



BJÖRN BORG

BJÖRN BORG AB INTERIM REPORT
JANUARY – JUNE 2013

Positive home market – weak Dutch market

APRIL 1 – JUNE 30, 2013

- The Group's net sales increased by 2 percent to SEK 107.8 million (105.5). Excluding currency effects, sales increased by 5 percent.
- The gross profit margin was 50.1 percent (52.1).
- Operating profit amounted to SEK 0.9 million (4.8).
- Profit after tax amounted to SEK 3.4 million (1.0).
- Earnings per share before and after dilution amounted to SEK 0.23 (0.10).

JANUARY 1 – JUNE 30, 2013

- The Group's net sales decreased by 3 percent to SEK 239.2 million (246.0). Excluding currency effects, sales were unchanged.
- The gross profit margin was 49.7 percent (49.8).
- Operating profit amounted to SEK 10.1 million (19.5).
- Profit after tax amounted to SEK 9.4 million (10.3).
- Earnings per share before and after dilution amounted to SEK 0.52 (0.55).

QUOTE FROM THE CEO

"We increased our sales during the quarter and noted positive development in our retail operations, both in Björn Borg stores and our e-commerce. The recently acquired operations in Finland contributed positively to the Group's results, which at the same time were affected negatively by a retail climate in the Netherlands that remains weak. Regarding China, we are still evaluating various alternatives, where a discontinuation of operations in 2013 may be one possible outcome," said CEO Arthur Engel.

MSEK	April-June 2013	April-June 2012	Jan-June 2013	Jan-June 2012	July 2012-June 2013	Full-year 2012
Net sales	107.8	105.5	239.2	246.0	544.6	551.4
Gross profit margin, %	50.1	52.1	49.7	49.8	50.1	50.2
Operating profit	0.9	4.8	10.1	19.5	60.4	69.8
Operating margin, %	0.8	4.6	4.2	7.9	11.1	12.7
Profit after tax	3.4	1.0	9.4	10.3	45.3	47.2
Earnings per share, SEK	0.23	0.10	0.52	0.55	2.04	2.11
Brand sales*	275	288	707	736	1,569	1,598

* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.



CEO'S COMMENT

The second quarter of the year was affected by continued tough market conditions, but still offered good news for Björn Borg. In Sweden, market data from the Swedish Trade Federation showed that apparel sales climbed nearly 3 percent during the quarter. It is hard to say whether this represents a turnaround or a temporary improvement, but Björn Borg is seeing the same trend. During the quarter sales in our Swedish stores increased by 8 percent compared with the previous year and by 3 percent for comparable stores, at the same time that our own e-commerce continued to grow strongly. Our sales also improved in the aggregate during the quarter, while earnings were negatively affected by increased expenses for the operations in China, among other things.

New retail concept and new sales channel

The stores are important to us – not least to display the brand in the way we want. During the fall we will test a new retail concept in our store in the Täby Centrum shopping center, where the space is being partly converted into a “locker room,” which many people naturally associate with underwear. At the same time we are curious about new sales channels. Since the end of 2012 we have tested selling Björn Borg underwear in several training facilities run by SATS, a Nordic fitness leader – a partnership that has started positively and will be expanded this fall.

During the first quarter we acquired the operations in Finland, which contributed positively to Group-level earnings in the second quarter. We are making progress as planned and this fall will open a new Björn Borg store, the second in the country, in the popular Forum mall in Helsinki. The British market continues to perform well with a growing number of retailers.

In other markets such as Norway and Denmark we are seeing a weaker trend, with additional European markets struggling as well. This is particularly true of our largest market, the Netherlands, where retail sales have generally suffered in a weak economy. This is also affecting our local distributor, which has its own large retail network in the country.

Operations in China

We decided in late 2011 to enter China with a local partner. As we described in the previous interim report, we are not pleased with our performance in the Chinese market. Various alternatives have been evaluated and discussed with the local partner. A possible alternative that is being considered is to discontinue operations in the second half of 2013.

Event in London with MTV

This fall we will continue to focus on long-term marketing activities in situations that suit our brand. Björn Borg was one of the main sponsors of this past summer's Pride Festival in Stockholm, and in September we will join with MTV on a big event in London to support the Staying Alive Foundation, which is working to prevent HIV/AIDS.

We face a tough reality, particularly in our key Dutch market. In Sweden and the rest of the Nordic region, which together account for about half of our sales, we see signs of stabilization. In such a weak market we feel it is especially important to forge ahead – and have the resources to invest in building the brand for the future.

Arthur Engel, Chief Executive Officer



OPERATIONS

Brand sales

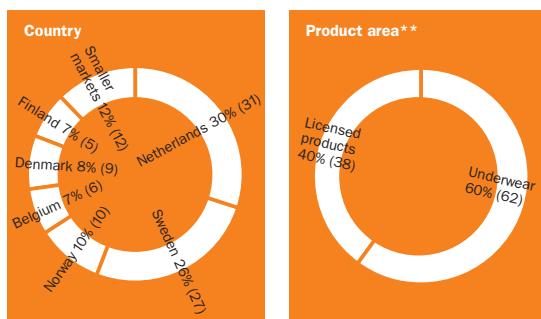
Brand sales (excluding VAT) decreased by 5 percent to SEK 275 million (288) in the second quarter and by 4 percent to SEK 707 million (736) in the first half-year. A stronger krona adversely affected brand sales. Adjusted for currency effects, sales were down 2 percent for the quarter and down 1 percent for the first half-year.

