



H & M HENNES & MAURITZ AB

NINE-MONTH REPORT

1 December 2007 – 31 August 2008

- **Sales excluding VAT for the H&M Group for the first nine months of the financial year amounted to SEK 62,222 m (55,529), an increase of 12 percent. In local currencies, the increase was 11 percent. In comparable units, sales were on the same level as last year.**
 - **Profit after financial items for the first nine months was SEK 14,076 m (12,949), an increase of 9 percent. Group profit after tax was SEK 10,205 m (8,935), corresponding to SEK 12.33 (10.80) per share, an increase of 14 percent.**
 - **Sales excluding VAT for the third quarter amounted to SEK 20,871 m (18,707), an increase of 12 percent. In local currencies, sales increased by 10 percent and decreased by 1 percent in comparable units.**
 - **Profit after financial items for the third quarter was SEK 4,586 m (4,404), an increase of 4 percent.**
 - **Sales in August increased by 8 percent in local currencies compared to the same month last year.**
 - **The stock-in-trade is on a very satisfying level with a higher proportion of new autumn garments compared to the same point of time last year.**
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- **Fantastic reception of the first store in Tokyo, Japan in September.**
 - **Sales in September have up to and including 28 September increased by 9 percent compared to the same period last year.**

Sales

Sales excluding VAT for the H&M Group for the first nine months of the financial year amounted to SEK 62,222 m (55,529), an increase of 12 percent. In local currencies the increase was 11 percent. In comparable units, sales were on the same level as last year. Sales including VAT amounted to SEK 73,193 m (65,287).

Sales excluding VAT in the third quarter amounted to SEK 20,871 m (18,707), an increase of 12 percent. Sales including VAT were SEK 24,540 m (22,032), in local currencies sales increased by 10 percent and decreased by 1 percent in comparable units.

In August 2008, sales including VAT in local currencies increased by 8 percent compared to the same month last year. Sales in comparable units decreased by 3 percent.

During the first nine months, the Group opened 85 (99) stores and 9 (12) stores were closed. In addition, 7 Weekday-stores and 13 Monki-stores have been consolidated through H&M's acquisition of Fabric Scandinavien AB. The total number of stores in the Group as per 31 August 2008 thus amounted to 1,618 (1,432), of which 12 are franchise stores.

Results for nine months

Gross profit for the first nine months amounted to SEK 38,052 m (33,673), which corresponds to 61.2 percent (60.6) of sales.

The operating profit after deducting selling and administrative expenses was SEK 13,319 m (12,386). The result corresponded to an operating margin of 21.4 percent (22.3).

Operating profit for the nine months period has been charged with depreciation amounting to SEK 1,745 m (1,450).

Consolidated net interest income was SEK 757 m (563).

Profit after financial items amounted to SEK 14,076 m (12,949), an increase of 9 percent.

Group profit after tax with an estimated average effective tax rate of 27.5 percent (31.0) for the nine month period was SEK 10,205 m (8,935), corresponding to earnings per share of SEK 12.33 (10.80), an increase of 14 percent.

Return on shareholders' equity, rolling 12 months, was 50.7 percent (48.8) and return on capital employed, rolling 12 months, was 68.9 percent (70.3).

The result before tax for the nine month period was positively affected by currency translation effects of approximately SEK 278 m compared to a recalculation of the result at last year's average exchange rates. These currency translation effects arise because of the development in the exchange rates between the foreign subsidiaries' local currencies and the Swedish Krona.

Results for the third quarter

Gross profit for the third quarter amounted to SEK 12,700 m (11,454) which corresponded to a gross margin of 60.8 percent (61.2).

Operating profit was SEK 4,365 m (4,228) for the third quarter, corresponding to an operating margin of 20.9 percent (22.6).

Profit after financial items was SEK 4,586 m (4,404), an increase of 4 percent.

