

RNB RETAIL AND BRANDS

RNB Year-end report – September 1, 2004 - August 31, 2005

Profit after financial items rose by 38 percent to SEK 41.5 M (30.1).

The Board of Directors proposes a dividend on common shares of SEK 0.82 (0.0) per share.

Year-end report, September 1, 2004 – August 31, 2005

- Net sales amounted to SEK 963.7 M (830.8), an increase of 16 percent. Sales for comparable stores rose by 5.3 percent.
- Operating profit totaled SEK 46.5 M (36.1). Profit after net financial items improved to SEK 41.5 M (30.1), an increase of 38 percent.
- Profit after tax amounted to SEK 27.4 M (22.9), corresponding to SEK 1.73 (1.53) per share.
- Cash flow from operating activities amounted to SEK 67.9 M (82.8).
- The Board of Directors proposes a dividend of SEK 0.82 (0) per share. The Board also proposes a dividend on all common shares amounting to a total of SEK 11.4 M. All preference shares will then be converted to common shares.

May 1 – August 31, 2005

- Net sales amounted to SEK 266.4 M (192.0). Sales for comparable stores increased by 6.3 percent.
- Operating profit totaled SEK 5.8 M (1.4). Profit after net financial items improved to SEK 4.7 M (0.6).
- Profit after tax amounted to SEK 2.4 M (4.4), corresponding to SEK 0.14 (0.29) per share.
- Cash flow from operating activities amounted to SEK 22.4 M (18.6).

After close of report period

- Effective December 1, 2005, RNB has acquired Skandinaviskt Herr- and Dammode, which conduct operations at NK in Gothenburg.

RNB Group

RNB is organized into two business areas – Polarn O. Pyret and RNB RETAIL. Polarn O. Pyret is a brand focused on baby and children's wear. RNB RETAIL is a platform for the distribution of national and international brands through stores within NK and Steen & Ström and the Solo and Saks retail store concepts. At August 31, 2005, the RNB Group had a total of 126 stores, of which 25 are operated by franchisees.

RNB acquires Skandinaviskt Herr- and Dammode with operations at NK in Gothenburg

RNB RETAIL AND BRANDS AB has signed an agreement to acquire Skandinaviskt Herrmode AB and Skandinaviskt Dammode AB, which conduct operations within NK in Gothenburg. The operations to be acquired had sales of SEK 104 M during the past year, with an operating profit of approximately SEK 7 M. Effective from fiscal year 2005/2006, the floor space of the acquired stores will be increased by about 35 percent to a total of approximately 3,100 square meters. The acquisition is expected to take effect on December 1, 2005. The purchase price for the acquisition amounts to SEK 40 M and will be paid through the issue of a non-interest bearing convertible debenture that falls due on December 22, 2006. The transition rate is SEK 80, which corresponds to 500,000 new shares in RNB at full transition. Synergy effects of the acquisition are expected to total a minimum of SEK 3 M, with an estimated full effect from fiscal year 2005/2006.

The Board of Directors will announce an extraordinary general meeting, which is planned for November 17, 2005, for approval of the transaction.

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RNB has established operations at Steen & Ström department store in Oslo

Steen & Ström, the leading fashion department store in Oslo, is now undergoing the same modernization and transformation as NK implemented in the beginning of the 1990s. In conjunction with this transformation, RNB has taken over large sections of the ladieswear and menswear departments. RNB will manage total space of approximately 2,600 square meters. The ladieswear department was opened in August 2005 and the menswear department on October 20, 2005.

Acquisition of DSN

On March 1, 2005, RNB acquired C/O Departments & Stores Nordic AB (DSN). DSN is the leading retailer in Sweden within the quality segment for cosmetics, lingerie and accessories, with stores in NK in Stockholm and Gothenburg. Work to integrate DSN into RNB has now been completed.

Market and demand

Retail sales for Sweden's ready-to-wear clothing sector rose during the fourth quarter by 5.4 percent. Sales by comparable stores within RNB's operations increased by 6.3 percent.

Sales and earnings

RNB's net sales rose during the year to SEK 963.7 M (830.8), an increase of 16 percent. The acquisition of DSN had a favorable impact of SEK 113.4 M on net sales during the period. Sales in comparable stores during the fiscal year rose by 5.3 percent. The gross profit margin for the year was 48.8 percent (50.7). The transition to a new business model within RNB RETAIL and a change in the product range within P.O.P to include a higher percentage of baby and childrenswear resulted in a non-recurring negative impact on the gross margin.