Product areas first half-year 2013

Brand sales in the underwear product area fell by 7 percent in the first half-year, in line with a weak wholesale market in Europe. Underwear accounted for 60 percent (62) of brand sales during the period.

Sales in the sportswear and footwear product areas noted solid increases during the first half-year. The eyewear product area saw a slight increase, while bags and fragrances reported declines. In total, sales of other products increased by 2 percent during the first half-year.

Brand sales* of Björn Borg products January–June 2013. Total SEK 707 million (736)



* Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

** Underwear: Men's and women's underwear, swimwear, socks and adjacent products. Other products: Footwear, bags, fragrances, eyewear and sportswear.

Markets first half-year 2013

As of 2013 Finland is reported as a large market. Among large markets, Belgium and Finland saw good growth, while Sweden, the Netherlands, Norway and Denmark retreated between 5 and 10 percent. Among small markets, England and France had positive growth numbers.

Björn Borg stores

During the second quarter the Group opened a store in the Hornstull section of Stockholm, while the store outside London, England was closed. As of June 30, 2013 there were a total of 57 (57) Björn Borg stores, of which 17 (13) are Group-owned.

Björn Borg in Finland

In early 2013 Björn Borg acquired the distributor Fashion Case in Finland. The Finnish operations currently consist of wholesale underwear, sportswear and bags as well as one Björn Borg store. The brand is strongly positioned in Finland, which today is Björn Borg's sixth largest market, and the company sees the potential for continued growth. Björn Borg is the principal owner (75 percent), while an experienced local partner is a minority owner. The total purchase price amounted to approximately SEK 9 million. Further information is provided in note 2 of this report.

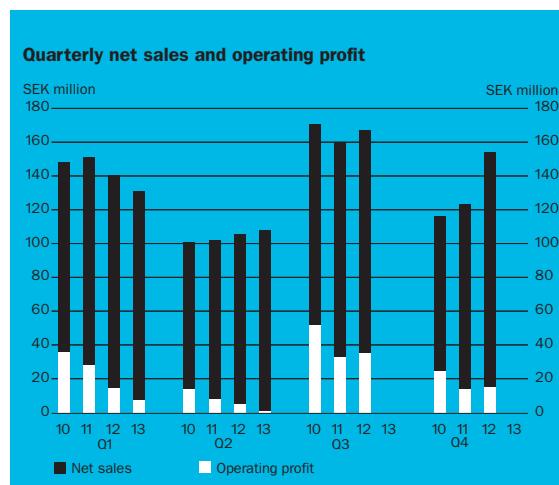
Björn Borg expects the acquired Finnish operations to contribute positively to the Group's profit before depreciation and amortization in 2013.

Björn Borg in China

Björn Borg has been active in China since fall 2012 through a company with Björn Borg as principal owner (75 percent) and a local partner as minority owner. To date the operations in China have not developed as planned, and Björn Borg may elect to discontinue operations in 2013. Such a discontinuation would not be expected to have any significant financial consequences beyond the operating losses already planned for the company during the current year.

THE GROUP'S DEVELOPMENT

Sales were slightly higher during the second quarter, while operating profit decreased.



Sales

Second quarter, April–June 2013

Group sales during the second quarter amounted to SEK 107.8 million (105.5), an increase of 2 percent. Excluding currency effects, sales rose by 5 percent. The underwear product company reported lower revenue as a result of a smaller order book for the fall/winter collection. This has been offset, however, mainly by growth for the same collection from the sportswear product company as well as additional revenue from the Finnish subsidiary, which was acquired earlier in the year. The Swedish wholesale underwear and footwear operations reported increases and the Group's Swedish retail operations developed positively, not least thanks to continued strong growth in e-commerce. The lower brand sales, mainly due to declines by distributors, resulted in lower royalties.

First half-year 2013, January–June 2013

Group sales during the first half-year amounted to SEK 239.2 million (246.0), a decrease of 3 percent. Excluding currency effects, sales were almost unchanged. The biggest decline was by the Swedish underwear product company due to the lower order book for the fall/winter collection mentioned above, combined with a smaller share of the spring/summer collection shipped in early 2013 than the same period in 2012. The Finnish subsidiary, which was acquired earlier in the year, has contributed positively to Group sales. Other Group companies saw only minor increases or decreases in the first half of 2013 year-on-year.

Profit

Second quarter, April–June 2013

The gross profit margin for the second quarter decreased to 50.1 percent (52.1). This includes the slightly negative effect of a stronger SEK compared with 2012.

Operating profit decreased during the quarter by 82 percent to SEK 0.9 million (4.8) with an operating margin of 0.8 percent (4.6). The operations in China negatively affected operating profit by SEK 2.7 million, compared with a negative effect of SEK 2.0 million a year earlier. The lower operating profit is partly due to a lower gross profit margin and partly to increased operating expenses. In total, operating expenses rose by SEK 3.1 million during the quarter mainly due to additional expenses in the Finnish subsidiary, which was acquired during the year, as well as higher personnel expenses in China.

