



FINANCIAL STATEMENT

January - December 2008

REPORT PERIOD OCTOBER – DECEMBER 2008

Net sales amounted to SEK 303.7 million (323.7 m)
The operating loss was SEK 58.6 million (6.1 m)
The loss after tax was SEK 71.5 million (-8.0 m)
EPS before and after dilution was SEK -7.66 (-7.48)

PERIOD JANUARY – DECEMBER 2008

Net sales amounted to SEK 892.5 million (930.1 m)
The operating loss was SEK 44.8 million (-52.7 m)
The operating loss excluding capital gains was SEK 126.8 million (-52.7 m)
The loss after tax was SEK 75.3 million (-82.6 m)
EPS before and after dilution was SEK -8.07 (-7.88)

SIGNIFICANT EVENTS DURING AND AFTER THE REPORT PERIOD

* The board deems that BRIO will shortly face an acute liquidity shortage. The board also deems that the company needs a considerably stronger long-term capital base. Against this background, the board is working to secure BRIO's capital supply in the short and long term and intends to submit a proposal by 13 March 2009 on refinancing, which can be carried out by means such as a new share issue and loans from shareholders. Due to the lack of profitability, one-off costs and the existing need for refinancing, the board deems it necessary for BRIO to receive a capital injection of a minimum of SEK 300 million.

* During the report period BRIO initiated a rationalisation scheme aimed at cutting costs by around SEK 40 million a year, achieving full effect in 2010. One-off costs of SEK 15.5 million pertaining to initiated rationalisation impacted the report period and one-off costs of an additional SEK 24.5 million are expected to impact Q1 2009.

* BRIO's tied up working capital rose by an unexpected high amount for the season during the report period. BRIO therefore took out a short-term loan of SEK 60 million from main owner, Proventus.

* Andreas Sbrodiglia took over as BRIO's new President and CEO on 1 January 2009. Meanwhile, CFO Håkan Johansson was also appointed as deputy CEO.

* The new management is working in conjunction with the board on an action plan for the coming years in order to achieve profitability.

* The board proposes that no dividend be paid for 2008.

* The board is making no estimates for the financial results for 2009.

This information is published by BRIO AB (publ) in accordance with Swedish Law regarding the securities market and/or the law regarding trading in financial instruments. The information was submitted for publication at 8.30 a.m. on 17 February 2009.

COMMENTS BY THE BOARD

BRIO is in a serious situation and the board deems that the Group will shortly face an acute liquidity shortage. The board also deems that the company needs a considerably stronger long-term capital base.

The situation and capital needs that have arisen have been driven by a number of different factors:

BRIO has suffered from significant structural problems over the past decade. The Group has also, for many years, under invested in product development and has lost market shares markets despite its strong brand. More resources and time has been required than initially estimated to remedy the internal problems and to establish BRIO's new position on the market. This has resulted in the Group's shareholders equity being all but utilised.

BRIO has a pessimistic outlook in terms of consumer trends over the coming years. This will probably put extra pressure on the entire industry, which will lead to an increased operating capital requirement for BRIO. The high rate of debt inhibits BRIO's possibility of successfully carrying out the restructuring and development necessary.

In order to manage this situation and successfully continue developing BRIO requires a completely different capital base. The board therefore deems it necessary for BRIO to receive a capital injection of SEK 300 million.

The board is working to immediately secure BRIO's capital supply in the short and long term and intends to submit a proposal by 13 March 2009 on refinancing, which can be carried out by means such as a new share issue and loans from shareholders.

Malmö, 17 February 2009

BRIO's Board

GROUP PERFORMANCE OVER THE REPORT PERIOD OCTOBER – DECEMBER 2008

SALES

Sales accelerated in the last weeks of the year following a weak start to the year's Christmas trade, leading to better sales of BRIO products compared with the same period last year.

Sales during the report period amounted to SEK 303.7 million, which is a drop of SEK 20.0 million compared to the same period last year. The reduction in sales is a result of Scanditoy's drop in sales to BRIO Partner member stores in the franchise chain.

Currency effects affected sales revenues by SEK 4.9 million (-1.6 m).

The continued launches implemented during the period mean that further results of intensive product development initiatives carried out in recent years have been released to the stores. New launches are expected to contribute towards growth and improved profitability.

In the short-term the new product programme, including a wider range and new suppliers, will lead to increased pressure on BRIO's product provision system. The global financial crisis has caused major fluctuations in exchange rates and the prices of a number of raw materials included in BRIO's products.

