



H & M HENNES & MAURITZ AB

FULL-YEAR REPORT

1 December 2009 – 30 November 2010

FULL-YEAR

- The H&M Group's sales excluding VAT increased by 15 percent in local currencies. Converted into SEK, the increase was 7 percent and sales amounted to SEK 108,483 m (101,393).
- Strong sales increase of 5 percent in comparable units in local currencies.
- Gross profit amounted to SEK 68,269 m (62,474), corresponding to a gross margin of 62.9 percent (61.6).
- Profit after financial items amounted to SEK 25,008 m (22,103), an increase of 13 percent. Group profit after tax was SEK 18,681 m (16,384), corresponding to SEK 11.29 (9.90) per share.

THE FOURTH QUARTER

- The H&M Group's sales excluding VAT increased by 15 percent in local currencies. Converted into SEK, the increase was 6 percent and sales amounted to SEK 29,711 m (28,011). Sales in comparable units increased by 7 percent in local currencies.
- Gross profit amounted to SEK 18,792 m (18,581), corresponding to a gross margin of 63.2 percent (66.3).
- Profit after financial items amounted to SEK 7,178 m (7,992), a decrease of 10 percent. Adjusted for currency translation effects, profit after financial items would have been in line with the previous year.
- Group profit after tax amounted to SEK 5,487 m (6,154), corresponding to SEK 3.32 (3.72) per share.
- Very good start for H&M in Turkey.

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- The Board of Directors proposes a dividend of SEK 9.50 (8.00) per share for the financial year 2009/2010.
 - Sales in December 2010 increased by 8 percent in local currencies compared to the same month the previous year.
 - Sales in the period 1 – 25 January 2011 increased by 9 percent in local currencies compared to the same period last year.
 - H&M plans for a net addition of around 250 stores for the financial year 2010/2011.
 - Continued investments in online and catalogue sales where H&M sees great potential for future growth;
 - new H&M Shop Online will be launched in the beginning of 2011
 - Online sales in USA planned to be launched at the turn of the year 2011/2012

Comments by Karl-Johan Persson, CEO

"2010 was a very good year for H&M with a sales increase of 15 percent. Profit after financial items increased to SEK 25 billion. During the year we improved our market position further with a strengthened customer offering by giving the customers even more fashion and quality at the best price. The economy improved from 2009 but in several countries the economic situation was still uncertain and difficult.

In the fourth quarter, sales increased by a satisfactory 15 percent. The operating margin, of approximately 24 percent, continued to be at a high level. Excluding currency translation effects, profit after financial items was in line with the previous year.

In 2011, we plan to open around 250 stores net in new and existing markets. We will open in five new markets. At the same time we are expanding our online and catalogue sales. At the start of 2011, we are launching the new H&M Shop Online in the markets where we offer online and catalogue sales already. Shopping experience and functionality have been improved. Around year-end we plan to start online sales in USA, the world's largest online market.

External factors change in the markets of production. Raw material prices have increased; cotton prices for example almost doubled in 2010. Naturally, H&M has to adapt to changing conditions but always in a way that is in accordance with our business concept – to offer customers fashion and quality at the best price – and in that way increase the opportunities for us to continue to take market shares.

We are optimistic about the future and we plan to increase sales in comparable units in 2011."



Sales and store openings

Sales including VAT increased by 15 percent in local currencies for the financial year. Converted into SEK, sales increased by 7 percent and amounted to SEK 126,966 m (118,697). Sales in comparable units increased by 5 percent in local currencies. Sales excluding VAT for the financial year increased by 15 percent in local currencies. Converted into SEK, sales excluding VAT increased by 7 percent and amounted to SEK 108,483 m (101,393).

Sales including VAT for the fourth quarter increased by 15 percent in local currencies. Converted into SEK, sales increased by 6 percent and amounted to SEK 34,792 m (32,758). Sales in comparable units increased by 7 percent in local currencies. Sales excluding VAT for the fourth quarter increased by 15 percent in local currencies. Converted into SEK, sales excluding VAT increased by 6 percent and amounted to SEK 29,711 m (28,011).

The Group opened 243 (275) stores and closed 25 (25) stores during the financial year, i.e. a net addition of 218 stores. In the fourth quarter, 138 (159) stores opened and 10 (11) stores closed. The total number of stores in the Group as per 30 November 2010 thus amounted to 2,206 (1,988), of which 50 franchise stores, 35 COS stores, 48 Monki stores, 18 Weekday stores and one Cheap Monday store.

Results for the financial year

Gross profit for the Group for the financial year amounted to SEK 68,269 m (62,474), an increase of 9 percent. This corresponds to a gross margin of 62.9 percent (61.6).

The operating profit amounted to SEK 24,659 m (21,644), an increase of 14 percent, which corresponds to an operating margin of 22.7 percent (21.3).

Operating profit for the financial year has been charged with depreciation amounting to SEK 3,061 m (2,830).

Consolidated net interest income was SEK 349 m (459).

