H & M HENNES & MAURITZ AB

FULL YEAR REPORT

1 December 2007 – 30 November 2008

- **Sales including VAT for the H&M Group for the financial year amounted to SEK 104,041 m (92,123). Sales excluding VAT for the financial year amounted to SEK 88,532 m (78,346), an increase of 13 percent. In local currencies, the increase was 11 percent. In comparable units, sales decreased by 1 percent.**

- **Profit after financial items for the financial year was SEK 21,190 m (19,170), an increase of 11 percent. Group profit after tax was SEK 15,294 m (13,588), corresponding to SEK 18.48 (16.42) per share, an increase of 13 percent.**

- **Sales excluding VAT for the fourth quarter amounted to SEK 26,310 m (22,817), an increase of 15 percent. In local currencies, sales increased by 8 percent and decreased by 3 percent in comparable units.**

- **Profit after financial items for the fourth quarter was SEK 7,114 m (6,221), an increase of 14 percent.**

- **Sales in the first two H&M stores in Tokyo surpassed the company's high expectations and were H&M's most successful store openings ever.**

- **The outlook for the future expansion and the development opportunities remains positive. H&M will create 6,000 to 7,000 new job opportunities during 2009.**

- **For the financial year 2008/2009 a net contribution of 225 stores is planned.**

- **The company is preparing the first store opening in Bejing during the spring 2009.**

- **The Board of Directors proposes a dividend of SEK 15.50 (14.00) per share.**

- **Sales in December 2008 increased by 3 percent in local currencies compared to the same month previous year.**

- **Sales in January 2009 expected to increase by 8 percent in local currencies compared to the same month last year.**

Sales

Sales excluding VAT for the H&M Group for the financial year amounted to SEK 88,532 m (78,346), an increase of 13 percent. In local currencies the increase was 11 percent. In comparable units, sales decreased by 1 percent. Sales including VAT amounted to SEK 104,041 m (92,123).

Sales excluding VAT in the fourth quarter amounted to SEK 26,310 m (22,817), an increase of 15 percent. Sales including VAT were SEK 30,848 m (26,836), in local currencies sales increased by 8 percent and decreased by 3 percent in comparable units.

The Group opened 214* (193) stores during the financial year and 18 (16) stores were closed. In addition, 13 Weekday-stores and 7 Monki-stores have been consolidated through H&M's acquisition of FaBric Scandinavien AB. In the fourth quarter 129 (94) stores were opened and 9 (4) were closed. The total number of stores in the Group as per 30 November 2008 thus amounted to 1,738 (1,522), of which 18 are franchise stores.

* including 4 Monki-stores and 1 Weekday-store that opened after 1 May, 2008.

Results for the financial year

Gross profit for the financial year amounted to SEK 54,468 m (47,847), which corresponds to 61.5 percent (61.1) of sales.

The operating profit after deducting selling and administrative expenses was SEK 20,138 m (18,382). The result corresponded to an operating margin of 22.7 percent (23.5).

Operating profit for the financial year has been charged with depreciation amounting to SEK 2,202 m (1,814).

Consolidated net interest income was SEK 1,052 m (788).

Profit after financial items amounted to SEK 21,190 m (19,170), an increase of 11 percent.

Group profit after tax with an average effective tax rate of 27.8 percent (29.1) for the financial year was SEK 15,294 m (13,588), corresponding to earnings per share of SEK 18.48 (16.42), an increase of 13 percent.

Return on shareholders' equity was 44.3 percent (45.4) and return on capital employed was 61.1 percent (63.7).

The result before tax for the financial year was positively affected by currency translation effects of approximately SEK 287 m compared to a recalculation of the result at last year's average exchange rates. The Group's hedging of the internal flow of goods to the subsidiaries has led to that the company has not been able to benefit from the positive effect in Swedish krona that would have arisen due to the strengthening of most of the subsidiaries' currencies in relation to the Swedish krona. This effect would have been approximately SEK 400 m during the year.

Nor will the company in the first quarter of 2008/2009, due to the hedging policy of the internal flow of goods, be able to benefit from the strengthening of primarily the euro.

Comments on the full year

Sales for the full year can, especially considering the downturn in the global economy during the autumn, be regarded as satisfying. During the financial year H&M reached a milestone when sales including VAT exceeded SEK 100 billion.

Online and catalogue sales have had a positive development during the year. In Germany and Austria, online sales were complemented by catalogue sales which were well received. The development of the new initiatives COS and FaBric Scandinavien has continued according to plan.

