RNB RETAIL AND BRANDS

RNB Year-end report, September 1, 2006 – August 31, 2007

September 1, 2006 – August 31, 2007

- Net sales amounted to SEK 3,468.3 M (1,535.2), up 126%. Sales in comparable stores rose by 7.3%.
- Operating profit totaled SEK 342.2 M (29.9). Profit after net financial items amounted to SEK 305.8 M (20.9). Non-recurring items totaling SEK 81.6 M had a positive effect on earnings for the period.
- Profit after tax amounted to SEK 255.8 M (10.6), corresponding to SEK 4.49 (0.31) per share.
- Cash flow from operating activities before non-recurring items was a positive SEK 233.1 M (neg. 28.0).
- The Board of Directors proposes that Polarn O. Pyret be spun-off to the shareholders according to what is termed the Lex Asea rules, and that the company be listed on OMX The Nordic Exchange in conjunction with the spun-off.

June 1 – August 31, 2007

- Net sales totaled SEK 939.0 M (539.1). Sales in comparable stores rose 10.3%.
- Operating profit amounted to SEK 54.0 M (loss: 47.7). Profit after net financial items totaled SEK 45.5 M (loss: 52.1).
- Profit after tax amounted to SEK 42.7 M (loss: 41.8), corresponding to SEK 0.75 (loss: 0.91) per share.
- Cash flow from operating activities was a positive SEK 55.8 M (neg. 66.6).

RNB Group
The RNB Group is organized on the basis of 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 the business area comprises 83 stores, of which 45 are franchise stores. The distribution platform consists of two business areas: Department Stores and Store Concepts. The Department Stores business area operates through stores in the NK department stores in Stockholm and Gothenburg, Steen & Ström in Oslo and Illum in Copenhagen. The total number of stores in The Departments Stores business area are 76. The Store Concepts business area consists of J-Store, JC, Brothers and Sisters and the business area comprises 297 stores, of which 169 are franchise stores. The total number of stores included in RNB at August 31, 2007 was 456, of which 214 were operated by franchisees.

The Board of Directors proposes that Polarn O. Pyret be spun-off to the shareholders and listed on OMX The Nordic Exchange
The Board of Directors has decided to study the prerequisites for implementing a spin-off, in accordance with the Lex Asea rules, of the subsidiary Polarn O. Pyret to the shareholders and that in this connection the company be listed on OMX The Nordic Exchange. The intention is to convene an extraordinary general meeting during the spring of 2008 to resolve on the spin-off of Polarn O. Pyret and that the shares in this company be distributed to the shareholders midyear 2008.

In recent years, Polar O. Pyret has undergone international expansion, resulting in the company now being represented in eleven markets in Europe and Russia. This rapid growth has been combined with increasing margins, since Polarn O. Pyret has been able to capitalize on the economies of scale inherent in its franchise model. RNB's Board of

Directors considers that Polarn O. Pyret has now reached a stage at which separation from RNB would have a positive effect on its future development.

Polarn O. Pyret currently accounts for a minor share of RNB's sales and profits, and the synergies with other RNB operations are very limited because of significant differences between the business models. Polarn O. Pyret's business model is based on sales of the proprietary brand, while the rest of RNB is a distribution platform for external brands.

In parallel with Polarn O. Pyret's development, other parts of RNB, Department Stores and Store Concepts, have grown considerably during recent years as a result of several company acquisitions. The increased in focus that will result from the demerger and separate listing of Polarn O. Pyret is expected to provide conditions for capitalizing on the potential that exists within both Polarn O. Pyret and the remaining business concepts within RNB.

While studying the prerequisites for the spin-off of Polarn O. Pyret, the RNB Group's capital structure will be reviewed.

JC's office relocated from Mölnlycke and coordinated with RNB's head office in Stockholm
RNB decided in the spring of 2007 that JC's head office in Mölnlycke should be moved and be coordinated with RNB's head office in Stockholm. The move took place in June 2007. A new tenant took over the premises in Mölnlycke on September 1, 2007.