Profit after financial items amounted to SEK 25,008 m (22,103), an increase of 13 percent.

The Group's profit for the financial year after applying a tax rate of 25.3 percent (25.9) was SEK 18,681 m (16,384), which represents earnings per share of SEK 11.29 (9.90), an increase of 14 percent.

Return on shareholders' equity was 44.1 percent (42.2) and return on capital employed was 58.7 percent (56.7).

	FULL YEAR 2010	FULL YEAR 2009	Q4 2010	Q4 2009
(SEK m)				
Net sales	108,483	101,393	29,711	28,011
Gross profit	68,269	62,474	18,792	18,581
gross margin, %	62.9	61.6	63.2	66.3
Operating profit	24,659	21,644	7,060	7,909
operating margin, %	22.7	21.3	23.8	28.2
Net financial items	349	459	118	83
Profit after financial items	25,008	22,103	7,178	7,992
Tax	-6,327	-5,719	-1,691	-1,838
Profit for the period	18,681	16,384	5,487	6,154
Earnings per share, SEK	11.29	9.90	3.32	3.72



Comments on the full year

The long-term investment in an improved customer offering by giving the customers even more fashion and quality for the money contributed to a strong sales development during the full year. Sales in local currencies increased by 5 percent in comparable units. Consumer demand recovered slightly in 2010 compared to 2009, but the economy was still weak in several markets.

The gross margin increased by 1.3 percentage units to 62.9 percent (61.6). In the first three quarters the purchasing costs was positively affected by external factors such as increased spare capacity at the suppliers, decreased transportation costs and lower raw material prices. The positive effects on the gross margin in the first three quarters were partly offset in the fourth quarter as the external effects had a reversed effect on the purchasing costs. Increased investments in the customer offering, in order to continue strengthening H&M's market position in the long term also had a negative effect on the gross margin.

The gross margin for the full year was positively affected by the currency hedging of the mark-up on internal sales of goods to the subsidiaries by approximately 0.3 percentage units. In 2009, these currency hedges had a negative effect on the gross margin of approximately 0.4 percentage units*.

Selling and administrative expenses amounted to SEK 43,610 m (40,830) during the year, an increase of 7 percent. In local currencies the increase was 15 percent. The cost increase was mainly related to the expansion. During the year the company has also gradually increased the investments in order to strengthen the brand in the long term and to secure future expansion. Costs in relation to sales in comparable units were on the same level as in the previous year.

H&M had a net addition of 218 new stores during the financial year. The reason that the company opened fewer stores than the originally planned 240 stores was that completion of some shopping malls, in which H&M had planned to open stores, was halted due to weak economy.

South Korea, Israel and Turkey became new markets during the financial year. The first stores in Seoul and Istanbul and the first franchise stores in Tel Aviv, Jerusalem, and Haifa were all very well received by the customers. The launch of H&M Shop Online in the UK in the autumn 2010 was well received.

The proportion of refurbished stores remained on the same high level as the previous year. The investments and costs for new and refurbished stores per unit were lower than in the previous year.

Results for the fourth quarter

Gross profit for the fourth quarter amounted to SEK 18,792 m (18,581). This corresponds to a gross margin of 63.2 percent (66.3).

Operating profit for the fourth quarter amounted to SEK 7,060 m (7,909). This corresponds to an operating margin of 23.8 percent (28.2).

Profit after financial items was SEK 7,178 m (7,992), a decrease of 10 percent.

Profit after tax was SEK 5,487 m (6,154), corresponding to SEK 3.32 (3.72) per share.

* H&M changed its currency hedging policy as of 1 December 2009, see the Full-year report from 28 January 2010.



Comments on the fourth quarter

Sales in the fourth quarter increased by 15 percent in local currencies. Converted into SEK, sales increased by 6 percent. Sales in comparable units increased by 7 percent in local currencies.

During the quarter, the Swedish krona has continued to strengthen against most of the sales countries' local currencies. This has resulted in large negative effects on both sales and profits when converted into SEK.

The gross margin amounted to 63.2 percent (66.3). In the fourth quarter 2009, the gross margin was very high as there was a positive effect of 1.2 percentage units from the former currency hedging policy and also due to the fact that several external factors had a positive effect on purchasing costs.

The gross margin was negatively affected by several external factors that had a reverse effect on purchasing costs in the fourth quarter 2010 compared to the corresponding quarter previous year. The factors affecting were less spare capacity at the suppliers, higher transportation costs and significantly higher raw material prices, e.g. the cotton prices almost doubled in 2010. Increased investments in the customer offering in order to strengthen H&M's market position also had a negative effect on the gross margin.

H&M adjusts to changing market conditions over time. The purpose is to always have the best customer offering in each market in order to strengthening H&M's market position and continue to gain market shares with a continued high profitability.

Mark-downs in relation to sales were on the same level as in the corresponding quarter the previous year.