Comments on the third quarter

Sales, which increased by 12 per cent, have been affected by a weaker retail business in most markets. Acting quickly during the quarter mostly through more active price reductions has led to a very satisfying level of stock-in-trade at the end of the quarter. The composition is considered to be very good with a higher proportion of new autumn garments compared to the same point of time last year.

The gross margin amounted to 60.8 (61.2) percent. Higher price reductions compared to the same quarter last year were the major reason to the decrease of 0.4 percentage units. In addition, there has been price inflation in the production countries and higher transportation costs. The negative effects have partly been offset by lower buying costs due to a relatively weak US-dollar.

Selling- and administrative expenses in relation to sales have increased by 1.3 percentage units to 39.9 percent. The increase is mostly due to a slightly lower sales development and to preparations for the strong store expansion during the autumn. The level of costs has also been affected by the strengthening of the organisation to the long-term investments for the store expansion, enlarged internet and catalogue sales and other new initiatives as COS, Fabric Scandinavien and H&M Home.

Financial position and cash flow

Consolidated total assets as per 31 August 2008 compared to the corresponding point of time last year, increased by 16 percent and amounted to SEK 41,929 m (36,297).

During the first nine months of the financial year the Group generated a cash flow of SEK -2,347 m (6,759). The operating activities generated a positive cash flow of SEK 11,962 m (9,958). Cash flow was among other things affected by dividends of SEK -11,584 m (-9,516), investments in fixed assets of SEK -3,077 m (-2,393), acquisition of subsidiary -555 (-) and by financial investments with a duration of three to twelve months of SEK 980 m (8,748). Liquid funds and short-term investments amounted to SEK 17,786 m (16,846).

The stock-in-trade decreased by 5 percent compared to the same point of time last year and amounted to SEK 7,930 m (8,304). This corresponds to 9.3 percent (11.1) of sales excluding VAT, rolling 12 months. The stock-in-trade was 18.9 percent (22.9) of total assets.

The equity/assets ratio was 73.5 percent (76.5) and the share of risk-bearing capital was 75.1 percent (78.1). Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 31 August 2008 was SEK 37.25 (33.57).

Expansion

The first franchise store in Cairo, Egypt, which was opened on June 5, has been very well received by customers and media.

The fourth quarter of the financial year is intense in terms of store openings, as a net contribution of 114 stores is planned. Most of the stores are planned for Germany, Spain, USA, France, the UK and Italy. During the corresponding period last year a net of 90 stores were added. For the financial year 2007/2008 a net contribution of totally 190* (177) stores is planned.

* excluding 20 stores from the acquisition of Fabric Scandinavien AB.

Events after the close of the quarter

Sales in local currencies for September, up to and including September 28, increased by 9 percent compared to the same period last year. This should be seen in the light of the fact that sales were strong in September 2007 with an increase of 25 percent compared to the corresponding month in 2006.

The first H&M store was opened at best business location in Tokyo, Japan on September 13. The reception in the Japanese market has been fantastic. Additional three store contracts are signed for Tokyo, of which one will open later this autumn and the other two in 2009. H&M sees great potential for future growth in Japan.

There remains great interest in H&M in the Middle East. The franchise stores that were opened in two new countries during September, Bahrain and Saudi Arabia, were well received. One franchise store will open in Oman during November.

Taxes

As previously notified in the full-year report for 2006/2007, the effective tax rate for the Group for the financial year 2007/2008 is estimated to decline compared to 29.1 percent for 2006/2007. The expected 2007/2008 Group tax rate is estimated to 27.5 percent as the changed transfer pricing will have full effect and that the corporate tax rates has declined in some countries.

Acquisition of Fabric Scandinavien AB

As stated in a press release of 6 March 2008, H&M 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 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. The parties have also made an agreement that H&M has the possibility/is obliged to acquire the remaining shares within three to five years. This means that Fabric Scandinavien AB is included in the consolidated accounts for the Group with effect from 1 May 2008.

For the financial year 2007/2008 which ended April 30, 2008, sales excluding VAT for Fabric Scandinavien amounted to SEK 332 m and profit after financial items amounted to SEK 28 m.

