

FINANCIAL STATEMENT

January - December 2009

BRIO PROFITS IMPROVED BY SEK 75 MILLION IN Q4

REPORT PERIOD OCTOBER – DECEMBER 2009

- Net sales amounted to SEK 304.2 million (303.7 m)
- The operating profit was SEK 16.7 million (-58.6 m)
- The profit after tax was 16.1 million (-71.5 m)
- EPS before and after dilution was SEK 0.10 (-7.66)
- Cash flow from current business was SEK 125.3 million (144.7 m)

REPORT PERIOD JANUARY – DECEMBER 2009

- Net sales amounted to SEK 951.0 million (892,5 m)
- The operating loss excluding capital gains was SEK 122.3 million (-126.8 m)
- The operating loss excluding capital gains and adjusted for restructuring costs was SEK 100.9 million (-111.3 m)
- The operating loss was SEK 122.3 million (-44.7 m)
- The loss after tax was SEK 140.6 million (-75.3 m)
- EPS before and after dilution was SEK -1.51 (-8.10)
- Cash flow from current business was SEK 6.9 million (-85.9 m)

SIGNIFICANT EVENTS DURING AND AFTER THE REPORT PERIOD

- The Board proposes that no dividend be paid for 2009
- The Board expects the operating profit to improve significantly for the full year 2010

CEO's COMMENTS

The comprehensive changes we carried out in the first six months of the year provided clear results at year-end. Compared with the same quarter last year profits improved by SEK 75 million and costs were cut by SEK 40 million. We also had a positive cash flow for the full year from current activities, thanks to the rationalization of stocks and logistics.

We refinanced the company during the first six months and together with the Board of Directors BRIO's management developed a strategy plan for making BRIO profitable. The company's weak liquidity had a large negative impact on profits for the first six months. BRIO suffered from not being able to hedge currency sufficiently, which meant significantly higher purchase prices when the US dollar got stronger, and the company was also forced to perform large clearance sales to adapt stocks and free up liquid assets.

In the second half of the year we increasingly noted positive effects from the measures taken at the start of the year. The strategy plan, focusing on the two clear divisions of BRIO Toy and BRIO Baby and on the Nordic region and Northern Europe as the main markets, produced good results: our sales climbed by 6.5 per cent, we cut costs for staff and premises, and the share of sales of our prioritized brands improved.

The next focus for BRIO's change initiative is on measures to improve liquidity, control costs and improve gross margins. Profits and liquidity will be prioritized ahead of sales growth. We expect the operating profit to improve significantly for the full year 2010.

Andreas Sbrodiglia
President and CEO, BRIO

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GROUP PERFORMANCE OVER THE REPORT PERIOD OCTOBER-DECEMBER 2009

OUTLOOK

The change process at BRIO will now continue with the focus on measures to boost liquidity, cost control and improved gross margins, with priority given to profits and liquidity ahead of sales growth. The Board expects the operating profit to improve significantly for the full year 2010.

MARKET DEVELOPMENT

According to the DHI retail index, toy sales on the Swedish toy market rose by 6.3 per cent in December and by 0.9 per cent accumulated over the year, measured in current prices and compared to the same periods last year. BRIO considers that other Nordic countries have followed a similar trend.

The average value of toy purchases in Sweden rose in 2009 by 12.6 per cent. The total market value for classic toys is expected to be SEK 3.7 billion, of which more than half are products for children aged 0-5. The largest segment among classic toys is activity toys (building, drawing, painting), in which the majority of BRIO brand toys are included. *Source GFK.*

In BRIO's assessment, the share of traditional toys and characters is now tending to grow on the toy market, partly as an effect of a weaker business climate and less willingness by the industry to take risks, but also based on consumer demand.

There was poor growth on the Baby market despite strong retail sales in general over the period. Consumers bought more second-hand prams and were reusing baby products for the second child. The consolidation of the baby market increased, and it was recently announced that one of the significant players in the retail chain on the Swedish baby products market was acquired by a Norwegian equivalent, leading to the formation of a Group with a number of store concepts and a significant number of its own stores and franchisees. BRIO adapted its organization in the autumn to match a more consolidated customer structure, with a comprehensive Nordic sales organization, which works both directly with customers in the respective countries and at key account level.

SALES

The Group's net sales during the period amounted to SEK 304.2 million (303.7 m), which is in line with the same period last year. Q4 last year was strong in terms of sales, mainly due to late inward deliveries earlier in the year that moved sales volumes forward to the final quarter. Sales for the year have not been affected by corresponding product supply problems, which is why sales for the report period can be seen as confirmation of continued positive sales growth. Exchange rate effects positively influenced sales revenues with SEK 6.9 million (4.9 m).

The gross profit rose by SEK 7.2 million to SEK 122.4 million (115.2 m) compared with the same period last year. The gross margin improved from 37.9 per cent in Q4 2008 to 40.2 per cent for the same period in 2009. The Group's purchases of goods is mainly in USD, which is why the gross profit has been progressively favoured by a weaker USD. Purchase prices, mainly of baby products, are still being affected by the increased raw material prices that gradually broke through in the second half of 2008.