The reception of the two new H&M stores in Tokyo was fantastic and sales surpassed the company's high expectations.

New franchise countries during the year were Egypt, Saudi Arabia, Bahrain and Oman.

Selling and administrative expenses in relation to sales have increased by 1.2 percentage units compared to last year's 38.8 percent. This is mainly due to an increased cost level related to organisational reinforcements in preparation for long-term investments in store expansion, online and catalogue sales as well as the new initiatives COS, FaBric Scandinavien and H&M Home.

The number of store openings during the year, with most openings in the fourth quarter, was in accordance to the expansion plan. The proportion of rebuilt stores remained on the same high level as previous year. Investments and costs for new as well as rebuilt stores as calculated per unit increased in comparison to last year, mainly due to continued investments in store standard in order to enhance the customer experience and consequently further reinforce H&M's competitiveness.

Logistics has continued to develop and has been rendered more effective during the year in order to facilitate a more efficient use of the stock-in-trade as well as to support the strong expansion of stores as well as online and catalogue sales. Among other things a new logistics centre in Hamburg was opened during the autumn. Furthermore, the company sees a continued potential for improvements of the effectiveness of the operations in the two large logistics centres in Poznan and Hamburg during the years to come.

Results for the fourth quarter

Gross profit for the fourth quarter amounted to SEK 16,416 m (14,174) which corresponded to a gross margin of 62.4 percent (62.1).

Operating profit was SEK 6,819 m (5,996) for the fourth quarter, corresponding to an operating margin of 25.9 percent (26.3).

Profit after financial items was SEK 7,114 m (6,221), an increase of 14 percent.

Comments on the fourth quarter

Sales during the quarter increased by 15 percent, corresponding to an increase in local currencies of 8 percent. Most of H&M's sales markets were affected by a more restrained consumption due to the difficult global economic situation.

The gross margin increased by 0.3 percentage units, to 62.4 percent, compared to the corresponding period last year. The gross margin was positively affected by the US-dollar exchange rate and lower price reductions compared to the fourth quarter last year.

Selling and administrative expenses for the quarter amounted to SEK 9,597 m (8,178), an increase of 17 percent compared to the fourth quarter last year, in local currencies the increase was 10 percent.

Despite somewhat lower sales than planned during the fourth quarter, the level of stock-in-trade was satisfying by the end of the quarter.

Financial position and cash flow

Consolidated total assets as per 30 November 2008 increased by 23 percent compared to the same point of time last year and amounted to SEK 51,243 m (41,734).

During the financial year the Group generated a cash flow of SEK 5,292 m (6,010). The operating activities generated a positive cash flow of SEK 17,966 m (15,381). Cash flow was among other things affected by dividends of SEK -11,584 m (-9,515), investments in fixed assets of SEK -5,193 m (-3,608), acquisition of subsidiary SEK -555 m (-) and by financial investments with a duration of three to twelve months of SEK 4,900 m (3,848). Liquid funds and short-term investments amounted to SEK 22,726 m (20,964).

The stock-in-trade increased by 7 percent compared to the same point of time last year and amounted to SEK 8,500 m (7,969). This corresponds to 9.6 percent (10.2) of sales excluding VAT. The stock-in-trade was 16.6 percent (19.1) of total assets.

The equity/assets ratio was 72.1 percent (76.9) and the share of risk-bearing capital was 75.7 percent (78.5).

Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 30 November 2008 was SEK 44.65 (38.78).

Expansion

H&M remains positive towards the future expansion and the company's business opportunities. The proportion of new stores and rebuilding of existing stores are expected to remain on the same high levels as during 2007/2008 and the company will employ between 6,000 and 7,000 new employees during 2009.

For the financial year 2008/2009 a net contribution of 225 stores is planned, of which 15 Monki- and Weekday stores and 8 COS stores. Most of the Group's number of stores is planned for the US, France, Italy, Spain, the United Kingdom and Germany.

The investments into raising the standard of rebuilt as well as new stores continue according to plan. The investments are made in order to enhance the customer experience as well as the stores' attractiveness thereby strengthening H&M's competitiveness.

At the end of February 2009 the new textile concept for the home, H&M Home, will be available through catalogue and online sales in the Nordic countries, the Netherlands, Germany and Austria. H&M Home's collection was very well received when it was shown to media in Berlin at the end of 2008.