Net financial income amounted to SEK 3.6 million, against a year-earlier expense of SEK 1.0 million. The realized and unrealized return on investments and cash & cash equivalents, less interest on the bond loan, affected the financial net positively by SEK 1.2 million. The remaining increase is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit before tax increased to SEK 4.5 million (3.8).

First half-year 2013, January–June 2013

The gross profit margin for the first half-year was almost unchanged at 49.7 percent (49.8).

Operating profit decreased during the half-year by 48 percent to SEK 10.1 million (19.5) with an operating margin of 4.2 percent (7.9). The lower sales reduced profit by about SEK 3.3 million. The remaining decrease of about SEK 6.1 million relates to increased operating expenses, mainly from the Chinese operations, as well as additional expenses from the operations acquired in Finland. A larger number of Group-owned stores also added to operating expenses, mainly for personnel. The Chinese operations reduced operating profit by SEK 4.8 million, compared with SEK 2.2 million a year earlier.

Net financial income increased to SEK 1.5 million, against a year-earlier expense of SEK 2.9 million. The realized and unrealized return on investments and cash & cash equivalents, less interest on the bond loan, affected the financial net positively by SEK 0.8 million. The remaining increase is mainly due to the revaluation of financial assets and liabilities in foreign currency. Profit before tax decreased to SEK 11.6 million (16.6).

Development by business segment

The Group consists of a total of 14 companies, eleven of which operate under the Björn Borg brand on every level from product development to wholesaling and consumer sales in its own Björn Borg stores.

Business segment	Revenue source	Sales, SEK thousands		Operating profit, SEK thousands		Operating margin	
		January–June 2013	2012	January–June 2013	2012	January–June 2013	2012
Brand	Royalties	36,286	39,451	6,383	10,127	18%	26%
Product development	Products	148,925	171,389	9,993	17,689	7%	10%
Wholesale	Wholesale revenues	121,287	100,558	4,521	-1,140	4%	-1%
Retail	Retailers	33,001	30,163	-10,813	-7,197	-33%	-24%
Less internal sales		-100,314	-95,545	-	-	-	-
Total		239,185	246,016	10,084	19,479	4%	8%

Brand

The Brand segment primarily consists of royalty revenue and expenses associated with the brand.

Net sales reached SEK 36.3 million (39.5) during the first half-year 2013, a decrease of 8 percent. External sales amounted to SEK 17.3 million (20.4) and are reasonable relative to the lower brand sales during the first half-year. It should be noted that the royalties Björn Borg Sport receives from its customers are also reported in the Brand segment.

Operating profit amounted to SEK 6.4 million (10.1), a decrease of 37 percent for the period. The decline is partly due to lower revenue and partly to slightly higher expenses for branding activities during the first half-year compared with 2012.

Product development

The Björn Borg Group has global responsibility for development, design and production of underwear and adjacent products as well as sportswear through Björn Borg Sport.

The business segment's net sales amounted to SEK 148.9 million (171.4) in the first half-year 2013, a decrease of 13 percent. External sales amounted to SEK 96.6 million (122.8), a decrease of 21 percent year-on-year. The decrease is due to a lower order book for the fall/winter underwear collection shipped during the quarter as well as a lower volume of underwear delivered during the first quarter compared with the previous year. External sportswear sales saw a slight decline during the first half-year. A stronger SEK has had a negative effect on sales of about SEK 4.5 million for both product companies.

Operating profit decreased to SEK 10.0 million (17.7) due to the lower sales. Operating expenses were instead slightly lower than the same period in 2012. A stronger SEK has also affected operating profit negatively.

Wholesale

The Björn Borg Group is the exclusive wholesaler of underwear and adjacent products in Sweden, England and Finland as well as footwear in Sweden, Finland and the Baltic countries.

Net sales for the wholesaling operations increased by 21 percent to SEK 121.3 million (100.6) in the first half-year 2013. External sales amounted to SEK 97.7 million (77.1). The main reason for the growth was the Finnish operations, which are incorporated in the Group as of 2013. All other operations in this segment, including Swedish footwear and underwear wholesaling and the British operations, noted slight increases.

Operating profit amounted to SEK 4.5 million (-1.1). The main contributor here was the Swedish footwear and underwear wholesaling operations thanks to improved gross profit margins and in the case of the underwear operations lower operating expenses. A stronger SEK has positively affected gross profit and operating profit in this segment to a slight degree.

Retail

The Björn Borg Group owns and operates a total of 15 stores mainly in Sweden that sell underwear, sportswear and adjacent products. Björn Borg also manages two factory outlets and e-commerce operations. This segment also includes the operations in China.

Sales in the Retail segment increased by 9 percent in the first half-year 2013 to SEK 33.0 million (30.2). External sales in the Retail segment rose by 7 percent during the first half-year to SEK 27.5 million (25.7). The increase is due to continued strong growth in e-commerce. Outlets and comparable Björn Borg stores reported a sales decline of 8 percent during the half-year. The trend was more positive during the second quarter, however, with an increase of 3 percent.

