

# RNB RETAIL AND BRANDS

## Interim report for the period from September 1, 2008 – February 28, 2009

### Second quarter, December 1, 2008 – February 28, 2009

- Net sales amounted to SEK 914.5 M (854.1), up 7.1%. Currency effects positively impacted sales by 2.5%. Sales in comparable stores declined 3.6%.
- An operating loss of SEK 588.9 M (loss: 53.1) was reported including goodwill impairment SEK of 500 M. The loss after net financial items was SEK 598.5 M (loss: 63.8).
- As a result of inventory accumulation during autumn 2008, discount sales during the second quarter were abnormally high, which had an adverse impact of about SEK 50 M on earnings.
- The loss after tax was SEK 572.2 M (loss: 45.0), corresponding to a loss of SEK 5.01 per share (loss: 0.77).
- Cash flow from operating activities amounted to SEK 42.8 M (negative: 101.4).
- The Board of Directors has decided on a goodwill impairment of SEK 500 M.



### First six months, September 1, 2008 – February 28, 2009

- Net sales amounted to SEK 1,698.0 M (1,777.8), down 4.5%. Currency effects positively impacted sales by 2.5%. Sales in comparable stores declined 6.3%.
- An operating loss of SEK 548.7 M (profit: 28.4) was reported including goodwill impairment of SEK 500 M. The loss after net financial items was SEK 575.8 M (profit: 6.5).
- As a result of inventory accumulation during autumn 2008, discount sales during the first six months were abnormally high, which had an adverse impact of about SEK 50 M on earnings.
- The loss after tax amounted to SEK 555.6 M (profit: 9.8), corresponding to a loss of SEK 4.87 per share (profit: 0.18).
- Cash flow from operating activities was a negative SEK 126.9 M (negative: 100.9).
- The Board of Directors has decided on a goodwill impairment of SEK 500 M.



### Events after the end of the period

- The Board of RNB RETAIL AND BRANDS decided to sell the operations at NK Stockholm and NK Gothenburg, which are included in the Department Stores business area, to Åhléns AB. The sales consideration amounts to SEK 440 M on a debt-free basis.
- Polarn O. Pyret launched e-commerce in Sweden.



## President's comments on trends

During the period, the Group's primary focus was on reducing tied-up capital and costs. Efforts to reduce inventories in combination with a weak market trend had a significant negative impact on earnings for the quarter. RNB has been in a difficult period for some time, in part due to a weak retail market but also, to a large extent, due to internal conditions. Accordingly, a great deal of our future lies in our own hands, which is positive.

JC continues to be our primary problem in terms of business operations and concept. Forceful efforts are under way to reverse the negative trend at JC. The measures focus on both the store structure and the cost structure. The new strategy includes a new product range with a higher share of private brands on tops and an upgrading of stores. The JC concept currently lacks a uniform store profile and, in many cases, the stores require a facelift if they are to satisfy customer expectations. Accordingly, a decision has been taken to prioritize the remodeling of more stores.

As a result of JC's development and performance to date, future expectations have been downgraded, which entail that the goodwill attributed to the acquisition in 2006 cannot be defended. Consequently, the goodwill is being impaired by SEK 500 M in the interim report on the first six months of the fiscal year.

To enable full focus on our store concepts and, simultaneously, to strengthen the company's financial position, the Board has decided after the end of the period to discontinue our operations at the NK Stockholm and NK Gothenburg units. The announced divestment should be viewed in the light of RNB's overall situation and, as such, it is necessary. Firstly, it will strengthen RNB's financial position and, secondly, it will enable us to sharpen the focus on our remaining operations. Considering the prevailing market climate, I am convinced that this is a favorable decision for RNB and its shareholders. The sale will generate SEK 440 M, an amount that will primarily be used to reduce the company's indebtedness, which is very positive.

Brothers and Sisters have generally sound operations that offer very favorable development potential. In Polarn O. Pyret, we have a very healthy business with considerable expansion potential. In March this year, the company launched a new e-commerce platform in Sweden, whose market reception has surpassed expectations.

As President of RNB, I look to the future with confidence and I am convinced that we can use our own resources to create a bright future.

Mikael Solberg, President

***“Forceful measures to reverse the negative trend at JC.”***



# Operations

## RNB Group

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 102 stores, of which 58 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 about 23,500 square meters of retail space distributed among 77 store units.

The Store Concepts business area consists of JC, Brothers and Sisters and comprises 310 stores, including 164 franchise stores. The total number of stores included in RNB a February 28, 2009 was 489, of which 222 were operated by franchisees.

