mainly dealt with[XXXXXXXXXXX].

RNB RETAIL AND BRANDS complies with the listing agreement and the Swedish Code of Corporate Governance regarding the requirement for independent Board members. The Board's assessment regarding the independence of Board members in relation to the company and shareholders is shown in the description of the Board on pages XX – XX.

Board Committees

Within the Board, there is a Remuneration Committee and an Audit Committee. The Remuneration Committee deals with salaries and bonus to the President and to officers who report directly to the President. The Audit

Board of Directors



Laszlo Kriss, born 1946

Chairman of the Board; Member of the RNB Board since 2009.

Member of the Audit Committee.

Independent in relation to the Company and the Management, independent in relation to the Company's major owners.

Other directorships: Chairman of the Board of Blomsterfonden i Stockholm

Shareholding in RNB, August 31, 2014: 20,500 shares

Ann-Sofie Danielsson, born 1959, Degree in business administration

Deputy Chairman of the Board; Member of the RNB Board since 2013.

Chairman of the Audit Committee.

Independent in relation to the Company and the Management, independent in relation to the Company's major owners.

CFO of NCC AB

Other directorships: Board member of Bulten AB

Shareholding in RNB, August 31, 2014: 0 shares

Ivar Fransson, born 1957, Degree in economics

Member of the RNB Board since 2012.

Member of the Remuneration Committee.

Independent in relation to the Company and the Management, independent in relation to the Company's major owners.

Management consultant in Trinovo Consulting Group

Other directorships: Board member of OKQ8 Banks AB

Shareholding in RNB, August 31, 2014: 15,436 shares via endowment insurance

Per Thunell, born 1953, Degree in business administration

Member of the RNB Board since 2012.

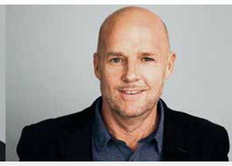
Member of the Audit Committee.

Independent in relation to the Company and the Management, not independent of owners

CFO of Konsumentföreningen Stockholm

Other directorships: No other significant directorships

Shareholding in RNB: August 31, 2014: 0 shares



Michael Lemner, born 1957, Degree in economics

Member of the RNB Board since 2013.

Member of the Remuneration Committee.

Not independent in relation to the Company and the Management, independent in relation to the Company's major owners.

Consultant in Tim-Tam Consulting SPRL

Other directorships: Chairman of Doors & Fashion (Belgium), Board member of Pimkie (France), Orsay (Germany) and PURetail (Luxembourg)

Shareholding in RNB, August 31, 2014: 0 shares

Monika Elling, born 1962, Degree in business administration and mechanical engineer

Member of the RNB Board since 2014.

Chairman of the Remuneration Committee.

Independent in relation to the Company and the Management, independent in relation to the Company's major owners.

Other directorships: Chairman of Talent Eye AB

Shareholding in RNB, August 31, 2014: 0 shares

Committee reviews and prepares the company's financial reporting before it is dealt with by the Board. The company also has a Nomination Committee and its duties include proposing Board members ahead of the AGM.

Remuneration Committee
The Board of Directors has established a Remuneration Committee with the main duties of preparing resolutions for the Board on questions relating to remuneration principles, remuneration and other terms of employment for the company management, complying with and evaluating ongoing programs and programs completed during the year for variable remuneration to the company management and also complying with and evaluating the application of the guidelines and remuneration to senior executives, which the AGM has resolved upon by law as well as remuneration structures and rates of compensation.

The company's Remuneration Committee, since the AGM on January 16, 2014, has been composed of the Board members Monika Elling (committee chairman), Michael Lemner and Ivar Fransson.

The Remuneration Committee is tasked with reviewing and providing the Board with recommendations concerning principles for remuneration, including performance-based remuneration and pension terms, to the company's senior executives.

The Committee also prepares proposals to the AGM regarding the principles of remuneration and other terms of employment for the President and the implementation of the AGM's resolutions on guidelines for remuneration to senior executives.