Operating profit for the fiscal year totaled SEK 46.5 M (36.1). Profit after net financial items amounted to SEK 41.5 M (30.1). Profit after taxes totaled SEK 27.4 M (22.9). Profit during the year was charged with SEK 7.9 M for goodwill amortization. Start-up costs for operations at Steen & Ström in Oslo totaling SEK 1.8 M were charged against operating profit.

Fourth quarter

RNB's net sales during the fourth quarter amounted to SEK 266.4 M (192.0). The acquisition of DSN had a favorable impact of SEK 58.2 M on net sales. Sales in comparable stores increased during the fourth quarter by 6.3 percent. The gross margin during the fourth quarter was 45.0 percent (47.7).

Operating profit for the period totaled SEK 5.8 M (1.4). Profit after net financial items amounted to SEK 4.7 M (0.6). Profit after taxes was SEK 2.4 M (4.4). Profit during the quarter was charged with SEK 2.9 M (1.0) for goodwill amortization.

Polarn O. Pyret

Net sales for the year totaled SEK 279.5 M (248.0). Operating profit amounted to SEK 23.4 M (16.8). The number of proprietary stores at the end of the period was 37 (37). In addition, there were 25 (19) franchise stores, including seven in Norway, two in the Baltic region and one in Iceland.

The establishment of Polarn O. Pyret outside Sweden is proceeding according to plan. In Norway, at least four more stores will be opened during the next six months. In June 2005, Polarn O. Pyret signed a master franchise agreement for operations in the United Kingdom, where the first store is expected to open in the beginning of 2006.

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RNB RETAIL

Net sales within RNB RETAIL during the year totaled SEK 685.3 M (583.5). Operating profit amounted to SEK 38.6 M (24.7). The number of proprietary stores at the end of the period was 64 (48). The acquisition of DSN is included in RNB RETAIL's business as of March 1, 2005.

As a result of the DSN acquisition as per March 1, 2005 and the establishment of operations at Steen & Ström during the autumn of 2005, the operations have expanded sharply. Agreements were signed earlier during the year for the expansion of operations at NK in Stockholm and Gothenburg by an additional 1,500 square meters of floor space. The new retail space at NK will be deployed gradually during the period from September 2005 through February 2006.

Financial position and liquidity

Total consolidated assets at fiscal year-end amounted to SEK 560.9 M, compared with SEK 351.2 M at the end of the preceding fiscal year. The increase was attributable to the acquisition of DSN. Shareholders' equity amounted to SEK 256.2 M (130.8), corresponding to an equity/assets ratio of 45.7 percent (37.2). Shareholders' equity rose by SEK 125.4 M during the period, including SEK 98 M as a result of the new issue in conjunction with the acquisition of DSN.

Inventory on August 31, 2005 amounted to SEK 184.3 M, compared with SEK 140.0 M on the same date in the preceding year. Of the SEK 44.3 M increase, the operations acquired from DSN accounted for SEK 49.0 M.

Cash flow from operating activities amounted to SEK 67.9 M (82.8). Cash flow after investments was a negative SEK 6.4 M (positive: 71.5), with the acquisition of DSN having a negative impact of SEK 61.6 M on cash flow.

Net debt amounted to SEK 105.1 M, compared with SEK 92.1 M on August 31, 2004. The acquisition of DSN was financed through a loan totaling SEK 80 M and a new issue of 1,600,000 shares, following a 2-for-1 split.

Including unutilized overdraft facilities, the Group's liquid funds amounted to SEK 87.2 M at the end of the period, compared with SEK 45.6 M at the end of the preceding fiscal year.

Investment, depreciation and amortization

Investments during the period amounted to SEK 197.7 M (14.9), of which the acquisition of DSN accounted for SEK 176.8 M. Depreciation during the period totaled SEK 32.1 M (25.5), of which goodwill amortization accounted for SEK 7.9 M (4.1).

Personnel

The average number of employees during the period was 497 (489).

Parent Company

Net sales in the Parent Company amounted to SEK 0 M (248.0). Operating profit after net financial items amounted to SEK 9.4 M (15.3). Profit for the year includes share dividends totaling SEK 25 M (0) from wholly owned subsidiaries. Investments during the period totaled SEK 183.3 M (8.4), of which the acquisition of DSN accounted for SEK 176.8 M.

During the preceding fiscal year, Polarn O. Pyret's operations were included in the Parent Company. Since September 1, 2004, Polarn O. Pyret is operated as a wholly owned subsidiary of RNB.