The preparations for the two store openings in Moscow during the spring 2009 are continuing according to plan. Furthermore, leases have been signed for a store to open in Moscow during the autumn of 2009 as well as for a store in St. Petersburg to open during 2010. The Russian market is considered very interesting with great potential for future growth.

The company is also preparing for the first store opening in Beijing during the spring of 2009, followed by further plans for store openings during 2009.

The interest in H&M in the Middle East is great. H&M's franchise partner Alshaya plans to open the first store in Lebanon during the autumn of 2009. H&M's Israeli franchise partner Match Retail plans to open the first store in Israel during 2010.

H&M's growth target is to increase the number of stores with 10-15 percent with continued high profitability and at the same time increase sales in existing stores.

Taxes

The tax rate for 2008 was 27.8 percent (29.1) a reduction that was mainly due to the fact that the altered internal price setting gave full effect. For the full year of 2008/2009 the effective tax rate for the Group is expected to be approximately 27.5 percent. For the following year the tax is expected to decrease to approximately 27 percent as a consequence of the decreased company tax level in Sweden.

Employees

The average number of employees, converted into full-time positions, in the Group was 53,430 (47,029), of which 4,924 (4,456) in Sweden.

The Parent Company

Sales excluding VAT for the parent company during the financial year amounted to SEK 5,311 m (9,629). The result before balance sheet appropriations amounted to SEK 15,395 m (10,938), of which dividend from subsidiaries of SEK 12,839 m (8,465). The cash-flow for the parent company has been affected by net investments in fixed assets of SEK -185 m (114).

Store operations in Sweden were run up until 31 May 2007 by the parent company. Internet and catalogue sales in Sweden were run up until 30 November 2007 by the parent company. In conjunction with Group restructuring activities, these businesses have been transferred to separate subsidiaries. The external revenue that still remains in the parent company in the amount of SEK 136 m refers to franchise revenues and remuneration for administrative expenses related to franchising.

Events after the close of the quarter

Sales including VAT in local currencies for December 2008 increased by 3 percent compared to the same month previous year. Sales in comparable units decreased by 7 percent.

Sales including VAT in local currencies for January 2009 are expected to increase by 8 percent compared to the same month last year.

The continued downturn in the global economy has affected H&M's sales in December and January, the sales development should however be seen in the light of the fact that H&M's first quarter 2008 was strong. H&M's successful business idea and financial strength implies that the company is well prepared to meet future challenges and possibilities, amongst other things through increased possibilities to good store locations and strengthened bargaining positions.

Dividend proposal

H&M's financial goal is to enable the company to continue enjoying good growth and to be prepared to exploit business opportunities. It is essential that the expansion, as in the past, proceeds with the same high degree of financial strength and continued freedom of action.

Based on this policy, the Board of Directors has determined that the total dividend should equal about half of the profit after tax. In addition, the Board may propose that the surplus liquidity can also be distributed.

The Board of Directors will propose to the Annual General Meeting 2009 a dividend of SEK 15.50 per share (14.00), which corresponds to 84 percent (85) of the result after tax.

The Board of Directors is of the opinion that the proposed distribution of earnings is justifiable taking into consideration the financial position and continued freedom of actions of the Group and the parent company and observing the requirements that the nature and extent of the business, its risks and future expansion plans impose on the Group's and the parent company's equity and liquidity.

Annual General Meeting 2009

The Annual General Meeting 2009 will be held on Monday 4 May, at 3 pm in the Victoria Hall, International Fairs, in Stockholm.

Annual Report 2008

The Annual Report including the Corporate Governance Report is expected to be published on 23 March 2009, on the same date it will also be published on ww.hm.com. The printed Annual Report which will be sent out by post to shareholders that have requested this and it will also be available from the company's office.

Accounting principles

The Group applies International Financial Reporting Standards (IFRS) as adopted by EU. This Interim Report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The accounting principles applied in this report are described in the Annual Report and Consolidated Financial Statements for 2006/2007, in Note 1 – Accounting principles. Regarding reporting of the acquisition of FaBric Scandinavien, refer to Note 1 at the end of this report.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2.1, Accounting for Legal Entities, which essentially means that IFRS is applied. In accordance with Recommendation RFR 2.1, IAS 39 is not applied in the parent company.

Risks and uncertainties

A number of factors may affect H&M's results and business. Most of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties related to fashions, weather situations, quota systems and exchange rates, but also in connection with expansion into new markets, the launch of new concepts, changes in consumer behaviour or handling of the brand.