COSTS

The operation's sales, administration and development costs including other operating income and costs fell by SEK 68.1 million to SEK 105.7 million (173.8 m) compared with the same period last year. During the report period, positive currency effects of SEK 1.4 million impacted other operating income and costs, while in the corresponding period last year there was a negative currency effect of SEK 8.1 million. The weak Swedish krona means that costs in the Group's foreign subsidiaries rose by SEK 2.8 million due to the effect of a higher translation rate than the corresponding period last year.

BRIO continued working on its rationalization scheme during the period in order to cut costs by around SEK 80 million annually with full effect in 2011. Restructuring reserves of SEK 3.7 million were reversed during the report period, while new reserves of SEK 0.8 were allocated. During the same period last year, costs were impacted by one-off costs of SEK 15.5 million. When one-off costs and currency and calculation effects are excluded, costs fell by SEK 40 million during the report period. Cost-cutting measures were introduced throughout all business activities and were partly attributable to seasonal variations, but mainly due to the drop in costs for staff and business premises.

The objective is to cut costs by around SEK 80 million annually with full effect by 2011. One-off costs impacted full-year profits negatively by SEK 21.5 million in 2009. One-off costs of SEK 15.5 million were incurred in Q4 2008.

Further one-off costs are expected in 2010 of around SEK 8-10 million. Cost-cutting effects in 2009 amounted to around SEK 30 million.

OPERATING PROFIT

The operating profit for the period was SEK 16.7 million (-58.6 m), which is an improvement of SEK 75.3 million compared to the same period last year. The improvement was partly due to better gross profits, but mainly to the cut in costs of SEK 68.1 million. Adjusted for one-off costs and currency and translation effects, costs fell by a total of SEK 40.0 million.

PROFIT AFTER FINANCIAL ITEMS

The Group's profit before tax was SEK 17.1 million (-51.3 m) for the report period. Net financial items deteriorated by SEK 6.9 million from SEK 7.3 million to SEK 0.4 million, which was mainly an effect of currency translations.

Earnings trend per quarter

(SEK m)	OCT- DEC 09	JUL- SEP 09	APR- JUN 09	JAN- MAR 09	OCT- DEC 08
Net sales	304.2	234.2	209.1	203.5	303.7
Net sales – 12 months continuous	951.0	950.5	934.8	923.0	892.5
Gross profit	122.4	87.1	65.3	69.0	115.2
Operating costs	-105.7	-95.8	-137.8	-126.9	-173.8
Operating profit/loss	16.7	-8.6	-72.5	-57.8	-58.6
Operating loss – 12 months continuous	-122.3	-197.6	-198.5**	-148.1**	-44.7*
Operating loss, excluding capital gains for sale of property – 12 months continuous	-122.3	-197.6	-205.5	-155.1	-126.8
Net financial items	0.4	-7.7	-4.6	-2.8	7.3
Profit/loss after net financial items	17.1	-16.3	-77.1	-60.7	-51.3
Earnings per share before and after dilution, SEK	0.10	-0.11	-1.32	-6.85	-7.66

* Including capital gains from sale of property in Q1 2008 of SEK 75 million and in Q3 2008 of SEK 7 million

** Including capital gains from sale of property in Q3 2008 of SEK 7 million

PERFORMANCE BY DIVISION DURING THE REPORT PERIOD OCTOBER - DECEMBER 2009

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

BRIO TOY DIVISION

The BRIO Toy division includes the Group's joint toy range, i.e. product development, purchasing and sales of toys under the BRIO and Alga brands and distribution through Scanditoy with purchasing and sales of trend, license and branded toys. BRIO Toy is a consumer-focused division aimed at creating sales growth and a good return through a broad range of strong brands and licenses products, a large customer focus and broad market channels.

Net sales per market

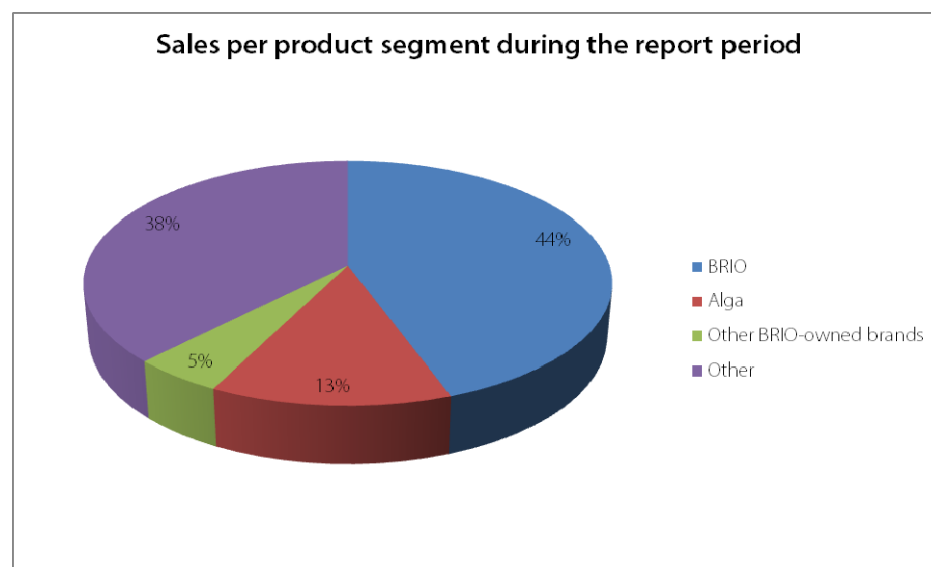
(SEK m)	OCT-DEC 09	JUL-SEP 09	APR-JUN 09	JAN-MAR 09	OCT-DEC 08
Nordic region	195.1	125.0	113.0	102.6	187.3
Other European countries	35.5	22.3	9.8	13.9	39.0
Rest of the world	4.7	3.5	2.6	4.8	6.9
Total	235.3	150.8	125.4	121.3	233.3