The operating loss for the first half-year amounted to

SEK 10.8 million, against a year-earlier loss of SEK 7.2 million, attributable to the operations in China, asset write-offs in connection with the closure of the store in Helsingborg and an expanded e-commerce organization.

Intra-Group sales

Intra-Group sales amounted to SEK 100.3 million (95.5) for the period.

SEASONAL VARIATIONS

The Björn Borg Group is active in an industry with seasonal variations. Sales and earnings vary by quarter. See the figure on quarterly net sales and operating profit on page 4.

INVESTMENTS AND CASH FLOW

Cash flow from operating activities in the Group amounted to SEK -2.5 million (9.8) in the first half-year 2013. The reduced cash flow is mainly due to lower operating profit and tax payments for 2011 during the first quarter. Tied-up working capital decreased during the half-year, but was higher than the same period in 2012. Increased inventory was mainly due to the new operations in Finland as well as goods purchased for the Fragrances product area. The increase in accounts receivable mainly relates to receivables from the Dutch distributor after large shipments at the end of the second quarter.

Total investments in tangible and intangible non-current assets amounted to SEK 3.1 million (2.6) for the period, with the higher investments in 2013 largely due to the Swedish Group-owned stores.

FINANCIAL POSITION AND LIQUIDITY

The Björn Borg Group's cash & cash equivalents and investments amounted to SEK 189.2 million (253.3) at the end of the period. During the first half-year cash & cash equivalents and investments decreased by SEK 90.9 million, compared with a year-earlier increase of SEK 95.3 million. The decrease in 2013 is largely due to the paid-out dividend of SEK 75.4 million in May.

Björn Borg raised a SEK 200 million bond loan in 2012. The bond loan is listed on NASDAQ OMX Stockholm and carries an annual coupon rate corresponding to the 3-month STIBOR rate +3.25 percentage points, maturing in April 2017. In 2012 the company repurchased corporate bonds with a nominal value of SEK 5 million, due to which the carrying amount of the bond loan after the repurchase and transaction expenses of about SEK 2.4 million amounted to SEK 192.6 million as of June 30, 2013.

The surplus liquidity from the issuance of the bond loan is placed in interest-bearing financial instruments, highly liquid corporate bonds, within the framework of the financial policy laid down by the Board of Directors. As of June 30 investments had been made in bonds with a book value of SEK 155.5 million, which represents the fair value on the same date. As a rule, bonds in foreign currency are hedged.

COMMITMENTS AND CONTINGENT LIABILITIES

As a commitment for the above-mentioned bond loan, the company has pledged to ensure that the ratio between the Group's net debt and operating profit before depreciation and amortization does not exceed 3.00 on the last day of each quarter and that the Group maintains an equity/assets ratio of at least 30 percent at any given time. As of June 30, 2013 the former ratio was 0.45 and the equity/assets ratio was 45 percent (47). A complete description of commitments and conditions of the bond loan is provided in the prospectus, which is available on the company's website and from the Swedish Financial Supervisory Authority.

No changes were otherwise made with regard to pledged assets and contingent liabilities compared with December 31, 2012.

PERSONNEL

The average number of employees in the Group was 165 (131) for the 12-month period ending June 30, 2013, of whom 60 percent (60) are women. The increase in the number of employees was mainly due to the new operations in China and Finland.

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties have been executed during the period.

SIGNIFICANT RISKS AND UNCERTAINTIES

In its operations the Björn Borg Group is exposed to risks and uncertainties. Information on the Group's risks and uncertainties can be found on pages 46-47 and in note 3 in the annual report 2012.

EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report following the conclusion of the report period.

PARENT COMPANY

Björn Borg AB (publ) is primarily engaged in intra-Group activities. The company also owns 100 percent of the shares in Björn Borg Brands AB, Björn Borg Footwear AB, Björn Borg Inc. and Björn Borg Services AB (dormant). In addition, the company owns 80 percent of the shares in Björn Borg UK, 75 percent of the shares in Björn Borg (China) Ltd, 75 percent of the shares in Björn Borg Finland Oy and 51 percent of the shares in Björn Borg Sport BV.

The Parent Company's net sales for the second quarter amounted to SEK 12.0 million (12.7). During the first half-year the Parent Company's net sales amounted to SEK 24.7 million (24.8).

The loss before tax amounted to SEK 5.7 million for the second quarter, against a year-earlier loss of SEK 11.0 million, and SEK 17.6 million for the first six months of the year, compared with a loss before tax of SEK 23.7 million a year earlier. Cash & cash equivalents and short-term investments amounted to SEK 157.0 million (202.5) on June 30, 2013. Investments in tangible and intangible non-current assets amounted to SEK 0.5 million (0.9) for the period.

NUMBER OF SHARES

Björn Borg currently has 25,148,384 shares outstanding.

FINANCIAL OBJECTIVES

The financial objectives of Björn Borg's operations for the period 2010-2014 are as follows:

- Average annual organic growth of at least 10 percent
- An average annual operating margin of at least 20 percent
- An annual dividend of at least 50 percent of net profit
- Long-term cash reserves equivalent to 10-20 percent of annual sales.

Comments to the financial objectives:

The long-term objectives will be achieved if established markets grow slightly below the average growth target and new markets contribute stronger growth.

