

## RNB RETAIL AND BRANDS

### Interim report for the third quarter of 2007/2008 September 1, 2007 – May 31, 2008

#### September 1, 2007 – May 31, 2008

- Net sales amounted to SEK 2,554.7 M (2,529.3), an increase of 1%. Sales in comparable stores declined 1.9%.
- Operating profit totaled SEK 52.2 M (288.2). Profit after financial net items amounted to SEK 12.5 M (260.3). Nonrecurring items totaling profit of SEK 84.0 were included in operating profit for the preceding fiscal year.
- Profit after tax amounted to SEK 15.6 M (213.1), corresponding to SEK 0.27 per share (3.75).
- Cash flow from operating activities was a negative SEK 39.2 M (positive: 177.3).

#### Third quarter, March 1, 2008 – May 31, 2008

- Net sales amounted to SEK 776.9 M (758.5), an increase of 2.4%. Sales in comparable stores declined 5.4%.
- Operating profit totaled SEK 23.8 M (60.2). Profit after net financial items amounted to SEK 6.0 M (51.1).
- Profit after tax amounted to SEK 5.8 M (36.8), corresponding to SEK 0.09 per share (0.64).
- Cash flow from operating activities amounted to SEK 61.7 M (44.1).

#### After the close of the period

- Board of Directors proposes rights issue amounting to approximately SEK 350 M.



## President's comments on trends

For RNB RETAIL AND BRANDS, the third quarter involved hard work to turn around the weak sales trend in JC and J-Store. The collection error that occurred in autumn 2007, and which had a strong impact on our earnings in the period September 2007 to May 2008, has been thoroughly analyzed and corrected. Our assessment is that the work to reposition JC and J-Store regarding collection, store expression and market communication is now in its final phase and our confidence in a positive sales trend from autumn 2008 stands firm.

Besides JC and J-Store – in which I now feel we have done a thorough job and the route forward is clear – we are seeing a stable trend for Polarn O. Pyret and Brothers and Sisters. Both business areas improved their profitability during the period and the growth strategy for Polarn O. Pyret and Brothers and Sisters remains.

Department Stores is the business area with which I am least satisfied in this report. We have fine units, with a generally favourable sales trend, but we are unfortunately turning a positive result to a negative one. The most important explanation for this trend is esta in the Illum department store in Copenhagen and to expand our operations at Steen & Ström in Oslo with new sport and leisure floor space. The timing of the establishment coincided with declining consumption in Denmark, which resulted in these units being charged to our earnings for the quarter in the amount of SEK 21.6 M.

To summarize, my foremost task is now to secure a stable platform. To strengthen the company's financial position and create conditions for future aggressive action, the Board of Directors has decided to propose a rights issue in an amount of approximately SEK 350 M. We now priorities result before top line growth. I feel that we have now made considerable progress in creating the conditions for favorable performance during the next financial year.

Mikael Solberg, VD

***” Our assessment is that the work to reposition JC and J-Store regarding collection, store expression and market communication is now in its final phase and our confidence in a positive sales trend from autumn 2008 stands firm. ”***



# Operations

## About RNB

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

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

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

The Store Concepts business area consists of JC, J-Store, Brothers and Sisters and comprises 304 stores, including 163 franchise stores.

The total number of stores included in RNB at May 31, 2008 was 475, of which 213 were operated by franchisees.

## Key figures

	Q3		Q1-Q3		Fiscal Year
	2007/08	2006/07	2007/08	2006/07	2006/2007
Net turnover, Sek M	776,9	758,5	2 554,7	2 529,3	3 468,3
Gross margin, per cent	49.5	48.3	45.0	46.7	45.4
Operating income, Sek M	23,8	60,2	52,2	288,2	342,2
Profit after tax, Sek M	5,8	36,8	15,6	213,1	255,8
Operating profit margin, per cent	3.1	7.9	2.0	11.4	9.9
Earnings per share, Sek	0,09	0,64	0,27	3,75	4,49
Cash flow from current operation, Sek M	61,7	44,1	-39,2	177,3	233,1
Stores	475	449	475	449	456

### Continued weak trend in JC and J-Store

The JC and J-store concepts noted a weaker-than-expected sales trend during the period September 2007 – May 2008, with sales declining about 12% compared with the corresponding period in the preceding fiscal year. The autumn 2007 and spring 2008 collections did not satisfy customer expectations. Inventories attributable to spring goods were impaired by an additional SEK 55 M in the second quarter. New content and concept expressions for JC and J-Store has been designed in time for the autumn 2008 collection.