Sales in the Nordic region mainly consist of BRIO and Alga brand toys, partly through the sales of trend, licenses and branded toys via independent retailers, retail chains and convenience stores. Sales in the Nordic region amounted to SEK 195.1 million (187.3 m) during the report period. Higher sales for BRIO, Alga and toys with the Hello Kitty brand, contributed to the increase. BRIO's sales to the retail trade were very good prior to Christmas, especially in September and October, and during 2009 BRIO was in phase concerning deliveries ahead of the Christmas shopping season. In 2008, large outward deliveries were carried out in November and December due to delayed inward deliveries, which was why some of the sales in 2008 to consumers occurred after Christmas.

Sales in other European countries mainly consist of BRIO brand toys via independent retailers and supermarkets. Sales in Other European countries amounted to SEK 35.5 million (39.0 m) during the report period. The downturn is mainly attributable to a certain downturn in France and a seasonal variation in Germany.

Sales outside Europe consist of BRIO brand toys. Sales during the period amounted to SEK 4.7 million (6.9 m). Last year's sales included products within the framework of a distribution agreement. There were no similar sales for the current report period.

Sales of BRIO brand products amounted to SEK 90.7 million (89.0 m), which represents 39 (38) per cent of the division's net sales during the report 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 focuses on parents to be and parents of children aged 0-3 years. The division aims at creating growth and profitability by strengthening its market positions in the Nordic region and northern Europe, extending distribution and expanding on selected markets.

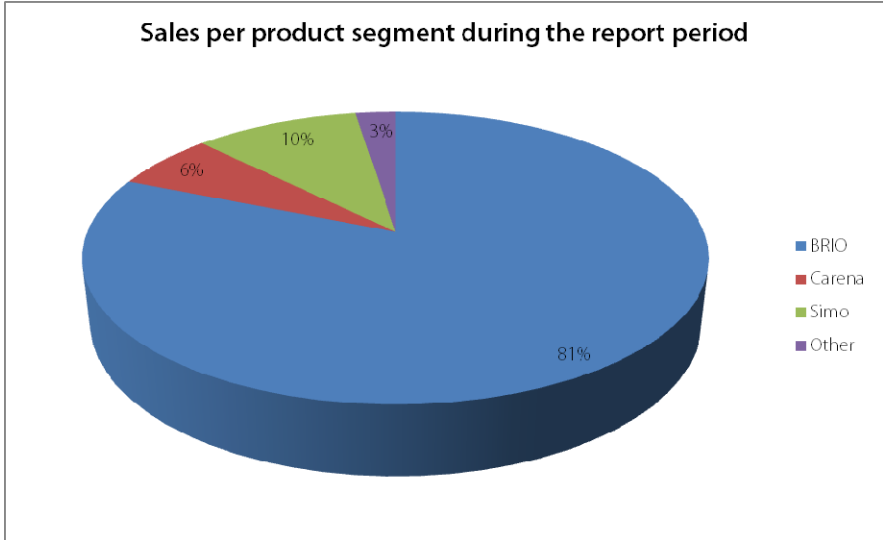
Net sales per market

(SEK m)	OCT-DEC 09	JUL-SEP 09	APR-JUN 09	JAN-MAR 09	OCT-DEC 08
Nordic region	40.9	46.0	51.6	51.2	43.2
Other European countries	14.3	12.7	13.2	16.4	16.7
Rest of the world	0.4	1.0	0.3	1.0	0.7
Total	55.6	59.7	65.1	68.6	60.6

Sales on the Nordic market during the report period amounted to SEK 40.9 million (43.2 m). The drop in sales is mainly the result of delays in goods flows that negatively impacted sales, mainly of prams and children’s furniture during the report period.

Sales in other European countries during the report period amounted to SEK 14.3 million (16.7 m). The second half of 2009 saw the launch of a more international range for BRIO Baby in Northern Europe. The main reason for lower sales volumes in other European countries is the closure of the subsidiary in the UK and a local distributor has been contracted instead. The restructuring has had a short-term negative impact on the report period’s sales.

Sales of BRIO brand products amounted to SEK 45.6 million (45.3 m), which represents 82 (75) per cent of the division’s total net sales during the report period.



BRIO LEKEHUSET PARTNER FRANCHISE BUSINESS

The BRIO Lekehuset Partner franchise business is run by an independent subsidiary. With its 114 member stores, owned by the franchise members, BRIO Lekehuset Partner is Norway's biggest retail chains for toys with sales accounting for about one third of the Norwegian market. The BRIO Lekehuset Partner chain's management team coordinates and runs marketing, purchasing and range planning for the franchisees.

In 2008 the business concentrated on the Norwegian market, after previously also including stores in Sweden, which explains the downturn in franchise revenues during Q4 last year. Franchise revenues are based on the franchisees' sales.