The surplus liquidity generated while taking into account the new financial objectives will be distributed gradually during the forecast period.

Operating investments are estimated annually at 2-5 percent of net sales depending on whether any new Björn Borg stores are opened.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. This condensed interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Annual Accounts Act on interim reporting and RFR 2 Accounting in Legal Entities. The accounting principles applied in the interim report conform to the accounting principles applied in the preparation of the consolidated accounts and annual report for 2012, as described on page 56 in the annual report 2012, with the exception of the changes and new standard below.

IFRS 13 FAIR VALUE MEASUREMENT

The new standard IFRS 13 replaces the previous guidance in each standard on measurement at fair value. The standard is applicable to the measurement at fair value of both financial and non-financial items. Fair value is defined as the price that would be received from the sale of an asset or the consideration that would be paid to transfer a debt in a normal transaction between market players on the measurement date ("exit price"). IFRS 13 has been applied prospectively as of January 1, 2013. The introduction of IFRS 13 has not had a material effect on the measurement of financial instruments by the Group and Parent Company.

IFRS 13 requires several quantitative and qualitative disclosures on measurement at fair value in the annual report. As a result of the requirements in IFRS 13, IAS 34 Interim Reporting has also been updated to include a requirement that interim reports released as of 2013 must also contain specific disclosures with respect to financial reports at fair value. The revision to IAS 34 also requires the disclosure in the interim report of the fair value of financial instruments recognized at amortized cost. See note 1 for these disclosures in the interim report.

IAS 1 Presentation of Financial Statements (Presentation of items in other comprehensive income)

The amendments in IAS 1 Presentation of Financial Statements require additional disclosures in other comprehensive income so that items in other comprehensive income are grouped into two categories: a) items that will not be reclassified to profit or loss and b) items that will be reclassified to profit or loss if certain criteria are met. Björn Borg's application of the amendments introduced in IAS 1 is indicated in the consolidated statement of comprehensive income. Because Björn Borg has no significant transactions related to items that will not be transferred to profit or loss, the introduction of the amendments to IAS 1 has not had a significant effect on the layout of the statement.

Other IFRS revisions

No new or revised IFRS standards and interpretations from IFRIC besides those mentioned above have been applied or have had a significant effect on the Group's or Parent Company's financial position, results or disclosures. Björn Borg has no significant defined-benefit pension plans, because of which the revised IAS 19 does not have any impact.

AUDIT REPORT

This interim report has not been reviewed by the company's auditors.

OUTLOOK 2013

As a policy, the company does not issue earnings forecasts.

CONSOLIDATED INCOME STATEMENT

Condensed

SEK thousands	Note	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July 2012– June 2013	Full-year 2012
Net sales		107,771	105,478	239,185	246,016	544,601	551,432
Cost of goods sold		–53,732	–50,536	–120,269	–123,570	–271,502	–274,803
Gross profit		54,039	54,942	118,916	122,446	273,099	276,628
Distribution expenses		–35,151	–35,297	–77,774	–71,934	–150,534	–144,694
Administrative expenses		–13,645	–12,185	–27,710	–25,442	–53,284	–51,016
Development expenses		–4,383	–2,612	–3,348	–5,591	–8,890	–11,133
Operating profit		860	4,848	10,084	19,479	60,391	69,786
Net financial items		3,607	–1,018	1,469	–2,919	2,460	–909
Profit before tax		4,467	3,830	11,553	16,560	62,851	68,877
Tax		–1,052	–2,846	–2,131	–6,272	–17,508	–21,650
Profit for the period		3,415	984	9,422	10,288	45,343	47,227
Profit for the period attributable to:							
Parent Company's shareholders		5,726	2,629	13,178	13,748	51,376	52,963
Non-controlling interests		–2,311	–1,645	–3,756	–3,460	–6,033	–5,736
Earnings per share before and after dilution, SEK		0.23	0.10	0.52	0.55	2.04	2.11
Number of shares		25,148,384	25,148,384	25,148,384	25,148,384	25,148,384	25,148,384

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Condensed

SEK thousands		April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July 2012– June 2013	Full-year 2012
Net profit for the period		3,415	984	9,422	10,288	45,343	47,227
OTHER COMPREHENSIVE INCOME							
Components that will be reclassified to net profit for the period							
Currency effect on translation of foreign operations		–1,593	–159	–985	134	–228	892
Other comprehensive income for the period		–1,593	–159	–985	134	–228	892
Total comprehensive income for the period		1,822	825	8,437	13,882	45,115	48,119
Total comprehensive income attributable to							
Parent Company's shareholders		4,133	2,470	12,193	13,882	51,148	53,855
Non-controlling interests		–2,311	–1,645	–3,756	–3,460	–6,033	–5,736