The gross profit fell by SEK 27.6 million to SEK 115.2 million (142.8 m) compared to the same period last year. The gross margin fell from 44.1 per cent in Q4 2007 to 37.9 per cent during the report period 2008. The period's gross profit was negatively impacted by currency effects of SEK 8.1 million and revaluing stocks of SEK -8,9 million.

COSTS

The operation's sales, administration and development costs rose by SEK 31.4 million compared to the same period last year. The increase was mainly due to one-off provisions of SEK 15.5 million assignable to the rationalisation scheme announced in November 2008..

OPERATING PROFIT/LOSS

The operating loss amounted to SEK 58.6 million (6.1 m), which is a decline of SEK 64.7 million. The decline was partly due to the currency effects and revaluation of stock that impacted on the gross profit, but also due to one-off costs that impacted on the report period.

PROFIT/LOSS AFTER FINANCIAL ITEMS

The Group's loss before tax for the report period was SEK 51.3 million (-4.3 m). Compared with the same period last year, net financial items improved by SEK 17.7 million from SEK -10.4 to SEK 7.3 million. This was mainly as a result of the Group's currency hedging, which counteracts the negative currency fluctuations that impacted the gross results of the period.

PROFIT/LOSS AFTER TAX

The Group's loss after tax was SEK 71.5 million (-8.0 m). In December 2008 the deferred tax claim of the parent company, BRIO AB, was written down to 0. This had a negative impact on profit/loss after tax of SEK 16.4 million at the parent company and Group level.

Earnings trend per quarter

(SEK m)	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08	OCT-DEC 07
Net sales	303.7	218.5	197.3	173.0	323.7
Net sales – 12 months continuous	892.5	912.5	916.7	922.0	930.1
Gross profit	115.2	96.1	83.1	78.9	142.8
Operating costs	-173.8	-112.7	-105.2	-108.4	-136.7
Operating profit/loss	-58.6	-9.6**	-22.1	45.5*	6.1
Operating profit/loss – 12 months continuous	-44.8	19.9	31.1	24.7	-52.7
Operating profit/loss, excluding capital gains for sale of property – 12 months continuous	-126.8	-62.1	-43.9	-50.3	-52.7
Net financial items	7.3	1.8	-6.2	-14.1	-10.4
Profit/loss after financial items	-51.3	-7.8	-28.3	31.4	-4.3
Earnings per share, SEK	-7.66	-0.95	-3.30	3.85	-0.86

* Including capital gains for sale of property of SEK 75 million

** Including capital gains for sale of property of SEK 7 million

BUSINESS AREA PERFORMANCE DURING THE REPORT PERIOD OCTOBER-DECEMBER 2008

BRIO BUSINESS AREA

The BRIO business area includes the Group's product development, purchasing, manufacturing and sales of baby products and toys under the BRIO, Carena and SIMO brands. The BRIO business area includes sales companies for baby products in the Nordic region and Germany, as well as sales units in the UK, Germany/Austria, France/Belgium and Japan. In addition, sales are also conducted via the export department to markets where BRIO is not represented by its own sales companies.

Net sales per market

(SEK m)	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08	OCT-DEC 07
Nordic region	55.2	55.8	66.0	64.2	57.6
Other European countries	54.3	38.4	15.2	20.0	39.4
North America	0.5	1.1	2.0	0.5	1.3
Rest of world	10.0	6.3	4.1	3.7	6.7
Total	120.0	101.6	87.3	88.4	105.0

Sales in the Nordic region mainly consist of BRIO brand baby products and, to a certain extent, toys. Sales are made via independent retailers. The Nordic market is partly covered by sales companies selling baby products and partly through the distributor Scanditoy. BRIO's toy sales in the Nordic region are reported through the Scanditoy business area.

Sales in Q4 on the Nordic market amounted to SEK 55.2 million (57.6 m). A positive sales trend for BRIO's in-house developed new launches in furniture and prams partly compensated for the drop in sales in the rest of the range, which was mainly due to a partially weak collection.

Sales of products launched from 1 January 2007 onwards amounted to around 50 per cent of sales for the full year. During 2008 over 70 new products were launched onto the market and during the report period BRIO launched its in-house developed BRIO Go pram. BRIO Go is part of a special BRIO range in the offering aimed at international customers.