For further information, refer to Note 1 at the end of this interim report.

The Parent Company

Sales excluding VAT for the parent company during the first nine months of the financial year amounted to SEK 3,341 m (5,521). The result before balance sheet appropriations amounted to SEK 5,130 m (6,599), of which dividend from subsidiaries of SEK 3,560 m (5,033). Net investments in fixed assets amounted to SEK 133 m (30).

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 84 m refers to remuneration for administrative expenses related to franchising.

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 interim 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

29 January 2009	Full Year Report, 1 Dec 2007 – 30 November 2008
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

Stockholm, 29 September 2008
The Board of Directors

Review report

We have reviewed the interim report for H & M Hennes & Mauritz AB (publ) for the period 1 December 2007 – 31 August 2008. It is the responsibility of the Board of Directors and the Managing Director to prepare and present this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and the generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as an opinion expressed on the basis of an audit.

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, was not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group and in accordance with the Annual Accounts Act in the case of the parent company.

Stockholm, 29 September 2008

Erik Åström
Authorised Public Auditor
Ernst & Young AB

Åsa Lundvall
Authorised Public Auditor
Ernst & Young AB

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 30 September 2008.

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GROUP INCOME STATEMENT (SEK m)

	1 Dec. 2007- 31 Aug. 2008	1 Dec. 2006- 31 Aug. 2007	1 June 2008- 31 Aug. 2008	1 June 2007- 31 Aug. 2007	1 Dec. 2006- 30 Nov. 2007
Sales including VAT	73 193	65 287	24 540	22 032	92 123
Sales excluding VAT	62 222	55 529	20 871	18 707	78 346
Cost of goods sold	-24 170	-21 856	-8 171	-7 253	-30 499
GROSS PROFIT	38 052	33 673	12 700	11 454	47 847
Selling expenses	-23 188	-20 042	-7 816	-6 834	-27 687
Administrative expenses	-1 545	-1 245	-519	-392	-1 778
OPERATING PROFIT	13 319	12 386	4 365	4 228	18 382
Interest income	763	565	224	176	793
Interest expense	-6	-2	-3	0	-5
PROFIT AFTER FINANCIAL ITEMS	14 076	12 949	4 586	4 404	19 170
Tax	-3 871	-4 014	-1 261	-1 237	-5 582
PROFIT FOR THE PERIOD	10 205	8 935	3 325	3 167	13 588
Earnings per share, SEK*	12.33	10.80	4.02	3.83	16.42
No. of shares, thousands*	827 536	827 536	827 536	827 536	827 536
Depreciation, total	1 745	1 450	590	492	1 814
of which cost of goods sold	178	151	59	51	203
of which selling expenses	1 484	1 229	503	417	1 505
of which administrative expenses	83	70	28	24	106

* before and after dilution

GROUP BALANCE SHEET IN SUMMARY (SEK m)

	31 Aug. 2008	31 Aug. 2007	30 Nov. 2007
ASSETS			
Non-current assets			
Intangible fixed assets	1 613	243	266
Tangible fixed assets	10 346	8 686	9 287
Financial assets	1 171	300	1 136
Total non-current assets	13 130	9 229	10 689
Current assets			
Stock-in-trade	7 930	8 304	7 969
Current receivables	3 083	1 918	2 112
Short-term investments, 3-12 months	3 920	-	4 900
Liquid funds	13 866	16 846	16 064
Total current assets	28 799	27 068	31 045
TOTAL ASSETS	41 929	36 297	41 734
EQUITY AND LIABILITIES			
Equity	30 828	27 779	32 093
Non-current liabilities*	1 376	809	807
Current liabilities**	9 725	7 709	8 834
TOTAL EQUITY AND LIABILITIES	41 929	36 297	41 734

* Only pensions liabilities of SEK 179 m are interest bearing (150 for Q3 2007 and 156 for the Full Year 2007).

