



## Q1 REPORT January - March 2009

### REPORTING PERIOD JANUARY – MARCH 2009

- Net sales amounted to SEK 203.5 million (173.0 m)
- The operating loss excluding capital gains amounted to SEK 57.8 million (-29.5 m)
- The operating loss was SEK 57.8 million (+45.5 m)
- The loss after tax was SEK 63.6 million (+36.0 m)
- EPS was SEK -6.85 (+3.85)

### SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- BRIO found itself in a tough liquidity situation during the reporting period, which mainly affected the company's ability to meet its commitments towards the Group's suppliers. In conjunction with the financial reconstruction, negotiations took place with suppliers, resulting in improved payment terms.
- The sale of obsolete stock took place during the reporting period, which boosted revenues but also had a negative effect on the gross results.
- BRIO continued with its rationalization scheme during the reporting period to cut costs by around SEK 80 million per year, which will achieve full effect in 2011. One-off costs of SEK 6.2 million for initiating the rationalization scheme impacted negatively on the reporting period's results, which is SEK 18.3 million less than expected. This deviation is due to a delay in the comprehensive rationalization initiatives and means that future reporting periods during 2009 will be hit by one-off costs.
- The Group has been divided into two divisions since 1 January 2009, BRIO Toy and BRIO Baby. In addition, BRIO Partner runs operations in an independent subsidiary.
- Andreas Sbrodiglia was appointed as President and CEO of BRIO AB in January. CFO Håkan Johansson was also appointed as deputy CEO at the same time. Eva Brike took over as HR Director during the reporting period.
- Management has developed an action plan that will create the foundation of a long-term, profitable BRIO. The overall theme of the action plan is focus: focus on the company's core and key markets and increased customer and consumer focus.
- BRIO's AGM on 27 April included a decision for a preferential share issue and an offset issue of preferential shares as part of the Group's financial reconstruction. The new share issue's subscription period began on 11 May and will run until 26 May. More information is found on the next page.

### COMMENTS

"Q1 was negatively affected by one-off costs for the rationalization measures started, clearance sales of obsolete stock and the weak Swedish currency. Results are not satisfactory. In the immediate future we will focus on rationalizing costs, cutting tied-up capital and improve cash flow. We are now working intensively to develop the business with two clear divisions."

*Andreas Sbrodiglia  
President and CEO, BRIO*

## FINANCIAL RECONSTRUCTION AND ANNUAL GENERAL MEETING

- BRIO's AGM on 27 April included a decision for a preferential share issue and an offset issue of preferential shares as part of the Group's financial reconstruction. Together with other parts of the reconstruction, the share issues mean that the Group's shareholders' equity is boosted by around SEK 316 million before issue costs and that the available liquid assets increase by at least SEK 175 million. Full subscription to the preferential and offset share issues, and full utilization of all outstanding warrants to cover new class B shares, will mean dilution of around 93.9 per cent of share capital and around 92.7 per cent of BRIO's voting rights. The new share issue's subscription period began on 11 May and will run until 26 May.
- BRIO's share capital on 30 April 2009 amounted to SEK 93,333,320 and the total number of shares was 9,333,332, of which 3,914,666 class A shares with ten voting rights each and 5,418,666 class B shares with one voting right each. The total number of voting rights in BRIO AB decreased to 44,565,326, due to a reclassification of class A shares to class B shares. The number of shares remains unchanged.
- Proventus AB has undertaken, until the proposed preferential share issue has been carried out, to guarantee BRIO's solvency up to SEK 100 million in the form of a short-term bridging loan. SEK 50 million of this short-term loan was utilized during the reporting period in order to counteract the acute solvency crisis. A further SEK 30 million has been utilized after the end of the reporting period. The funds will be repaid in full when the issue is completed.
- In April BRIO signed a credit agreement with its main creditor. According to the credit agreement the credit is for SEK 266.5 million, of which some was used for letter of credit, guarantees, leasing and derivative products and SEK 75.0 million within the framework of seasonal invoice factoring. BRIO was allowed further time to pay off the interest until 30 June 2010 and credit runs interest-free until 31 December 2011.