### Market and demand

Sales in the ready-to-wear and fashion clothing industry in Sweden were weak during the third quarter of the fiscal year, March – May 2008. According to the HUI index, the market in Sweden declined by 1.4%, while sales in RNB's comparable stores declined by 5.4%.

### Board of Directors proposes rights issue of approx. SEK 350 M

To strengthen the company's financial position and create conditions for future aggressive action, the Board of Directors has decided to propose a rights issue in an amount of approximately SEK 350 M. The Board intends to convene an Extraordinary General Meeting to resolve on the rights issue. More detailed terms and conditions and a time schedule for the rights issue will be presented no later than in connection with the notice convening the Extraordinary General Meeting.

### Revenue and earnings

#### September 1, 2007 – May 31, 2008

RNB's net sales during the period amounted to SEK 2,554.7 M (2,529.3). Sales in comparable stores declined by 1.9% during the period. The gross profit margin for the period was 45.0% (46.7).

Operating profit totaled SEK 52.2 M (288.2). Profit after net financial items amounted to SEK 12.5 M (260.3). Profit after tax was SEK 15.6 M (213.1). Nonrecurring items totaling profit of SEK 84.0 were included in year-earlier operating profit.

The weak sales trend for JC and J-Store is estimated to have had a negative impact of about SEK 130 M on earnings, compared with the year-earlier period. JC and J-Store reported an operating loss of SEK 38.5 M for the period. However, Brothers and Sisters reported very favorable development and an operating profit of SEK 44.7 M for the period.

During August 2007, newly opened units in the Illum department stores in Copenhagen and Steen & Ström in Oslo developed less favorably than expected and reported a loss of SEK 21.6 M for the period. Other parts of the Group reported positive trends during the fiscal year.

#### Third quarter, March 1, 2008 – May 31, 2008

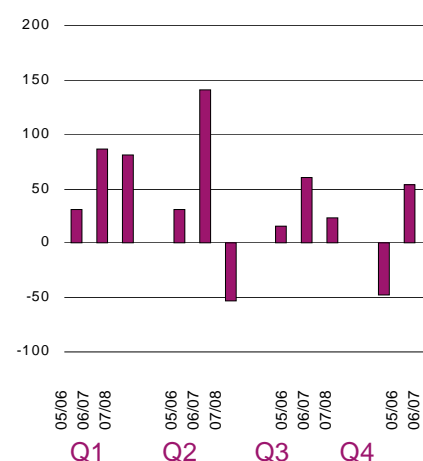
RNB's net sales for the third quarter amounted to SEK 776.9 M (758.5). Sales in comparable stores declined by 5.4% during the same period. The gross profit margin for the third quarter amounted to 49.5% (48.3).

Operating profit for the quarter amounted to SEK 23.8 M (60.2). Profit after net financial items amounted to SEK 6.0 M (51.1). The new units that were opened in August 2007 at the department stores Illum in Copenhagen and Steen & Ström in Oslo developed less favorably than expected during the third quarter and reported a loss of SEK 9.0 M.

Net turnover per quarter, SEK M



Operating profit per quarter, SEK M



## Business areas

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

	Polarn O. Pyret		Department Stores		Store Concepts		Q1–Q3	Q1–Q3
	Q3 07/08	Q3 06/07	Q3 07/08	Q3 06/07	06/07	Q3 06/07	07/08	06/07
Net turnover, Sek M	86,0	80,7	252,7	219,8	441,0	458,4	2 554,7	2 529,3
Operating profit, Sek M	5,8	5,7	-6,1	11,0	29,9	43,9	52,2	288,2
Stores	91	85	80	66	304	298	475	456
Of which franchise	50	47	-	-	163	169	213	216

### Net sales Sept 07–May 08, Sek M



#### Polarn O. Pyret business area

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

Net sales for the period amounted to SEK 294.2 M (291.4). Sales in comparable stores declined 4.1%.