Net sales per market

(SEK)	OCT-DEC 09	JUL-SEP 09	APR-JUN 09	JAN-MAR 09	OCT-DEC 08
Nordic region	2.7	2.3	2.4	2.5	0.4

OTHER INFORMATION CONCERNING THE REPORT PERIOD OCTOBER-DECEMBER 2009

FINANCIAL POSITION

The balance sheet total fell from SEK 720.5 million to SEK 608.9 million, compared to the same period last year. The drop is mainly due to increased efficiency in stocks, which is an effect of improved purchasing processes based on a reinforced link to sales forecasts and customer orders. Increased focus on active processing of outstanding accounts receivable also contributed to the reduced balance sheet total.

BRIO works constantly on improving the efficiency of its working capital in order to further streamline working capital, mainly by ensuring that suppliers follow the business' seasonal variations, but also by further optimizing how BRIO's incoming flow of goods meets sales to customers.

The Group's liquid assets totalled SEK 111.6 million on 31 December 2009, compared to SEK 60.1 million on 31 December 2008. Net debt was SEK 4.0 million, compared to SEK 314.6 million at the same time last year, which is a drop of SEK 310.6 million. Net debt was reduced partly through the financial reconstruction carried out during the first half of the year, but also due to the more effective use of the company's working capital.

During the year BRIO completed measures within the framework of the financial reconstruction of the Group agreed by the AGM on 27 April 2009. A new share issue with preferential rights for current shareholders raised around SEK 164 million before administration costs. In connection with the preferential rights issue BRIO paid back a loan to Proventus AB amounting to around SEK 140 million, of which around SEK 60 million was in temporary working capital financing established in Q4 2008 and around SEK 80 million was bridging financing for the period up to the implementation of the new share issue.

BRIO signed a new credit agreement in April with its main creditor. According to the credit agreement the credit framework amounts to SEK 266.5 million, of which some will be utilized for letters of credit, guarantees, leasing and derivative products, and SEK 75.0 million represents a framework for seasonal invoice borrowing. BRIO was granted a freeze on interest payments up to 30 June 2010, and the credit is amortization-free up to 31 December 2011. The credit has been raised as an overdraft facility and is reported under current liabilities. BRIO pledged a property mortgage and shares in a subsidiary as security. BRIO is also committed to achieving specific key indicators as part of a covenant, which means that the Group's sales must reach at least SEK 700 million, calculated using six-month periods over the past 12 months. BRIO's board of directors decided on 3 November 2009 to co-opt a representative from the creditors as an observer on the board.

The market-listed subordinated loan that BRIO issued in September 2006 falls due for payment in September 2010. The loan is linked to a 3 per cent annual coupon payment, 9 per cent effective interest and on 31 December 2009 amounted to a total of SEK 66.6 million. BRIO is working to refinance a large part of the subordinated loan and will report on the terms for refinancing in March. At the end of the report period BRIO's current interest-bearing liabilities amounted to SEK 115.6 million. In addition BRIO has pension allocations of SEK 68.4 million. The Group's equity/assets ratio at the end of the report period was 32.0 per cent, compared to 0.9 per cent at the same time last year. The equity/assets ratio, including convertible loans, was 42.9 per cent (9.7) and the majority share of shareholders' equity was SEK 192.4 million (5.0 m).

INVESTMENTS

Investments in tangible and intangible fixed assets for the period October to December amounted to SEK 4.1 million (5.0 m). Investments are mainly attributable to product development. Overall depreciation and impairment was SEK -6.4 million compared with SEK -4.8 for the same period last year. The report period was impacted by one-off impairments of SEK 1.7 million.

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.

SUSTAINABILITY

BRIO is responsible for quality throughout the business and has high ambitions for its quality and sustainability initiatives, where certification of suppliers and regular external checks are vital. It was noted in the autumn that some of BRIO's contracted toy suppliers were not fully living up to the levels BRIO sets. BRIO is dealing with this through intensified dialogue, direct action on site and by reinforcing the organization for sustainability initiatives. A key assignment for the new Group-wide unit for goods procurement is to integrate sustainability into the daily business over the short and long term.

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.

Currency risks partly arise due to profits and net investment in foreign subsidiaries and due to flow exposure as a result of commercial flows (mainly in USD for outflow and NOK and EUR for inflow). Invoicing to foreign subsidiaries is in the local currency. Invoicing to other foreign customers mainly takes place in the customers' currency. BRIO's finance policy states that commercial flows must be forward covered. Hedging should take place for between 50 and 80 per cent of future flows in a concurrent nine-month period.

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 is therefore uncertain. Against the background of BRIO's restructuring work and the prevailing market situation this applies specifically to values of goodwill, brands, shares in subsidiaries and deferred tax liabilities.

It cannot be ruled out that the company will be unable to generate sufficient profit to finance future activities and must therefore seek further external capital. There is no guarantee that the company will be able to raise capital when it need to and that the terms for future financing are acceptable for the company and its owners. For a full description of the Group's risk management, please refer to the 2008 Annual Report.

PARENT COMPANY

The loss before tax for the report period was SEK 27.1 million (-47.0 m). Sales for the period amounted to SEK 104.8 million (122.8 m). Investments in tangible and intangible fixed assets amounted to SEK 3.2 million (3.1 m). The parent company's liquid funds on 31 December 2009 were SEK 38.5 million, compared to SEK 35.6 million at the start of the year.

The average number of employees in the parent company during the report period was 91, compared to an average of 109 for the full year in 2008.