Audit Committee
The task of the company's Audit Committee, which is appointed by the Board, is to prepare the Board's work on quality assuring the company's financial reporting. The Committee maintains continuous contact with the company's auditors to keep itself informed of the focus and scope of the audit and to discuss views on the company's risks. The Audit Committee shall also adopt guidelines regarding what services other than audit, the company may procure from the company's auditor. The Committee's duties also include evaluating the audit work and providing this information to the Nomination Committee, and assisting the Nomination Committee in the preparation of proposals for auditors and fees for audit work.

During the 2013/2014 fiscal year, the company's Audit Committee was composed of Chairman of the Board Laszlo Kriss and the Board members Ann-Sofie Danielsson (committee chairman), and Per Thunell.

Remuneration of the Board of Directors
The 2013 AGM approved directors' fees of SEK 1,275,000, to be allocated as follows; SEK 350,000 to the Chairman of the Board and SEK 160,000 to each of the other Board members who do not receive salary from the company, SEK 75,000 to the chairman of the Audit Committee and SEK 25,000 to each of the other two members of the Audit Committee.

Auditors
RNB RETAIL AND BRANDS' auditors are elected by the AGM. At the AGM on January 1, 2014, Ernst & Young were elected as auditors for the period until the end of the next AGM. Ernst & Young AB has appointed Authorized Public Accountant, Johan Eklund, as Auditor in Charge. Ernst & Young AB has been RNB RETAIL AND BRANDS' auditor since 2004.

Group Management

Magnus Håkansson, born 1963
President & CEO
Degree in business administration, Stockholm School of Economics and MBA
Employed since 2011
Retail experience from competitive markets from earlier positions as a consultant, economist and CEO. Formerly CEO of Expert Sweden AB and CFO of the KF Group and Chairman of RNB during 2010.
Significant assignments outside the company: Chairman of Tenant & Partner Group AB
Shareholding in RNB: 31,500

Stefan Danieli, born 1965
CFO
Degree in business administration, Stockholm School of Economics
Employed since 2012
Formerly CFO of Eyeworks Scandinavia AB and before that CFO and Board member of SDI Media Sweden AB Group.
Shareholding in RNB: 0

Anders Wiberg, born 1961
President of Polarn O. Pyret AB
Upper secondary school education
Employed since 2009
Previous experience includes positions as CEO, COO and Sales Director at Filippa K AB.
Shareholding in RNB: 0

Peter Bondelid, born 1962
President of Brothers & Sisters
Degree in business administration, Stockholm School of Economics
Employed since 2012
Previous experience includes serving as Deputy Board member of Annica Bondelid AB and Board member of European Drug Testing Service EDTS AB and Hälsometern i Norden AB.
Shareholding in RNB:0

Hanna Graflund Sleyman, born 1978
President of Departments & Stores Europe AB
Degree in business administration, Stockholm School of Economics
Employed since 2009
Formerly Business Development Manager for Polarn O. Pyret and Production Director for RNB. Prior to this, she was a Management consultant at McKinsey & Company with experience from a number of industries and functions.
Shareholding in RNB: 0

The auditor's duties include reviewing the Board's and the President's administration of the company and the quality of the company's accounting records. The auditors report the results of their review to the shareholders through their Audit Report, which is presented at the AGM. In addition, the auditors submit detailed reports to the Audit Committee at regular Audit Committee meetings and to the Board once every year. Apart from the audit, the auditor shall inform the Board of Directors about services that have been performed besides audit services, remuneration for such services and other circumstances, which are of importance for the auditor's independence. During the fiscal year, Ernst & Young provided consultancy services pertaining to tax and accounting. RNB believes that the performance of these services does not compromise the independence of Ernst & Young.

Internal audit
To date, RNB has not found any reason to establish a special internal audit function. The company conducts ongoing work to strengthen the internal control and a number of control activities have been implemented. The issue of introducing a special internal audit function will be reviewed annually.