Operating profit improved to SEK 45.6 M (40.7). The number of stores at the end of the period totaled 41 (38). In addition, there are 50 (47) franchise stores, of which 15 (16) in Sweden and 35 (31) abroad.

During the period, nine new franchise stores opened abroad while five stores in the Baltic States were discontinued in conjunction with a change of franchisee. Agreements for the Baltic States have been signed with new franchisees comprising a group of investors including Knut Lysklätt, who is the franchisee for Norway. All Polarn O. Pyret stores in the Baltic States are currently closed. The new franchisee estimates that two or three stores will be opened during autumn 2008.

##### Third quarter

Net sales during the third quarter amounted to SEK 86.0 M (80.7). Sales in comparable stores declined 3.3%. Operating profit amounted to SEK 5.8 M (5.7). During the quarter, a provision of SEK 0.9 M was posted for a

#### Polarn O. Pyret

*Polarn O. Pyret is a brand focused on baby and children's wear and has 91 stores, of which 50 are franchise stores. Polarn O. Pyret is today established in 12 countries.*

possible loan loss pertaining to former franchisees in the Baltic States.

In March 2008, Polarn O. Pyret signed a Master Franchise agreement concerning the US. The US cooperation partner is SPM Retail LLC. The first store in the US is expected to open in spring 2009.

The establishment of Polarn O. Pyret outside Sweden is proceeding according to plan. It is estimated that Polarn O. Pyret will be established in at least 20 countries no later than 2010.

### **Department Store business area**

#### **September 1, 2007 – May 31, 2008**

Net sales by the Department Stores business area totalled SEK 866.8 M (709.8). Sales in comparable units increased 6.1%.

Operating profit amounted to SEK 24.3 M (49.5). The new units that were opened in August 2007 at the department stores Illum in Copenhagen and Steen & Ström in Oslo reported a loss of SEK 21.6 M during the period. Operating profit for comparable units amounted to SEK 45.9 M (49.5).

#### **Third quarter**

Net sales for the third quarter amounted to SEK 252.7 M (219.8). Sales in comparable stores increased 1.9%. An operating loss of SEK 6.1 M (profit: 11.0) was reported. The new units in Illum and Steen & Ström had a negative impact of SEK 9.0 M on earnings for the quarter.

### **Store Concepts business area**

#### **September 1, 2007 – May 31, 2008**

Net sales in the Store Concepts business area amounted to SEK 1,399.5 M (1,529.4). Sales in comparable units declined 9.2%. Operating profit amounted to SEK 6.2 M (110.2). The figures for the preceding year included Solo and Saks, which contributed net sales of SEK 79.1 M and operating profit of SEK 3.3 M.

The collection failure and the weak sales trend for JC and J-Store are estimated to have had a negative impact of about SEK 130 M compared with the year-earlier period. JC and J-Store reported an operating loss of SEK 38.5 M. However, Brothers and Sisters reported highly favorable development and an operating profit of SEK 44.7 M for the period.

#### **Third quarter**

Net sales for the third quarter amounted to SEK 441.0 M (458.4). Sales in comparable stores declined 12.0%. Operating profit amounted to SEK 29.9 M (43.9).

The number of proprietary stores at the close of the period was 141 (129). In addition, there were 163 (169) franchise stores, including 9 (11) in Norway.

### **Department Stores**

*The business area includes operations at the department stores NK Stockholm, NK Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. The number of proprietary stores at the close of the period was 80 (66), comprising total retail space of 23,531 (17,619) square meters.*

### **Store Concepts**

*The business area includes four separate store concepts: JC, J-Store, Brothers and Sisters with a total of 304 stores, of which 163 are franchise.*

## Financial position and liquidity

The Group's assets totaled SEK 3,171.8 M, compared with SEK 2,993.0 M at the end of the preceding fiscal year. Shareholders' equity at the close of the period amounted to SEK 1,495.8 M (1,565.1), resulting in an equity/assets ratio of 47.2% (52.3).