The relocation resulted in non-recurring costs of about SEK 25 M, which were charged against second-quarter earnings. During the 2006/2007 fiscal year, gains resulting from the coordination of RNB and JC amounted to approximately SEK 47 M. The previous assess-ment that gains from the coordination would amount to at least SEK 120 M annually stands firm.

Establishment of Illum department store in Copenhagen
The Department Stores business area has expanded its distribution platform by establishing Illum in Copenhagen. In total, retail space at Illum in Copenhagen amounts to about 2,000 m^2 and is devoted to men's fashion, cosmetics, jewelry and watches. Operations began at the end of August 2007. In conjunction with the start of operations, non-recurring costs totaling about SEK 6 M were charged against profit for the year.

Solo and Saks store concepts divested
Sola and Saks were sold on February 1, 2007 to the Varner group. The sale comprised 16 stores. The sales price amounted to SEK 150.0 M, resulting in a capital gain of SEK 106.6 M in the second quarter, which was virtually tax-free.

Market and demand
Sales in the ready-to-wear clothing industry rose by 4.4% in Sweden during the fourth quarter. For RNB stores, sales in comparable stores rose by 10.3%.

For the entire fiscal year from September 1, 2006 to August 31, 2007, the Swedish market rose by 3.5%, while sales in comparable RNB stores rose by 7.3%.

Sales and earnings
RNB's net sales during the year amounted to SEK 3,468.3 M (1,535.2), up 126%. Compared with the preceding year, the acquisition of JC had a positive effect on sales, while the effect of the divestment of Saks and Solo was negative. Sales in comparable stores rose 7.3% during the fiscal year.

The gross margin for the year amounted to 45.4% (48.0). The acquisition of JC and the international expansion of Polarn O. Pyret has increased proportion of wholesale operations and therefore reduced the gross margin.

Operating profit amounted to SEK 342.2 M (29.9). Profit after net financial items was SEK 305.8 M (20.9). Profit after tax amounted to SEK 255.8 M (10.6). Non-recurring items made a positive contribution of SEK 81.6 M to operating profit, of which a capital gain from the divestment of operations in Solo and Saks accounted for SEK 106.6 M, while a provision of SEK 25,0 M for costs arising from the relocation of the Mölnlycke office to Stockholm was charged against earnings.

Earnings from the Department Stores business area were adversely affected by costs of about SEK 20 M for the start-up of new units at Illum, Steen & Ström and Kosta, and for refurbishments of NK in Gothenburg. Most of these costs arose in the fourth quarter. Earnings were charged with SEK 9.7 M for the impairment and liquidation of assets in JC’s Norwegian operations.

Fourth quarter
RNB’s fourth-quarter net sales totaled SEK 939.0 M (539.1). Sales in comparable stores rose 10.3% in the fourth quarter. The fourth-quarter gross margin was 41.7% (44.4).

Operating profit for the quarter totaled SEK 54.0 M (loss: 47.7). Profit after net financial items amounted to SEK 45.5 M (loss: 52.1). Profit after tax was SEK 42.7 M (loss: 41.8). Profits in the Department Stores business area were affected by costs for the start-up of new units at Illum, Steen & Ström and Kosta and for refurbishments of NK in Gothenburg. Earnings were charged with SEK 9.7 M for the impairment and liquidation of assets in JC’s Norwegian operations.

Polarn O. Pyret
Net sales during the year totaled SEK 388.4 M (331.4). Sales in comparable units increased by 14.9% during the year. Operating profit amounted to SEK 56.1 M (40.7). The number of proprietary stores at fiscal yearend was 38 (28). In addition, there were 45 (38) franchise stores, including 16 (17) in Sweden and 29 (21) abroad.

Fourth quarter
Fourth-quarter net sales totaled SEK 97.0 M (93.0). Sales in comparable stores rose 2.2%. Operating profit amounted to SEK 15.4 M (9.4).