Selling and administrative expenses in the quarter amounted to SEK 11,732 m (10,672), an increase of 10 percent. The increase in costs in the quarter was mainly related to the expansion but also to an increased activity in the company in order to further strengthen the brand and to lay an even better foundation for profitable growth in the long term. In the quarter, increased investments were made within marketing and IT development as well as for online and catalogue sales, where the company sees great potential for future growth. Also an increase of the staffing in the stores had a certain effect on costs in the fourth quarter.

Profit after financial items amounted to SEK 7,178 m (7,992). Adjusted for currency exchange translation effects arising when the results in H&M's various markets are converted from the local currency into Swedish kronor, the profit after financial items would have been in line with the previous year

The stock-in-trade increased by 12 percent compared to the same time the previous year and amounted to SEK 11,487 m (10,240). In local currencies, the increase was 16 percent. The composition of the closing stock-in-trade was good with a larger proportion of new garments compared to same time the previous year. The company estimates that mark-downs in relation to sales during the first quarter of 2011 will be on the same level as in the first quarter 2010.

As previously communicated in a press release H&M acquired, in November 2010, the remaining 40 percent of the shares in FaBric Scandinavien AB for SEK 8 m. The brands Weekday, Monki and Cheap Monday will continue to be operated as separate concepts.



Financial position and cash flow

Consolidated total assets as per 30 November 2010 amounted to SEK 59,182 m (54,363), an increase of 9 percent compared to the same time the previous year.

During the financial year, the current operations generated a positive cash flow of SEK 21,838 m (17,973). Cash flow was among other things affected by dividends of SEK -13,239 m (-12,825), investments in fixed assets of SEK -4,959 m (-5,686) and by short-term investments with a duration of four to twelve months of SEK -5,166 m (-3,001). During the financial year, the Group generated a cash flow of SEK -1,530 m (-3,607). Liquid funds and short-term investments amounted to SEK 24,858 m (22,025).

The stock-in-trade amounted to SEK 11,487 m (10,240), corresponding to 10.6 percent (10.1) of sales excluding VAT. The stock-in-trade was 19.4 percent (18.8) of total assets.

The equity/assets ratio was 74.6 percent (74.7) and the share of risk-bearing capital was 76.2 percent (78.5).

Shareholders' equity apportioned on the outstanding 1,655,072,000** (1,655,072,000) shares as per 30 November 2010 was SEK 26.69 (24.54).

** Share split

In June 2010 H&M implemented a 2:1 share split, where each share was split into two shares of the same class. The first day of trading in the split shares was 1 June 2010. Following the implemented share split the new number of shares is 1,655,072,000, of which 194,400,000 are series A shares and 1,460,672,000 are series B shares.

Earnings per share has been calculated based on the new number of shares. According to IAS 33 *Earnings Per Share*, the earnings per share is adjusted retroactively for all reported periods.

Expansion

H&M remains positive towards the future expansion and the company's business opportunities.

H&M's growth target is to increase the number of stores with 10-15 percent per year with continued high profitability and at the same time increase sales in comparable units. For the 2010/2011 financial year a net addition of approximately 250 stores is planned. China, the UK and USA will be the largest expansion markets for H&M in 2011.

The proportion of refurbishments of existing stores is expected to remain on the same high level as during 2009/2010.

The company sees great growth potential within online and catalogue sales where the investments continue. In the beginning of 2011 a new website, www.hm.com, is launched with a new H&M Shop Online, which will offer better customer experience and functionality in H&M's present online markets. The new website, which will offer improved functionality and increased inspiration, is also launched in countries that can not yet shop H&M's garments online, in order to increase customer traffic to the stores.

At the turn of the year 2011/2012, H&M plans to launch H&M Shop Online in USA, the largest online market in the world. H&M will thus offer online and catalogue sales in nine countries; Sweden, Norway, Denmark, Finland, the Netherlands, Germany, Austria, the UK and USA. The aim is to offer online and catalogue sales in all H&M markets in the future.

As previously communicated, the following establishments are planned for 2011:

Romania, Croatia and Singapore will become new H&M countries in 2011 with store openings in Bucharest, Zagreb and Singapore.

The new franchise markets for 2011 are Morocco and Jordan with store openings in Casablanca and Amman.

The first COS store in Sweden will open in Stockholm in the summer 2011.

**Tax**

The tax rate for the financial year 2009/2010 amounted to 25.3 percent (25.9)

For the financial year 2010/2011 the tax rate is estimated to amount to approximately 26 percent.

Employees

The average number of employees in the Group, converted into full-time positions, was 59,440 (53,476), of which 5,398 (4,874) are employed in Sweden.

Parent company

The parent company's external sales amounted to SEK 6 m (-) for the financial year. Profit after financial items amounted to SEK 14,868 m (15,267). Investments in fixed assets amounted to SEK 100 m (94).

Comments on the current quarter

Sales in December 2010 increased by 8 percent in local currencies compared to the same month the previous year. Sales in comparable units were on the same level as in the same month the previous year. Sales in December were affected negatively by heavy snow in many H&M markets.