RNB RETAIL AND BRANDS

2-for-1 share split

As of May 9, 2005, the company implemented a share split, whereby the par value per share was changed from SEK 4 to SEK 2. After the split, the total number of shares in the company is 16,608,874. The RNB share has been traded on the Stockholm Stock Exchange Attract40 list since July 1, 2005.

Future outlook

Following the acquisition of DSN as per March 1, 2005, the establishment of operations at Steen & Ström in Oslo during the autumn of 2005 and the expansion of operations at NK in Stockholm and Gothenburg, the foundation has been laid for a strong increase in sales during fiscal year 2005/2006. Within Polarn O. Pyret, efforts to improve the purchasing process and establish Polarn O. Pyret outside Sweden are proceeding according to plan.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.82 (0.0) per share be paid on all common shares in the company. The company previously held four preference shares, which carry preferential rights to dividends amounting to SEK 11.4 M. The Board proposes a dividend of SEK 2.85 M per preference share, after which they will be re-stamped and converted into ordinary common stock. The total dividend in accordance with the proposal amounts to SEK 25.0 M, of which SEK 13.6 M pertains to common shares and SEK 11.4 M to preference shares.

Annual General Meeting

The Annual General Meeting will be held at 5:00 pm (CET) on January 24, 2006 in the company's office building at Regeringsgatan 29, Stockholm.

Nomination Committee

At the 2005 Annual General Meeting, a nomination committee was appointed to propose Board members prior to the 2006 Annual General Meeting. The nomination committee consists of Jan Carlzon, Claes Hansson and John Wallmark.

Annual Report

RNB's annual report is expected to be completed at the end of December 2005 and will be available at the company's office. The annual report will be sent to all shareholders in the company.

Future reporting dates

Quarterly report, first quarter 2005/2006	January 24, 2006
Quarterly report, second quarter 2005/2006	April 4, 2006
Quarterly report, third quarter 2005/2006	June 21, 2006
Year-end report 2005/2006	October 20, 2006

Stockholm, October 21, 2005
RNB RETAIL AND BRANDS AB (publ)

Mikael Solberg
President and CEO

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RNB RETAIL AND BRANDS

September 2004 - August 2005

CONSOLIDATED INCOME STATEMENT

MSEK	3 months June 2005- Aug 2005	3 months June 2004- Aug 2004	12 months Sep 2004- Aug 2005	12 months Sep 2003- Aug 2004
Net turnover	266,4	192,0	963,7	830,8
Other operating incomes	5,5	3,0	11,8	9,3
	271,9	195,0	975,5	840,1
Goods for resale	-146,5	-100,4	-493,7	-409,4
Other external costs	-58,8	-42,4	-200,0	-184,3
Personnel costs	-50,9	-44,9	-203,2	-184,8
Depreciation and write-downs of tangible and intangible fixed assets	-9,9	-5,9	-32,1	-25,5
Operating income	5,8	1,4	46,5	36,1
Financial incomes	0,5	0,3	1,0	0,5
Financial costs	-1,6	-1,1	-6,0	-6,5
Income after financial items	4,7	0,6	41,5	30,1
Tax	-2,3	3,8	-14,1	-7,2
Profit/loss for period	2,4	4,4	27,4	22,9
Earnings per share (SEK), average number of shares	0,14	0,29	1,73	1,53
Average number of shares, 000's	16 608	15 008	15 808	15 008

CONSOLIDATED BALANCE SHEET

MSEK	31-Aug-2005	31-Aug-2004
Assets		
Intangible fixed assets	218,3	91,2
Tangible fixed assets	54,2	46,4
Financial fixed assets	25,6	30,3
Inventories	184,3	140,0
Other current assets	78,5	43,3
Total assets	560,9	351,2
Shareholders' equity and liabilities		
Shareholders' equity	256,2	130,8
Long-term liabilities, interest-bearing	66,3	11,2
Short-term liabilities, interest-bearing	50,6	83,4
Other short-term liabilities	187,8	125,8
Total shareholders' equity and liabilities	560,9	351,2

RNB RETAIL AND BRANDS

September 2004 - August 2005

CASH-FLOW STATEMENT

MSEK	Sep 2004- Aug 2005	Sep 2003- Aug 2004
Cash flow from current operations before changes in working capital	64,7	53,7
Changes in working capital	3,2	29,1
Cash flow from current operations	67,9	82,8
Cash flow from investments activities	-74,3	-11,3
Cash flow after investments	-6,4	71,5
Cash flow from financial activities	15,7	-81,3
Cash flow for period	9,3	-9,8