Sales in other European countries mainly consist of BRIO brand toys via independent retailers and supermarkets. Sales in Q4 in other European countries amounted to SEK 54.3 million (39.4 m). The new products launched and licence-based collaborations with Disney contributed positively towards the growth.

BRIO's sales in North America in Q4 totalled SEK 0.5 million (1.3 m). BRIO's sales in North America are mainly directed at specialist stores. In the US, specialist stores are facing increasingly tough competition from supermarket channels, which has also had a negative impact on BRIO's sales performance.

In addition, BRIO exports toys to over 50 countries. Sales consist mainly of BRIO brand toys. Sales in Q4 amounted to SEK 10.0 million (6.7 m).

SCANDITTOY BUSINESS AREA

Scanditoy is a toy distributor with business activities in the Nordic region and operates purchasing and sales of trend, licensed and branded toys. Scanditoy distributes BRIO's toys on the Nordic market. Scanditoy's business activities also include the development and sale of Alga's products.

Net sales

(SEK m)	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08	OCT-DEC 07
Scanditoy	183.0	111.0	104.7	80.2	217.8

Sales in the Nordic region consist of sales of BRIO and Alga brand toys, and the sales of trend, licensed and branded toys via independent retailers, specialist retailers and convenience goods retailers. Sales on the Nordic market in Q4 amounted to SEK 183.0 million (217.8 m). Scanditoy's sales to BRIO Partner member stores fell during the period, which is a natural consequence of the ongoing changes to the franchise chain. Sales to customers not involved in the BRIO Partner concept showed positive growth.

BRIO PARTNER BUSINESS AREA

The business area is responsible for the BRIO Partner concept, a franchise activity with member stores in Norway and Sweden.

In recent years BRIO has run a process to turn BRIO Partner into a strong, independent franchise chain. In this process BRIO and the Swedish members have not found a strong enough basis to continue running the BRIO Partner chain in Sweden. Instead BRIO will work, through its Scanditoy business area, to cement its position as the leading supplier to the former BRIO Partner stores in Sweden. The Swedish part of the chain has been sold, leading to weaker sales figures for Scanditoy in Q4 2008. In Norway, where BRIO Partner has a significantly stronger market position, the new store concept is continuing and the chain operation is continuing to develop.

Net sales

(SEK m)	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08	OCT-DEC 07
BRIO Partner	0.3	4.8	5.8	3.9	1.3

Sales relating to franchise income in Q4 amounted to SEK 0.3 million (1.3 m).

OTHER INFORMATION CONCERNING THE REPORT PERIOD OCTOBER – DECEMBER 2008

RATIONALISATION SCHEME

As reported on 26 November 2008, BRIO introduced a rationalisation scheme during the report period with the aim of cutting costs by around SEK 40 million a year, reaching full effect by 2010. One-off costs of SEK 15.5 million impacted the report period and one-off costs of an additional SEK 24.5 million are expected to impact Q1 2009 in line with the rationalisation scheme being implemented.

NEW GROUP MANAGEMENT

Andreas Sbrodiglia started as BRIO AB's new President and CEO on 1 January 2009. Andreas joins BRIO from a senior position at Hero AG, which acquired Semper AB in 2006, where he was CEO from 2003 to 2007 and deputy CEO from 2000 to 2003. Meanwhile, CFO Håkan Johansson was also appointed as deputy CEO, and the former deputy CEO and brand director Claes von Hauswolff left the Group.

ACTION PLAN

The new management is working in conjunction with the board on an action plan for the coming years in order to achieve profitability.

FINANCIAL POSITION

The balance sheet total rose from SEK 696.4 million to SEK 720.6 million, compared to the same period last year. The increase was mainly due to increased tied up capital in stock. The long lead times in goods provision have meant that it has not been possible to slow down the inflow of goods to the Group's stocks in line with the sales slowdown.

The Group's liquid assets totalled SEK 60.1 million on 31 December 2008, compared to SEK 74.8 million on 31 December 2007. Net debt, excluding pension liabilities and financial leasing, was SEK 306.9 million, compared to SEK 230.4 million last year, an increase of SEK 76.5 million.

BRIO has a long-term agreement concerning its overdraft facility. In addition to guarantees through corporate mortgages and other collateral BRIO has also made undertakings to commitments of certain key ratios, or covenants. BRIO has informed the bank that the company didn't fully meet these commitments at the end of the 30 September to 31 December 2008 report period, but this has not resulted in a termination of the credit agreement. At the end of the report period BRIO had bank loans totalling SEK 250.1 million.