## Group trend

	Q2		Fiscal Year	
	2008/09	2007/08	2007/08	2006/07
Net turnover, Sek M	914.5	854.1	3 426.2	3 468.3
Gross margin, per cent	36.7	37.4	43.3	45.4
Operating income, Sek M	-588.9	53.1	1.8	342.2
Profit after tax, Sek M	-572.2	-45.0	-63.2	255.8
Operating profit margin, per cent	neg	neg	0.1	9.9
Earnings per share, Sek	-5.01	-0.77	-1.11	4.49
Cash flow from current operation, Sek M	42.8	-101.4	4.8	233.1
Stores	489	463	475	456

## Events after the close of the period – discontinuation of operations at NK Stockholm and NK Gothenburg

Following a strategic review of the Group's structure, the Board of RNB RETAIL AND BRANDS has decided to sell the operations at NK Stockholm and NK Gothenburg to Åhléns AB. The purchase consideration amounts to SEK 440 M on a debt-free basis. The discontinuation will enable the company to focus time and resources on its remaining operations at the same time as it strengthens RNB's financial position. RNB's pro forma net indebtedness will be reduced to approximately SEK 400 M as of February 28, 2009. The transaction is expected to have a marginal positive net effect on earnings for 2008/2009. The discontinuation is conditional on approval from the Swedish competition authorities and from an Extraordinary General Meeting of RNB's shareholders. The Extraordinary General Meeting will be held on April 15, 2009.

### ***Action program to reverse trend within JC***

Since autumn 2007, the performance of the JC store concept has been significantly weaker than expected. To reverse the trend, a new product range and a new store profile were developed at the same time as a fundamental review of the store structure is ongoing. The review includes both the store structure and the cost structure. The actions aim at utilizing and developing JC's strengths and attractiveness as a jeans concept and at clarifying and simplifying the customer offering.

The JC concept currently lacks a uniform store profile, and a decision has been made to prioritize the remodeling of more stores. Efforts to integrate J-Store into JC are proceeding as planned and are expected to be completed during summer 2009.



### ***Review of remaining operations in the Department Stores business area***

In conjunction with the 2007/2008 year-end report, the Board of RNB decided to significantly reduce risk exposure at Illum in Copenhagen through the discontinuation of three of the five departments there, and to discontinue the sports division on Floor 4 of Steen & Ström in Oslo.

The discontinuation of Floor 4 of Steen & Ström continues. The discontinuation is expected to be completed by summer 2009. Units in the department store reported an operating loss of SEK 2.8 M (loss: 1.0) for the quarter. Other operations on Floor 1 and 2 are performing according to plan.

The discontinuation at Illum continues. Units in the Illum department store reported an operating loss of SEK 9.0 M (loss: 5.7) for the quarter.

In connection with the divestment RNB's operations at NK Stockholm and NK Gothenburg, the company is currently reviewing the long-term plan for the remaining parts of the Department Stores business area.



### ***Action program to reduce costs and tied-up capital***

In conjunction with the 2007/2008 year-end report, RNB announced that it would initiate an action program to reduce costs by SEK 110 M during the current year. The action program is proceeding as planned. The discontinuation of our operations at NK in Stockholm and NK in Gothenburg will result in an additional need to reduce total costs in the company.

During the quarter, efforts were intensified to carry out the previously announced action program to reduce tied-up capital by SEK 145 M in the current year. The release of tied-up capital was primarily achieved through reduced inventories, improved payment terms and reductions in accounts receivable.



### **Goodwill impairment attributable to acquisition of JC**

The acquisition of JC Group in summer 2006 resulted in goodwill of SEK 1,063 M, and the JC brand was valued at SEK 500 M. As a result of JC's development and performance to date, future expectations have been downgraded, which entail that the goodwill attributed to the acquisition in 2006 cannot be defended. Consequently, the goodwill is being impaired by SEK 500 M in the interim report on the first six months of the fiscal year.

### **New share issue implemented in September**

In September 2008, RNB completed a rights issue that was subscribed for in full. As a result of the new share issue, the number of RNB shares increased by 57,078,832, which generated proceeds of SEK 331 M for the company after issue expenses of approximately SEK 11 M.

### **Market and demand**

The trend in the ready-to-wear and fashion clothing industry in Sweden was weak during the period December 2008 – February 2009. A marked decline in demand in autumn 2008 resulted in higher closing inventory and thereby higher price discounts during the period. According to the HUI index, the market in Sweden declined 4.4% during the period December 2008 – February 2009, while sales in RNB's comparable stores declined 3.6%.