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

The President and other members of the Group Management hold meetings continuously during the fiscal year to review sales and earnings trends, to follow up action plans, discuss the company's future and strategy and also to take decisions on questions of a collective nature (production, IT, etc.). RNB RETAIL AND BRANDS' Executive Group Management consists of five people – the President/CEO of RNB, the CFO of RNB and the Presidents of subsidiaries – of whom one is a woman. The extended Group Management also includes the IT Director, E-Commerce Director, Logistics Director and the Vice President of Polarn O. Pyret.

Control of the business areas is exercised via intra-group Boards in subsidiaries, in which the CEO, CFO and at least one president of a sister company are Board members. The Boards have formal work plans that comply with the Companies Act in respect of the division of duties and reporting. The formal work plan governs Board meetings, issues to be addressed at Board meetings, the Chairman's duties, the President's duties and certain other matters. The Boards have regular Board meetings every quarter, where matters dealt with include budget follow-ups, action plans and investments.

Remuneration to the President and senior executives
The guidelines for remuneration and other terms of employment to senior executives are resolved upon annually by the AGM. Senior executives refers to the President, Vice President and other members of the Group Management. Remuneration and other terms of employment for the President are prepared by the Remuneration Committee and approved by the Board of Directors. Remuneration and other terms of employment for the members of the Group Management are prepared by the President, after approval by the Remuneration Committee.

RNB RETAIL AND BRANDS shall apply market-related levels of compensation and terms of employment, which are necessary in order to recruit and retain a highly skilled Management team with the capability to achieve set goals. The forms of remuneration shall motivate the Group Management to do their utmost to safeguard the interests of shareholders.

Members of the Group Management have both a fixed and variable salary component. In addition to this, the total remuneration package includes pension contributions and other benefits such as a company car. Fixed and variable salary shall be determined by taking account of skills, area of responsibility and performance. The variable remuneration is based on the outcome in relation to clearly set goals for the company and for the individual. For other senior executives, the variable component is maximized at 40 percent of fixed salary or 750,000 for each individual.

Pension benefits shall either be defined benefit or defined contribution and normally provide an entitlement to a pension from the age of 65. A notice period of six to twelve months normally applies in connection with termination of employment as well as a right to termination benefits corresponding to the highest salary during the notice period in the event that the company terminates the employment.

The Board of RNB RETAIL AND BRANDS may depart from these guidelines if special grounds exist in a particular case.

For information about remuneration to the Board and senior executives during the 2013/2014 fiscal year, see note[XX] in the 2013/2014 Annual Report.

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

The aim of the company's internal control is to create an operational basis where demands, goals and frameworks are distinctly defined. The control is ultimately aimed at protecting the company's assets and thereby the shareholders' investments. Internal control at RNB complies with an established framework and consists of the following five components: Control environment, risk assessment, control activities, information and communication and follow-up.

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 are important in this context since they are used as guidelines for employees.

In respect of operating activities, the President is responsible for the internal control system that is required to create a control environment for material risks. The President reports regularly to the Board in this respect.

Risk assessment and control activities
RNB also has guidelines and policies governing financial control and monitoring, communication issues and business ethics. Frameworks for credit and currency management, financial control and follow-up are established through approved financial-, accounting and investment policies. The company takes out insurance policies tied to property values and loss of earnings based on analysis of need and risk.

In addition, RNB operates a Code of Conduct that applies to the entire Group. The Code of Conduct, which is based on a number 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 the distribution of work between company bodies, reporting to the Board, established policies and guidelines, and the fact that employees comply with the policies and guidelines, thus ensuring that adequate control of financial reporting can be maintained.

RNB analyzes risk on an ongoing basis to identify potential sources of error within its financial reporting. The company has identified the processes in which the risks for significant errors in financial reporting may be assumed to be relatively higher than in other processes, due to the complexity of the business process, or due to high amounts or large transaction volumes. Among other areas, RNB has documented vulnerability in certain IT systems, the risk of incorrect valuations and slow-moving inventories, including assessments of obsolescence. The documentation and subsequent risk assessment have resulted in a number of countermeasures and control activities. Normal control activities include 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.