For a more detailed description of risks and uncertainties, refer to the Administration Report and to Note 2 in the Annual Report and Consolidated Accounts for 2006/2007. There were no significant changes in risks and uncertainties during the period.

Calendar

26 March 2009	Three Month Report, 1 Dec 2008 – 28 Feb 2009
4 May 2009, at 3 p.m.	AGM 2009, Victoriahallen, International Fairs, Stockholm
25 June 2009	Half year Report, 1 Dec 2008 – 31 May 2009
24 September 2009	Nine Month Report, 1 Dec 2008 – 31 August 2009
28 January 2010	Full year Report, 1 Dec 2008 – 30 November 2009
25 March 2010	Three Month Report, 1 Dec 2009 – 28 Feb 2010
29 April 2010, at 3 p.m.	Annual General Meeting 2010

The Full Year Report has not been audited by the company's auditors.

Stockholm, 28 January 2009
The Board of Directors

All figures within parenthesis refer to the corresponding period or point of time previous year. Comparable units, previously referred to as comparable stores, imply the stores and the internet and catalogue sales countries that have been in operation for at least a financial year. H&M's financial year extends from 1 December to 30 November.

The information in this Interim Report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under Sweden's Securities Market Act. It will be released for publication at 08:00 (CET) on 29 January 2009.

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Information about H&M and press images are available at www.hm.com

GROUP INCOME STATEMENT (SEK m)

1 December - 30 November

	2008	2007	Q4 2008	Q4 2007
Sales including VAT	104,041	92,123	30,848	26,836
Sales excluding VAT	88,532	78,346	26,310	22,817
Cost of goods sold	-34,064	-30,499	-9,894	-8,643
GROSS PROFIT	**54,468**	**47,847**	**16,416**	**14,174**
Selling expenses	-32,185	-27,687	-8,997	-7,645
Administrative expenses	-2,145	-1,778	-600	-533
OPERATING PROFIT	**20,138**	**18,382**	**6,819**	**5,996**
Interest income	1,060	793	297	228
Interest expense	-8	-5	-2	-3
PROFIT AFTER FINANCIAL ITEMS	**21,190**	**19,170**	**7,114**	**6,221**
Tax	-5,896	-5,582	-2,025	-1,568
PROFIT FOR THE YEAR	**15,294**	**13,588**	**5,089**	**4,653**

All profit is attributable to the parent company's shareholders.

Earnings per share, SEK*	18.48	16.42	6.15	5.62
Number of shares, thousands*	827,536	827,536	827,536	827,536
Depreciation, total	2,202	1,814	457	364
of which cost of goods sold	245	203	67	52
of which selling expenses	1,825	1,505	341	276
of which administrative expenses	132	106	49	36

* Before and after dilution

GROUP BALANCE SHEET (SEK m)
30 November

ASSETS	2008	2007
FIXED ASSETS		
Intangible fixed assets		
Brands	443	-
Customer relationships	123	-
Leasehold rights	659	266
Goodwill	431	-
	1,656	**266**
Tangible fixed assets		
Buildings and land	480	466
Equipment, tools, fixture and fittings	11,961	8,821
	12,441	**9,287**
Long-term receivables	**476**	**253**
Deferred tax receivables	**1,299**	**883**
TOTAL FIXED ASSETS	**15,872**	**10,689**
CURRENT ASSETS		
Stock-in-trade	**8,500**	**7,969**
Short-term receivables		
Accounts receivables	1,991	1,122
Other receivables	1,206	356
Prepaid expenses and accrued income	948	634
	4,145	**2,112**
Short-term investments	**-**	**4,900**
Liquid funds	**22,726**	**16,064**
TOTAL CURRENT ASSETS	**35,371**	**31,045**
TOTAL ASSETS	**51,243**	**41,734**

GROUP BALANCE SHEET (SEK m)

30 November

EQUITY AND LIABILITIES	2008	2007
EQUITY		
Share capital	207	207
Reserves	1,410	263
Retained earnings	20,039	18,035
Profit for the year	15,294	13,588
TOTAL EQUITY	**36,950**	**32,093**
Long-term liabilities*		
Provisions for pensions	228	156
Deferred tax liabilities	1,818	651
Other provisions	368	-
	2,414	**807**
Short-term liabilities**		
Accounts payable	3,658	2,483
Tax liabilities	1,279	2,036
Other liabilities	3,255	1,468
Accrued expenses and prepaid income	3,687	2,847
	11,879	**8,834**
TOTAL LIABILITIES	**14,293**	**9,641**
TOTAL EQUITY AND LIABILITIES	**51,243**	**41,734**
Pledged assets and contigent liabilities.	**-**	**-**

* Only provisions for pensions are interest bearing.