## **Revenue and earnings**

### **Second quarter**

RNB's net sales during the second quarter amounted to SEK 914.5 M (854.1), up 7.1%. Currency effects positively impacted sales by 2.5% during the quarter. Sales in comparable stores declined 3.6% during the same period.

The gross profit margin for the second quarter was 36.7% (37.4). The larger amount of discount sales during the quarter compared with the year-earlier period had a negative impact on the gross profit margin.

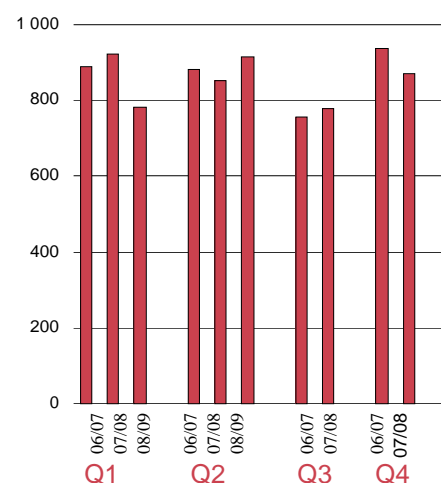
The operating loss for the quarter totaled SEK 588.9 M (loss: 53.1). The operating result includes a goodwill impairment of SEK 500 M. Currency effects increased costs by approximately SEK 13 M. A loss of SEK 598.5 M (loss: 63.8) was reported after net financial items.

### **Six months, September 2008 – February 2009**

RNB's net sales for the period amounted to SEK 1,698.0 M (1,777.8), down 4.5%. Currency effects positively impacted sales by 2.5%. Sales in comparable stores declined 6.3% during the period.

The gross profit margin for the period was 43.7% (43.0). The gross profit margin was negatively impacted by a year-on-year increase in the amount of discount sales.

**Net turnover per quarter, SEK M**



**Operating profit per quarter, ex. goodwill write-down, SEK M**



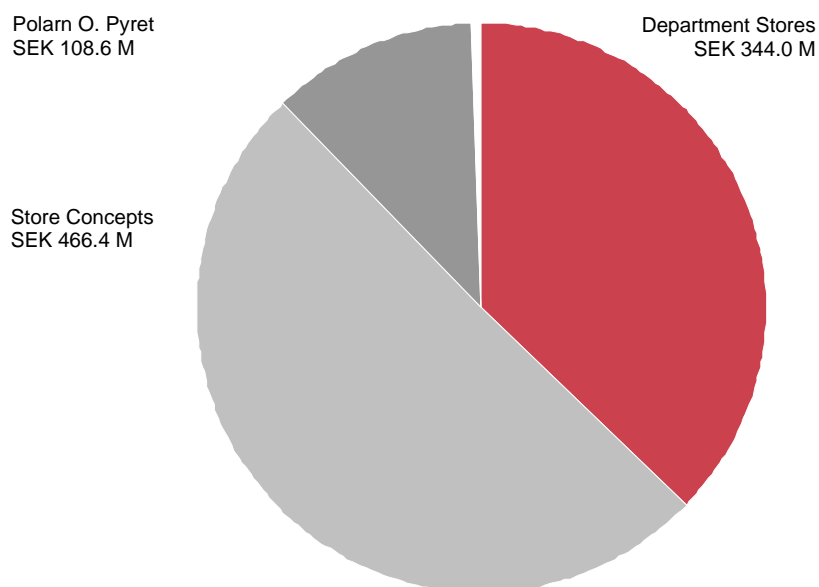
During the quarter, an operating loss of SEK 548.7 M (profit: 28.4) was reported. The operating result includes a goodwill impairment of SEK 500 M. Currency effects increased costs by approximately SEK 25 M. The decline in earnings was caused by lower sales and a higher amount of discount sales during the period. The loss after net financial items was SEK 575.8 M (profit: 6.5). The loss after tax amounted to SEK 555.6 M (profit: 9.8).

## 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		Fiscal Year	Fiscal Year
	Q2 08/09	Q2 07/08	Q2 08/09	Q2 07/08	Q2 08/09	Q2 07/08	07/08	06/07
Net turnover, Sek M	108.6	99.1	344.0	325.1	466.4	430.7	3 426.2	3 468.3
Operating profit, Sek M	16.8	15.8	-13.0	13.8	-583.0	-69.9	1.8	342.2
Stores	102	93	77	79	310	301	475	456
Of which franchise	58	52	-	-	164	167	211	214

### Net sales Dec 08–Feb 09, SEK M



### Polarn O. Pyret business area

#### Second quarter

Net sales for the quarter amounted to SEK 108.6 M (99.1), up 9.6%. Sales in comparable stores rose 4.4%.