Sales during the period 1 – 25 January 2011 increased by 9 percent in local currencies compared to the same period last year.

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 continued 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 any surplus liquidity can also be distributed.

The Board of Directors will propose to the Annual General Meeting 2011 a dividend of SEK 9.50 per share (8.00), which corresponds to 84 percent (81) 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 action 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.

H&M Incentive Program

On 20 October 2010 H&M held an Extraordinary General Meeting regarding the establishment of an incentive programme for all employees of the H&M Group.

The meeting resolved to mandate the Board of Directors to introduce an incentive programme known as the H&M Incentive Program, which will cover all employees of the H&M Group based on the same principles. The Board was further mandated to draw up the necessary detailed rules of the programme and otherwise to take the action required to implement the programme.

The programme was initiated by Stefan Persson and family, who will donate 4,040,404 H&M shares worth around SEK 1 billion (based on the share price on 6 September 2010) to a newly formed Swedish foundation, Stiftelsen H&M Incentive Program (H&M Incentive Program Foundation).



Each year the foundation will normally receive an amount from the H&M Group which corresponds to 10 percent of the increase in dividend compared with the previous year's dividend. The foundation will manage the funds, which will be invested in H&M shares.

All employees throughout the H&M Group, in all countries, regardless of their position and salary level, will be included in the programme according to the same basic principle – based on length of employment, full-time or part-time. The number of years that the employee has worked for the company will be taken into account in the qualification period, which will be five years unless local rules require otherwise. Payouts will commence at the age of 62. However, it will also be possible for payouts to be made after ten years of employment – but no earlier than 2021.

The programme will start in 2011. The first units in the foundation will be allocated to employees during 2011. If the 2011 Annual General Meeting approves the proposed dividend of SEK 9.50 per share then the contribution to the foundation will be SEK 248 m, which will be recognised as a cost in the second quarter 2011.

Annual General Meeting 2011

The Annual General Meeting 2011 will be held on Thursday 28 April, at 3 pm in the Victoria Hall, at the Stockholm International Fairs.

Annual Report 2009/2010

The Annual Report and the Corporate Governance Report is expected to be published on 24 March 2011 on www.hm.com and will be sent out by post to shareholders that have so requested and will also be available at the company's head office.

Accounting principles

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

The accounting principles used in the preparation of this report are described in the Annual Accounts and Consolidated Accounts for 2008/2009 in Note 1 Accounting Principles.

Starting in 2009/10 the Group is applying IFRS 8 Operating Segments for its segment reporting. According to this standard, segment information is to be presented based on the internal segments determined by executive management. The new standard has not required any changes to be made to the way segments were reported previously. The Group's business consists primarily of the sale of clothes and cosmetics to consumers. Internal reporting is broken down by country.

In its segment reporting the Group has grouped countries together into three geographical areas: the Nordic Region, the Euro Zone excluding Finland and the Rest of the World. The financial characteristics are similar in each segment. The parent company and other subsidiaries without external sales are reported in a separate, Group function segment.

A statement of consolidated comprehensive income is also presented containing items previously reported in the statement of shareholders' equity that do not constitute shareholder transactions.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2 the parent company does not apply IAS 39.

Earnings per share has been calculated based on the new number of shares. According to *IAS 33 Earnings Per Share*, the earnings per share is adjusted retroactively for all reported periods.



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 fashion, weather situations, climate changes, trade interventions and exchange rates, but also in connection with expansion into new markets, the launch of new concepts, changes in consumer behaviour and 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 2008/2009. There were no significant changes in risks and uncertainties during the period.

KEY RATIO DEFINITIONS

Return on equity: Profit for the year in relation to average shareholders' equity.

Return on capital employed: Profit after financial items plus interest expense in relation to average shareholders' equity plus average interest-bearing liabilities.

Share of risk-bearing capital: Shareholders' equity plus deferred tax liability in relation to the balance sheet total.

Equity/assets ratio: Shareholders' equity in relation to the balance sheet total.

Equity per share: Shareholders' equity divided by number of shares.

P/E ratio: Price per share divided by earnings per share.

Comparable units: Comparable units comprise the stores and the internet and catalogue sales countries that have been in operation for at least one financial year. H&M's financial year is from 1 December to 30 November.

All figures within parenthesis refer to the corresponding period or point of time the previous year.

CALENDAR

24 March 2011	The Annual Report 2010 to be published
31 March 2011	Three-month report, 1 December 2010 – 28 February 2011
28 April 2011	Annual General Meeting 2011, Victoria Hall, at the Stockholm International Fairs at 3 p.m.
22 June 2011	Six-month report, 1 December 2010 – 31 May 2011

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

Stockholm, 26 January 2011
Board of Directors



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 8.00 (CET) on 27 January 2011.