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Condensed

SEK thousands	Note	June 30 2013	June 30 2012	Dec 31 2012
Non-current assets				
Goodwill		18,570	13,944	13,944
Trademarks		187,532	187,532	187,532
Other intangible assets		4,607	5,975	4,572
Tangible non-current assets		14,471	13,791	13,952
Deferred tax assets		35,356	43,147	35,283
Total non-current assets		260,536	264,389	255,283
Current assets				
Inventories, etc.		43,853	29,687	35,688
Accounts receivable		81,454	71,233	93,994
Other current receivables		43,864	34,739	29,250
Investments	1	155,467	139,693	163,979
Cash & cash equivalents		33,768	113,619	116,195
Total current assets		358,406	388,971	439,106
Total assets		618,942	653,360	694,389
Equity and liabilities				
Equity		277,215	306,519	344,216
Deferred tax liabilities		44,587	50,267	44,544
Other non-current liabilities		27,455	25,421	30,985
Bond loan	1	192,603	191,959	192,283
Accounts payable		25,364	27,603	32,780
Other current liabilities		51,718	51,591	49,581
Total equity and liabilities		618,942	653,360	694,389

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands		Equity attributable to Parent Company's shareholders	Non- controlling interests	Total equity
Opening balance, January 1, 2012				
Total comprehensive income for the period		400,815	-3,854	396,962
Distribution for 2011		13,882	-3,460	10,422
Acquisition of non-controlling interests		-100,594	-	-100,594
Dividend to non-controlling interests		-26	-79	-105
Non-controlling interests that arose through formation of subsidiaries		-	-168	-168
Closing balance, June 30, 2012		314,077	-7,559	306,519
Opening balance, January 1, 2013				
Total comprehensive income for the year		400,815	-3,854	396,962
Distribution for 2011		53,855	-5,736	48,119
Acquisition of non-controlling interests		-100,594	-	-100,594
Dividend to non-controlling interests		-26	-79	-105
Non-controlling interests that arose through formation of subsidiaries		-	-168	-168
Closing balance, December 31, 2012		354,050	-9,835	344,216
Opening balance, January 1, 2013				
Total comprehensive income for the period		354,050	-9,835	344,216
Distribution for 2012		12,193	-3,756	8,437
Non-controlling interests that arose through acquisition of subsidiary		-75,444	-	-75,444
Closing balance, June 30, 2013		290,799	-13,585	277,215

CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed

SEK thousands	Note	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	Full-year 2012
Cash flow from operating activities						
Before changes in working capital		–2,458	548	–518	15,836	62,460
Changes in working capital		11,712	11,414	–1,969	–6,035	–31,220
Cash flow from operating activities		9,254	11,992	–2,487	9,801	31,240
Investments in intangible non-current assets		–119	–965	–366	–1,054	–2,679
Investments in tangible non-current assets		–1,438	–647	–2,695	–1,539	–3,843
Acquisition of subsidiary	2	–	–	–6,547	–	–
Investments		13,910	–139,693	8,357	–139,693	–161,211
Cash flow from investing activities		12,353	–141,305	–1,251	–142,286	–167,734
Dividend/distribution		–75,445	–100,594	–75,445	–100,594	–100,594
Amortization of loans		–1,140	–1,667	–3,211	–3,334	–6,667
Change in long-term liabilities		–	–	–	–	8,899
Issuance of bond loan		–	196,909	–	196,909	196,778
Repurchase of bond loan		–	–4,950	–	–4,950	–4,950
Cash flow from financing activities		–76,585	89,698	–78,656	88,031	93,466
Cash flow for the period		–54,978	–39,645	–82,394	–44,454	–43,028
Cash & cash equivalents at beginning of period		89,171	154,031	116,195	158,042	158,042
Translation difference in cash & cash equivalents		–425	–767	–33	31	1,182
Cash & cash equivalents at end of period		33,768	113,619	33,768	113,619	116,195

KEY FIGURES

Group

SEK thousands	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July 2012– June 2013	Full-year 2012
Gross profit margin, %	50.1	52.1	49.7	49.8	50.1	50.2
Operating margin, %	0.8	4.6	4.2	7.9	11.1	12.7
Profit margin, %	4.1	3.6	4.8	6.7	11.5	12.5
Return on capital employed, %	14.8	15.6	14.8	15.6	14.8	15.9
Return on average equity, %	17.6	28.1	17.6	28.1	17.6	14.3
Profit attributable to Parent Company's shareholders	5,726	2,629	13,178	13,748	51,375	52,963
Equity/assets ratio, %	44.8	46.9	44.8	46.9	44.8	49.6
Equity per share, SEK	11.02	12.19	11.02	12.19	11.02	13.69
Investments in intangible non-current assets	119	965	247	1,054	2,837	2,679
Investments in tangible non-current assets	1,438	647	1,257	1,539	4,208	3,843
Business acquisition	–	–	6,547	–	6,547	–
Depreciation, amortization and impairment losses for the period	–1,596	–1,583	–3,153	–3,359	–7,815	–6,438
Average number of employees	–	–	165	131	165	139