At May 31, 2008, inventories totaled SEK 616.0 M, compared with SEK 460.4 a year earlier. New units resulted in an increase in inventories of about SEK 80 M.

Cash flow from operating activities was a negative SEK 39.2 M (positive: 177.3). Extended credit periods within JC had a negative impact of about SEK 100 M on cash flow. Cash flow after investments was a negative SEK 139.7 M (positive: 244.4).

Net debt amounted to SEK 975.9 M compared with SEK 728.2 M on August 31, 2007.

Consolidated cash and cash equivalents at the close of the period, including unutilized overdraft facilities, amounted to SEK 136.3 M compared with SEK 305.8 M at the end of the preceding fiscal year.

## Investments and depreciation/amortization

Investments during the period totaled SEK 102.5 M (124.9), of which acquisition of companies accounted for SEK 23.1 M (74.0).

Depreciation/amortization during the period amounted to SEK 73.6 M (58.0).

## Tax paid

During the period, the Group paid SEK 20.5 M in tax. For the third quarter of 2007/2008, the amount of tax paid totaled SEK 3.0 M. In the third quarter, JC won a case in the Fiscal Court of Appeal, which resulted in a tax refund of SEK 2.1 M.

## Personnel

The average number of employees during the period was 1,511 (1,300).

## Parent Company

Net sales in the Parent Company amounted to SEK 99.5 M (65.0).

After net financial items, a loss of SEK 60.2 M (loss: 24.1) was reported.

Investments during the period totaled SEK 24.3 M (82.0), of which company acquisitions accounted for SEK 0 M (74.0).

## Outlook

Due to the collection misjudgment, which is adjudged to be of a nonrecurring nature, earnings for the period were adversely affected by impairment losses and a weak sales trend relating to JC and J-Store. It is estimated that the ongoing repositioning of JC and J-Store will be finalized in time for the 2008 autumn collection.

## Accounting principles

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

## Annual General Meeting

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

## Future publication dates

Year-end report for 2007/2008

October 22, 2008

This is the type of information that must be published by RNB RETAIL AND BRANDS AB (publ) in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publishing on June 18, 2008, at 3:00 p.m.

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RNB RETAIL AND BRANDS AB (publ)

Mikael Solberg

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# Financial Statements

## CONSOLIDATED INCOME STATEMENT

MSEK	3 months Mar 2008- May 2008	3 months Mar 2007- May 2007	9 months Sep 2007- May 2008	9 months Sep 2006- May 2007	12 months Sep 2006- Aug 2007
Net turnover	776,9	758,5	2 554,7	2 529,3	3 468,3
Other operating incomes	5,2	0,0	11,1	2,5	7,3
	<b>782,1</b>	<b>758,5</b>	<b>2 565,8</b>	<b>2 531,8</b>	<b>3 475,6</b>
Goods for resale	-392,0	-392,2	-1 405,3	-1 347,8	-1 895,0
Other external costs	-178,1	-156,2	-565,7	-514,6	-693,6
Personnel costs	-155,9	-129,9	-469,0	-407,2	-544,4
Depreciation of tangible and intangible fixed assets	-32,3	-19,6	-73,6	-58,0	-82,0
subsidiaries	-	-0,4	-	109,0	106,6
Restructuring costs	-	-	-	-25,0	-25,0
<b>Operating income</b>	<b>23,8</b>	<b>60,2</b>	<b>52,2</b>	<b>288,2</b>	<b>342,2</b>
Financial incomes	1,1	0,2	4,3	1,2	4,7
Financial costs	-18,9	-9,3	-44,0	-29,1	-41,1
<b>Income after financial items</b>	<b>6,0</b>	<b>51,1</b>	<b>12,5</b>	<b>260,3</b>	<b>305,8</b>
Tax	-0,2	-14,3	3,1	-47,2	-50,0
<b>Profit/loss for period</b>	<b>5,8</b>	<b>36,8</b>	<b>15,6</b>	<b>213,1</b>	<b>255,8</b>
Net profit of the year attributable to:					
Parent Company's shareholders	5,3	36,3	15,5	212,1	254,9
Minority owners	0,5	0,5	0,1	1,0	0,9
<b>Earnings per share (SEK), average number of shares</b>	<b>0,09</b>	<b>0,64</b>	<b>0,27</b>	<b>3,75</b>	<b>4,49</b>
<b>Average number of shares, 000's</b>	<b>57 079</b>	<b>57 079</b>	<b>57 079</b>	<b>56 605</b>	<b>56 724</b>