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## **GROUP PERFORMANCE OVER THE REPORTING PERIOD JANUARY-MARCH 2009**

### **MARKET DEVELOPMENT**

Many demographic and socio-economic factors affect the growth of the toy market and baby product market. Market growth mainly follows the birth rate. In 2008 the birth rate in the Nordic region increased by around 1.5 per cent with around 290,000 babies currently being born every year. The rest of Europe is showing a somewhat slower increase with less than 1 per cent growth every year.

Market growth is boosted when the average age of first-time parents increases. This means that parents today often have a larger disposable income, which in turn leads to more money being spent on toys and baby products. Over a long-term perspective the market follows the general financial growth patterns. Because of the recession it is now considered that the second-hand market for baby products will increase.

The toy market is divided between traditional toys, TV and computer games. Traditional toys have seen a downward trend in 2008 as a result of the economic downturn. The largest downturn has been mainly felt on the US market.

Sales of baby products from retail outlets are dominated by prams with an estimated third of the market, and children's car seats with an estimated quarter of the market.

### **SALES**

Net sales during the reporting period amounted to SEK 203.5 million, which is an increase of SEK 30.5 million compared with the same period last year. Exchange rates affected sales revenues by SEK 15.1 million (3.8 m). Clearance sales of obsolete stock boosted sales by SEK 11.7 million during the reporting period. Following adjustments for currency effects and completed clearance sales, the reporting period's sales show an increase of 2 per cent compared to the same period last year.

The gross profit fell by SEK 9.9 million to SEK 69.0 million (78.9 m) compared with the same period last year. The gross margin fell from 45.6 per cent in Q1 2008 to 33.9 per cent for the same period in 2009. The gross profit was impacted during the reporting period by SEK 5.2 million as a result of clearance sales and clearance of stock. The stronger US dollar after mid 2008, combined with rising raw material prices, put the gross margin under pressure as the majority of the Group's purchases of goods are priced in US dollars.

### **COSTS**

The operation's sales, administration and development costs rose by SEK 17.2 million compared to the same period last year. BRIO continued working on its rationalization scheme during the reporting period in order to cut costs by around SEK 80 million annually and achieving full effect in 2011. One-off costs of SEK 6.2 million for starting up the rationalization scheme impacted the reporting period. The weak Swedish currency also means that costs in the Group's overseas operations increased by SEK 5.8 million as an effect of a higher conversion rate than the same period last year. Other deviations refer to increasing logistics costs and advanced marketing costs.

### **OPERATING LOSS**

The operating loss was SEK 57.8 million (+45.5 m), which is a decline of SEK 103.3 million compared to the same period in 2008. This can mainly be explained by the capital gains as a result of the sales of property carried out by BRIO in the same period last year. The sales figure was SEK 98.0 million, which after reserves gave an impact on profits of SEK 75 million and led to an operating loss, excluding capital gains, of SEK 29.5 million for Q1 2008. The higher operating loss was partly due to a lower gross profit of SEK 9.9 million and partly due to the operating costs rising by SEK 17.2 million. The Operating costs include one-off costs of SEK 6.2 million.

### **LOSS AFTER FINANCIAL ITEMS**

The Group's loss before tax was SEK 60.7 million (+31.4 m) for the reporting period. Net financial items improved by SEK 11.3 million from SEK -14.1 million to SEK -2.8 million, which is mainly an effect of the re-valued currency derivatives and other currency recalculations.