Department Stores business area
The business area comprises the operations of the department stores NK Stockholm (33 stores), NK Gothenburg (20 stores), Steen & Ström in Oslo (19 stores), Illum in Copenhagen (3 stores) and Kosta Outlet.

Net sales during the year amounted to SEK 973.9 M (816.7). Sales in comparable stores rose 10.1%. Operating profit amounted to SEK 42.8 M (26.9) was reported. Profit in the business area was affected by costs of about SEK 20 M for the start-up of new units at Illum, Steen & Ström and Kosta, and the refurbishment of NK in Gothenburg. Most of these costs arose in the fourth quarter.

Fourth quarter
Net sales in the fourth quarter amounted to SEK 264.1 M (208.8). Sales in comparable stores rose 18.9%. An operating loss of SEK 6.7 M (loss: 27.0) was reported. Profit in the business area was adversely affected by costs for the start-up of new units at Illum, Steen & Ström and Kosta, and the refurbishment of NK in Gothenburg.

In August 2007, the business area began operations in an additional department store through the establishment of Illum in Copenhagen. In total, the store has about 2,000 m^2 of retail space devoted to men's fashion, cosmetics, jewelry and watches. In August 2007, the operations of Steen & Ström in Oslo were expanded by about 1,000 m^2. The expanded retail area mainly focuses on women's fashions and sport fashions.

As of June 1, 2007, Nordisk Damkonfektion AB was acquired. This acquisition resulted in expansion of operations at NK in Stockholm by about 600 m^2.

Store Concepts business area
This business area consists of the four separate store concepts J-Store, JC, Brothers and Sisters. Up to January 31, 2007, it also included the Solo and Saks store concepts, which were subsequently sold.

Net sales for the fiscal year amounted to SEK 2,111.1 M (389.4). The sales increase was attributable to the acquisition of the JC group. Sales in comparable units rose 3.3% during the year. Operating profit amounted to SEK 143.5 M (loss: 23.9). The increase in profit was attributable to the acquisition of the JC group, combined with the synergy effects achieved during the year through the integration of JC's operations into RNB.

Fourth quarter
Net sales during the fourth quarter amounted to SEK 581.7 M (238.6). Sales in comparable stores rose 4.3%. Operating profit amounted to SEK 33.3 M (loss: 22.6). Earnings were charged with SEK 9.7 M for the impairment and liquidation of assets in JC's Norwegian operations.

In August 2007, Brothers opened three new stores with an expanded product range based on the same content as NK's Manlig Depå department, including scents, cosmetics and accessories.

The number of proprietary stores on the closing date was 128 (111). In addition, there were 169 (172) franchise stores, of which 11 (15) were in Norway.

Financial position and liquidity
Total consolidated assets amounted to SEK 2,993.0 M, compared with SEK 2,862.5 M at the end of the preceding fiscal year. Shareholders' equity totaled SEK 1,565.1 M (1,273.0), resulting in an equity/assets ratio of 52.3 percent (44.5).

During the period, shareholders' equity rose SEK 292.1 M, of which SEK 45.5 M resulted from a new share issue in conjunction with the acquisition of JC. In addition, shareholders' equity increased by SEK 40,0 M as a result of the conversion of outstanding convertible debentures. SEK 11.1 M of shareholders' equity is attributable to minority shareholders.

At August 31, 2007, inventories totaled SEK 549.8 M compared with SEK 508.1 at the same date a year earlier.

Cash flow from operating activities was a positive SEK 233.1 M (neg. 28.0). Cash flow after investments and divestment of fixed assets was a positive SEK 231.4 M (neg. 770.1).

Net debt amounted to SEK 728.2 M, compared with SEK 890.2 M at August 31, 2006.

At fiscal year-end, the Group's cash and cash equivalents, including unutilized overdraft facilities, totaled SEK 305.8 M compared with SEK 217.8 at the end of the preceding fiscal year.