** No current liabilities are interest bearing.

GROUP CHANGE IN EQUITY (SEK m)

All shareholders' equity is attributable to the parent company's shareholders since there are no minority interests.

	Share capital	Translation effects	Retained earnings	Total shareholders' equity
Shareholders' equity, 1 December 2006	207	22	27,550	27,779
Translations effect, hedging reserves	-	241	-	241
Income and expenses posted directly to equity	-	241	-	241
Profit for the year	-	-	13,588	13,588
Total income and expenses	-	241	13,588	13,829
Dividend	-	-	-9,515	-9,515
Shareholders' equity, 30 November 2007	**207**	**263**	**31,623**	**32,093**

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholders' equity, 1 December 2007	207	263	-	31,623	32,093
Translations effect, hedging reserves	-	1,679	-739	-	940
Deferred tax	-	-	207	-	207
Income and expenses posted directly to equity	-	1,679	-532	-	1,147
Profit for the year	-	-	-	15,294	15,294
Total income and expenses	-	1,679	-532	15,294	16,441
Dividend	-	-	-	-11,584	-11,584
Shareholders' equity, 30 November 2008	**207**	**1,942**	**-532**	**35,333**	**36,950**

The Group’s managed capital consists of shareholders’ equity. The Group’s goal with respect to the managing of capital is to enable good growth to continue and to be prepared to exploit business opportunities. It is essential that the expansion, as in the past, proceeds with the same high degree of financial strength and continued freedom of action. Based on this policy, the Board of Directors has established a dividend policy whereby the dividend should equal around half of the profit for the year after taxes. In addition, the Board may propose that surplus liquidity may also be distributed. H&M meets the capital requirements set out in the Swedish Companies Act. No other external capital requirements exist.

GROUP CASH FLOW STATEMENT (SEK m)

1 December - 30 November

	2008	2007
Profit after financial items*	21,190	19,170
Provisions for pensions	72	27
Depreciation	2,202	1,814
Tax paid	-5,940	-5,557
Cash flow from current operations before changes in working capital	**17,524**	**15,454**
Cash flow from changes in working capital		
Current receivables	-1,343	-421
Stock-in-trade	-183	-615
Current liabilities	1,968	963
CASH FLOW FROM CURRENT OPERATIONS	**17,966**	**15,381**
Investment activities		
Investment in leasehold rights	-446	-86
Investment in/sale of buildings and land	-23	-56
Investment in fixed assets	-4,724	-3,466
Acquistion of subsidiaries, Note 1	-555	-
Change in financial investments, 3 - 12 months	4,900	3,848
Other investments	-242	-96
CASH FLOW FROM INVESTMENT ACTIVITIES	**-1,090**	**144**
Financing activities		
Dividend	-11,584	-9,515
CASH FLOW FROM FINANCING ACTIVITIES	**-11,584**	**-9,515**
CASH FLOW FOR THE YEAR	**5,292**	**6,010**
Liquid funds at begining of the year	**16,064**	**9,877**
Cash flow for the year	5,292	6,010
Exchange rate effect	1,370	177
Liquid funds at the end of year	**22,726**	**16,064**

* Interest paid amounts for the Group to SEK 8 m (5).
Received interest amounts for the Group to SEK 1,070 m (822).