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H& M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on NASDAQ OMX Stockholm. The company's business concept is to offer fashion and quality at the best price. In addition to H&M, the group includes the brands COS, Monki, Weekday and Cheap Monday as well as H&M Home. The H&M Group has more than 2,200 stores in 38 markets including franchise markets. In 2010, sales including VAT were SEK 126,966 million and the number of employees was around 87,000. For further information, visit www.hm.com.

GROUP INCOME STATEMENT (SEK m)

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2010	2009	Q4 2010	Q4 2009
Sales including VAT	126,966	118,697	34,792	32,758
Sales excluding VAT	108,483	101,393	29,711	28,011
Cost of goods sold	-40,214	-38,919	-10,919	-9,430
GROSS PROFIT	68,269	62,474	18,792	18,581
<i>Gross margin, %</i>	62.9	61.6	63.2	66.3
Selling expenses	-40,751	-38,224	-10,942	-9,961
Administrative expenses	-2,859	-2,606	-790	-711
OPERATING PROFIT	24,659	21,644	7,060	7,909
<i>Operating margin, %</i>	22.7	21.3	23.8	28.2
Interest income	356	467	122	86
Interest expense	-7	-8	-4	-3
PROFIT AFTER FINANCIAL ITEMS	25,008	22,103	7,178	7,992
Tax	-6,327	-5,719	-1,691	-1,838
PROFIT FOR THE PERIOD	18,681	16,384	5,487	6,154

All profit is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

Earnings per share, SEK*	11.29	9.90	3.32	3.72
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	3,061	2,830	729	672
of which cost of goods sold	336	310	79	95
of which selling expenses	2,540	2,350	608	507
of which administrative expenses	185	170	42	70

* Before and after dilution. See page 5, Share split.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

Full Year, 1 December - 30 November

Fourth quarter, 1 September - 30 November

	2010	2009	Q4 2010	Q4 2009
PROFIT FOR THE PERIOD	18,681	16,384	5,487	6,154
Other comprehensive income				
Translation differences	-2,169	-386	-879	395
Change in hedging reserves	386	680	286	-631
Tax attributable to other comprehensive income	-100	-190	-74	83
OTHER COMPREHENSIVE INCOME	-1,883	104	-667	-153
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,798	16,488	4,820	6,001

All comprehensive profit is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

GROUP BALANCE SHEET (SEK m)

30 November

ASSETS	2010	2009
FIXED ASSETS		
Intangible fixed assets		
Brands	349	396
Customer relations	97	110
Leasehold rights	688	744
Goodwill	64	424
	1,198	1,674
Tangible fixed assets		
Buildings and land	656	492
Equipment, tools, fixture and fittings	14,813	14,319
	15,469	14,811
Long-term receivables	518	551
Deferred tax receivables	1,065	1,246
	18,250	18,282
TOTAL FIXED ASSETS	18,250	18,282
CURRENT ASSETS		
Stock-in-trade	11,487	10,240
Current receivables		
Accounts receivables	2,258	1,990
Other receivables	1,453	889
Prepaid expenses	876	937
	4,587	3,816
Short-term investments	8,167	3,001
Liquid funds	16,691	19,024
	40,932	36,081
TOTAL CURRENT ASSETS	40,932	36,081
TOTAL ASSETS	59,182	54,363

GROUP BALANCE SHEET (SEK m)

30 November

EQUITY AND LIABILITIES	2010	2009
EQUITY		
Share capital	207	207
Reserves	-369	1,514
Retained earnings	25,653	22,508
Profit for the year	18,681	16,384
TOTAL EQUITY	44,172	40,613
Long-term liabilities*		
Provisions for pensions	257	254
Deferred tax liabilities	906	2,038
Other provisions	-	368
	1,163	2,660
Current liabilities**		
Accounts payable	3,965	3,667
Tax liabilities	2,304	439
Other liabilities	2,202	2,531
Accrued expenses and prepaid income	5,376	4,453
	13,847	11,090
TOTAL LIABILITIES	15,010	13,750
TOTAL EQUITY AND LIABILITIES	59,182	54,363

Pledged assets and contingent liabilities

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* Only provisions for pensions are interest-bearing.

** No current liabilities are interest-bearing.

GROUP CHANGES IN EQUITY (SEK m)

Since there are no minority interests, all shareholders' equity is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity, 1 December 2009	207	1,556	-42	38,892	40,613
Profit for the year	-	-	-	18,681	18,681
<i>Other comprehensive income</i>					
Translation differences	-	-2,169	-	-	-2,169
Change in hedging reserves	-	-	386	-	386
Tax attributable to other comprehensive income	-	-	-100	-	-100
<i>Other comprehensive income</i>	-	-2,169	286	-	-1,883
Total comprehensive income	-	-2,169	286	18,681	16,798
Dividend	-	-	-	-13,239	-13,239
Shareholders' equity, 30 November 2010	207	-613	244	44,334	44,172