Earnings trend per quarter

(SEK m)	JAN-MAR 09	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08
Net sales	203.5	303.7	218.5	197.3	173.0
Net sales – 12 months continuous	923.0	892.5	912.5	916.7	922.0
Gross profit	69.0	115.2	96.1	83.1	78.9
Operating costs	-126.9	-173.8	-112.7	-105.2	-108.4
Operating profit/loss	-57.8	-58.6	-9.6**	-22.1	45.5*
Operating profit/loss – 12 months continuous	-148.1	-44.8	19.9	31.1	24.7
Operating loss, excluding capital gains for sale of property – 12 months continuous	-230.1	-126.8	-62.1	-43.9	-50.3
Net financial items	-2.8	7.3	1.8	-6.2	-14.1
Profit/loss after net financial items	-60.7	-51.3	-7.8	-28.3	31.4
Earnings per share, SEK	-6.85	-7.66	-0.95	-3.30	3.85

\* Including capital gains from sale of property of SEK 75 million

\*\* Including capital gains from sale of property of SEK 7 million

## PERFORMANCE BY DIVISION DURING THE REPORTING PERIOD JANUARY – MARCH 2009

The Group has been divided into two divisions since 1 January 2009: BRIO Toy and BRIO Baby. The franchise business BRIO Partner is an independent subsidiary of the Group.

### BRIO TOY DIVISION

The BRIO Toy division includes the Group's joint toy range, e.g. product development, purchasing and sales of toys under the BRIO and Alga brands and distribution through Scanditoy with purchasing and sales of trend, licence and branded toys. BRIO Toy is a consumer-driven division that will create growth through a broad range of strong brands and licenced products, major customer focus and wide-ranging market channels.

Net sales per market

(SEK m)	JAN-MAR 09	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08
Nordic region	103.1	184.9	113.8	107.5	83.4
Other European countries	21.4	44.5	24.4	11.5	16.8
Rest of the world	4.8	6.9	5.3	3.4	3.3
Total	129.3	236.4	143.4	122.4	103.5

Sales in the Nordic region mainly consist of BRIO and Alga brand toys, partly through the sale of trend, licensed and branded toys via independent retailers, retail chains and convenience stores. Sales in the Nordic region amounted to SEK 103.1 million (83.3 m) during the reporting period. The sales increase is partly due to the clearance sales of obsolete stock of SEK 8.7 million that took place during the reporting period. The Swedish part of the franchise chain BRIO Partner was terminated last year. Despite the termination BRIO Toy reported a sales increase of 15 per cent on the Swedish market during the reporting period compared to the same period last year.

Sales in other European countries mainly consist of BRIO brand toys via independent retailers and supermarkets. The growth in other European countries is mainly due to the sales successes on the German market. BRIO's single largest market outside Europe is Japan. In addition, BRIO exports toys to over 50 countries. Sales consist mainly of BRIO brand toys. Non-European sales during the reporting period amounted to SEK 4.8 million (3.3 m). The sales increase is mainly a result of the positive trend on the Japanese market.

Sales of BRIO brand products amounted to SEK 54.2 million (35.6 m), corresponding to 41.9 per cent (34.4) of the division's total net sales during the reporting period.

### BRIO BABY DIVISION

The BRIO Baby division covers the Group's product development, purchasing, manufacturing and sales of baby items, mainly prams, children's car seats and children's furniture through own brands BRIO, Carena and SIMO. All production is located in China with the exception of in-house manufacturing of prams and children's car seats in Hungary.

BRIO Baby concentrates on expectant parents and parents of children aged up to 3 years old. The division will create growth by strengthening its market positions in the Nordic region and Northern Europe, expand distribution and expand on select markets.

Net sales per market

(SEK m)	JAN-MAR 09	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08
Nordic region	61.5	50.4	52.5	63.0	61.1
Other European countries	9.4	11.8	8.9	3.6	2.9
Rest of the world	0.2	0.7	0.3	1.2	1.1
Total	71.1	62.9	61.7	67.8	65.1

Sales on the Nordic market during the reporting period amounted to SEK 61.5 million (61.1 m). The sales volumes included clearance sales of obsolete stock amounting to SEK 3 million.

Sales in the rest of Europe during the reporting period amounted to SEK 9.4 million (2.9 m). The second half of 2008 saw the launch of a more international range for BRIO Baby in Northern Europe, which is the main reason for the sales increase during the reporting period.

Sales of BRIO brand products amounted to SEK 48.7 million (41.2 m), equivalent to 68.5 per cent (63.3) of the division's total net sales during the reporting period.