As announced on 19 December 2008, the main owner Proventus provided a short-term loan of SEK 60.0 million during the report period, due to BRIO's tied up working capital increasing by an unexpectedly high amount for the season. The loan carries the same interest rate as BRIO's bank financing with a 30-day notice period, but in security terms it is subordinated bank credit.

In September 2010 the market quoted convertible loan that BRIO issued in September 2006 falls due for payment. The convertible loan carries 3 percent annual coupon payments, 9 per cent effective rate of interest and amounted to SEK 63.0 million on 31 December 2008. At the end of the report period BRIO's interest-bearing liabilities amounted to SEK 373.8 million. In addition, BRIO has pension liabilities amounting to SEK 63.8 million.

The Group's equity/assets ratio at the end of the period was 1.4 per cent, compared to 13.7 per cent for the same period last year. The equity/assets ratio including convertible loans was 10.1 per cent (22.3) and the majority share of shareholders' equity was SEK 8.3 million (94.1 m).

The board deems that BRIO will shortly face an acute liquidity shortage. The board also deems that the company needs a considerably stronger long-term capital base.

LONG-TERM CAPITAL PROCUREMENT

The board is working to immediately secure BRIO's capital supply in the short and long term and intends to submit a proposal by 13 March 2009 on refinancing, which can be carried out by means such as a new share issue and loans from shareholders.

BRIO is in significant need of capital because of the long period of poor profitability and high degree of tied up capital. Furthermore, BRIO has initiated a rationalisation scheme that in the short term will lead to one-off costs. In addition, short and mid-term financing totalling SEK 125 million will be provided in 2009 and 2010. The board deems that BRIO will need a capital injection of at least SEK 300 million.

INVESTMENTS

Investments in tangible and intangible fixed assets over the period amounted to SEK 5.0 million (5.2 m). Investments are mainly attributable to product development. Overall depreciation was SEK -4.8 million compared to SEK -3.4 million for the same period last year.

CURRENCY EFFECTS

The key foreign currencies for BRIO are USD, EUR and NOK. Foreign currencies are first matched against each other in inward and outward flows, and then net exposure is hedged in accordance with the Group's financial policy.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

BRIO's activities are seasonal and affected considerably by sales in the Christmas period. A large portion of earnings is generated therefore in the final months of the year.

BRIO's purchases are strongly dependent on the Chinese manufacturing industry. If significant changes occur that influence BRIO's ability to purchase goods at established prices, it can have negative consequences on BRIO's earnings capability.

The recent uncertainty on the global financial markets has led to increased uncertainty about future business cycles. The reporting of some items in the balance sheet are based on estimates and expectations and are thereby uncertain. Against the background of BRIO's restructuring initiatives and current market situation this applies specifically to the values of goodwill, brand participation in subsidiaries and deferred tax receivables, the Group's reported risks are judged in substance to be unchanged, with the exception of the financial risks reported under the financial position and long-term capital supply sections. For a more in-depth description of the Group's management of risks please refer to the 2007 Annual Report.

PARENT COMPANY

The loss before tax for the period was SEK 47.0 million (-25.8 m). Sales for the period totalled SEK 122.8 million (102.5 m). Investments in tangible and intangible fixed assets amounted to SEK 3.1 million (8.9 m). The parent company's net liquidity on 31 December 2008 was SEK 35.6 million, compared to SEK 40.1 million at the start of the year. The headcount during the period was 106, compared to an average of 89 for the full year in 2007.

STAFF

In 2008 the BRIO Group had a headcount of 396, compared with an average of 401 for the full year in 2007.

DIVIDEND

The board proposes that no dividend be paid for the 2008 financial year.

AGM

The Annual General Meeting will be held on 13 May 2009 in Malmö.

NOMINATIONS COMMITTEE

The nominations committee consists of Bengt Ivarsson (convener), Daniel Sachs and Ragnhild Wiborg and can be reached at: Nominations Committee, BRIO AB, Box 305, 201 23 Malmö, Sweden.

ANNUAL REPORT

The Annual Report will be available from BRIO's head office and on BRIO's website www.brio.net from mid-April 2008. It is estimated that the Annual Report will be distributed to shareholders one week before the Annual General Meeting.