Investment, depreciation and amortization
Investment during the period totaled SEK 177.4 M (1,776.4), of which company acquisitions accounted for SEK 86.4 M (1,694.9). Depreciation totaled SEK 82.0 M (36.8) during the year.

Personnel
The average number of employees during the year was 1,356 (721). The increase was due to the completed company acquisitions.

Parent Company
The Parent Company's net sales totaled SEK 98.8 M (37.6). Profit after net financial items was SEK 96.9 M (0.3). Profit includes dividends from wholly owned subsidiaries in an amount of SEK 130,0 M (10.0). Investment for the period totaled SEK 92.4 M (1,703.4), of which company acquisitions accounted for SEK 74.4 M (1,694.9).

Dividend
While studying the prerequisites for the spin-off of Polarn O. Pyret, The Board of Directors will review the RNB Group's capital structure. The Board of Directors proposal of dividend for the 2006/2007 fiscal year, will be announced in good time prior the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held on January 29, 2008 at 5:00 p.m. in the company's offices at Regeringsgatan 29 in Stockholm.

Nomination Committee
Prior to the Annual General Meeting in 2008, the Nomination Committee comprises Jan Carlzon, Claes Hansson, Ulrica Messing and John Wallmark.

Annual Report
RNB's annual report for the fiscal year 2006/2007 is expected to be completed in December 2007 and will be available at the company's offices and on the company´s website www.rnb.se.

Risks and uncertainties
RNB is exposed to a number of risk factors that are in full or in part beyond the company's control but which may affect its earnings.

Financial risks
- Currency exposure comprising purchases of goods and sales in international markets.
- Interest-rate exposure for the Group's net debt.

Strategic and operating risks
- Competition from other players active in the same segment as RNB.
- Identification of constantly shifting fashion trends and customer preferences.
- RNB's significant expansion has resulted in major organizational changes that may result in disruption of operations.

In other respects, refer to the detailed description of the Group's management of financial risks in the 2005/2006 Annual Report. The risks presented there are deemed to be essentially unchanged.

Future reporting dates

Interim report, first quarter 2007/2008	January 29, 2008
Interim report, second quarter 2007/2008	April 3, 2008
Interim report, third quarter 2007/2008	June 18, 2008
Year-end report for 2007/2008	October 22, 2008

Stockholm, October 19, 2007
RNB RETAIL AND BRANDS AB (publ)

The Board of Directors

RNB RETAIL AND BRANDS

September 2006 - August 2007

CONSOLIDATED INCOME STATEMENT

MSEK	3 months June 2007-Aug 2007	3 months June 2006-Aug 2006	12 months Sep 2006-Aug 2007	12 months Sep 2005-Aug 2006
Net turnover	939,0	539,1	3 468,3	1 535,2
Other operating incomes	4,8	-	7,3	8,0
	943,8	**539,1**	**3 475,6**	**1 543,2**
Goods for resale	-547,2	-299,7	-1 895,0	-798,7
Other external costs	-179,0	-131,9	-693,6	-333,8
Pesonnel costs	-137,2	-90,8	-544,4	-294,3
Depreciation of tangible and intangible fixed assets	-24,0	-14,7	-82,0	-36,8
Capital gain on the sale of subsidiaries	-2,4	-	106,6	-
Restructuring costs	-	-49,7	-25,0	-49,7
Operating income	**54,0**	**-47,7**	**342,2**	**29,9**
Financial incomes	3,5	-	4,7	0,5
Financial costs	-12,0	-4,4	-41,1	-9,5
Income after financial items	**45,5**	**-52,1**	**305,8**	**20,9**
Tax	-2,8	10,3	-50,0	-10,3
Profit/loss for period	**42,7**	**-41,8**	**255,8**	**10,6**
Net profit of the year attributable to:				
Parent Company´s shareholders	**42,8**	**-41,1**	**254,9**	**11,3**
Minority owners	**-0,1**	**-0,7**	**0,9**	**-0,7**
Earnings per share (SEK), average number of shares	**0,75**	**-0,91**	**4,49**	**0,31**
Earnings per share (SEK), average number of shares, at full conversion *)	**0,75**	**-0,89**	**4,47**	**0,31**
Average number of shares, 000's	**57 079**	**44 976**	**56 724**	**36 181**
Average number of shares, 000's, at full conversion *)	**57 079**	**45 976**	**57 059**	**36 931**

*) Conversion of convertible debentures outstanding occured during December 2006.