### **BRIO PARTNER FRANCHISE BUSINESS**

The BRIO Partner franchise business is run by an independent subsidiary. With its member stores BRIO Partner is one of Norway's biggest retail chains for toys with 114 stores owned by the franchise members. In 2008 the business concentrated on the Norwegian market, after previously also including stores in Sweden, which explains the downturn in franchise revenues during the reporting period. Franchise revenues are based on franchisee sales.

Net sales per market

(SEK m)	JAN-MAR 09	OCT-DEC 08	JUL-SEP 08	APR-JUN 08	JAN-MAR 08
Nordic region	2.5	0.3	4.8	5.8	3.9

Sales relating to franchise income during the reporting period amounted to SEK 2.5 million (3.9 m).

## **OTHER INFORMATION CONCERNING THE REPORTING PERIOD JANUARY-MARCH 2009**

### **FINANCIAL POSITION**

The balance sheet total rose from SEK 643.4 million to SEK 689.7 million, compared to the same period last year.

The Group's liquid assets totalled SEK 14.7 million on 31 March 2009, compared to SEK 32.9 million on 31 March 2008. Net debt was SEK 417.1 million, compared with SEK 221.3 million last year, which is an increase of SEK 195.8 million. Net debt rose partly as an effect of the ongoing operational deficit in 2008 and during the reporting period and partly as an effect of the increased amount of tied up capital, mainly in stock.

The AGM on 27 April 2009 decided to go ahead with the board's proposal for a financial reconstruction of BRIO, which includes a new share issue with preferential rights for current shareholders of preferential rights shares amounting to around SEK 164 million, and an off-set issue subscribed for by the Group's main creditor amounting to around SEK 152 million. These measures mean that the Group's shareholders' equity will be strengthened by around SEK 316 million. The Group's liquidity, including new seasonal credit and after the repayment of a short-term loan from the main owner, Proventus, will increase by a minimum of SEK 175 million. On full subscription in the preferential rights and off-set share issues respectively and given that all warrants are utilized for subscription of new class B shares, this will have a dilution effect of around 93.9 per cent of the share capital and around 92.0 per cent of the voting rights in BRIO.

In April BRIO signed a new credit agreement with its main creditor. According to the credit agreement the credit is for SEK 266.5 million, of which some was used for letter of credit, guarantees, leasing and derivative products and SEK 75.0 million within the framework of seasonal invoice factoring. BRIO was allowed further time to pay off the interest until 30 June 2010 and credit runs interest-free until 31 December 2011. BRIO has pledged security partly through a property mortgage and pledged shares in subsidiaries. BRIO has also undertaken to meet specific key figures, or covenants, meaning that the Group's sales will be a minimum of SEK 700 million, calculated six-monthly over the past 12 months.

Until the defined preferential share issue has been carried out, Proventus AB, has undertaken to guarantee BRIO's solvency up to SEK 100 million in the form of a short-term loan. SEK 50 million of this short-term loan was utilized during the reporting period to counteract the acute solvency crisis. A further SEK 30 million was utilized after the end of the reporting period. The funds will be repaid in full when the issue is completed.

The convertible loan at market rates that BRIO issued in September 2006 falls due for payment on September 2010. The convertible loan runs with a 3 per cent annual dividend, 9 per cent effective interest and amounted to a total of SEK 63.9 million on 31 March 2009. BRIO's interest-bearing liabilities at the end of the reporting period amounted to SEK 431.8 million, of which bank credits of SEK 247.2 million, loans from Proventus of SEK 110.0 million and other interest-bearing liabilities of SEK 10.7 million. In addition there was a convertible loan of SEK 63.9 million. BRIO also has a pensions liability of SEK 65.6 million. The Group's equity/assets ratio was negative at the end of the reporting period against SEK 20.3 million for the same period last year. The equity/assets ratio, including convertible loans, was 2.9 per cent compared to 29.7 per cent for the same time last year and the majority share of shareholders' equity was SEK -46.3 million (128.7 m).