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 2004- Aug 2005	Sep 2003- Aug 2004
Opening balance	130,8	107,9
New share issue	98,0	-
Profit/loss for period	27,4	22,9
Closing balance	256,2	130,8

KEY FIGURES

		Sep 2004- Aug 2005 12 months	Sep 2003- Aug 2004 12 months
Gross margin	%	48,8	50,7
Operating margin	%	4,8	4,3
Profit margin	%	2,8	2,8
Return on capital employed	%	15,9	14,4
Return on shareholders' equity	%	14,2	18,6
Solidity	%	45,7	37,2
Interest coverage ratio	ggr	7,9	5,6
Net dept	Mkr	105,1	92,1
Net dept/equity ratio	%	41,0	70,5
Average number of employees, full time		497	489
Average number of shares, 000's		15 808	15 008
Number of shares at end of period, 000's		16 608	15 008
Earnings per share after tax, average number	Kr	1,73	1,53
Shareholders' equity per share at end of period	Kr	15,43	8,72

RNB RETAIL AND BRANDS

September 2004 - August 2005

NET TURNOVER AND OPERATING RESULT PER BUSINESS AREA

	3 months June 2005- Aug 2005	3 months June 2004- Aug 2004	12 months Sep 2004- Aug 2005	12 months Sep 2004- Aug 2005
Net turnover, MSEK				
Polarn O. Pyret	69,7	61,4	279,5	248,0
Portwear Retail	197,1	130,9	685,3	583,5
Other	-0,4	-0,3	-1,1	-0,7
Total	266,4	192,0	963,7	830,8
Operating result, MSEK				
Polarn O. Pyret	-0,9	2,5	23,4	16,8
Portwear Retail	9,7	0,1	38,6	24,7
Other	-3,0	-1,2	-15,5	-5,4
Total	5,8	1,4	46,5	36,1

INCOME STATEMENT PER QUARTER, GROUP

MSEK	2005	2005	2004/2005	2004	2004	2004	2003/2004	2003
	June-Aug	Mars-May	Dec-Feb	Sep-Nov	June-Aug	Mars-May	Dec-Feb	Sep-Nov
Net turnover	266,4	244,3	221,8	231,2	192,0	184,7	219,1	235,0
Other operating incomes	5,5	1,1	3,5	1,7	3,0	3,3	0,7	2,3
Goods for resale	-146,5	-121,2	-118,9	-107,1	-100,4	-87,9	-115,6	-105,5
Gross profit	125,4	124,2	106,4	125,8	94,6	100,1	104,2	131,8
Gross margin	45,0%	50,4%	46,4%	53,7%	47,7%	52,4%	47,2%	55,1%
Other external costs	-58,8	-48,2	-45,9	-47,1	-42,4	-46,2	-46,7	-49,0
Personnel costs	-50,9	-58,5	-46,8	-47,0	-44,9	-41,0	-47,6	-51,3
Depreciation	-9,9	-9,5	-6,4	-6,3	-5,9	-6,6	-6,4	-6,6
Operating income	5,8	8,0	7,3	25,4	1,4	6,3	3,5	24,9
Financial incomes	0,5	0,4	0,1	-	0,3	0,1	0,1	-
Financial costs	-1,6	-1,7	-1,4	-1,3	-1,1	-1,6	-1,7	-2,1
Income after financial items	4,7	6,7	6,0	24,1	0,6	4,8	1,9	22,8

NUMBER OF STORES AT END OF PERIOD

	31-Aug-2005	31-May-2005	28-Feb-2005	30-Nov-2004	31-Aug-2004	31-May-2004	29-Feb-2004	30-Nov-2003
Own stores	101	93	85	84	85	84	84	96
Franchise stores	25	24	19	19	19	18	18	16
Total	126	117	104	103	104	102	102	112

ACCOUNTING PRINCIPLES

The accounting principles and methods for calculations in the parent company and group, is in accordance with those used in the latest annual report.

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

This report is unaudited.