	SHARE CAPITAL	TRANSLATION EFFECTS	HEDGINGS RESERVES	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity, 1 December 2008	207	1,942	-532	35,333	36,950
Profit for the year	-	-	-	16,384	16,384
<i>Other comprehensive income</i>					
Translation differences	-	-386	-	-	-386
Change in hedging reserves	-	-	680	-	680
Tax attributable to other comprehensive income	-	-	-190	-	-190
<i>Other comprehensive income</i>	-	-386	490	-	104
Total comprehensive income	-	-386	490	16,384	16,488
Dividend	-	-	-	-12,825	-12,825
Shareholders' equity, 30 November 2009	207	1,556	-42	38,892	40,613

GROUP CASH FLOW STATEMENT (SEK m)

1 December - 30 November

	2010	2009
Current operations		
Profit after financial items*	25,008	22,103
Provisions for pensions	3	26
Depreciation	3,061	2,830
Tax paid	-5,451	-6,468
Cash flow from current operations before changes in working capital	22,621	18,491
Cash flow from changes in working capital		
Current receivables	-778	-71
Stock-in-trade	-1,557	-1,740
Current liabilities	1,552	1,293
CASH FLOW FROM CURRENT OPERATIONS	21,838	17,973
Investment activities		
Investment in leasehold rights	-147	-180
Investment in/sale of buildings and land	-209	-25
Investment in fixed assets	-4,603	-5,481
Adjustment of consideration/acquisition of subsidiaries	-8	7
Change in short-term investments, 4 - 12 months	-5,166	-3,001
Other investments	4	-75
CASH FLOW FROM INVESTMENT ACTIVITIES	-10,129	-8,755
Financing activities		
Dividend	-13,239	-12,825
CASH FLOW FROM FINANCING ACTIVITIES	-13,239	-12,825
CASH FLOW FOR THE YEAR	-1,530	-3,607
Liquid funds at beginning of the financial year	19,024	22,726
Cash flow for the year	-1,530	-3,607
Exchange rate effect	-803	-95
Liquid funds at end of the financial year**	16,691	19,024

* Interest paid for the Group amounts to SEK 7 m (8).

Received interest for the Group amounts to SEK 356 m (466).

** Liquid funds and short-term investments at the end of the financial year amounted to SEK 24,858 m (22,025).

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Full year 1 December - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores 30 Nov 2010	New stores	Closed stores
	2010	2009	SEK	Local currency			
Sweden	8,365	7,881	6	6	168	10	3
Norway	5,858	5,598	5	5	101	9	
Denmark	4,358	4,254	2	12	87	12	2
United Kingdom	8,392	7,564	11	18	192	26	1
Switzerland	6,122	6,042	1	3	75	2	
Germany	30,628	30,069	2	12	377	24	9
Netherlands	7,387	7,402	0	10	112	10	1
Belgium	3,345	3,502	-4	5	64	6	3
Austria	5,255	5,503	-5	5	66	4	1
Luxembourg	406	411	-1	9	10	2	1
Finland	2,567	2,543	1	11	43	6	1
France	9,140	8,455	8	19	151	17	1
USA	8,916	7,487	19	27	208	19	
Spain	6,109	6,285	-3	7	122	9	1
Poland	2,668	2,466	8	11	76	11	
Czech Republic	707	667	6	12	22	3	
Portugal	937	928	1	11	21	1	
Italy	4,331	3,616	20	32	72	8	
Canada	2,713	2,190	24	19	55	3	
Slovenia	568	615	-8	1	11	1	
Ireland	517	557	-7	2	12	1	
Hungary	387	306	26	38	15	5	
Slovakia	225	187	20	32	7	3	
Greece	646	480	35	48	18	3	
China	2,527	1,614	57	66	47	20	
Japan	1,794	1,111	61	62	10	4	
Russia	916	373	146	153	11	6	
South Korea	255				2	2	
Turkey	28				1	1	
Franchise	899	591	52	52	50	15	1
Total	126,966	118,697	7	15	2,206	243	25

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Fourth quarter, 1 September - 30 November

COUNTRY	SEK m	SEK m	Change in %		No. of stores	New	Closed
	2010	2009	SEK	Local currency	30 Nov 2010	stores	stores
Sweden *	2,179	2,208	-1	-1	168	4	1
Norway	1,533	1,536	0	6	101	3	
Denmark	1,178	1,143	3	15	87	6	2
United Kingdom	2,438	2,131	14	21	192	14	
Switzerland	1,661	1,689	-2	-2	75	2	
Germany	8,210	8,259	-1	11	377	11	3
Netherlands	2,032	2,049	-1	11	112	8	
Belgium	882	901	-2	9	64	2	1
Austria	1,419	1,546	-8	2	66	2	
Luxembourg	108	109	-1	11	10	1	1
Finland	641	636	1	12	43	2	1
France	2,566	2,267	13	26	151	13	
USA	2,528	1,984	27	31	208	12	
Spain	1,598	1,640	-3	9	122	6	
Poland	722	702	4	9	76	7	
Czech Republic	199	188	6	13	22	2	
Portugal	239	235	2	14	21		
Italy	1,312	1,093	20	34	72	5	
Canada	761	607	25	22	55	2	
Slovenia	158	169	-7	4	11		
Ireland	141	144	-2	9	12	1	
Hungary	123	89	38	56	15	5	
Slovakia	67	59	14	26	7	2	
Greece	181	163	11	24	18	3	
China	770	492	57	62	47	10	
Japan	496	477	4	2	10	1	
Russia	287	130	121	134	11	4	
South Korea	93				2	1	
Turkey	28				1	1	
Franchise	242	112	116	116	50	8	1
Total	34,792	32,758	6	15	2,206	138	10