Following a decision by the AGM on 27 April 2009 BRIO will introduce a new share issue in May with preferential rights for existing shareholders of preferential shares of around SEK 164 million and an off-set issue subscribed for by the Group's main creditor of around SEK 152 million. Taking into account the proposed reconstruction, BRIO's interest-bearing liabilities, excluding pro forma pension commitments on 31 March 2009, amounted to around SEK 170 million excluding new non-utilized seasonal credit (after repaying the short-term loan of around SEK 110 million that main owner Proventus gave BRIO in Q4 2008 and Q1 2009 and the reduction of BRIO's bank loan by SEK 152 million as a result of the Group's main creditor's conversion of preferential shares).

BRIO's Board estimates that the current new share issue, combined with the other measures decided upon at the AGM in 2009, is sufficient to complete the recently started change initiatives to a sufficient degree and strengthen the company's financial position.

### **INVESTMENTS**

Investments in tangible and intangible fixed assets for the period January to March amounted to SEK 4.1 million (4.2 m). Investments are mainly attributable to IT and product development. Overall depreciation was SEK -4.3 million compared to SEK -2.6 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 political changes occur that influence BRIO's ability to purchase goods at established prices, it can have negative consequences on BRIO's earnings capability.

The global market is in a deep, widespread recession and the future development of the business climate is difficult to predict. Reporting of certain items in the balance sheet is based on estimates and predictions and are therefore uncertain. Against the background of BRIO's restructuring work and the prevailing market situation this applies specifically to values of goodwill, brands and deferred tax liabilities. BRIO's Board estimates that the current new share issue, combined with the other measures decided upon at the AGM in 2009, is sufficient to complete the recently started change initiatives to a sufficient degree and strengthen the company's financial position. It cannot however be discounted that the company will not be able to generate sufficient of its own profit to cover future financing and thereby will need to seek external capital. Neither can the company guarantee that capital can be acquired when the need arises and that the conditions for possible future financing are acceptable to the company and its owners. For a full description of the Group's risk management please refer to the Annual Report 2008 and the current share issue prospectus.

## PARENT COMPANY

The loss before tax for the reporting period was SEK 39.0 million (+63.2 m). The profit before tax for Q1 2008 was positively impacted by capital gains from the sale of properties and amounted to SEK 86.8 million.

Sales for the reporting period amounted to SEK 91.5 million (82.0 m). Investments in intangible and tangible fixed assets amounted to SEK 3.1 million (3.9 m). The parent company's net liquidity on 31 March 2009 was SEK 8.0 million, compared to SEK 35.6 million at the start of the year.

The headcount during the reporting period was 96, compared to an average of 109 for the full year in 2008.

## STAFF

During the reporting period BRIO Group had a headcount of 373, compared to an average of 396 for the full year in 2008.

## NOMINATIONS COMMITTEE

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

Key indicators – The Group

	MAR 2009	MAR 2008	DEC 2008
Return on capital employed, %	Neg	11,0	Neg
Return on shareholders' equity, %	Neg	31,8	Neg
Equity/assets ratio including subordinated loan, %	2.9	29.7	9.7
Equity/assets ratio, %	Neg	20.3	0.9
No. of shares at the end of the period	9 333 332	9 333 332	9 333 332
No. of shares at the end of the period after dilution	9 333 332	9 555 332	9 333 332
Average number of shares during the period	9 333 332	9 333 332	9 333 332
Average number of shares during the period after dilution	9 333 332	9 555 332	9 333 332
Shareholders' equity per share, SEK	Neg	13.97	0.70