FIVE YEAR SUMMARY

1 December - 30 November

THE FINANCIAL YEAR	**2008**	**2007**	**2006**	**2005**	**2004**
Sales including VAT, SEK m	104,041	92,123	80,081	71,886	62,986
Sales excluding VAT, SEK m	88,532	78,346	68,400	61,262	53,695
Change from previous year, %	13	15	12	14	11
Operating profit, SEK m	20,138	18,382	15,298	13,173	10,667
Operating margin, %	22.7	23.5	22.4	21.5	19.9
Depreciation for the year, SEK m	2,202	1,814	1,624	1,452	1,232
Profit after financial items, SEK m	21,190	19,170	15,808	13,553	11,005
Profit after tax, SEK m	15,294	13,588	10,797	9,247	7,275
Liquid funds and short-term investments, SEK m	22,726	20,964	18,625	16,846	15,051
Stock-in-trade, SEK m	8,500	7,969	7,220	6,841	5,142
Equity, SEK m	36,950	32,093	27,779	25,924	22,209
Number of shares, thousands*	827,536	827,536	827,536	827,536	827,536
Earnings per share, SEK*	18.48	16.42	13.05	11.17	8.79
Shareholders' equity per share, SEK*	44.65	38.78	33.57	31.33	26.84
Cash flow from current operations per average number of shares, SEK*	21.71	18.59	14.57	12.25	10.46
Dividend per share, SEK	15.50**	14.00	11.50	9.50	8.00
Return on shareholders' equity, %	44.3	45.4	40.2	38.4	34.4
Return on capital employed, %	61.1	63.7	58.7	56.3	51.9
Share of risk-bearing capital, %	75.7	78.5	80.0	80.2	82.5
Equity/assets ratio, %	72.1	76.9	78.1	78.1	79.0
Total number of stores	1,738	1,522	1,345	1,193	1,068
Average number of employees	53,430	47,029	40,855	34,614	31,701

* Before and after dilution

** Proposed by the Board of Directors

Definition on key figures see Annual Report 2007.

The International Standards (IFRS) are beeing applied from 2005/2006. The restatement of the 2004/2005 figures according to IFRS has not involved any adjustment. 2003/2004 is accounted to previous principles based on the International Standards (IFRS).

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Full year, 1 December 2007--30 November 2008

	SEK m	SEK m	Change in %		No. of stores	New	Closed
COUNTRY	2008	2007	SEK	Local currency	30 Nov. 2008	stores	stores
Sweden	7,444	7,228	3	3	150	29	3
Norway	5,290	5,155	3	0	85	4	1
Denmark	3,867	3,746	3	-1	69	5	1
United Kingdom	7,337	7,320	0	10	146	20	3
Switzerland	4,879	4,206	16	9	66	7	1
Germany	25,487	22,150	15	11	339	25	5
Netherlands	6,793	6,147	11	7	96	8	1
Belgium	3,122	2,836	10	6	55	3	2
Austria	5,020	4,543	10	7	60	2	
Luxembourg	351	331	6	2	9	1	
Finland	2,450	2,247	9	4	36	3	1
France	7,988	6,972	15	10	114	16	
USA	6,513	5,816	12	17	169	24	
Spain	5,778	5,114	13	9	99	20	
Poland	2,508	1,776	41	25	53	11	
Czech Republic	670	610	10	-5	16	2	
Portugal	764	672	14	10	17	2	
Italy	2,675	1,742	54	48	46	15	
Canada	1,812	1,449	25	26	43	8	
Slovenia	594	485	22	18	9	3	
Ireland	488	418	17	13	9	2	
Hungary	304	197	54	47	8	2	
Slovakia	137	81	69	50	3	1	
Greece	301	141	113	106	8	5	
China	881	482	83	82	13	6	
Japan	198				2	2	
Franchise	390	259	51	51	18	8	
Total	**104,041**	**92,123**	**13**	**11**	**1,738**	**234**	**18**

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Fourth quarter, 1 September 2008--30 November 2008

COUNTRY	SEK m 2008	SEK m 2007	Change in % SEK	Change in % Local currency	No. of stores 30 Nov. 2008	New stores	Closed stores
Sweden	2,000	2,051	-2	-2	150	9	2
Norway	1,425	1,485	-4	-4	85	3	
Denmark	1,082	1,090	-1	-8	69	4	
United Kingdom	2,165	2,122	2	9	146	9	1
Switzerland	1,525	1,221	25	9	66	5	1
Germany	7,541	6,257	21	13	339	16	4
Netherlands	2,018	1,861	8	2	96	3	1
Belgium	904	796	14	6	55		
Austria	1,490	1,313	13	6	60	1	
Luxembourg	105	93	13	6	9	1	
Finland	659	599	10	-1	36	2	
France	2,482	2,063	20	13	114	10	
USA	2,010	1,648	22	8	169	12	
Spain	1,663	1,475	13	5	99	13	
Poland	726	563	29	15	53	6	
Czech Republic	189	182	4	-13	16	2	
Portugal	224	182	23	14	17	2	
Italy	891	625	43	34	46	7	
Canada	577	474	22	23	43	2	
Slovenia	194	157	24	16	9	1	
Ireland	140	120	17	8	9	2	
Hungary	88	65	35	26	8	2	
Slovakia	42	36	17	-3	3	1	
Greece	104	58	79	70	8	4	
China	298	203	47	27	13	4	
Japan	198				2	2	
Franchise	108	97	11	11	18	6	
Total	**30,848**	**26,836**	**15**	**8**	**1,738**	**129**	**9**