Risks are also deemed to exist in connection with the valuation of goodwill and trademarks as well as in relation to doubtful accounts receivable and deferred tax assets. On each balance sheet date or when indications point to a decline in value, impairment tests of goodwill and trademarks are performed to calculate the fair value of the underlying assets. In this context, assumptions concerning the future, growth, profitability and financing are key parameters. These parameters are also important in assessments of going concerns. The counterparties' ability to meet their obligations in respect of accounts receivable is assessed continuously. Deferred tax assets tied to loss carryforwards are recognized to the extent that future surpluses can be utilized against deferred tax assets.

Information and communication
Correct internal and external information disclosure requires that all parts of the operations efficiently exchange and report relevant important information about the operations. 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. During the fiscal year or in the period thereafter, no violations have occurred that have led to disciplinary measures from NASDAQ OMX Stockholm or to a statement from the Swedish Securities Council.

Follow up by the Board
The Board continuously evaluates the information submitted by the company management and also follows up the effectiveness of the Management team's work. The Board's work includes ensuring that measures are implemented to address inadequacies and suggestions for corrective measures that may have arisen in connection with the external audit. The Board receives periodic financial reports and the financial position of the company and the Group are dealt with at each Board meeting.

Stockholm, November 27, 2014

Laszlo Kriss
Chairman of the Board

Ann-Sofie Danielsson
Deputy Chairman of the Board and Board member

Ivar Fransson
Board member

Per Thunell
Board member

Michael Lemner
Board member

Monika Elling
Board member

Magnus Håkansson
President and CEO

Audit opinion concerning the corporate governance report

To the Annual General Meeting of shareholders of RNB RETAIL AND BRANDS AB (publ), Corporate Identity Number 556495-4682

The Board of Directors and the President are responsible for the corporate governance report for the fiscal year September 1, 2013 to August 31, 2014 on pages 66–74 and for its preparation in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this review and on our knowledge of the company and the Group, we believe we have a sufficient basis for our opinion. This statutory review has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We consider that a corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated financial statements.

Stockholm, November 27, 2014

Ernst & Young AB

Johan Eklund
Authorized Public Accountant

The share

RNB's share was listed on June 2001 on the NASDAQ OMX Stockholm Exchange under the ticker RNBS and it is traded on the Small Cap list.

Trading in the share and share performance

The closing share price on August 31, 2014 was SEK 10.30, which gave a market capitalization for RNB of SEK 349,295,413 M. The highest price quoted during the fiscal year was SEK 17.60 and the lowest price was SEK 9.70.

Share capital

On August 31, 2014, the registered share capital in RNB amounted to SEK 203,473,056 distributed among 33,912,176 shares, each one with a quota value of SEK 1. All shares are ordinary shares.

Shareholders

According to Euroclear, the number of RNB shareholders on August 31, 2014 amounted to 7,753, of whom 87.2 percent were registered in Sweden. Meanwhile, shares registered outside Sweden represented 12.6 percent of the total number of shares in the company. RNB's ten largest owners held shares corresponding to 63.2 percent of both the share capital and the voting rights in the company.

Dividend policy and proposed dividend

The Board of Directors' long-term objective is to distribute half of profit after taxes to shareholders. The Board proposes to the AGM that no dividend should be declared for the 2013/2014 fiscal year.

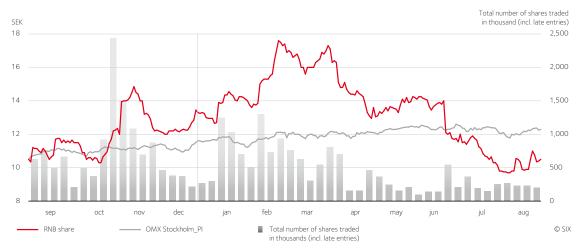
Stock market information

RNB aims to provide the stock market with clear and up-to-date information. Financial information is mainly provided in the annual report, year-end report and in three interim reports. Before publication of interim and year-end reports, RNB observes a silent period for 14 days prior to publication. RNB's annual report is only distributed via the Group website and on request from the company. On RNB's website, www.rnb.se, it is possible to subscribe for financial reports.