Operating profit improved to SEK 16.8 M (15.8), corresponding to an operating margin of 15.5% (15.9).

Although the prevailing economic climate resulted in a lower activity in the establishment of new stores, interest in the concept remains high.

On March 16, 2009, Polarn O. Pyret's e-commerce platform was launched in Sweden. The response surpassed expectations. The master franchisee in the United States launched the e-commerce platform for the US on March 19, 2009.

#### Polarn O. Pyret

*Polarn O. Pyret is a brand focused on baby and children's wear and comprises 102 stores, of which 58 are franchise stores. Today, Polarn O. Pyret is located in 11 countries, with two more in the start-up phase.*

The number of proprietary stores at the end of the period totaled 44 (41). In addition, there are 58 (52) franchise stores, including 15 (15) in Sweden and 43 (37) abroad.

#### **Six months, September 2008 – February 2009**

Net sales during the period amounted to SEK 224.0 M (208.2), up 7.6%. Sales in comparable proprietary stores increased 2.9%.

Operating profit amounted to SEK 48.3 M (39.8), corresponding to an operating margin of 21.6% (19.1).

#### **Department Stores business area**

##### **Second quarter**

Net sales for Department Stores amounted to SEK 344.0 M (325.1), up 5.8%. Sales in comparable stores increased 0.6%.

An operating loss of SEK 13.0 M (profit: 13.8) was reported. Units at the Illum department store in Copenhagen reported an operating loss of SEK 9.0 M (loss: 5.7). Due to the strategic decision to reduce tied-up capital, the amount of discount sales increased compared with the year-earlier period, which impacted negatively on the gross profit margin.

The discontinuation of Floor 4 of Steen & Ström continues. The discontinuation is expected to be completed by summer 2009. Units at the department store reported an operating loss of SEK 2.8 M (loss: 1.0) for the quarter.

The discontinuation of the Illum department store continues.

#### **Six months, September 2008 – February 2009**

Net sales for Department Stores for the period amounted to SEK 613.2 M (614.1). Sales in comparable units declined 3.6%.

An operating loss of SEK 8.3 M (profit: 30.4) was reported. The weakened earnings were due to lower sales during the period and higher levels of discount sales compared with the year-earlier period.

Furthermore, the Illum department store in Copenhagen negatively impacted on operating profit for the period by SEK 12.3 M (negative: 11.6). Steen & Ström reported an operating loss of SEK 2.5 M (loss: 2.1) for the period.

#### **Store Concept business area**

##### **Second quarter**

Net sales in Store Concepts amounted to SEK 466.4 M (430.7), up 8.3%. Sales in comparable units declined 7.7%.

An operating loss of SEK 583.0 M was reported, compared with an operating loss of SEK 69.9 M for the year-earlier period. The operating result includes a goodwill impairment of SEK 500 M. JC's performance remained weak, and it reported an operating loss of SEK 67.9 M for the period (excluding goodwill impairment). Brothers and Sisters reported an operating loss of SEK 15.1 M for the period. The gross profit margin was negatively impacted by a larger amount of discount sales in the quarter compared with the year-earlier period.

#### **Department Stores**

*The business area comprises operations in department stores NK in Stockholm, Gothenburg, Steen & Ström in Oslo, Illum in Copenhagen and Kosta Outlet. The number of proprietary stores at the end of period was 77 (79), with a total retail area of 23.479 sqm. (23.489)*

#### **Store Concept**

*The business area comprises four separate store concepts, JC, Brothers and Sisters with a total of 310 stores, of which 164 are operated by franchises.*



Forceful measures to reverse the negative trend at JC are under way. The measures focus on both the store structure and the cost structure. The actions are aimed at capitalizing on and developing JC's strengths and attractiveness as a jeans concept and clarifying and simplifying the customer offering. In addition to the abovementioned measures, a new product range and a new store profile were developed. The JC concept currently lacks a uniform store profile, and a decision was made to prioritize the remodeling of more stores.

To clarify the concept and simultaneously focus on the area in which JC is the strongest, a decision was made to extend JC's product range and, simultaneously, to discontinue the J-Store product range. This change will be completed during the summer of 2009.

The number of proprietary stores at the end of the period was 146 (134). In addition, there are 164 (167) franchise stores.

### ***Six months, September 2008 – February 2009***

Net sales for the period amounted to SEK 869.7 M (958.5), a decline of 9.2%. Sales in comparable proprietary stores declined 10.9%.

An operating loss of SEK 573.9 M (loss: 23.7) was reported. The operating result includes a goodwill impairment of SEK 500 M. A larger amount of discount sales compared with the year-earlier period exacerbated the operating loss.