## CONSOLIDATED BALANCE SHEET

MSEK	31-May-2008	31-May-2007	31-Aug-2007
<b>Assets</b>			
Rental rights	30,1	41,3	41,3
Goodwill	1 355,8	1 315,1	1 329,1
Brands	500,0	500,0	500,0
Tangible fixed assets	281,3	200,7	237,8
Financial fixed assets	3,3	4,2	3,9
Deferred tax assets	14,3	8,4	12,1
Inventories	616,0	460,4	549,8
Other current assets	371,0	270,6	319,0
<b>Total assets</b>	<b>3 171,8</b>	<b>2 800,7</b>	<b>2 993,0</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity attributable to Parent Company's shareholder	1 484,6	1 507,1	1 554,0
Shareholders' equity attributable to minority owners	11,2	11,5	11,1
Long-term liabilities	696,6	800,7	758,7
Short-term liabilities	979,4	481,4	669,2
<b>Total shareholders' equity and liabilities</b>	<b>3 171,8</b>	<b>2 800,7</b>	<b>2 993,0</b>

## CASH-FLOW STATEMENT

MSEK	Sep 2007- May 2008	Sep 2006- May 2007	Sep 2006- Aug 2007
Cash flow from current operations before changes in working capital	89,8	230,2	244,8
Changes in working capital	-129,0	-52,9	-11,7
<b>Cash flow from current operations</b>	<b>-39,2</b>	<b>177,3</b>	<b>233,1</b>
Company acquisitions	-23,1	-28,6	-40,9
Divestment of subsidiaries	-	144,7	124,5
Cash flow from other investments activities	-77,4	-49,0	-85,3
<b>Cash flow after investments</b>	<b>-139,7</b>	<b>244,4</b>	<b>231,4</b>
Cash flow from financial activities	128,1	-214,0	-220,0
<b>Cash flow for period</b>	<b>-11,6</b>	<b>30,4</b>	<b>11,4</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 2007- May 2008	Sep 2006- May 2007	Sep 2006- Aug 2007
Opening balance	1 565,1	1 273,0	1 273,0
Translation difference	0,7	-2,6	0,9
Profit for the period attributable to Parent Company's shareholders	15,5	212,1	254,9
Shareholders' equity attributable to minority owners	0,1	-25,9	-25,8
New issue	-	45,4	45,5
Dividend	-85,6	-23,4	-23,4
Conversions of debentures	-	40,0	40,0
<b>Balance at end of period</b>	<b>1 495,8</b>	<b>1 518,6</b>	<b>1 565,1</b>

## KEY FIGURES

		Sep 2007- May 2008 9 months	Sep 2006- May 2007 9 months	Sep 2006- Aug 2007 12 months
Gross margin	%	45,0	46,7	45,4
Operating margin	%	2,0	11,4	9,9
Profit margin	%	0,6	8,4	7,3
Solidity	%	47,2	54,2	52,3
Interest coverage ratio	mult	1,3	9,9	8,4
Net dept	Mkr	975,9	667,4	728,2
Net dept/equity ratio	%	65,2	43,9	46,5
Average number of employees, full time		1 511	1 300	1 356
Average number of shares, 000's		57 079	56 605	56 724
Number of shares at end of period, 000's		57 079	57 079	57 079
Earnings per share after tax, average number	Kr	0,27	3,75	4,49
Shareholders' equity per share at end of period	Kr	26,21	26,61	27,42

## NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

	3 months Mar 2008- May 2008	3 months Mar 2007- May 2007	9 months Sep 2007- May 2008	9 months Sep 2006- May 2007	12 months Sep 2006- Aug 2007
<b>Net turnover, MSEK</b>					
Polam O. Pyret	86,0	80,7	294,2	291,4	388,4
Department Stores	252,7	219,8	866,8	709,8	973,9
Store Concepts	441,0	458,4	1 399,5	1 529,4	2 111,1
Other	-2,8	-0,4	-5,8	-1,3	-5,1
<b>Total</b>	<b>776,9</b>	<b>758,5</b>	<b>2 554,7</b>	<b>2 529,3</b>	<b>3 468,3</b>
<b>Operating result, MSEK</b>					
Polam O. Pyret	5,8	5,7	45,6	40,7	56,1
Department Stores	-6,1	11,0	24,3	49,5	42,8
Store Concepts	29,9	43,9	6,2	110,2	143,5
Other	-5,8	-0,4	-23,9	87,8	99,8
<b>Total</b>	<b>23,8</b>	<b>60,2</b>	<b>52,2</b>	<b>288,2</b>	<b>342,2</b>

## INCOME STATEMENT PER QUARTER, GROUP

MSEK	2008	2007/2008	2007	2007	2007	2006/2007	2006	2006
	March-May	Dec-Feb	Sep-Nov	June-Aug	March-May	Dec-Feb	Sep-Nov	June-Aug
Net turnover	776,9	854,1	923,7	939,0	758,5	881,0	889,8	539,1
Other operating incomes	5,2	1,0	4,9	4,8	-	1,6	0,9	-
Goods for resale	-392,0	-534,6	-478,7	-547,2	-392,2	-497,7	-457,9	-299,7
<b>Gross profit</b>	<b>390,1</b>	<b>320,5</b>	<b>449,9</b>	<b>396,6</b>	<b>366,3</b>	<b>384,9</b>	<b>432,8</b>	<b>239,4</b>
<b>Gross margin</b>	<b>49,5%</b>	<b>37,4%</b>	<b>48,2%</b>	<b>41,7%</b>	<b>48,3%</b>	<b>43,5%</b>	<b>48,5%</b>	<b>44,4%</b>
Other external costs	-178,1	-189,5	-198,1	-179,0	-156,2	-170,9	-187,5	-131,9
Personnel costs	-155,9	-162,5	-150,6	-137,2	-129,9	-137,8	-139,5	-90,8
Depreciation	-32,3	-21,6	-19,7	-24,0	-19,6	-19,4	-19,0	-14,7
Capital gain on the sale of subsidiaries	-	-	-	-2,4	-0,4	109,4	-	-
Restructuring costs	-	-	-	-	-	-25,0	-	-49,7
<b>Operating income</b>	<b>23,8</b>	<b>-53,1</b>	<b>81,5</b>	<b>54,0</b>	<b>60,2</b>	<b>141,2</b>	<b>86,8</b>	<b>-47,7</b>
Financial incomes	1,1	2,7	0,5	3,5	0,2	0,6	0,4	-
Financial costs	-18,9	-13,4	-11,7	-12,0	-9,3	-9,9	-9,9	-4,4
<b>Income after financial items</b>	<b>6,0</b>	<b>-63,8</b>	<b>70,3</b>	<b>45,5</b>	<b>51,1</b>	<b>131,9</b>	<b>77,3</b>	<b>-52,1</b>

## NUMBER OF STORES AT END OF PERIOD

	31-May-08	29-Feb-08	30-Nov-07	31-Aug-07	31-May-07	28-Feb-07	30-Nov-06	31-Aug-06
Own stores Sweden	172	164	157	155	154	152	165	163
Own stores Norway	54	54	52	53	48	48	48	46
Own stores Finland	32	32	32	31	31	31	29	20
Own stores Denmark	4	4	3	3	-	-	-	-
Franchise stores Swede	169	173	175	174	174	175	175	174
Franchise stores abroad	44	46	44	40	42	38	37	36
<b>Total</b>	<b>475</b>	<b>473</b>	<b>463</b>	<b>456</b>	<b>449</b>	<b>444</b>	<b>454</b>	<b>439</b>