Ownership structure on August 31, 2014

Size of shareholding by category	Number of shares	Share capital/ Voting rights, %
1–500	5,894	1.7
501–1,000	648	1.5
1,001–5,000	881	6.0
5,001–10,000	138	3.2
10,001–15,000	50	1.8
15,001–20,000	30	1.6
20,001 –	112	84.2
Total	**7,753**	**100.0**

The RNB share development



Ownership on August 31, 2014

The largest shareholders	Number of shares	Share capital/Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Catella Fondförvaltning	4,340,314	12.8
Avanza Pension	1,617,566	4.8
Client Long	953,025	2.8
Skandinaviska Enskilda Banken	675,447	2.0
Provobis Property & Leisure AB	649,163	1.9
Löfman Michael	575,000	1.7
Nordnet Pensionsförsäkring	494,945	1.5
SEB Life International Assurance	476,512	1.4
Banque de Luxembourg, Client account	400,000	1.2
Total largest shareholders	**21,428,570**	**63.3**
Other	12,483,606	36.7
Total	**33,912,176**	**100.0**

Ownership on October 31, 2014

The largest shareholders	Number of shares	Share capital/Voting rights, %
Konsumentföreningen Stockholm	11,246,598	33.2
Catella Fondförvaltning	4,347,154	12.8
Avanza Pension	1,715,608	5.1
Client Long	953,025	2.8
Provobis Property & Leisure AB	697,844	2.1
Skandinaviska Enskilda Banken	668,447	2.0
Nordnet Pensionsförsäkring	633,286	1.9
Löfman Michael	575,000	1.7
SEB Life International Assurance	476,512	1.4
Case Asset Management	450,000	1.3
Total largest shareholders	**21,763,474**	**64.3**
Other	12,148,702	35.7
Total	**33,912,176**	**100.0**

Key data per share*

SEK per share	2009/2010	2010/2011	2011/2012	2012/2013	**2013/2014**
Earnings per share	36	-538	-398	-55	-5
Dividend per share	0	0	0	0	0
The buying price of the share at year-end on the OMX Nordic Exchange	6.7	3.03	2.2	10.3	10.3
Equity per share	8.49	5.80	3.80	12.62	7.85

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

Share capital development

Year, Transaction	Increase in number of shares	Accumulated number of shares	Increase in share capital	Accumulated share capital	Quota 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
2013, New share issue	6,617,009,949	6,782,435,200	38,047,805	203,473,056	1
2013, Reverse share split 200-for-1	-6,748,523,024	33,912,176		203,473,056	1

Five-year summary

Income statement items

SEK M	Sep 09–Aug 10**	Sep 10–Aug 11**	Sep 11–Aug 12**	Sep 12–Aug 13	**Sep 13–Aug 14**
Revenue	3,072.3	2,987.2	2,801.1	1,952.9	1,927.4
Operating income	48.0	-509.5	-303.3	-100.0	-145.0
Net financial items	-26.3	-25.1	-56.2	-27.0	-9.9
Profit/loss after financial items	21.7	-534.7	-359.5	-126.9	-155.0
Net income for the year	**28.9**	**-445.2**	**-328.9**	**-628.7**	**-161.0**

Balance sheet items

SEK M	Sep 09–Aug 10**	Sep 10–Aug 11**	Sep 11–Aug 12**	Sep 12–Aug 13	**Sep 13–Aug 14**
Non-current assets	1,605.8	1,171.7	1,025.8	632.1	512.2
Inventories	563.2	573.1	483.8	327.7	347.4
Trade receivables	201.8	191.6	134.3	66.0	49.8
Other current assets	97.5	89.2	128.0	71.8	80.8
Cash and cash equivalents	49.5	53.5	29.7	31.8	40.2
Assets included in disposal groups are classified as if they are held for sale/discontinuation	-	-	-	171,2	-
Total assets	**2,517.8**	**2,079.1**	**1,801.6**	**1,300.6**	**1,030.4**
Equity	1,404.5	959.4	627.9	427.8	266.1
Non-current liabilities	571.1	456.5	534.4	363.4	402.7
Current liabilities	542.2	663.2	639.3	342.6	361.5
Liabilities included in disposal groups are classified as if they are held for sale/discontinuation	-	-	-	166.8	-
Total equity and liabilities	**2,517.8**	**2,079.1**	**1,801.6**	**1,300.6**	**1,030.3**