Income statement in summary – The Group

(SEK m)	JAN-MAR		APR 2008-	Full-year
	2009	2008	MAR 2009	2008
Net sales	203.5	173.0	923.0	892.5
Cost of goods sold	-134.5	-94.1	-559.5	-519.1
Gross profit	69.0	78.9	363.5	373.4
Sales costs	-86.8	-75.8	-383.4	-372.4
Administrative costs	-40.7	-32.0	-135.1	-126.4
Development costs	-4.8	-7.3	-26.8	-29.3
Other operating income/expenses	5.4	81.7	33.7	110.0
Operating profit/loss	-57.8	45.5	-148.1	-44.7
Net financial items	-2.8	-14.1	0.1	-11.2
Profit/loss before tax	-60.7	31.4	-148.0	-55.9
Tax on profit/loss for the year	-2.9	4.6	-26.9	-19.3
Profit/loss for the year	-63.6	36.0	-174.9	-75.3
Of which parent company's shareholders	-64.0	35.9	-175.4	-75.6
Of which minority share	0.4	0.1	0.5	0.3
Earnings per share before dilution, SEK	-6.85	3.85	-18.74	-8.10
Earnings per share after dilution, SEK	-6.85	3.76	-18.74	-8.10

Statement of comprehensive income – The Group

(SEK m)	JAN-MAR		APR 2008-	Full-year
	2009	2008	MAR 2009	2008
Results for the period	-63.6	36.0	-174.9	-75.3
Comprehensive income – other				
Translation differences for the period	12.9	-1.3	0.3	-13.9
Comprehensive income for the period – other	12.9	-1.3	0.3	-13.9
Comprehensive income for the period – total	-50.6	34.7	-174.5	-89.2
Of which parent company's shareholders	-51.1	34.6	-174.9	-89.2
Of which minority share	0.5	0.1	0.4	0.0

Depreciation/amortization – The Group

(SEK m)	JAN-MAR	JAN-MAR	Full-year
	2009	2008	2008
Cost of goods sold	-2.3	-1.2	-7.0
Sales costs	-0.5	-0.2	-1.1
Administrative costs	-1.6	-1.1	-5.4
Development costs	-0.0	-0.1	-0.2
Total	-4.3	-2.6	-13.6

Balance sheet in summary – The Group

(SEK m)	31-03-09	31-03-08	31-12-08
ASSETS			
Intangible assets	165.2	160.1	155.9
Tangible fixed assets	20.7	18.2	19.2
Financial fixed assets	25.1	46.8	26.1
Total fixed assets	211.0	225.1	201.2
Stock	285.1	232.5	261.7
Accounts receivable	143.8	120.9	152.0
Other receivables	35.1	32.0	45.6
Liquid assets	14.7	32.9	60.1
Total current assets	478.7	418.3	519.4
Total assets	689.7	643.4	720.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Parent company's shareholders' share			
Share capital	93.3	93.3	93.3
Other capital contribution	128.1	128.2	128.1
Reserves	76.9	76.3	64.0
Loss brought forward	-344.5	-169.1	-280.5
Total	-46.3	128.7	5.0
Minority shareholding	2.1	1.7	1.6
Total shareholders' equity	-44.1	130.4	6.5
Interest-bearing long-term liabilities			
Liabilities to credit institutions	0.0	8.6	8.6
Other long-term liabilities	73.1	60.4	63.0
Non interest-bearing long-term liabilities			
Deferred tax liabilities	18.7	18.0	16.9
Pension provisions	65.6	64.8	62.8
Other provisions	34.4	10.8	16.8
Current interest-bearing liabilities			
Other current liabilities	358.7	185.2	303.1
Non interest-bearing current liabilities			
Provisions	3.1	18.5	19.4
Accounts payable - trade	112.7	77.9	124.2
Other current liabilities	67.4	68.8	98.2
Total liabilities	733.8	513.0	714.0
Total shareholders' equity and liabilities	689.7	643.4	720.5

Changes in shareholders' equity – The Group

(SEK m)	Attributable to parent company's shareholders				Minority interests	Total equity
	Share capital	Other capital contribution	Reserves	Loss brought forward		
Opening balance on 1 January 2008	93.3	128.2	77.6	-205.0	1.6	95.7
Overall result for the period – total			-1.3	35.9	0.1	34.7
Closing balance on 31 March 2008	93.3	128.2	76.3	-169.1	1.7	130.4
Overall result for the period – total		-0.1	-12.3	-111.4	-0.1	-123.9
Closing balance on 31 December 2008	93.3	128.1	64.0	-280.5	1.6	6.5
Overall result for the period – total			12.9	-64.0	0.5	-50.6
Closing balance on 31 March 2009	93.3	128.1	76.9	-344.5	2.1	-44.1