## INCOME STATEMENT PARENT COMPANY

Mkr	3 months	3 months	9 months	9 months	12 months
	Mar 2008- May 2008	Mar 2007- May 2007	Sep 2007- May 2008	Sep 2006- May 2007	Sep 2006- Aug 2007
Net turnover	32,8	23,2	99,5	65,0	98,8
Other operating incomes	4,6	-	4,8	0,2	1,0
	<b>37,4</b>	<b>23,2</b>	<b>104,3</b>	<b>65,2</b>	<b>99,8</b>
Other external costs	-24,5	-12,3	-69,2	-30,8	-51,7
Personnel costs	-14,2	-9,8	-55,2	-22,1	-33,0
Depreciation of tangible and intangible fixed assets	-3,1	-1,5	-7,8	-4,4	-7,9
Restructuring costs	-	-	-	-8,5	-8,5
<b>Operating income</b>	<b>-4,4</b>	<b>-0,4</b>	<b>-27,9</b>	<b>-0,6</b>	<b>-1,3</b>
Results from participation in Group companies	-	-	-	-	130,0
Financial incomes	-	-	-	0,1	0,1
Financial costs	-11,3	-8,1	-32,3	-23,6	-31,9
<b>Income after financial items</b>	<b>-15,7</b>	<b>-8,5</b>	<b>-60,2</b>	<b>-24,1</b>	<b>96,9</b>
Allocation to tax allocation reserve	-	-	-	-	-1,8
Tax	-	-	-	-	9,1
<b>Profit/loss for period</b>	<b>-15,7</b>	<b>-8,5</b>	<b>-60,2</b>	<b>-24,1</b>	<b>104,2</b>

## BALANCE SHEET PARENT COMPANY

Mkr	31-May-2008	31-May-2007	31-Aug-2007
<b>Assets</b>			
Tangible fixed assets	42,7	19,9	26,2
Financial fixed assets	2 055,8	2 054,8	2 055,1
Deferred tax assets	29,9	32,8	29,9
Other current assets	123,7	80,8	177,5
<b>Total assets</b>	<b>2 252,1</b>	<b>2 188,3</b>	<b>2 288,7</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1 303,4	1 289,2	1 449,3
Untaxed reserves	9,5	7,7	9,5
Long-term liabilities	485,6	584,6	559,8
Short-term liabilities	453,6	306,8	270,1
<b>Total shareholders' equity and liabilities</b>	<b>2 252,1</b>	<b>2 188,3</b>	<b>2 288,7</b>

## NUMBER OF STORES

Polarn O. Pyret	31-May-08			31-May-07		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	41	15	56	38	16	54
Norway	0	17	17	0	16	16
Finland	0	5	5	0	2	2
United Kingdom	0	8	8	0	5	5
Scotland	0	1	1	0	0	0
Ireland	0	1	1	0	1	1
Iceland	0	1	1	0	1	1
Russia	0	2	2	0	1	1
Estonia	0	0	0	0	2	2
Latvia	0	0	0	0	2	2
Lithuania	0	0	0	0	1	1
Denmark, through Departments Stores	0	0	0	0	0	0
<b>Total</b>	<b>41</b>	<b>50</b>	<b>91</b>	<b>38</b>	<b>47</b>	<b>85</b>

Department Stores	31-May-08	31-May-07
	Own	Own
Number of stores	80	66
Total retail space, m2	23 531	17 619

Store Concepts	31-May-08			31-May-07		
	Own	Franchise	Total	Own	Franchise	Total
JC, J-Store, Sweden	33	89	122	31	93	124
JC, J-Store, Norway	35	9	44	34	11	45
JC, J-Store, Finland	20	0	20	19	0	19
Brothers, Sweden	22	41	63	19	41	60
Brothers, Finland	8	0	8	8	0	8
Sisters, Sweden	19	24	43	14	24	38
Sisters, Finland	4	0	4	4	0	4
<b>Total</b>	<b>141</b>	<b>163</b>	<b>304</b>	<b>129</b>	<b>169</b>	<b>298</b>

## Review report

We have reviewed the interim report of RNB RETAIL AND BRANDS AB for the nine-month period September 1, 2007 to May 31, 2008. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially more limited scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, an opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 Interim reporting and the Swedish Annual Accounts Act as well as for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, June 18, 2008

Ernst & Young AB

Bertel Enlund  
Authorized Public Accountant



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