STAFF

During the report period the BRIO Group had a headcount of 322, compared to an average of 396 for the full year in 2008. Of the 310 staff at the end of the report period 17 were being made redundant.

DIVIDEND

No dividend is proposed for the 2009 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Malmö on 11 May 2010.

NOMINATIONS COMMITTEE

The nominations committee consists of Bengt Ivarsson, Ivarsson family representative and convener, Daniel Sachs, representing Proventus Invest AB, and Mats Jacobsson representing Mats and Margareta Jacobsson. The nominations committee's can be contacted via: Nominations Committee, BRIO AB, Box 305, 201 23 Malmö, Sweden.

ANNUAL REPORT

The annual report will be available on BRIO's website at: www.brio.net from mid April 2010.

Key indicators – The Group

	DEC 2009	DEC 2008
Return on capital employed for the quarter, %	9.3	Neg
Return on shareholders' equity for the quarter, %	8.6	Neg
Return on capital employed for the year, %	Neg	Neg
Return on shareholders' equity for the year, %	Neg	Neg
Equity/assets ratio including subordinated loans, %	42.9	9.7
Equity/assets ratio, %	32.0	0.9
No. of shares at the end of the period	152 885 018	9 333 332
No. of shares after dilution	154 197 055	9 608 332
Average number of shares during the quarter	152 885 018	9 333 332
Average number of shares after dilution	154 197 055	9 608 332
Shareholders' equity per share during the quarter, SEK	1.27	0.70
Shareholders' equity per share during the year, SEK	2.09	0.70

Income statement in summary – The Group

(SEK m)	OCT-DEC		Full year	
	2009	2008	2009	2008
Net sales	304.2	303.7	951.0	892.5
Cost of goods sold	-181.8	-188.5	-607.1	-519.1
Gross profit	122.4	115.2	343.9	373.4
Sales costs	-83.6	-127.2	-324.0	-372.4
Administrative costs	-34.3	-44.6	-147.0	-126.4
Development costs	-3.6	-8.2	-14.9	-29.3
Other operating income/expenses	15.7	6.2	19.6	110.0
Operating profit/loss	16.7	-58.6	-122.3	-44.7
Net financial items	0.4	7.3	-14.7	-11.2
Profit/loss before tax	17.1	-51.3	-137.0	-55.9
Tax on profit/loss for the period	-1.1	-20.2	-3.6	-19.3
Profit/loss for the period	16.1	-71.5	-140.6	-75.3
Of which parent company's shareholders	16.0	-71.5	-140.9	-75.6
Of which minority share	0.0	0.0	0.3	0.3
Earnings per share before and after dilution, SEK	0.10	-7.66	-1.51	-8.10

Statement of comprehensive income – The Group

(SEK m)	OCT-DEC		Full year	
	2009	2008	2009	2008
Results for the period	16.1	-71.5	-140.6	-75.3
Comprehensive income - other				
Translation differences for the period	0.2	-11.1	15.7	-13.9
Comprehensive income for the period - other	0.2	-11.1	15.7	-13.9
Comprehensive income for the period - total	16.2	-82.6	-124.9	-89.2
Of which parent company's shareholders	16.1	-82.3	-125.4	-89.2
Of which minority share	0.1	-0.3	0.5	0.0

Depreciation/amortization – The Group

(SEK m)	OCT-DEC		Full year	
	2009	2008	2009	2008
Cost of goods sold	-4.4	-2.7	-11.8	-7.0
Sales costs	-0.7	-0.3	-2.0	-1.1
Administrative costs	-1.3	-1.7	-6.4	-5.4
Development costs	-0.0	-0.1	-0.0	-0.2
Total	-6.4	-4.8	-20.3	-13.6

Balance sheet in summary – The Group

(SEK m)	09-12-31	08-12-31
ASSETS		
Intangible assets	161.0	155.9
Tangible fixed assets	17.9	19.2
Financial fixed assets	22.9	26.1
Total fixed assets	201.7	201.2
Stock	151.1	261.7
Accounts receivable	113.4	152.0
Other receivables	31.1	45.6
Liquid assets	111.6	60.1
Total current assets	407.2	519.4
Total assets	608.9	720.5
SHAREHOLDERS' EQUITY AND LIABILITIES		
Parent company's shareholders' share		
Share capital	336.3	93.3
Other capital contribution	149.5	128.1
Provisions	79.5	64.0
Loss brought forward	-372.9	-280.5
Total	192.4	5.0
Minority shareholding	2.1	1.6
Total shareholders equity	194.6	6.5
Interest-bearing long-term liabilities		
Liabilities to credit institutions	0.0	8.6
Other long-term liabilities	0.0	63.0
Total	0.0	71.6
Non interest-bearing long-term liabilities		
Deferred tax liabilities	18.0	16.9
Pension provisions	68.4	62.8
Other provisions	17.8	16.8
Total	104.2	96.5
Current interest-bearing liabilities		
Current account	49.0	165.1
Liabilities to credit institutions	-	77.1
Other current liabilities	66.6	60.9
Total	115.6	303.1
Non interest-bearing current liabilities		
Provisions	20.2	19.4
Accounts payable – trade	88.7	124.2
Other current liabilities	85.6	99.2
Total	194.5	242.8
Total liabilities	414.3	714.0
Total shareholders' equity and liabilities	608.9	720.5