## **Financial position and liquidity**

The Group's assets totaled SEK 2,699.4 M, compared with SEK 3,328.0 M at the end of the preceding fiscal year. Shareholders' equity at the close of the period amounted to SEK 1,191.5 M (1,404.1), resulting in an equity/assets ratio of 44.1% (42.2).

At February 28, 2009, inventories totaled SEK 655.0 M, compared with SEK 532.2 M a year earlier. New units resulted in an increase of about SEK 30 M in inventories and currency effects of about SEK 50 M. Inventories also increased as a result of the bringing forward of incoming deliveries.

Cash flow from operating activities was a negative SEK 126.9 M (negative: 100.9). The weakened cash flow was due to an increase in tied-up working capital. Cash flow after investments was a negative SEK 149.7 M (negative: 168.8). Net debt amounted to SEK 810.2 M compared with SEK 991.4 M on August 31, 2008.

Consolidated cash and cash equivalents at the close of the period, including unutilized overdraft facilities, amounted to SEK 135.0 M, compared with SEK 151.5 M at the end of the preceding fiscal year.

In September 2008, a new share issue with preferential rights for the company's shareholders was carried out and fully subscribed. The rights issue generated SEK 342 M before issue expenses, entailing net proceeds of SEK 331 M.

## **Investments and depreciation/ amortization**

Investments during the period totaled SEK 23.1 M (69.8).

Depreciation/amortization during the period amounted to SEK 46.7 M (41.3). Impairment of goodwill was posted in an amount of SEK 500 M.

## **Tax paid**

During the period, the Group paid SEK 7.9 M in tax.

## **Personnel**

The average number of employees during the period was 1,582 (1,520).

## **Parent Company**

Net sales in the Parent Company amounted to SEK 52.1 M (66.7). After net financial items, a loss of SEK 538.5 M (loss: 44.5) was reported, including impairment of shares in subsidiaries of SEK 500 M. Investments during the period totaled SEK 12.9 M (14.5).

## **Outlook**

Since mid-September, the turmoil in financial markets and the recession have had a sharply adverse impact on consumption. To counter the weakened demand, RNB has taken a number of actions to cut costs and reduce its tied-up capital. The proposed discontinuation of RNB's units at NK Stockholm and NK Gothenburg should be viewed as part of the efforts to strengthen the company's financial position and enable an increased focus on the remaining operations, particularly completion of the restructuring of JC.

The company's assessment is that demand will probably remain weak throughout the current fiscal year.

## **Accounting principles**

RNB applies the International Financial 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 the Swedish Financial Reporting Board's recommendation RFR 2.1, Accounting for Legal Entities.

## **Press and analysts' conference**

With reference to today's announcement regarding the discontinuation of parts of the Department Stores business area and the previously announced second-quarter Interim Report, RNB will be holding a press and analysts' conference. The conference will be held on the company's premises at Regeringsgatan 29 today, March 25, at 10:00 a.m.

## Extraordinary General Meeting

A formal resolution regarding the proposal from the Board of RNB RETAIL AND BRANDS to discontinue operations at NK Stockholm and NK Gothenburg will be made at an Extraordinary General Meeting on April 15, 2009 at 1:00 p.m. The meeting will be held on the company's premises at Regeringsgatan 29 in Stockholm.

## Risks and uncertainties

RNB is exposed to a number of risks that are in full or in part beyond the company's control but which could affect its earnings.

### *Financial risks*

- Currency exposure comprising purchases of goods and sales in international markets.
- Interest-rate exposure associated with the Group's net debt. Financial covenants to lenders.

### *Strategic and operational risks*

- In common with all retailers, the demand for RNB's products is affected by fluctuations in the general state of the economy.
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and consumer preferences.

In other respects, refer to the detailed description of the Group's management of financial risks in the 2007/2008 Annual Report.

## Future publication dates

Q3 interim report for 2008/2009

June 17, 2009

Year-end report for 2008/2009

October 22, 2009

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 Mars 25, 2009, at 8:00 a.m.