Key indicators – The Group

	DEC 2008	DEC 2007
Return on capital employed, %	Neg	Neg
Return on shareholders' equity %	Neg	Neg
Equity/assets ratio including subordinated loan, %	10.1	22.3
Equity/assets ratio %	1.36	13.7
No. of shares at the end of the period	9 333 332	9 333 332
No. of shares after dilution	9 555 332	9 555 332
Average number of shares during the period	9 333 332	9 333 332
Average number of shares after dilution	9 555 332	9 557 415
Shareholders equity per share, SEK	1.06	10.25

Income statement in summary – The Group

(SEK m)	OCT-DEC		JAN-DEC	
	2008	2007	2008	2007
Net sales	303.7	323.7	892.5	930.1
Cost of goods sold	-188.5	-180.9	-519.1	-530.6
Gross profit	115.2	142.8	373.4	399.5
Sales costs	-127.2	-108.3	-372.4	-343.2
Administrative costs	-44.6	-29.0	-126.4	-105.5
Development costs	-8.2	-11.3	-29.3	-37.3
Other operating income/expenses	6.2	11.9	109.9	33.8
Operating profit/loss	-58.6	6.1	-44.8	-52.7
Net financial items	7.3	-10.4	-11.2	-22.4
Loss before tax	-51.3	-4.3	-56.0	-75.1
Tax	-20.2	-3.7	-19.3	-7.5
Loss after tax	-71.5	-8.0	-75.3	-82.6
Of which parent company's shareholders	-71.5	-8.1	-75.6	-82.9
Of which minority share	0	0.1	0.3	0.3
Earnings per share before dilution, SEK	-7.66	-0.86	-8.07	-8.85
Earnings per share after dilution, SEK	-7.48	-0.86	-7.78	-8.64

Depreciation/amortisation – The Group

(SEK m)	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
	2008	2007	2008	2007
Cost of goods sold	-2.7	-1.0	-7.0	-6.3
Sales costs	-0.3	-0.3	-1.1	-1.1
Administrative costs	-1.7	-1.5	-5.3	-5.7
Development costs	-0.1	-0.6	-0.2	-1.7
Total	-4.8	-3.4	-13.6	-14.8

Balance sheet in summary – The Group (SEK m).

ASSETS	31-12-08	31-12-07
Goodwill	59.2	62.3
Other tangible fixed assets	96.7	98.6
Tangible fixed assets	19.2	18.7
Financial fixed assets	26.1	42.2
Total fixed assets	201.2	221.8
Stock	261.7	210.4
Accounts receivable	152.0	140.6
Other receivables	45.6	44.8
Liquid assets	60.1	74.8
Total current assets	522.7	470.6
Tangible fixed assets held for sale	-	4.0
Total assets	720.6	696.4
SHAREHOLDERS' EQUITY AND LIABILITIES		
Parent company's shareholders' share		
Share capital	93.3	93.3
Other capital contribution	128.2	128.2
Provisions	63.8	77.6
Loss brought forward	-280.3	-205.0
Total	5.0	94.1
Minority shareholding	1.6	1.6
Total shareholders equity	6.6	95.7
Interest-bearing long-term liabilities		
Pension provisions	63.8	67.8
Liabilities to credit institutions	8.6	10.8
Other long-term liabilities	63.0	59.6
Non interest-bearing Long-term liabilities		
Deferred tax liabilities	16.9	18.2
Other provisions	32.0	10.8
Current interest-bearing liabilities		
Other current liabilities	242.2	234.8
Non interest-bearing current liabilities		
Other provisions	3.1	3.5
Other current liabilities	284.3	195.2
Total liabilities	714.0	600.7
Total shareholders' equity and liabilities	720.6	696.4

Changes in shareholders' equity – The Group

(SEK m)	Attributable to parent company's shareholders				Minority interests	Total equity
	Share capital	Other capital contribution	Provisions	Profit brought forward		
Opening balance on 1 January 2007	93.3	128.2	65.7	-122.1	1.3	166.4
Translation difference			11.9			11.9
Premium paid, subscription options				0		0
Profit/loss after tax				-82.9	0.3	-82.6
Closing balance on 31 December 2007	93.3	128.2	77.6	-205.0	1.6	95.7
Profit/loss after tax				-75.3	0.3	-75.0
Translation difference			-13.8		-0.3	-14.1
Closing balance on 31 December 2008	93.3	128.2	63.8	-280.3	1.6	6.6

Other provisions – The Group

(SEK m)	Translation difference	Revaluation provision	Other provisions
Opening balance on 1 January 2007	48.2	17.5	65.7
Translation difference for the period	11.9	-	11.9
Closing balance on 31 December 2007	60.1	17.5	77.6
Translation difference for the period	-13.8	-	-13.8
Closing balance on 31 December 2008	46.3	17.5	63.8