Changes in shareholders' equity – The Group

(SEK m)	Attributable to parent company's shareholders				Minority interest	Total equity
	Share capital	Other capital contribution	Provisions	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		-0.1	-13.6	-75.5	0.0	-89.2
Closing balance on 30 September 2008	93.3	128.1	64.0	-280.5	1.6	6.5
Reduction in share capital	-72.8	24.3		48.5		0.0
New share issue	315.8	-2.9				312.9
Overall result for the period - total			15.5	-140.9	0.5	-124.9
Closing balance on 31 December 2008	336.3	149.5	79.5	-372.9	2.1	194.6

Other provisions – The Group

(SEK m)	Translation difference	Revaluation provision	Total provisions
Opening balance on 1 January 2008	60.1	17.5	77.6
Translation difference for the period	-13.6	-	-13.6
Closing balance on 31 December 2008	46.5	17.5	64.0
Translation difference for the period	15.5	-	15.5
Closing balance on 31 December 2009	62.0	17.5	79.5

Cash flow statement – The Group

(SEK m)	Full year	
	2009	2008
Cash flow from current activities before changes in working capital	-105.5	-129.1
Changes in working capital	112.4	43.2
Cash flow from current activities	6.9	-85.9
Cash flow from investment activities	-11.3	61.2
Cash flow from financing activities	54.4	8.7
Cash flow for the period	49.9	-15.9
Liquid assets at the start of the period	60.1	74.8
Exchange rate difference in liquid assets	1.6	1.2
Liquid assets at the end of the period	111.6	60.1

COMMENTS CONCERNING THE FULL YEAR JANUARY-DECEMBER 2009

KEY EVENTS DURING AND AFTER JANUARY-DECEMBER 2009

Andreas Sbrodiglia took over as President and CEO on 1 January 2009.

During the spring of 2009 in collaboration with the Board of Directors, the management team produced an action plan for the coming years. The focus of the plan is on measures to improve efficiency and thus cut costs by SEK 80 million per year with full effect from 2011, and to rationalize the company's working capital. Measures to improve efficiency resulted in one-off costs of SEK 25.2 million that impacted on the year's profits. Meanwhile, reserves from previous years amounting to SEK 3.7 million were returned.

During the year BRIO completed measures within the framework of the financial reconstruction determined by the Annual General Meeting of 27 April 2009. A new share issue with preferential rights for current shareholders raised around SEK 164 million before administration costs.

In August, Thomas Lassen took over as director for BRIO's goods supply, with responsibility for the Group's work within purchasing, production and logistics. A new Group-wide unit will create efficient processes and integrate sustainability into the product procurement process.

During the year the company decided to consolidate the Group's logistics and warehousing to Osby, whereby the closing of the warehouse in Norway was initiated.

Anders Hagert was appointed as the new divisional manager for BRIO Baby in February 2010.

COMMENTS ON THE INCOME STATEMENT

Net sales increased during the year by SEK 58.5 million to SEK 951.0 million (892.5 m). Currency differences had a positive effect of SEK 34.6 million (21.2 m) on sales income. Excluding currency effects this corresponds to organic growth of 2.7 per cent. The rate of growth of 2.7 per cent must be viewed against the marginal growth on the toy market in the Nordic region and a stagnating market for baby products.

The gross profit fell by SEK 29.5 million to SEK 343.9 million (373.4 m). The gross profit for the first six months of the year was strongly hit by the liquidity problems affecting the business. For the first six months the gross profit was SEK 134 million (162 m) which corresponds to a coverage level of 32.5 per cent (43.7 per cent). As a result of weak liquidity during the first few months of the year, the Group's exposure to changes in exchange rates could not be hedged sufficiently. During the period the principal purchasing currency, USD, strengthened considerably and thus had a big impact on the Group's gross profit.

Compared with the same period last year, the Group's sales, administration and development costs declined by SEK 42.2 million to reach SEK 485.9 million (528.1 m). In addition, other operating income/costs fell by SEK 90.4 million to SEK 19.6 million (110 m). Other operating income in the previous year is primarily an effect of the major property sales carried out at the start of 2008.

COMMENTS ON THE BALANCE SHEET

The balance sheet total fell by SEK 111.6 million to SEK 608.9 million (720.5 m) compared to 31 December 2008. The fall was mainly due to rationalization of stocks, which was an effect of improved purchasing processes based on a reinforced link with both sales forecasts and customer orders. A sharper focus on active processing of outstanding accounts receivable also contributed to the lower balance sheet total.

Intangible fixed assets rose from SEK 155.9 million to SEK 161.0 million. The joint value of the Group's tangible fixed assets fell to SEK 17.9 million (19.2 m). The financial fixed assets fell by SEK 3.2 million to SEK 22.9 million (26.1 m).

Current assets fell by SEK 112.2 million to SEK 407.2 million (519.4 m). Stocks fell by SEK 110.6 million to SEK 151.1 million (261.7 m). Accounts receivable fell by SEK 38.6 million to SEK 113.4 million (152.0 m). Net debt amounted to SEK 4.0 million, compared with SEK 314.6 million for the same period last year, which is a decrease of SEK 310.6 million. The cut in net debt was due in part to the financial reconstruction carried out during the first half of the year, but also due to rationalization of working capital.