SEGMENT REPORTING (SEK m)

1 December-30 November

	2008	2007
Nordic region		
External net sales	15,323	15,017
Operating profit	1,154	7,033
Operating margin, %	7.5	46.8
Assets, excluding tax receivables	4,059	17,826
Liabilities, excluding tax liabilities	1,168	3,317
Investments	268	322
Depreciation	198	231
Eurozone excluding Finland		
External net sales	49,961	43,430
Operating profit	2,938	8,316
Operating margin, %	5.9	19.1
Assets, excluding tax receivables	14,190	14,716
Liabilities, excluding tax liabilities	2,911	2,703
Investments	2,439	1,778
Depreciation	1,051	872
Rest of the World		
External net sales	23,248	19,899
Operating profit	1,196	3,033
Operating margin, %	5.1	15.2
Assets, excluding tax receivables	9,234	8,309
Liabilities, excluding tax liabilities	1,601	934
Investments	1,827	1,508
Depreciation	823	711
Group Functions		
Net sales to other segments	51,558	
Operating profit	14,850	
Operating margin, %	28.8	
Assets, excluding tax receivables	22,461	
Liabilities, excluding tax liabilities	5,516	
Investments	659	
Depreciation	130	
Eliminations		
Net sales to other segments	-51,558	
Total		
External net sales	88,532	78,346
Operating profit	20,138	18,382
Operating margin, %	22.7	23.5
Assets, excluding tax receivables	49,944	40,851
Liabilities, excluding tax liabilities	11,196	6,954
Investments	5,193	3,608
Depreciation	2,202	1,814

Internal follow-up of the business is carried out by country. To present information on different segments in an easily accessible way, the operations are divided into three geographical regions: the Nordic region, Euro Zone countries excluding Finland, and the Rest of the World. There is no internal division into different business segments and hence reporting in secondary segments is not relevant. In 2007 the Group structure was refined in order to facilitate the division of the logistics functions into regions and to support continued expansion. As a result of this, the central functions of design, logistics, stock management and buying were transferred into a separate subsidiary. Along with all the other subsidiaries with no external sales, the parent company is reported with effect from 1 December 2007 in a separate segment: Group Functions. A great deal of the Group's value-added is created in this segment. In 2007 the internal pricing model was adapted in accordance with this, with the result that the operating profit and operating margin in individual segments for the current financial year are not comparable with previous years.

PARENT COMPANY INCOME STATEMENT (SEK m)

1 December-30 November

	2008	2007
Sales including VAT	136	10,738
Sales excluding VAT	136	7,112
Internal sales excluding VAT*	5,175	2,517
Cost of goods sold	-32	-3,579
GROSS PROFIT	**5,279**	**6,050**
Selling expenses	-1,773	-2,934
Administrative expenses	-1,388	-1,092
OPERATING PROFIT	**2,118**	**2,024**
Dividend from subsidiaries	12,839	8,465
Interest income	438	449
Interest expense	0	0
PROFIT AFTER FINANCIAL ITEMS	**15,395**	**10,938**
Year-end appropriations	-663	130
Tax	-534	-751
PROFIT FOR THE YEAR	**14,198**	**10,317**
Earnings per share, SEK**	17.16	12.47
Number of shares, thousands**	827,536	827,536
Depreciation, total	88	88
of which cost of goods sold	11	12
of which selling expenses	73	72
of which administrative expenses	4	4

* Includes received royalty from group companies.

** Before and after dilution.

Store operations in Sweden were run up until 31 May 2007 by the Parent Company.
Internet and catalogue sales in Sweden were run up until 30 November 2007 by the Parent Company.
In conjunction with Group restructuring activities, these businesses have been transferred to separate subsidiaries. The departments for design, logistics and buying that previously were part of the parent company were also transferred into a separate subsidiary as of 1 June 2007.
The external revenue that still remains in the Parent Company in the amount of SEK 136 m refers to franchise revenues and remuneration for administrative expenses related to franchising.