Other reserves – The Group

(SEK m)	Translation difference	Revaluation reserve	Other reserves
Opening balance on 1 January 2008	60.1	17.5	77.6
Translation difference for the period	-1.3	-	-1.3
Closing balance on 31 March 2008	58.8	17.5	76.3
Translation difference for the period	-12.3	-	-12.3
Closing balance on 31 December 2008	46.5	17.5	64.0
Translation difference for the period	12.9	-	12.9
Closing balance on 31 March 2009	59.4	17.5	76.9

Cash flow statement – The Group

(SEK m)	JAN-MAR 09	JAN-MAR 08	FULL YEAR 2008
Cash flow from current activities before changes in working capital	-52.9	-35.2	-129.1
Changes in working capital	-47.0	-50.0	43.2
Cash flow from current activities	-99.9	-85.2	-85.9
Cash flow from investment activities	-4.6	94.4	61.2
Cash flow from financing activities	57.5	-50.7	8.7
Cash flow for the period	-47.0	-41.5	-15.9
Liquid assets at the start of the period	60.1	74.8	74.8
Exchange rate difference in liquid assets	1.6	-0.4	1.2
Liquid assets at the end of the period	14.7	32.9	60.1

Income statement in summary – Parent company

	JAN-MAR 2009	JAN-MAR 2008	APR 2008- MAR 2009	Full-year 2008
(SEK m)				
Net sales	91.5	82.0	391.9	382.3
Cost of goods sold	-59.5	-45.1	-239.5	-225.1
Gross profit	32.0	36.9	152.4	157.2
Sales costs	-39.3	-34.9	-170.0	-165.6
Administrative costs	-22.8	-19.0	-77.5	-73.7
Development costs	-4.4	-6.0	-29.6	-31.2
Other operating income/expenses	2.5	95.3	22.8	28.9
Operating profit/loss	-32.0	72.3	-101.9	-84.4
Profit/loss from participations in Group companies	-	-	-6.2	80.5
Net financial items	-7.0	-9.1	-1.3	-3.3
Profit/loss after net financial items	-39.0	63.2	-109.4	-7.2
Additional depreciation	-	-	-	-
Profit/loss before tax	-39.0	63.2	-109.4	-7.2
Tax on profit/loss for the year	-	1.3	-15.7	-14.4
Profit/loss for the year	-39.0	64.5	-125.1	-21.6

Balance sheet in summary – Parent company

(SEK m)	31-03-09	31-03-08	31-12-08
ASSETS			
Fixed assets			
Intangible fixed assets	37.1	37.7	39.2
Tangible fixed assets	11.5	10.6	10.2
Financial fixed assets	338.2	266.7	340.9
Total fixed assets	386.8	315.0	390.2
Stock	112.5	88.1	113.9
Accounts receivable	55.9	45.2	66.6
Other receivables	154.6	183.1	189.5
Liquid assets	8.0	11.2	35.6
Total current assets	331.0	327.6	405.6
Total assets	717.8	642.6	795.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity			
Share capital	93.3	93.3	93.3
Revaluation reserve	34.0	44.0	34.0
Statutory reserve	11.2	11.2	11.2
Total restricted shareholders' equity	138.5	148.5	138.5
Non-restricted shareholders' equity			
Share premium reserve	128.1	128.1	128.1
Loss brought forward	-176.7	-165.0	-155.1
Profit/loss for the reporting period	-39.0	64.5	-21.6
Total non-restricted shareholders' equity/loss brought forward	-87.6	27.6	-48.6
Total shareholders' equity	51.0	176.1	90.0
Allocations			
Pension allocations	53.3	54.5	53.0
Other allocations	14.4	7.6	14.2
Total allocations	67.6	62.1	67.2
Long-term liabilities			
Liabilities to Group companies	4.2	23.0	15.9
Other liabilities	63.9	60.5	63.0
Total long-term liabilities	68.0	83.5	78.9
Current liabilities			
Bank overdraft facilities	153.7	87.9	147.6
Accounts payable - trade	38.3	22.4	43.9
Liabilities to Group companies	140.4	111.1	211.7
Liabilities to parent company	110.1	-	60.9
Other liabilities	88.6	99.5	95.7
Total current liabilities	531.1	320.9	559.7
Total shareholders' equity and liabilities	717.8	642.6	795.8