SUMMARY BY SEGMENT

Group	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July 2012– June 2013	Full-year 2012
SEK thousands						
Operating revenue						
Brand						
External revenue	6,434	7,846	17,346	20,427	39,820	42,900
Internal revenue	8,079	8,169	18,940	19,024	38,307	38,392
	14,513	16,015	36,286	39,451	78,127	81,292
Product development						
External revenue	46,580	57,445	96,626	122,763	251,099	277,236
Internal revenue	28,345	23,995	52,300	48,626	111,781	108,107
	74,925	81,440	148,926	171,389	362,880	385,343
Wholesale						
External revenue	39,732	27,337	97,710	77,092	189,245	168,626
Internal revenue	9,755	9,684	23,577	23,466	52,811	52,701
	49,487	37,021	121,287	100,558	242,056	221,327
Retail						
External revenue	15,025	12,850	27,504	25,734	64,437	62,669
Internal revenue	3,171	2,103	5,497	4,429	11,365	10,296
	18,196	14,953	33,001	30,163	75,802	72,965
Less internal sales	–49,350	–43,951	–100,314	–95,545	–214,264	–209,495
Operating revenue	107,771	105,478	239,185	246,016	544,601	551,432
Operating profit						
Brand	1,802	4,338	6,383	10,127	12,537	16,281
Product development	4,235	8,976	9,993	17,689	40,892	48,589
Wholesale	–1,138	–4,493	4,520	–1,140	20,297	14,636
Retail	–4,039	–3,973	–10,812	–7,197	–13,335	–9,720
Operating profit	860	4,848	10,084	19,479	60,391	69,786

QUARTERLY DATA

Group	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
SEK thousands								
Net sales	107,771	131,414	138,655	166,761	105,478	140,538	123,100	160,150
Gross profit margin, %	50.1	49.4	51.6	49.5	52.1	48.0	52.4	50.6
Operating profit	860	9,225	15,085	35,222	4,848	14,631	14,143	32,976
Operating margin, %	0.8	7.0	10.9	21.1	4.6	10.4	11.5	20.6
Profit after financial items	4,467	7,086	18,948	33,368	3,830	12,730	15,026	32,664
Profit margin, %	4.1	5.4	13.7	20.0	3.6	9.1	12.2	20.4
Earnings per share before/after dilution, SEK	0.23	0.30	0.45	1.11	0.10	0.44	1.92	1.05
Number of Björn Borg stores at end of period	57	57	60	59	57	56	56	54
of which Group-owned Björn Borg stores	17	17	17	13	13	14	15	13
Brand sales	273,093	431,815	376,244	484,938	288,360	447,640	384,133	551,267

PARENT COMPANY INCOME STATEMENT

Condensed

SEK thousands	Note	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July 2012– June 2013	Full-year 2012
Net sales		11,974	12,733	24,694	24,797	50,325	49,667
Cost of goods sold		–135	–105	–485	–538	–658	–740
Gross profit		11,839	12,628	24,209	24,259	49,667	48,927
Distribution expenses		–11,116	–11,810	–23,714	–25,234	–48,476	–49,304
Administrative expenses		–4,276	–4,543	–9,121	–9,706	–18,646	–18,963
Development expenses		–1,710	–1,817	–3,648	–3,882	–7,458	–7,585
Operating loss		–5,263	–5,542	–12,274	–14,563	–24,913	–26,925
Dividend from subsidiary		–	–	–	–	75,000	75,000
Group contributions received		–	–	–	–	41,047	41,047
Net financial items		–458	–5,439	–5,330	–9,147	–13,358	–12,194
Profit/loss before tax		–5,721	–10,981	–17,604	–23,710	77,776	76,928
Appropriations		–	–	–	–	355	355
Tax		–	–1,598	403	–1,598	–1,804	–2,207
Profit for the period		–5,721	–12,579	–17,201	–25,308	76,327	75,076
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–5,721	–12,579	–17,201	–25,308	76,327	75,076

PARENT COMPANY BALANCE SHEET

Condensed

SEK thousands	Note	June 30 2013	June 30 2012	Dec 31 2012
Non-current assets				
Intangible non-current assets		520	986	753
Tangible non-current assets		5,426	6,585	5,876
Shares in Group companies		332,439	323,845	327,132
Total non-current assets		338,385	331,416	333,761
Current assets				
Receivables from Group companies		175,106	216,589	103,444
Current receivables		6,786	7,306	5,399
Investments	1	155,467	144,643	163,979
Cash & cash equivalents		1,537	57,849	86,172
Total current assets		338,896	426,387	358,994
Total assets		677,281	757,803	692,754
Equity and liabilities				
Equity		46,138	38,400	138,784
Untaxed reserves		2,183	2,538	2,183
Deferred tax		609	–	609
Bond loan	1	192,603	196,909	192,283
Due to Group companies		423,757	506,208	345,377
Accounts payable		2,947	4,801	2,766
Other current liabilities		9,044	8,947	10,752
Total equity and liabilities		677,281	757,803	692,754

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Condensed

SEK thousands	Jan–June 2013	Jan–June 2012	Full-year 2012
Opening balance	138,784	164,302	164,302
Dividend/distribution	–75,445	–105,594	–100,594
Total comprehensive income for the period	–17,201	–25,308	75,076
Closing balance	46,138	38,400	138,784

SUPPLEMENTARY DISCLOSURES

NOT 1 FINANCIAL ASSETS AND LIABILITIES

Level 1 fair value is determined using observable (unadjusted) quoted prices on an active market for identical assets and liabilities.

Level 2 fair value is determined using valuation models based on other observable inputs for the asset or liability other than quoted prices included in level 1.