CONSOLIDATED BALANCE SHEET

MSEK	31-Aug-2007	31-Aug-2006
Assets		
Rental rights	41,3	53,7
Goodwill	1 329,1	1 274,4
Brands	500,0	500,0
Tangible fixed assets	246,5	196,6
Financial fixed assets	3,9	6,1
Deferred tax assets	3,4	8,7
Inventories	549,8	508,1
Other current assets	319,0	314,9
Total assets	**2 993,0**	**2 862,5**
Shareholders´equity and liabilities		
Shareholders´equity attributable to Parent Company´s shareholder	1 554,0	1 236,1
Shareholders´equity attributable to minority owners	11,1	36,9
Long-term liabilities, interest-bearing	608,3	660,3
Other long-term liabilities	150,4	155,4
Short-term liabilities, interest-bearing	162,3	260,8
Convertible debenture	-	40,0
Other short-term liabilities	506,9	473,0
Total shareholders´ equity and liabilities	**2 993,0**	**2 862,5**

September 2006 - August 2007

CASH-FLOW STATEMANT

MSEK	Sep 2006-Aug 2007	Sep 2005-Aug 2006
Cash flow from current operations before changes in working capital	244,8	57,1
Changes in working capital	-11,7	-85,1
Cash flow from current operations	**233,1**	**-28,0**
Company acquisitions	-40,9	-670,1
Divestment of subsidiaries	124,5	-
Cash flow fron other investments activities	-85,3	-72,0
Cash flow after investments	**231,4**	**-770,1**
Cash flow from financial activities	-220,0	789,2
Cash flow for period	**11,4**	**19,1**

CHANGES IN SHAREHOLDERS´ EQUITY

MSEK	Sep 2006-Aug 2007	Sep 2005-Aug 2006
Opening balance according to approved balance sheet	1 273,0	256,2
Effect of change in accounting principles to IFRS	-	-1,5
Opening balance in accordance with IFRS	**1 273,0**	**254,7**
New issue	45,5	994,7
Dividend	-23,4	-25,0
Converions of debentures	40,0	-
Changes recognized in shareholders´ equity	0,9	0,4
Profit for the period attributable to Parent Company´s shareholders	254,9	11,3
Shareholders´equity attributable to minority owners	-25,8	36,9
Balance at end of period	**1 565,1**	**1 273,0**

KEY FIGURES

		Sep 2006-Aug 2007 12 months	Sep 2005-Aug 2006 12 months
Gross margin	%	45,4	48,0
Operating margin	%	9,9	1,9
Profit margin	%	7,3	0,7
Return on capital employed	%	15,3	2,4
Return on shareholders´equity	%	18,3	1,5
Solidity	%	52,3	44,5
Solidity, at full conversion	%	52,3	45,9
Interest coverage ratio	mult	8,4	3,2
Net dept	Mkr	728,2	890,2
Net dept/equity ratio	%	46,5	69,9
Average number of employees, full time		1 356	721
Average number of shares, 000's		56 724	36 181
Average number of shares, 000's, at full conversion *)		57 059	36 931
Number of shares at end of period, 000's		57 079	55 172
Number of shares at end of period, 000's, at full conversion *)		57 079	56 172
Earnings per share after tax, average number	Kr	4,49	0,31
Earnings per share after tax, average number, at full conversion *)	Kr	4,47	0,31
Shareholders´equity per share at end of period	Kr	27,42	23,07
Shareholders´equity per share at end of period, at full conversion*)	Kr	27,42	23,37

*) Conversion of convertible debentures outstanding occured during December 2006.