Cash flow statement – The Group

(SEK m)	Full year 2008	Full year 2007
Cash flow from current activities before changes in working capital	-141.8	-91.7
Changes in working capital	28.2	59.3
Cash flow from current activities	-113.6	-32.4
Cash flow from investment activities	88.9	6.3
Cash flow from financing activities	8.8	23.7
Cash flow for the period	-15.9	-2.4
Liquid assets at the start of the period	74.8	75.4
Exchange rate difference in liquid assets	1.2	1.8
Liquid assets at the end of the period	60.1	74.8

COMMENTS CONCERNING THE FULL YEAR JANUARY – DECEMBER 2008

KEY EVENTS DURING AND AFTER JANUARY – DECEMBER 2008

CEO Thomas Bräutigam left the company at his own request in July 2008. The Group's CFO Håkan Johansson was appointed as acting CEO until the new CEO and President, Andreas Sbrodiglia, took up his position on 1 January 2009.

BRIO completed the sale of two properties in Osby during the report period. The sales amount was SEK 98 million, which after provisions contributed a profit effect of SEK 75 million.

In recent years BRIO has run a process to turn BRIO Partner into a strong, independent franchise chain. In this process BRIO and the Swedish members have not found a strong enough basis to continue running BRIO Partner in Sweden. Instead BRIO will work, through its Scanditoy business area, to cement its position as the leading supplier to the former BRIO Partner stores in Sweden. The Swedish part of the chain was sold in Q3 of 2008 and the sale means that the period's results were hit by a one-off cost of SEK 15.5 million and also led to weaker sales figures in Q4 2008. In Norway, where BRIO Partner has a significantly stronger market position the new store concept is continuing and the chain operation is continuing to develop.

During the reporting period, BRIO's tied up operating capital increased by an unexpectedly high amount for the season, and BRIO therefore took out a short-term loan of SEK 60 million from main owner, Proventus.

BRIO took efficiency-enhancement measures during the reporting period with an aim to reduce annual costs by approx. SEK 40 million, and related one-off costs of approx. SEK 15.5 million impacted the figures for 2008.

COMMENTS ON THE INCOME STATEMENT

Sales fell in 2008 by SEK 37.6 million to SEK 892.5 million (930.1 m). The gross profit fell by SEK 26.1 million to SEK 373.4 million (399.5 m).

COMMENTS ON THE BALANCE SHEET

The balance sheet total rose by SEK 24.2 million to SEK 720.6 million (696.4 m) compared to 31 December 2007. Intangible fixed assets fell from SEK 160.9 million to SEK 155.9 million. The joint value of the Group's tangible fixed assets rose by SEK 0.5 million to SEK 19.2 million (18.7 m). The financial fixed assets rose by SEK 16.1 million to SEK 26.1 million (42.2 m).

Current assets rose by SEK 48.8 million to SEK 519.4 million (470.6 m). Stocks rose by SEK 51.3 million to SEK 261.7 million (210.4 m). Accounts receivable rose by SEK 11.4 million to SEK 152.0 million (140.6 m). Net debt, excluding pension liabilities and financial leasing amounted to SEK 306.9 million, compared with SEK 230.4 million for the same period last year, which is an increase of SEK 76.5 million.

Shareholders' equity fell by SEK 89.1 million compared to the financial statement in 2007. The loss for the year had a negative impact on shareholders' equity of SEK 75.3 million. The exchange rate difference for the period in shareholders' equity was SEK -13.8 million and refers to the recalculation of foreign subsidiaries.

Interest-bearing long-term liabilities at the end of the year amounted to SEK 135.4 million compared with SEK 138.2 million in 2007. The item consisted of the Group's provisions for pensions, as well as a convertible loan and debts to credit institutions.

INVESTMENTS –THE GROUP (SEK m)	JAN-DEC 08	JAN-DEC 07
Investments in intangible assets	12.5	20.3
Investments in tangible fixed assets	8.1	6.2
Total investments	20.6	26.5

Investments in intangible and tangible assets during the year amounted to SEK 20.6 million (26.5 m). The total depreciation and write-downs amounted to SEK -13.6 million compared with SEK -14.8 last year.