** No current liabilities are interest bearing.

	31 Aug. 2008	31 Aug. 2007	30 Nov. 2007
CHANGE IN EQUITY			
Shareholders' equity at the beginning of the period	32 093	27 779	27 779
Translation effects, hedge reserve	114	581	241
Total income and expense recognised directly in equity	114	581	241
Profit for the period	10 205	8 935	13 588
Total income and expense	10 319	9 516	13 829
Dividends	-11 584	-9 516	-9 515
Shareholders' equity at the end of the period	30 828	27 779	32 093

GROUP CASH FLOW STATEMENT (SEK m)

	1 Dec. 2007- 31 Aug. 2008	1 Dec. 2006- 31 Aug. 2007
Operating activities		
Profit after financial items	14 076	12 949
Provisions for pensions	17	20
Depreciation	1 745	1 450
Tax paid	-3 686	-3 898
Cash flow from operating activities before working capital changes	12 152	10 521
Cash flow from changes in working capital		
Current receivables	-912	-206
Stock-in-trade	109	-897
Current liabilities	613	540
CASH FLOW FROM OPERATING ACTIVITIES	11 962	9 958
Investing activities		
Investment in intangible assets	-378	-50
Investment in tangible assets	-2 699	-2 343
Acquisition of subsidiaries	-555	-
Financial investments, 3-12 months	980	8 748
Other investments	-73	-38
CASH FLOW FROM INVESTING ACTIVITIES	-2 725	6 317
Financing activities		
Dividend	-11 584	-9 516
CASH FLOW FROM FINANCING ACTIVITIES	-11 584	-9 516
CASH FLOW FOR THE PERIOD	-2 347	6 759
Liquid funds at beginning of the year	16 064	9 877
Cash flow for the period	-2 347	6 759
Exchange rate effects	149	210
Liquid funds at the end of the period	13 866	16 846

FIVE YEAR SUMMARY

Nine months	1 Dec. 07- 31 Aug. 08	1 Dec. 06- 31 Aug. 07	1 Dec. 05- 31 Aug. 06	1 Dec. 04- 31 Aug. 05	1 Dec. 03- 31 Aug. 04
Sales including VAT, SEK m	73 193	65 287	57 262	50 785	44 367
Sales excluding VAT, SEK m	62 222	55 529	48 888	43 253	37 821
Change from previous year, %	12.1	13.6	13.0	14.4	10.2
Operating profit, SEK m	13 319	12 386	10 020	8 968	6 701
Operating margin, %	21.4	22.3	20.5	20.7	17.7
Depreciation for the period, SEK m	1 745	1 450	1 233	1 059	947
Profit after financial items, SEK m	14 076	12 949	10 368	9 256	6 949
Profit after tax, SEK m	10 205	8 935	6 998	6 016	4 517
Liquid funds and short-term investments, SEK m	17 786	16 846	14 696	13 249	11 183
Stock-in-trade, SEK m	7 930	8 304	7 812	6 571	6 323
Equity, SEK m	30 828	27 779	24 395	22 367	19 887
Number of shares, thousands*	827 536	827 536	827 536	827 536	827 536
Earnings per share, SEK*	12.33	10.80	8.46	7.27	5.46
Shareholders' equity per share, SEK*	37.25	33.57	29.48	27.03	24.03
Cash flow from operating activities per average number of shares, SEK*	14.45	12.03	8.76	7.02	4.73
Share of risk-bearing capital, %	75.1	78.1	79.0	81.5	80.8
Equity/assets ratio, %	73.5	76.5	76.8	78.0	77.2
Total number of stores	1 618**	1 432	1 264	1 134	1 006
Rolling twelve months					
Earnings per share, SEK*	17.95	15.39	12.36	10.60	8.20
Return on shareholders' equity, %	50.7	48.8	43.7	41.5	35.6
Return on capital employed, %	68.9	70.3	62.7	63.0	53.6

* Before and after dilution.

** Including acquired 20 Monki and Weekday stores and one opened Monki store during q3 2008.

Definition on key figures see Annual Report.