Stockholm, Mars 25, 2008

RNB RETAIL AND BRANDS AB (publ)

Mikael Solberg

President

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# Financial Statements

## CONSOLIDATED INCOME STATEMENT

MSEK	3 months Dec 2008- Feb 2009	3 months Dec 2007- Feb 2008	6 months Sep 2008- Feb 2009	6 months Sep 2007- Feb 2008	12 months Sep 2007- Aug 2008
Net turnover	914,5	854,1	1 698,0	1 777,8	3 426,2
Other operating incomes	2,1	1,0	3,2	5,9	13,5
	<b>916,6</b>	<b>855,1</b>	<b>1 701,2</b>	<b>1 783,7</b>	<b>3 439,7</b>
Goods for resale	-579,3	-534,6	-955,4	-1 013,3	-1 941,5
Other external costs	-223,5	-189,5	-400,6	-387,6	-727,1
Personnel costs	-178,1	-162,5	-347,2	-313,1	-633,0
Depreciation of tangible and intangible fixed assets	-24,6	-21,6	-46,7	-41,3	-101,0
Impairment of goodwill	-500,0	-	-500,0	-	-
Restructuring costs	-	-	-	-	-35,3
<b>Operating income</b>	<b>-588,9</b>	<b>-53,1</b>	<b>-548,7</b>	<b>28,4</b>	<b>1,8</b>
Financial incomes	2,9	2,7	3,4	3,2	12,7
Financial costs	-12,5	-13,4	-30,5	-25,1	-66,3
<b>Income after financial items</b>	<b>-598,5</b>	<b>-63,8</b>	<b>-575,8</b>	<b>6,5</b>	<b>-51,8</b>
Tax	26,3	18,8	20,2	3,3	-11,4
<b>Profit/loss for period</b>	<b>-572,2</b>	<b>-45,0</b>	<b>-555,6</b>	<b>9,8</b>	<b>-63,2</b>
Net profit of the year attributable to:					
Parent Company's shareholders	-572,2	-44,0	-555,6	10,2	-63,2
Minority owners	-	-1,0	-	-0,4	-
<b>Earnings per share (SEK), average number of shares</b>	<b>-5,01</b>	<b>-0,77</b>	<b>-4,87</b>	<b>0,18</b>	<b>-1,11</b>
<b>Average number of shares, 000's</b>	<b>114 158</b>	<b>57 079</b>	<b>114 158</b>	<b>57 079</b>	<b>57 079</b>

## CONSOLIDATED BALANCE SHEET

MSEK	28-Feb-2009	29-Feb-2008	31-Aug-2008
<b>Assets</b>			
Goodwill	877,0	1 337,4	1 376,4
Brands	500,0	500,0	500,0
Other intangible fixed assets	93,9	33,6	90,4
Tangible fixed assets	195,7	288,3	215,2
Financial fixed assets	2,9	3,3	3,2
Deferred tax assets	7,3	14,2	8,2
Inventories	655,0	532,2	672,0
Other current assets	367,6	434,5	462,6
<b>Total assets</b>	<b>2 699,4</b>	<b>3 143,5</b>	<b>3 328,0</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity attributable to Parent Company's shareholder	1 191,5	1 477,6	1 404,1
Shareholders' equity attributable to minority owners	-	10,7	-
Long-term liabilities	658,6	728,6	717,3
Short-term liabilities	849,3	926,6	1 206,6
<b>Total shareholders' equity and liabilities</b>	<b>2 699,4</b>	<b>3 143,5</b>	<b>3 328,0</b>

## CASH-FLOW STATEMENT

MSEK	Sep 2008- Feb 2009	Sep 2007- Feb 2008	Sep 2007- Aug 2008
Cash flow from current operations before changes in working capital	-29,1	47,6	24,3
Changes in working capital	-97,8	-148,5	-19,5
<b>Cash flow from current operations</b>	<b>-126,9</b>	<b>-100,9</b>	<b>4,8</b>
Company acquisitions	-	-7,5	-55,2
Cash flow from other investments activities	-22,8	-60,4	-104,2
<b>Cash flow after investments</b>	<b>-149,7</b>	<b>-168,8</b>	<b>-154,6</b>
Cash flow from financial activities	144,2	169,5	143,9
<b>Cash flow for period</b>	<b>-5,5</b>	<b>0,7</b>	<b>-10,7</b>

## CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 2008- Feb 2009	Sep 2007- Feb 2008	Sep 2007- Aug 2008
Opening balance	1 404,1	1 565,1	1 565,1
Translation difference	12,1	-1,0	-1,1
Profit for the period attributable to Parent Company's shareholders	-555,6	10,2	-63,2
Shareholders' equity attributable to minority owners	-	-0,4	-11,1
New issue	330,9	-	-
Dividend	-	-85,6	-85,6
<b>Balance at end of period</b>	<b>1 191,5</b>	<b>1 488,3</b>	<b>1 404,1</b>