Level 3 fair value is determined using valuation models where significant inputs are based on non-observable data

Securities held for trading relate to investments in corporate bonds quoted on NASDAQ OMX and have been measured at their quoted prices. Forward exchange contracts are measured according to level 2 based on observable information as of the closing date with respect to exchange rates and market interest rates for the remaining maturities.

Financial assets at fair value through profit or loss			
	Level 1	Level 2	Level 3
Securities held for trading	155,324	–	–
Derivatives held for trading	–	143	
Total assets	155,324	143	

Björn Borg currently has no liabilities measured at fair value. The carrying amount of financial instruments at amortized cost coincides with their fair value as of June 30, 2013, with the exception of the bond loan, whose fair value amounted to SEK 187,200 thousand, compared with a carrying amount of SEK 192,603 thousand.

NOTE 2 ACQUISITION OF SUBSIDIARY

In February 2013 Björn Borg AB acquired 75 percent of the shares in Fashion Case Retail Oy in Finland, previously owned by the Finnish distributor. An experienced local partner acquired the remaining 25 percent. The acquired company changed its name to Björn Borg Finland Oy in February 2013.

The Finnish operations currently consist of wholesaling of underwear, sportswear and bags as well as one Björn Borg store in Helsinki. The brand is strongly positioned in Finland, which today is Björn Borg's six largest market. The company sees the potential for continued growth.

During the first half-year the operations contributed SEK 15.9 million to the Group's sales and SEK 0.3 million to operating profit. The acquired operations are included in the Wholesale segment as of the acquisition date.

The total purchase price amounted to EUR 1,052,500 including the non-controlling interest, of which 75 percent (EUR 789,375, of which Björn Borg's share is EUR 592,031) was paid in cash on the acquisition date, with the remaining share payable in February 2014 (EUR 262,500, of which Björn Borg's share is EUR 196,875). The effect on cash flow amounted to EUR 6,547 thousand, i.e., the total purchase price paid in cash of SEK 6,788 thousand less acquired cash & cash equivalents of SEK 239 thousand. There are no conditions associated with the purchase price. Acquisition expenses amounted to SEK 260 thousand and have been expensed in 2012 and 2013.

Carrying amount as of acquisition date of acquired net assets	
SEK thousand	
Non-current assets	
Customer relations	1 209
Other non-current assets	524
Current assets	
Inventories	6 391
Accounts receivable	1 588
Other current assets	309
Current liabilities	
Accounts payable	3 971
Other current liabilities	1 592
Identifiable assets and liabilities, net	4 458
Goodwill arising through acquisitions	
Transferred consideration including non-controlling interest	8 862
Minus: Fair value of acquired net assets	4 458
Goodwill upon acquisition	4 404

The goodwill that arose in connection with the acquisition and recognized locally in the Finnish company is expected to be tax deductible.

DEFINITIONS

Gross profit margin

Net sales less cost of goods sold divided by net sales.

Operating margin

Operating profit as a percentage of net sales.

Profit margin

Profit before tax as a percentage of net sales.

Equity/assets ratio

Equity as a percentage of total assets.

Return on capital employed

Profit after financial items (over a rolling 12-month period) plus financial expenses as a percentage of average capital employed.

Return on equity

Net profit (over a rolling 12-month period) according to the income statement as a percentage of average equity. Average equity is calculated by adding equity at January 1 to equity at December 31 and dividing by two.

Earnings per share/Earnings per share after dilution

Earnings in relation to the weighted average number of shares during the period and earnings per share adjusted for any dilution effect.

Brand sales

Estimated total sales of Björn Borg products at the consumer level, excluding VAT, based on reported sales at the wholesale level.

The Board of Directors and the CEO certify that the interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, August 23, 2013

Fredrik Lövstedt
Chairman

Kerstin Hessius
Board Member

Isabelle Ducellier
Board Member

Mats H Nilsson
Board Member

Vilhelm Schottenius
Board Member

Michael Storåkers
Board Member

Arthur Engel
President and CEO

Upcoming information dates

The interim report for January–September 2013 will be released on November 8, 2013.

The year-end report for 2013 will be released on February 14, 2014.

For further information, please contact:
Arthur Engel, President and CEO, telephone +46 8 506 33 700
Magnus Teeeling, CFO, telephone +46 8 506 33 700

Björn Borg AB
Tulegatan 11
SE-113 53 Stockholm, Sweden
www.bjornborg.com

Björn Borg is required to make public the information in this interim report in accordance with the Securities Market Act.
The information was released for publication on August 23, 2013 at 7:30 am (CET).

ABOUT THE BJÖRN BORG GROUP

The Group owns the Björn Borg trademark and its core business is underwear. It also offers sportswear and fragrances as well as footwear, luggage & bags and eyewear through licensees. Björn Borg products are sold in around thirty markets, of which Sweden and the Netherlands are the largest. The Björn Borg Group has operations at every level from branding to consumer sales in its own Björn Borg stores. Total sales of Björn Borg products in 2012 amounted to around SEK 1.6 billion, excluding VAT, at the consumer level. Group net sales amounted to SEK 551 million in 2012, with 139 employees. The Björn Borg share has been listed on NASDAQ OMX Nordic in Stockholm since 2007.