RNB RETAIL AND BRANDS

September 2006 - August 2007

NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

Net turnover, MSEK	3 months June 2007- Aug 2007	3 months June 2006- Aug 2006	12 months Sep 2006- Aug 2007	12 months Sep 2005- Aug 2006
Polarn O. Pyret	97,0	93,0	388,4	331,4
Department Stores	264,1	208,8	973,9	816,7
Store Concepts	581,7	238,6	2 111,1	389,4
Other	-3,8	-1,3	-5,1	-2,3
Total	**939,0**	**539,1**	**3 468,3**	**1 535,2**
Operating result, MSEK				
Polarn O. Pyret	15,4	9,4	56,1	40,7
Department Stores	-6,7	-27,0	42,8	26,9
Store Concepts	33,3	-22,6	143,5	-20,9
Other	12,0	-7,5	99,8	-16,8
Total	**54,0**	**-47,7**	**342,2**	**29,9**

INCOME STATEMENT PER QUARTER, GROUP

MSEK	2007 June-Aug	2007 March-May	2006/2007 Dec-Feb	2006 Sep-Nov	2006 June-Aug	2006 March-May	2005/2006 Dec-Feb	2005 Sep-Nov
Net turnover	939,0	758,5	881,0	889,8	539,1	307,4	373,3	315,4
Other operating incomes	4,8	-	1,6	0,9	-	1,2	4,8	2,0
Goods for resale	-547,2	-392,2	-497,7	-457,9	-299,7	-150,7	-196,2	-152,1
Gross profit	**396,6**	**366,3**	**384,9**	**432,8**	**239,4**	**157,9**	**181,9**	**165,3**
Gross margin	***41,7%***	***48,3%***	***43,5%***	***48,5%***	***44,4%***	***51,0%***	***47,4%***	***51,8%***
Other external costs	-179,0	-156,2	-170,9	-187,5	-131,9	-67,1	-69,8	-65,0
Personnel costs	-137,2	-129,9	-137,8	-139,5	-90,8	-67,4	-73,4	-62,7
Depreciation	-24,0	-19,6	-19,4	-19,0	-14,7	-8,3	-7,5	-6,3
Capital gain on the sale of subsidiaries	-2,4	-0,4	109,4					
Restructuring costs	-	-	-25,0	-	-49,7	-	-	-
Operating income	**54,0**	**60,2**	141,2	**86,8**	**-47,7**	**15,1**	**31,2**	**31,3**
Finacial incomes	3,5	0,2	0,6	0,4	-	-	-	0,5
Financial costs	-12,0	-9,3	-9,9	-9,9	-4,4	-2,3	-1,8	-1,0
Income after financial items	**45,5**	**51,1**	**131,9**	**77,3**	**-52,1**	**12,8**	**29,4**	**30,8**

NUMBER OF STORES AT END OF PERIOD

	31-Aug-2007	31-May-2007	28-Feb-2007	30-Nov-2006	31-Aug-2006	31-May-2006	28-Feb-2006	30-Nov-2005
Own stores Sweden	155	154	152	165	163	115	115	108
Own stores Norway	53	48	48	48	46	-	-	-
Own stores Finland	31	31	31	29	20	-	-	-
Own stores Denmark	3	-	-	-	-	-	-	-
Franchise stores Sweden	174	174	175	175	174	16	15	15
Franchise stores outside Sweden	40	42	38	37	36	19	12	12
Total	**456**	**449**	**444**	**454**	**439**	**150**	**142**	**135**

ACCOUNTING PRINCIPLES

The accounting principles and methods for calculations in the parent company and Group correspond to those applied in the most recent annual report, with the exception of the transition to IFRS, which is described separately.

The gross profit margin is calculated as ((net turnover minuscosts of goods sold)/net turnover).

This report is anaudited.

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