#### Shareholders on 31 March 2009

	NO. OF A SHARES	NO. OF B SHARES	SHAREHOLDING, %	VOTES, %
Proventus Invest AB	2 752 466	2 621 725	57.58	61.42
Dag Ivarsson and family	1 112 200	86 541	12.84	22.84
Consepio	0	654 065	7.01	1.33
BRIO ABs Intressefond	266 000	59 000	3.48	5.54
BRIO ABs Personalstiftelse	236 000	0	2.53	4.81
Geveran Trading Co Ltd	0	100 000	1.07	0.20
Bengt Ivarsson	50 000	50 000	1.07	1.12
Susanna Molander	0	77 200	0.83	0.16
Yellowkey AB	0	69 529	0.74	0.14
Tomas Persson	0	62 600	0.67	0.13
Other shareholders	0	1 136 006	12.18	2.31
Total	4 416 666	4 916 666	100.00	100.00

At the request of BRIO's Staff and Associate Fund, BRIO converted a total of 502,000 class A shares in April to the equivalent number of class B shares in BRIO in accordance with the conversion provisions stated in the articles of association. Following the conversion BRIO AB's share capital is made up of 3,914,666 class A shares with ten votes each and 5,418,666 class B shares with one vote each. The total number of votes in BRIO AB after the conversion is 44,565,326.

#### Information per segment

The Group has been divided into two segments; BRIO Toy and BRIO Baby since 1 January 2009. The company is adapting its systems in order to allow the production of information according to this new segment division. This will be applied in time for the interim report for Q2.

#### Sales per market

(SEK m)	JAN-MAR 09	JAN-MAR 08
Sweden	65.5	57.7
Nordic region, except Sweden	99.4	91.1
Other European countries	32.0	20.0
North America	0.7	0.5
Rest of the world	5.9	3.7
Total	203.5	173.0

#### 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 period 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	1.8

## ACCOUNTING PRINCIPLES

General information about applied accounting principles – The Group

The Group applies the EU-endorsed IFRS standards, the Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 1.2, 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 2008, with the changes below. The note states that IFRS standards have been applied since 2005 and the impact this has on the BRIO Group.

Change to accounting principles – The Group

### *Presentation of financial statements*

As of 1 January 2009 the Group is implementing the changes to IAS 1 Presentation of Financial Statements. The standard divides changes in shareholders' equity as a result of transactions with owners and other changes. The account of changes in shareholders' equity only contains details of owner transactions. Changes other than owner transactions in shareholders' equity are presented in a line in the account of changes to shareholders' equity. In addition, the standard introduces the term "Statement of comprehensive income – Group" that shows all items concerning revenues and costs. BRIO has chosen to report in two tables, an income statement and a statement of comprehensive income. Comparable information for 2008 has been revised in accordance with the new standard.

### *Information about the parent company*

The parent company reports in accordance with the Annual Accounts Act and RFR 2.2, Accounting for Legal Entities.

## FUTURE REPORTS

Report	Time of publication
Q2 report 2009	23 July 2009
Q3 report 2009	3 November 2009

Malmö, 13 May 2009

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 business is divided into two divisions; BRIO Toy and BRIO Baby, along with the subsidiary, BRIO Partner. The company was formed in 1884 and is today an international Group with the BRIO, SIMO and Alga brands. The Group has about 370 employees, is represented in over 50 countries and has been listed on the Nasdaq OMX Nordic Exchange Stockholm since 1985.

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BRIO is a public limited liability company