* The Swedish sales for the fourth quarter 2009 include an adjustment item of SEK 85 m relating to earlier periods. Adjusted for this, Sweden had an increase in the fourth quarter 2010 of around 3 percent.

FIVE YEAR SUMMARY

1 December - 30 November

THE FINANCIAL YEAR	2010	2009	2008	2007	2006
Sales including VAT, SEK m	126,966	118,697	104,041	92,123	80,081
Sales excluding VAT, SEK m	108,483	101,393	88,532	78,346	68,400
Change from previous year, %	7	15	13	15	12
Operating profit, SEK m	24,659	21,644	20,138	18,382	15,298
Operating margin, %	22.7	21.3	22.7	23.5	22.4
Depreciation for the year, SEK m	3,061	2,830	2,202	1,814	1,624
Profit after financial items, SEK m	25,008	22,103	21,190	19,170	15,808
Profit after tax, SEK m	18,681	16,384	15,294	13,588	10,797
Liquid funds and short-term investments, SEK m	24,858	22,025	22,726	20,964	18,625
Stock-in-trade, SEK m	11,487	10,240	8,500	7,969	7,220
Equity, SEK m	44,172	40,613	36,950	32,093	27,779
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	11.29	9.90	9.24	8.21	6.52
Shareholders' equity per share, SEK*	26.69	24.54	22.33	19.39	16.8
Cash flow from current operations per share, SEK*	13.17	10.86	10.86	9.29	7.28
Dividend per share, SEK	9.50**	8.00	7.75	7.00	5.75
Return on shareholders' equity, %	44.1	42.2	44.3	45.4	40.2
Return on capital employed, %	58.7	56.7	61.1	63.7	58.7
Share of risk-bearing capital, %	76.2	78.5	75.7	78.5	80.0
Equity/assets ratio, %	74.6	74.7	72.1	76.9	78.1
Total number of stores	2,206	1,988	1,738	1,522	1,345
Average number of employees	59,440	53,476	53,430	47,029	40,855

* Number of shares adjusted according to share split. See page 5, Share split.

** Proposed by the Board of Directors.

Definition on key figures see page 8.

KEY RATIOS PER QUARTER

	2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales including VAT, SEK m	23,241	25,412	24,540	30,848	27,282	31,070	27,587	32,758	29,095	31,604	31,475	34,792
Sales excluding VAT, SEK m	19,742	21,609	20,871	26,310	23,299	26,538	23,545	28,011	24,846	27,033	26,893	29,711
Change from previous year, %	18	8	12	15	18	23	13	6	7	2	14	6
Operating profit, SEK m	3,799	5,155	4,365	6,819	3,364	5,671	4,700	7,909	4,978	6,965	5,656	7,060
Operating margin, %	19.2	23.9	20.9	25.9	14.4	21.4	20.0	28.2	20.0	25.8	21.0	23.8
Depr. for the period, SEK m	578	577	590	457	721	715	722	672	772	783	777	729
Profit after financial items, SEK m	4,057	5,433	4,586	7,114	3,554	5,784	4,773	7,992	5,055	7,040	5,735	7,178
Profit after tax, SEK m	2,941	3,939	3,325	5,089	2,577	4,193	3,460	6,154	3,741	5,209	4,244	5,487
Liquid assets*, SEK m	22,450	14,528	17,786	22,726	23,625	14,904	16,238	22,025	26,200	18,992	21,362	24,858
Stock-in-trade, SEK m	7,892	7,073	7,930	8,500	9,052	8,601	10,215	10,240	8,402	8,562	10,545	11,487
Equity, SEK m	34,803	27,263	30,828	36,950	41,043	31,644	34,612	40,613	43,746	36,064	39,352	44,172
Earnings per share, SEK**	1.78	2.38	2.01	3.07	1.56	2.53	2.09	3.72	2.26	3.15	2.56	3.32
Equity per share, SEK**	21.03	16.47	18.63	22.33	24.80	19.12	20.91	24.54	26.43	21.79	23.78	26.69
Cash flow from current operations per share, SEK**	1.48	3.17	2.57	3.63	0.74	3.60	1.91	4.60	3.25	4.30	2.23	3.42
Share of risk-bearing capital, %	81.0	76.0	75.1	75.7	77.9	74.8	76.2	78.5	80.8	75.9	75.8	76.2
Equity/assets ratio, %	79.5	74.2	73.5	72.1	74.6	71.0	72.8	74.7	77.2	71.8	72.3	74.6
Total number of stores	1,529	1,593	1,618	1,738	1,748	1,822	1,840	1,988	1,992	2,062	2,078	2,206
Rolling 12 months												
Earnings per share, SEK**	8.60	8.88	8.98	9.24	9.02	9.18	9.26	9.90	10.61	11.22	11.69	11.29
Return on shareholders' equity, %	43.6	56.9	50.7	44.3	39.4	51.6	46.8	42.2	41.4	54.8	52.3	44.1
Return on capital employed, %	60.5	77.4	68.9	61.1	54.3	70.9	64.5	56.7	55.4	72.9	69.3	58.7
Stock-in-trade in % of turnover	9.7	8.5	9.3	9.6	9.8	8.9	10.2	10.1	8.2	8.3	9.9	10.6