Key ratios

	Sep 09–Aug 10**	Sep 10–Aug 11**	Sep 11–Aug 12**	Sep 12–Aug 13	**Sep 13–Aug 14**
Gross profit margin, %	48.4	46.9	47.7	49.3	51.0
Operating margin, %	1.6	neg	neg	neg	neg
Profit margin, %	0.9	neg	neg	neg	neg
Risk-bearing equity, SEK M	1,525.4	990.3	628.1	427.8	266.1
Share of risk-bearing equity, %	60.6	47.6	34.9	32.9	25.8
Equity/assets ratio, %	55.8	46.1	34.9	32.9	25.8
Capital employed, SEK M	1,882.5	1,520.1	1,261.2	800.0	671.0
Return on capital employed, %	3.5	neg	neg	neg	neg
Return on equity, %	2.3	neg	neg	neg	neg
Number of full-time employees	1,442	1,435	1,404	1,045	1,040
Number of proprietary stores at end of period	218	215	228	163	188
Number of franchise stores at end of period	184	177	148	108	79

Per share data*

	Sep 09–Aug 10**	Sep 10–Aug 11**	Sep 11–Aug 12**	Sep 12–Aug 13	**Sep 13–Aug 14**
Profit after tax, SEK	36	-538	-398	-55	-5
Shareholders' equity, SEK	1,698	1,160	760	13	8
Average number of outstanding shares, thousands	805	827	827	11,523	33,912
Number of shares at year-end, thousands	827	827	827	33,912	33,912

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

** As regards these years, the divested JC segment is included in profit/loss and balance sheet items

Definition of key ratios

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

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

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.

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.

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

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

Equity per share
Equity divided by the number of shares at the end of the period.

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

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

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

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

Risk-bearing equity
Total of reported shareholders' equity and deferred tax.

Operating margin
Operating income in relation to net sales.

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

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

Profit margin
Net income in relation to net sales.

Information about the AGM

The Annual General Meeting will be held at 5 p.m. on December 18, 2014 in the company's premises at Regeringsgatan 29 in Stockholm, Sweden.

Right to attend the AGM
Shareholders wishing to participate in the AGM:

- must be recorded in the share register maintained by Euroclear Sweden AB no later than Friday, December 12, 2014,
- and have notified the company of their intention to participate no later than Monday, December 15, 2014 at the address RNB RETAIL AND BRANDS AB, PO Box 161 42, SE-103 23 Stockholm, Sweden by telephone to +46 8 410 520 60 or by e-mail to ann-charlotte.rudels@rnb.se.

The notification must state the shareholder's:

- Name
- Civic registration number/corporate identity number
- Address and phone number (daytime)
- Shareholding
- Information regarding any assistants

Complete legitimacy papers such as certificate of registration or equivalent must be enclosed with the notification where appropriate.

Nominee-registered shares
To be entitled to vote at the Meeting, shareholders whose shares are registered in the name of a nominee must temporarily register their shares in their own names with Euroclear Sweden AB. Shareholders requiring such registration must inform their nominee of this well in advance of this date and no later than December 11, 2014.

Dividend
The Board proposes that no dividend shall be paid for the 2013/2014 fiscal year.

Calendar

December 18, 2014	Interim report for the first quarter
December 18, 2014	Annual General Meeting 5.00 p.m.
March 26, 2015	Interim report for the second quarter
June 23, 2015	Interim report for the third quarter
October 10, 2015	Year-end report

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