Income statement in summary – Parent company

	OCT-DEC		Full year	
	2008	2007	2008	2007
(SEK m)				
Net sales	122.8	102.5	382.3	388.9
Cost of goods sold	-76.9	-55.5	-225.1	-227.0
Gross profit	45.9	47.0	157.2	161.9
Sales costs	-61.5	-42.2	-165.6	-150.3
Administrative costs	-19.2	-20.4	-73.7	-69.3
Development costs	-11.3	-9.0	-31.2	-32.4
Other operating income/expenses	0.2	9.1	39.7	43.1
Operating loss	-45.9	-15.5	-73.6	-47.0
Profit/loss from participations in Group companies	-2.6	-2.0	80.5	2.7
Net financial items	1.5	-9.6	-14.2	-20.3
Loss after net financial items	-47.0	-27.1	-7.3	-64.6
Additional depreciation		1.3	-	1.3
Loss before tax	-47.0	-25.8	-7.3	-63.3
Tax	-15.1	-2.7	-14.3	-3.2
Loss after tax	-62.1	-28.5	-21.6	-66.5

Balance sheet in summary – Parent company

SEK m	31-12-08	31-12-07
ASSETS		
Fixed assets		
Intangible fixed assets	39.1	36.0
Tangible fixed assets	10.2	10.1
Financial fixed assets	340.9	264.6
Total fixed assets	390.2	310.7
Stock	113.9	85.1
Current receivables		
Accounts receivable	66.6	53.1
Other receivables	189.5	151.6
Total current receivables	256.1	204.7
Liquid assets	35.6	40.1
Total current assets	405.6	329.9
Total assets	795.8	640.6
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted shareholders' equity		
Share capital	93.3	93.3
Revaluation reserve	44.0	44.0
Statutory reserve	11.2	11.2
Total restricted shareholders' equity	148.5	148.5
Non-restricted shareholders' equity		
Share premium reserve	128.1	128.1
Loss brought forward	-165.0	-98.5
Loss for the year	-21.6	-66.5
Total non-restricted shareholders' equity	-58.5	-36.9
Total shareholders' equity	90.0	111.6
Additional depreciation	-	-
Allocations		
Pension allocations	53.0	57.0
Other allocations	14.2	2.9
Total allocations	67.2	59.9
Long-term liabilities		
Liabilities to Group companies	15.9	23.2
Other liabilities	63.0	59.7
Total long-term liabilities	78.9	82.9
Current liabilities		
Bank overdraft facilities	213.3	101.6
Accounts payable - trade	43.9	38.3
Liabilities to Group companies	211.5	101.3
Other liabilities	91.0	145.0
Total current liabilities	559.7	386.2
Total shareholders' equity and liabilities	795.8	640.6

COMMENTS ON THE PARENT COMPANY FOR THE FULL YEAR JANUARY – DECEMBER 2008

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

Much of the BRIO business area is run by the parent company, which is why the risks identified for the Group also reflect those of the parent company. The toy and baby products market is trend-sensitive and competitive. Additionally, distribution channels for toys have been extended, apart from retail, to also cover supermarkets and department stores. Important to BRIO's business and profitability growth is the company's ability to maintain and strengthen its position as supplier of toys and baby products under changing market conditions. The toy and baby product market is affected by changes in the general business climate and its effect on demand and consumption.

FINANCIAL POSITION

The balanced sheet total rose to SEK 795.8 million, compared with SEK 640.6 million for the same period last year.

The parent company's liquid assets totalled SEK 35.6 million on 31 December 2008, compared to SEK 40.1 million at the start of the year.

The equity/assets ratio was 11.3 per cent, compared to 17.4 per cent for the same period last year. The drop is mainly attributable to the higher balance sheet total.

INVESTMENTS – PARENT COMPANY (SEK m)	JAN-DEC 08	JAN-DEC 07
Investments in intangible assets	12.5	24.8
Investments in tangible fixed assets	4.9	4.5
Total investments	17.4	29.3

Investments in tangible and intangible assets amounted to SEK 17.4 million (29.3 m) in 2008. Investments mainly refer to business systems, development projects and product tools. The total depreciation was SEK -10.4 million compared with SEK -8.8 million in 2007.

Results for the year were negatively impacted by SEK -3.6 million regarding the disposal of product development costs brought forward.

The parent company BRIO AB wrote down shares in subsidiaries for a total of SEK 37.0 million.

STAFF

During 2008 the average headcount was 109, compared with 89 in 2007.