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

ASSETS	2008	2007
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	58	59
Equipment, tools, fixture and fittings	356	258
	414	**317**
Financial fixed assets		
Shares and participation rights	583	17
Receivables from subsidiaries	345	0
Long-term receivables	13	10
Deferred tax receivables	51	32
	992	**59**
TOTAL FIXED ASSETS	**1,406**	**376**
CURRENT ASSETS		
Stock-in-trade	**-**	**407**
Short-term receivables		
Accounts receivables	-	508
Receivables from subsidiaries	8,579	5,786
Tax receivables	143	-
Other receivables	46	42
Prepaid expences and accrued income	12	40
	8,780	**6,376**
Short-term investments	**-**	**4,900**
Liquid funds	**6,525**	**1,417**
TOTAL CURRENT ASSETS	**15,305**	**13,100**
TOTAL ASSETS	**16,711**	**13,476**

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

EQUITY AND LIABILITIES	2008	2007
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	**295**
Non-restricted equity		
Retained earnings	783	2,050
Profit for the year	14,198	10,317
	14,981	**12,367**
TOTAL EQUITY	**15,276**	**12,662**
Deferred tax liabilities	**782**	**119**
Long-term liabilities*		
Provisions for pensions	**193**	**113**
Short-term liabilities**		
Accounts payable	98	124
Liabilities to subsidiaries	-	-
Tax liabilities	-	5
Other liabilities	219	221
Accrued expenses and prepaid income	143	232
	460	**582**
TOTAL LIABILITIES	**1,435**	**814**
TOTAL EQUITY AND LIABILITIES	**16,711**	**13,476**
Pledged assets	-	-
Contingent libilities	11,751	12,431

* Only provisions for pensions are interest bearing.
** No current liabilities are interest bearing.

Store operations in Sweden were run up until 31 May 2007 by the Parent Company.
Internet and catalogue sales in Sweden were run up until 30 November 2007 by the Parent Company.
In conjunction with Group restructuring activities, these businesses have been transferred to separate subsidiaries. The departments for design, logistics and buying that previously were part of the parent company were also transferred into a separate subsidiary as of 1 June 2007.

Note 1 Acquisitions

As stated in a press release of 6 March 2008, H&M has signed an agreement to acquire the privately owned Swedish fashion company FaBric Scandinavien AB, which designs and sells fashion under a number of own brands including Cheap Monday and which also runs the store chains Weekday and Monki. Following approval of the transaction by the relevant competition authorities, as of 30 April 2008 H&M acquired 60 percent of the shares in the company for SEK 551 m in cash. This means that Fabric Scandinavien AB is included in the consolidated accounts for the Group with effect from 1 May 2008.

The parties have also entered into an agreement under which H&M has the opportunity/obligation to acquire the remaining shares within three to five years. The calculated value of the put options given to minority shareholders in conjunction with the acquisition of the company is reported at a provision for a conditional price supplement. As a result, no minority share is reported. The provision at the time of acquisition was SEK 368 m. Any change in the fair value of the put options/price supplement will be reported as an adjustment of goodwill.

The total purchase price including provisions for the minority shareholders' put options is calculated as SEK 919 m. In addition to this there are acquisition expenses of SEK 8 m, resulting in a total acquisition cost of SEK 927 m. The acquisition gives rise to goodwill of SEK 431 m following the identification of intangible assets relating to the brands of SEK 470 m and of SEK 131 m relating to customer relationships, while deferred tax liability is reported at SEK 169 m. Goodwill in connection with the acquisition relates for example to synergy effects achieved through economies of scale in areas such as production, logistics and expansion, as well as know-how in the existing organisation.

The assets and liabilities included in the acquisition are as follows:

SEK m	Reported value within FaBric Scandinavien	Values according to provisional acquisition analysis
Intangible fixed assets - Brands* - Customer relationships* - Leasehold rights	 8	 470 131 8
Tangible fixed assets	42	42
Financial fixed assets	1	1
Stock-in-trade	48	48
Other current assets	51	51
Liquid funds	4	4
Deferred tax liabilities	-5	-174
Non current liabilities	-22	-22
Current liabilities	-63	-63
Identifiable net assets acquired		**496**
Goodwill		431
Total	**64**	**927**
Purchase price for shares in subsidiaries		551
Acquisition expenses		8
Provisions for price supplement/put options		368
Total acquisition cost		**927**

*The utilisation period for these assets has been assessed as ten years.

FaBric Scandinavien AB's result after tax during the shortened fiscal year 2008-08-11—2008-11-30 was MSEK 9, sales excluding VAT for the same period amounted to MSEK 218.