Shareholders' equity increased by SEK 188.1 million compared to the year-end accounts for 2008. The loss for the year had a negative impact on shareholders' equity of SEK 140.6 million. The exchange rate difference for the period in shareholders' equity was SEK 15.5 million and refers to the recalculation of foreign subsidiaries.

Interest-bearing long-term liabilities at the end of the year amounted to SEK 0.0 million compared with SEK 71.6 million in 2008. The reduction was mainly due to the market-listed subordinated loan, which amounted to SEK 66.6 million at year-end, being reclassified as a current liability.

Investments in intangible and tangible assets during the year amounted to SEK 11.5 million (21.8 m). The total depreciation and write-downs amounted to SEK -20.3 million compared with SEK -13.6 million last year.

Income statement in summary – Parent company

	OCT-DEC		Full year	
	2009	2008	2009	2008
(SEK m)				
Net sales	104.8	122.8	369.8	382.3
Cost of goods sold	-69.3	-76.9	-250.2	-225.1
Gross profit	35.5	45.9	119.7	157.2
Sales costs	-37.4	-61.5	-140.7	-165.6
Administrative costs	-22.5	-19.2	-85.5	-73.7
Development costs	-4.8	-11.3	-15.3	-31.2
Other operating income/expenses	-1.8	0.2	19.6	28.9
Operating loss	-31.0	-45.9	-102.3	-84.4
Profit/loss from participations in Group companies	2.2	-2.6	2.7	80.5
Net financial items	1.7	1.5	-18.2	-3.3
Loss after net financial items	-27.1	-47.0	-117.7	-7.2
Additional depreciation	-	-	-	-
Loss before tax	-27.1	-47.0	-117.7	-7.2
Tax	-	-15.1	-	-14.4
Loss after tax	-27.1	-62.1	-117.7	-21.6

Balance sheet in summary – Parent company

SEK m	31 Dec 09	31 Dec 08
ASSETS		
Fixed assets		
Intangible fixed assets	31.1	39.2
Tangible fixed assets	9.5	10.2
Financial fixed assets	385.8	340.9
Total fixed assets	426.4	390.2
Stock	68.4	113.9
Accounts receivable	50.8	66.6
Other receivables	67.1	189.5
Liquid assets	38.5	35.6
Total current assets	224.8	405.6
Total assets	651.3	795.8
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted shareholders' equity		
Share capital	336.3	93.3
Revaluation reserve	34.0	34.0
Statutory reserve	11.2	11.2
Total restricted shareholders' equity	381.5	138.5
Non-restricted shareholders' equity		
Share premium reserve	149.6	128.1
Loss brought forward	-128.2	-155.1
Loss for the year	-117.7	-21.6
Total loss brought forward	-96.3	-48.6
Total shareholders' equity	285.2	90.0
Long-term interest-bearing liabilities		
Liabilities to Group companies	0.1	15.9
Other interest-bearing liabilities	0.0	63.0
Total	0.1	78.9
Long-term non-interest-bearing liabilities		
Pension allocations	54.0	53.0
Other allocations	0.0	5.5
Total	54.0	58.5
Current interest-bearing liabilities		
Bank overdraft facilities	49.0	147.6
Liabilities to parent company	0.0	60.9
Other interest-bearing liabilities	66.6	0.0
Total	115.6	208.5
Current non-interest-bearing liabilities		
Other allocations	8.2	8.7
Accounts payable - trade	36.3	43.9
Liabilities to Group companies	121.7	211.7
Other non-interest-bearing liabilities	30.2	95.7
Total	196.4	360.0
Total shareholders' equity and liabilities	651.3	795.8

COMMENTS ON THE PARENT COMPANY FOR THE FULL YEAR JANUARY – DECEMBER 2009

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 fell to SEK 651.3 million, compared with SEK 795.8 million at the start of the year.

The parent company's liquid assets totalled SEK 38.5 million on 31 December 2009, compared to SEK 35.6 million at the start of the year.

The equity/assets ratio was 43.8 per cent, compared to 11.3 per cent for the same period last year.

Investments in tangible and intangible assets amounted to SEK 9.5 million (18.7 m) in 2009. Investments mainly refer to business systems, development projects and product tools. Total depreciation and impairment was SEK -17.4 million compared with SEK -10.4 million in 2008.

The parent company BRIO AB wrote down shares in subsidiaries for a total of SEK 9.0 million during 2009.

STAFF

During 2009 the average headcount was 94, compared with 109 in 2008.

Shareholders on 31 December 2009

	NO. OF A SHARES	NO. OF B SHARES	NO. OF C SHARES	NO. OF D SHARES	SHAREHOLDING, %	VOTES, %
Proventus Invest AB	2 752 466	2 487 225	41 324 455	90 784 603	89,84	87,86
BRIO ABs Personalstiftelse		236 000		2 800 000	1,99	0,50
Dag Ivarsson and family	1 112 200	34 501	41 500	24 900	0,79	1,91
Mats Jacobsson and family		60 000	540 000	300 000	0,59	0,95
Tor Diderholm		85 111	402 055	249 033	0,48	0,72
Susanna Molander			463 200	231 600	0,45	0,80
BRIO ABs Intressefond		75 030	170 000	90 000	0,22	0,31
Zonata Design AB		7 766	179 000	87 000	0,18	0,31
Durator AB		29 500	63 000		0,06	0,11
Other shareholders	50 000	2 437 533	3 449 450	2 317 890	5,40	6,54
Total	3 914 666	5 452 666	46 632 660	96 885 026	100,00	100,00

At a Board meeting on 3 November it was decided to convert 22,000 C shares into B shares. This conversion was registered in December.