The International Standards (IFRS) are being applied from 2005/2006 The restatement of the 2004/2005 figures according to IFRS has not involved in any adjustment.

2003/2004 is accounted according to previous principles based on the International Standards (IFRS).

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Nine months, 1 December 2007--31 August 2008

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 Aug. 2008	New stores	Closed stores
	2008	2007	SEK	local currency			
Sweden	5 444 *	5 177 *	5	5	143	20	-1
Norway	3 865 *	3 659 *	6	2	82	1	-1
Denmark	2 785 *	2 656 *	5	3	65	1	-1
United Kingdom	5 172	5 182	0	11	138	11	-2
Switzerland	3 354	3 122	7	9	62	2	
Germany	17 946 *	15 845 *	13	10	327	9	-1
Netherlands	4 775 *	4 273 *	12	9	94	5	
Belgium	2 218	2 040	9	6	55	3	-2
Austria	3 530 *	3 220 *	10	7	59	1	
Luxembourg	246	238	3	1	8		
Finland	1 791 *	1 648 *	9	6	34	1	-1
France	5 506	4 894	13	9	104	6	
USA	4 503	4 155	8	20	157	12	
Spain	4 115	3 628	13	10	86	7	
Poland	1 782	1 213	47	29	47	5	
Czech Republic	481	428	12	-2	14		
Portugal	540	490	10	8	15		
Italy	1 784	1 117	60	56	39	8	
Canada	1 235	975	27	27	41	6	
Slovenia	400	328	22	19	8	2	
Ireland	348	298	17	14	7		
Hungary	216	132	64	57	6		
Slovakia	95	45	111	91	2		
Greece	197	83	137	131	4	1	
China	583	279	109	124	9	2	
Franchise	282	162	74	74	12	2	
Total	73 193	65 287	12	11	1 618 **	105 **	-9

* Including internet and catalogue sales.

** Including 20 Monki and Weekday-stores through the acquisition and 1 Monki store opened in q3 2008.

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Third quarter, 1 June 2008--31 August 2008

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 Aug. 2008	New stores	Closed stores
	2008	2007	SEK local currency				
Sweden	1 886 *	1 783 *	6	6	143		
Norway	1 323 *	1 321 *	0	-3	82	1	
Denmark	889 *	919 *	-3	-5	65	1	-1
United Kingdom	1 716	1 658	3	17	138	1	
Switzerland	1 122	964	16	11	62		
Germany	5 949 *	5 248 *	13	10	327	2	
Netherlands	1 535 *	1 422 *	8	5	94	3	
Belgium	738	658	12	10	55	1	
Austria	1 175 *	1 055 *	11	8	59		
Luxembourg	80	77	4	2	8		
Finland	653 *	621 *	5	4	34		
France	1 780	1 630	9	6	104	2	
USA	1 613	1 440	12	23	157	4	
Spain	1 342	1 235	9	5	86	1	
Poland	651	431	51	29	47	1	
Czech Republic	160	142	13	-5	14		
Portugal	184	160	15	13	15		
Italy	574	381	51	47	39	3	
Canada	458	377	21	28	41	2	
Slovenia	134	115	17	14	8	1	
Ireland	115	98	17	16	7		
Hungary	70	41	71	53	6		
Slovakia	32	21	52	34	2		
Greece	66	42	57	53	4		
China	184	129	43	51	9	2	
Franchise	110	63	75	74	12	1	
Total	24 539	22 031	11	10	1 618 **	26	-1

* Including internet and catalogue sales.

** Including 20 Monki and Weekday-stores through the acquisition and 1 Monki store opened in q3 2008.

SEGMENT REPORTING

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, this 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.