## KEY FIGURES

		Sep 2008- Feb 2009 6 months	Sep 2007- Feb 2008 6 months	Sep 2007- Aug 2008 12 months
Gross margin	%	43,7	43,0	43,3
Operating margin	%	neg	1,6	0,1
Profit margin	%	neg	0,6	neg
Return on capital employed	%	-	-	0,6
Return on shareholders' equity	%	-	-	neg
Solidity	%	44,1	47,3	42,2
Interest coverage ratio	mult	neg	1,3	0,2
Net debt	Mkr	810,2	1 005,0	991,4
Net debt/equity ratio	%	68,0	67,5	70,6
Average number of employees, full time		1 582	1 520	1 505
Average number of shares, 000's		114 158	57 079	57 079
Number of shares at end of period, 000's		114 158	57 079	57 079
Earnings per share after tax	Kr	-4,87	0,18	-1,11
Shareholders' equity per share at end of period	Kr	10,44	26,07	24,60

## NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

	3 months Dec 2008- Feb 2009	3 months Dec 2007- Feb 2008	6 months Sep 2008- Feb 2009	6 months Sep 2007- Feb 2008	12 months Sep 2007- Aug 2008
<b>Net turnover, MSEK</b>					
Polarn O. Pyret	108,6	99,1	224,0	208,2	396,2
Department Stores	344,0	325,1	613,2	614,1	1 159,1
Store Concepts	466,4	430,7	869,7	958,5	1 881,6
Other	-4,5	-0,8	-8,9	-3,0	-10,7
<b>Total</b>	<b>914,5</b>	<b>854,1</b>	<b>1 698,0</b>	<b>1 777,8</b>	<b>3 426,2</b>
<b>Operating result, MSEK</b>					
Polarn O. Pyret	16,8	15,8	48,3	39,8	70,2
Department Stores	-13,0	13,8	-8,3	30,4	-22,9
Store Concepts	-583,0	-69,9	-573,9	-23,7	-20,1
Other	-9,7	-12,8	-14,8	-18,1	-25,4
<b>Total</b>	<b>-588,9</b>	<b>-53,1</b>	<b>-548,7</b>	<b>28,4</b>	<b>1,8</b>

## INCOME STATEMENT PER QUARTER, GROUP

MSEK	2008/2009	2008	2008	2008	2007/2008	2007	2007	2007
	Dec-Feb	Sep-Nov	June-Aug	March-May	Dec-Feb	Sep-Nov	June-Aug	March-May
Net turnover	914,5	783,5	871,5	776,9	854,1	923,7	939,0	758,5
Other operating incomes	2,1	1,1	2,4	5,2	1,0	4,9	4,8	-
Goods for resale	-579,3	-376,1	-536,2	-392,0	-534,6	-478,7	-547,2	-392,2
<b>Gross profit</b>	<b>337,3</b>	<b>408,5</b>	<b>337,7</b>	<b>390,1</b>	<b>320,5</b>	<b>449,9</b>	<b>396,6</b>	<b>366,3</b>
<b>Gross margin</b>	<b>36,7%</b>	<b>52,0%</b>	<b>38,5%</b>	<b>49,5%</b>	<b>37,4%</b>	<b>48,2%</b>	<b>41,7%</b>	<b>48,3%</b>
Other external costs	-223,5	-177,1	-161,4	-178,1	-189,5	-198,1	-179,0	-156,2
Personnel costs	-178,1	-169,1	-164,0	-155,9	-162,5	-150,6	-137,2	-129,9
Depreciation	-24,6	-22,1	-27,4	-32,3	-21,6	-19,7	-24,0	-19,6
Write down of goodwill	-500,0	-	-	-	-	-	-	-
Capital gain on the sale of subsidiaries	-	-	-	-	-	-	-2,4	-0,4
Restructuring costs	-	-	-35,3	-	-	-	-	-
<b>Operating income</b>	<b>-588,9</b>	<b>40,2</b>	<b>-50,4</b>	<b>23,8</b>	<b>-53,1</b>	<b>81,5</b>	<b>54,0</b>	<b>60,2</b>
Financial incomes	2,9	0,5	8,4	1,1	2,7	0,5	3,5	0,2
Financial costs	-12,5	-18,0	-22,3	-18,9	-13,4	-11,7	-12,0	-9,3
<b>Income after financial items</b>	<b>-598,5</b>	<b>22,7</b>	<b>-64,3</b>	<b>6,0</b>	<b>-63,8</b>	<b>70,3</b>	<b>45,5</b>	<b>51,1</b>