At a Board meeting on 15 December it was decided to convert a further 124,500 C shares into B shares. This conversion was recorded in December at the Swedish Companies Registration Office. During the period of time between the Board meeting and registration, a shareholder who had requested conversion sold part of his shareholding (12,000 C shares). As a result, on 31 December 2009 there was a discrepancy between the share capital in the limited company and the share capital registered at the Swedish Companies Registration Office. The discrepancy amounted to 124,500 shares on 31 December 2009. As of 31 January 2010 the discrepancy was 12,000. The figures in the table above are from the share register dated 31 December 2009.

BRIO's share capital comprises four classes of shares: A and B shares are ordinary shares, while C and D shares are preference shares. Preference shares entail different rights to the dividend and other rights to a share in the company's capital upon dissolution, compared with ordinary shares.

C shares give preference rights in dividends and dissolution with annual upward adjustment of 25 per cent of SEK 2.20 and gives entitlement, as with A shares, to ten votes per share. D shares give preference rights in dividends and dissolution with annual upward adjustment of 7 per cent of SEK 2.20 and gives entitlement, as with B shares, to one vote per share.

After the most recent conversion recorded in the share register in January, the share capital was unchanged at SEK 336,347,040, and the total number of shares, also unchanged, was 152,885,018, of which 3,914,666 were A shares, 5,565,166 were B shares, 46,520,160 were C shares, and 96,885,026 were D shares. The total number of votes was 606,798,452.

Distribution of share capital as of 31 January 2010

Class of shares	No. of shares	Votes per share	No. of votes
Ordinary A shares	3 914 666	10	39 146 660
Ordinary B shares	5 565 166	1	5 565 166
Preference C shares	46 520 160	10	465 201 600
Preference D shares	96 885 026	1	96 885 026
Total	152 885 018		606 798 452

Information by segment

Since 1 January 2009 the Group has been divided into two divisions, BRIO Toy and BRIO Baby, and the subsidiary BRIO Lekehuset Partner. The following is a summary of segment information for 2009.

SEK m	BRIO Baby		BRIO Toy		Partner		Joint resources		Eliminations		BRIO Group	
	09	08	09	08	09	08	09	08	09	08	09	08
Sales – external customers	249	258	633	566	10	15	59	54	-	-	951	893
Sales – between segments	28	32	-	-	-	-	124	334	-153	-366	-	-
Operating profit/loss	-18	-70	-36	-85	-8	-10	-60	120	-	-	-122	-45
Net financial items	-	-	-	-	-	-	-15	-11	-	-	-15	-11
Profit/loss before tax	-18	-70	-36	-85	-8	-10	-75	109	-	-	-137	-56
Assets	160	208	405	457	6	12	38	44	-	-	609	721

Sales per market

SEK m	Full year 09	Full year 08
Nordic region	794.5	736.4
Other European countries	138.0	127.9
Rest of the World	18.5	28.2
Total	951.0	892.5

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. Differences in the product mix mean that margins during the first and second quarters are normally lower than margins in the third and final quarters. BRIO's total quarterly sales for the 2005-2009 periods are as follows:

Q1	Q2	Q3	Q4
20%	22%	24%	34%

Quarterly sales for 2009 are as follows:

Q1	Q2	Q3	Q4
21%	22%	25%	32%

SENSITIVITY ANALYSIS

The table below provides an estimate of the net effects of changes to currency exchange rates on BRIO's results for 2009.

Change to USD +5 %	Effect on earnings, SEK m
USD/SEK	21.4
Change to EUR +5 %	
EUR/SEK	7.3

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 reports

As of 1 January 2009 the Group is implementing the changes to IFRS 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.

Operating segment

From 1 April 2009 the Group has implemented IFRS 8 Operating Segments. IFRS 8 replaces IAS 14 Segment Reporting. The new standard requires that segment information is presented based on the management team's perspective, which means that it is presented in the way that it is used in internal reporting. The introduction of IFRS 8 has meant that new operating segments have been identified within BRIO compared with previously. The starting point for identifying reporting segments is internal reporting as it is reported to the ultimate decision makers, and monitored by them. In this case the ultimate decision makers are Group management. The business is assessed and controlled based on business divisions. BRIO has identified three reporting operating segments in accordance with IFRS 8. These are BRIO Toy, BRIO Baby and the franchise business, BRIO Lekehuset Partner. Since these have changed compared to previous reports, figures for comparison have been restated. Segments are assessed internally based on operating profit/loss.

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
Annual General Meeting	11 May 2010
Q1 report 2010	11 May 2010
Q2 report	22 July 2010

Malmö, 24 February 2010

Andreas Sbrodiglia
President and CEO

This financial statement has not been subject to scrutiny by the company's auditors.

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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, together with the subsidiary, BRIO Lekehuset Partner. The company was formed in 1884 and is today an international Group with the BRIO, SIMO and Alga brands. The company has around 310 employees, is represented in over 50 countries and has been listed since 1985 with listing on NGM Equity since June 2009.

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BRIO is a public limited liability company