	1 Dec. 2007- 31 Aug. 2008		1 Dec. 2006- 31 Aug. 2007
Nordic Region		Nordic Region	
Net sales external	10 847	Net sales external	10 566
Operating profit	394	Operating profit	2 874
Operating margin, %	3.6	Operating margin, %	27.2
Eurozone excluding Finland		Eurozone excluding Finland	
Net sales external	35 327	Net sales external	30 809
Operating profit	821	Operating profit	7 126
Operating margin, %	2.3	Operating margin, %	23.1
Rest of the World		Rest of the World	
Net sales external	16 048	Net sales external	14 154
Operating profit	374	Operating profit	2 386
Operating margin, %	2.3	Operating margin, %	16.9
Group Functions			
Net sales to other segments	36 878		
Operating profit	11 730		
Operating margin, %	31.8		
Eliminations			
Net sales to other segments	-36 878		
Total		Total	
Net sales external	62 222	Net sales external	55 529
Operating profit	13 319	Operating profit	12 386
Operating margin, %	21.4	Operating margin, %	22.3

PARENT COMPANY INCOME STATEMENT (SEK m)

	1 Dec. 2007- 31 Dec. 2008	1 Dec. 2006- 31 Aug. 2007	1 June 2008- 31 Dec. 2008	1 June 2007- 31 Aug. 2007	1 Dec. 2006- 30 Nov. 2007
Sales including VAT	84	6 445	30	4 482	10 738
Sales excluding VAT	84	5 521	30	3 942	9 629
Internal sales excluding VAT	3 257	-	1 280	-	-
Cost of goods sold	-	-1 536	-	-1 137	-3 579
GROSS PROFIT	3 341	3 985	1 310	2 805	6 050
Selling expenses	-1 100	-1 906	-255	-1 263	-2 934
Administrative expenses	-1 023	-831	-337	-584	-1 092
OPERATING PROFIT	1 218	1 248	718	958	2 024
Dividend from subsidiaries	3 560	5 033	863	5 033	8 465
Interest net	352	318	60	232	449
PROFIT AFTER FINANCIAL ITEMS	5 130	6 599	1 641	6 223	10 938
Year-end appropriations	-	-	-	-	130
Tax	-463	-439	-225	-334	-751
PROFIT FOR THE PERIOD	4 667	6 160	1 416	5 889	10 317
Earnings per share, SEK*	5.64	7.44	1.71	7.12	12.47
No. of shares, thousands*	827 536	827 536	827 536	827 536	827 536
Depreciation, total	83	80	26	11	88
of which cost of goods sold	-	11	-	2	12
of which selling expenses	43	65	18	8	72
of which administrative expenses	40	4	8	1	4

* 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 84 m refers to remuneration for administrative expenses related to franchising.

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 Aug. 2008	31 Aug. 2007	30 Nov. 2007
Non-current assets			
Tangible fixed assets	260	351	317
Financial assets	856	245	59
Total non-current assets	1 116	596	376
Current assets			
Stock-in-trade	-	358	407
Current receivables	495	5 803	6 376
Short-term investments, 3-12 months	3 920	-	4 900
Liquid funds	398	4 275	1 417
Total current assets	4 813	10 436	13 100
TOTAL ASSETS	5 929	11 032	13 476
EQUITY AND LIABILITIES			
Equity	5 745	8 505	12 662
Untaxed reserves	13	249	119
Non current liabilities*	113	100	113
Current liabilities**	58	2 178	582
TOTAL EQUITY AND LIABILITIES	5 929	11 032	13 476

* Refers to provisions for pensions.

** No current liabilities are interest bearing.

CHANGE IN EQUITY	31 Aug. 2008	31 Aug. 2007	30 Nov. 2007
Shareholders' equity at the beginning of the period	12 662	11 860	11 860
Profit for the period	4 667	6 160	10 317
Total income and expense	17 329	18 020	22 177
Dividends	-11 584	-9 515	-9 515
Shareholders' equity at the end of the period	5 745	8 505	12 662

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 of SEK 470 m relating to the brands 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*		470
- Customer relationships*		131
- Leasehold rights	8	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's contribution to the Group's operating profit since acquisition does not amount to any material sum.