RNB RETAIL AND BRANDS

Transition to IFRS 2005

As of September 1, 2005, RNB will report in accordance with International Financial Reporting Standards, IFRS. In the reports and accounts for fiscal year 2005/2006, comparative figures for 2004/2005 will be recomputed in compliance with IFRS. The transition to IFRS is reported in accordance with IFRS 1. Companies are generally required to establish their accounting principles and apply these principles retroactively to establish an opening balance in accordance with IFRS. Some exceptions to the retroactive application are allowed, however, and RNB has chosen the following:

To apply IFRS 3, Business combinations, going forward from the transition date of September 1, 2004, which means that company acquisitions completed before this date have not been adjusted. Companies acquired in 2004/2005 will be reported in accordance with IFRS 3.

To refrain from recalculations of comparable financial information for 2004/2005 under the requirements of IAS 32 and IAS 39 concerning financial instruments. Effects of the transition to IAS 32 and IAS 39 as per September 1, 2005 are reported for the first time in the interim report for the period September – November 2005.

The most significant changes for RNB are:

Goodwill and other intangible assets with unspecified useful life times may no longer be amortized in accordance with IFRS 3. Instead, an impairment test is conducted to determine eventual amortization requirements in conjunction with the year-end report, or when indications of value reductions arise. Goodwill as per opening balance in 2004/2005 amounted to SEK 64.2 M. Amortization of goodwill during 2004/2005 amounted to SEK 7.9 M.

Consolidated restructuring reserves are no longer permitted. Provisions may be made only if provisions are required in the acquired company in accordance with the criteria specified in IAS 37. In the transition work for IFRS, a restructuring reserve attributable to acquisitions made during 2004/2005, which does not comply with the new regulations, has been identified. As a result, the RNB Group's net profit for 2004/2005 will be reduced by SEK 9.2 M.

Reporting of financial instruments in accordance with IAS 39 is applied as per fiscal year 2005/2006. RNB enters continuous forward agreements to hedge flows in foreign currency.

Effects of the transition to IFRS are described below through a quantitative reconciliation of 2004/2005 fiscal year's profit and financial position. The information is preliminary, since regulations are subject to change throughout all of 2005.

RNB RETAIL AND BRANDS

Summary of effects of transition to IFRS (SEK M)

Profit 2004/2005 in accordance with applied accounting principles	27.4
<i>Effects of transition to IFRS</i>	
Goodwill amortization	7.9
Restructuring reserve	-12.8
Deferred tax related to restructuring reserve	3.6
Profit in 2004/2005 IFRS* (prel.)	26.1

* IAS 32 and IAS 39 are applied from 2005/2006 and, therefore, have not impacted recalculated profit for 2004/2005.

Shareholders' equity at September 1, 2004, in accordance with applied accounting principles	130.8
<i>Effects of transition to IFRS</i>	-
Shareholders' equity September 1, 2004 IFRS (prel)	130.8

Shareholders' equity August 31, 2005, in accordance with applied accounting principles	256.2
<i>Effects of transition to IFRS</i>	
Goodwill	7.9
Restructuring reserve	-12.8
Deferred tax related to restructuring reserve	3.6
Shareholders' equity, August 31, 2005 IFRS, (prel)	254.9

Effect of financial instruments, September 1, 2005	-0.2
Shareholders' equity, September 1, 2005 IFRS, (prel)	254.7

RNB RETAIL AND BRANDS

Transition to IFRS

Income statement 2004/2005	Previous principles	Adjusted IFRS	IFRS
Net sales	963,7		963,7
Other operating income	11,8		11,8
Total income	975,5	0,0	975,5
Goods for resale	-493,7		-493,7
Other external costs	-200,0	-5,2	-205,2
Personnel costs	-203,2	-6,2	-209,4
Depreciation/amortization and write-downs of tangible and intangible fixed assets	-32,1	6,5	-25,6
Operating income	46,5	-4,9	41,6
Financial income	1,0		1,0
Financial costs	-6,0		-6,0
Profit/loss after financial items	41,5	-4,9	36,6
Taxes	-14,1	3,6	-10,5
Profit/loss after tax	27,4	-1,3	26,1
Balance sheet 31-08-2005	Previous principles	Adjusted IFRS	IFRS
Assets			
Intangible fixed assets	218,3	-1,3	217,0
Tangible fixed assets	54,2		54,2
Financial fixed assets	25,6		25,6
Inventories	184,3		184,3
Other current assets	78,5		78,5
Total assets	560,9	-1,3	559,6
Shareholders' equity and liabilities			
Shareholders' equity	256,2	-1,3	254,9
Long-term liabilities, interest-bearing	66,3		66,3
Short-term liabilities, interest-bearing	50,6		50,6
Other current liabilities	187,8		187,8
Total shareholders' equity and liabilities	560,9	-1,3	559,6

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