## NUMBER OF STORES AT END OF PERIOD

	28-Feb-09	30-Nov-08	31-Aug-08	31-May-08	29-Feb-08	30-Nov-07	31-Aug-07	31-May-07
Own stores Sweden	178	176	174	172	164	157	155	154
Own stores Norway	54	54	54	54	54	52	53	48
Own stores Finland	31	32	32	32	32	32	31	31
Own stores Denmark	4	4	4	4	4	3	3	-
Franchise stores Sweden	170	169	166	169	173	175	174	174
Franchise stores outside Sweden	52	54	45	44	46	44	40	42
<b>Total</b>	<b>489</b>	<b>489</b>	<b>475</b>	<b>475</b>	<b>473</b>	<b>463</b>	<b>456</b>	<b>449</b>

## INCOME STATEMENT PARENT COMPANY

Mkr	3 months	3 months	6 months	6 months	12 months
	Dec 2008- Feb 2009	Dec 2007- Feb 2008	Sep 2008- Feb 2009	Sep 2007- Feb 2008	Sep 2007- Aug 2008
Net turnover	26,0	34,3	52,1	66,7	132,4
Other operating incomes	-	0,2	-	0,2	0,2
	<b>26,0</b>	<b>34,5</b>	<b>52,1</b>	<b>66,9</b>	<b>132,6</b>
Other external costs	-21,8	-24,6	-41,4	-44,7	-74,7
Personnel costs	-8,4	-19,5	-17,1	-41,0	-72,5
Depreciation of tangible and intangible fixed assets	-4,7	-2,3	-9,2	-4,7	-12,5
<b>Operating income</b>	<b>-8,9</b>	<b>-11,9</b>	<b>-15,6</b>	<b>-23,5</b>	<b>-27,1</b>
Results from participation in Group companies	-500,0	-	-500,0	-	-60,0
Financial incomes	-	-	0,1	-	-
Financial costs	-11,0	-11,4	-23,0	-21,0	-42,9
<b>Income after financial items</b>	<b>-519,9</b>	<b>-23,3</b>	<b>-538,5</b>	<b>-44,5</b>	<b>-130,0</b>
Allocation to tax allocation reserve	-	-	-	-	-8,0
Tax	-	-	-	-	22,1
<b>Profit/loss for period</b>	<b>-519,9</b>	<b>-23,3</b>	<b>-538,5</b>	<b>-44,5</b>	<b>-115,9</b>

## BALANCE SHEET PARENT COMPANY

Mkr	28-Feb-2009	29-Feb-2008	31-Aug-2008
<b>Assets</b>			
Intangible fixed assets	35,5	-	25,1
Tangible fixed assets	28,2	35,8	34,9
Financial fixed assets	1 586,4	2 055,1	2 086,4
Deferred tax assets	23,4	29,9	23,4
Other current assets	172,6	120,4	278,1
<b>Total assets</b>	<b>1 846,1</b>	<b>2 241,2</b>	<b>2 447,9</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1 114,2	1 319,1	1 321,7
Untaxed reserves	17,5	9,5	17,5
Long-term liabilities	451,8	510,3	489,2
Short-term liabilities	262,6	402,3	619,5
<b>Total shareholders' equity and liabilities</b>	<b>1 846,1</b>	<b>2 241,2</b>	<b>2 447,9</b>



## NUMBER OF STORES

Polarn O. Pyret	28-Feb-09			29-Feb-08		
	Own	Franchise	Total	Own	Franchise	Total
Sweden	44	15	59	41	15	56
Norway	0	17	17	0	15	15
Finland	0	8	8	0	5	5
United Kingdom	0	11	11	0	6	6
Scotland	0	1	1	0	1	1
Ireland	0	1	1	0	1	1
Iceland	0	2	2	0	1	1
Russia	0	2	2	0	2	2
Estonia	0	1	1	0	2	2
Latvia	0	0	0	0	3	3
Lithuania	0	0	0	0	1	1
Denmark (through Departments Stores)	0	0	0	0	0	0
<b>Total</b>	<b>44</b>	<b>58</b>	<b>102</b>	<b>41</b>	<b>52</b>	<b>93</b>

Department Stores	28-Feb-09	29-Feb-08
	Own	Own
Number of stores	77	79
Total retail space, m2	23 479	23 489

Store Concepts	28-Feb-09			29-Feb-08		
	Own	Franchise	Total	Own	Franchise	Total
JC, J-Store, Sweden	34	87	121	31	93	124
JC, J-Store, Norway	34	9	43	35	9	44
JC, J-Store, Finland	19	0	19	20	0	20
Brothers, Sweden	25	42	67	20	41	61
Brothers, Finland	8	0	8	8	0	8
Sisters, Sweden	22	26	48	16	24	40
Sisters, Finland	4	0	4	4	0	4
<b>Total</b>	<b>146</b>	<b>164</b>	<b>310</b>	<b>134</b>	<b>167</b>	<b>301</b>



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