Shareholders on 31 December 2008

	NO. OF A SHARES	NO. OF B SHARES	SHAREHOLDING, %	VOTES, %
Proventus Invest AB	2 752 466	2 641 725	57.79	61.46
Dag Ivarsson and family	1 112 200	94 901	12.92	22.85
Consepio	0	682 911	7.32	1.38
BRIO ABs Intressefond	266 000	59 000	3.48	5.54
BRIO ABs Personalstiftelse	236 000	0	2.53	4.81
Peter Edwall	0	65 916	0.71	0.13
Yellowkey AB	0	69 529	0.74	0.14
Bengt Ivarsson and family	50 000	50 000	1.07	1.12
Susanna Molander	0	77 200	0.83	0.16
Geveran Trading Co Ltd	0	100 000	1.07	0.20
Thomas Persson	0	62 600	0.67	0.13
Other shareholders	0	1 012 884	10.85	2.06
Total	4 416 666	4 916 666	100.00	100.00

Information by business area

SEK m	BRIO		SCANDITTOY		PARTNER		JOINT RESURCES		BRIO GROUP	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Orders received	331.4	369.2	504.3	557.2	0.0	0.0	0.0	0.0	835.7	926.4
Sales	397.3	395.6	478.9	519.7	14.8	13.8	1.5	1.0	892.5	930.1
Internal sales	65.2	51.8	5.0	2.0	0.0	0.0	0.0	0.0	70.2	53.8
Operating profit/loss	-68.3	-30.4	-21.3	2.8	-9.7	-4.1	-24.1	-21.0	-123.4	-52.7
Investments	18.6	24.7	0.3	0.1	1.7	0.0	0.0	1.7	20.6	26.5
Depreciation	-8.8	-8.3	-0.2	-0.3	0.0	0.0	-4.6	-6.2	-13.6	-14.8
Write-downs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	-3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.6	0.0

Sales per market

SEK m	JAN-DEC 08	JAN-DEC 07
Sweden	276.0	309.3
Nordic, except Sweden	460.4	472.2
Other European countries	127.9	117.7
North America	4.1	11.1
Rest of the World	24.1	19.8
Total	892.5	930.1

SEASONAL VARIATIONS

The toy industry is characterized by major seasonal variations, where the majority of sales take place in the last few months of the year. BRIO's total quarterly sales for the 2004-2008 periods are as follows:

Q1	Q2	Q3	Q4
20 %	21 %	23 %	36 %

Quarterly sales for 2008 are as follows:

Q1	Q2	Q3	Q4
19 %	22 %	21 %	38 %

SENSITIVITY ANALYSIS

The table below provides an estimate of the net effects of changes to currency exchange rates on BRIO's results for 2008.

Change to USD +5 %	Effect on earnings, SEK m
USD/SEK	-7.6
Change to EUR +5 %	
EUR/SEK	1.9

ACCOUNTING PRINCIPLES

General information about applied accounting principles

The Group applies the EU-endorsed IFRS standards, the Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 1, Complementary Accounting Rules for Groups. Quarterly reports are drawn up according to IAS 34, Interim Reports. The accounting principles applied in this quarterly report are explained in note 1 of the Annual Report 2007. The note states that IFRS standards have been applied since 2005 and the effects this has on the BRIO Group. The new or revised IFRS standards or IFRIC interpretations applicable since 1 January 2008 have not had any significant impact on the Group's income statement or balance sheets.

Information about the parent company

The parent company reports in accordance with the Annual Accounts Act and recommendation RFR 2, Accounting for Legal Entities, which requires the parent company to apply the same accounting principles as the Group, namely IFRS to the extent permissible under RFR 2.

FUTURE REPORTS

Report	Time of publication
Annual Report	April 2009
AGM in Malmö	13 May 2009
Q1 Report 2009	13 May 2009
Q2 Report 2009	23 July 2009

Malmö, Sweden, 17 February 2008

Andreas Sbrodiglia
President and CEO

This quarterly report has not been subject to scrutiny by the company's auditors.

FINANCIAL INFORMATION

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BRIO is a Swedish company that develops and sells toys, prams, children's car seats and children's furniture. The company was formed in 1884 and is today an international Group with the BRIO, SIMO and Alga brands. The Group also includes Scanditoy, an extensive toy wholesale business in the Nordic region. The company has about 400 employees, is represented in over 50 countries and has been listed on the O-list of the OMX Nordic Exchange Stockholm since 1985.

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BRIO is a public limited liability company