* Liquid funds and short-term investments

** Number of shares adjusted according to share split. See page 5, Share split.

Definitions on key figures see page 8.

SEGMENT REPORTING (SEK m)

1 December - 30 November

	2010	2009
Nordic region		
External net sales	17,023	16,302
Operating profit	966	692
Operating margin, %	5.7	4.2
Assets excluding tax receivables	6,076	5,037
Liabilities excluding tax liabilities	1,562	1,639
Investments	393	375
Depreciation	276	259
Eurozone excluding Finland		
External net sales	58,412	57,229
Operating profit	3,011	2,545
Operating margin, %	5.2	4.4
Assets excluding tax receivables	16,178	16,601
Liabilities excluding tax liabilities	3,403	3,307
Investments	1,988	2,789
Depreciation	1,433	1,374
Rest of the World		
External net sales	33,048	27,862
Operating profit	2,038	1,298
Operating margin, %	6.2	4.7
Assets excluding tax receivables	12,248	10,711
Liabilities excluding tax liabilities	2,508	1,875
Investments	2,000	2,135
Depreciation	1,141	1,015
Group Functions		
Net sales to other segments	58,641	57,510
Operating profit	18,644	17,109
Operating margin, %	31.8	29.7
Assets excluding tax receivables	23,615	20,768
Liabilities excluding tax liabilities	4,327	4,452
Investments	578	387
Depreciation	211	182
Eliminations		
Net sales to other segments	-58,641	-57,510
Total		
External net sales	108,483	101,393
Operating profit	24,659	21,644
Operating margin, %	22.7	21.3
Assets excluding tax receivables	58,117	53,117
Liabilities excluding tax liabilities	11,800	11,273
Investments	4,959	5,686
Depreciation	3,061	2,830

PARENT COMPANY INCOME STATEMENT (SEK m)

1 December - 30 November

	2010	2009
External sales excluding VAT	6	-
Internal sales excluding VAT*	6,900	5,521
GROSS PROFIT	6,906	5,521
Selling expenses	-2,240	-1,898
Administrative expenses	-2,024	-1,561
OPERATING PROFIT	2,642	2,062
Dividend from subsidiaries	12,153	13,092
Interest income	73	113
Interest expense	0	0
PROFIT AFTER FINANCIAL ITEMS	14,868	15,267
Year-end appropriations	705	-41
Tax	-912	-608
PROFIT FOR THE YEAR	14,661	14,618

* Includes royalty received from Group companies

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

1 December - 30 November

	2010	2009
PROFIT FOR THE YEAR	14,661	14,618
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14,661	14,618

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

ASSETS	2010	2009
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	48	51
Equipment, tools, fixture and fittings	369	363
	417	414
Financial fixed assets		
Shares and participation rights	580	572
Receivables from subsidiaries	1,208	705
Long-term receivables	14	30
Deferred tax receivables	59	56
	1,861	1,363
TOTAL FIXED ASSETS	2,278	1,777
CURRENT ASSETS		
Current receivables		
Receivables from subsidiaries	7,764	8,072
Tax receivables	-	627
Other receivables	14	13
Prepaid expenses	9	14
	7,787	8,726
Short-term investments	8,167	3,001
Liquid funds	223	3,644
TOTAL CURRENT ASSETS	16,177	15,371
TOTAL ASSETS	18,455	17,148

PARENT COMPANY BALANCE SHEET (SEK m)

30 November

EQUITY AND LIABILITIES	2010	2009
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	1,965	681
Profit for the year	14,661	14,618
	16,626	15,299
TOTAL EQUITY	16,921	15,594
UNTAXED RESERVES	119	825
Long-term liabilities		
Provisions for pensions	223	211
Current liabilities*		
Accounts payable	128	133
Liabilities to subsidiaries	129	-
Tax liabilities	368	-
Other liabilities	340	245
Accrued expenses and prepaid income	227	140
	1,192	518
TOTAL LIABILITIES	1,415	729
TOTAL EQUITY AND LIABILITIES	18,455	17,148
Pledged assets	-	-
Contingent liabilities	12,729	11,292

* No current liabilities are interest-bearing.