



# H & M HENNES & MAURITZ AB

## SIX-MONTH REPORT

1 December 2010 – 31 May 2011

### THE FIRST HALF-YEAR

- The H&M Group's sales including VAT increased by 10 percent in local currencies in the first six months of the financial year. Sales increased by 2 percent in comparable units. Sales in SEK were strongly negatively affected by currency translation effects. Converted into SEK, sales excluding VAT amounted to SEK 52,135 m (51,879).
- Profit after financial items amounted to SEK 9,290 m (12,095). Group profit after tax was SEK 6,875 m (8,950), corresponding to SEK 4.15 (5.41) per share.

### THE SECOND QUARTER

- The H&M Group's sales including VAT increased by 12 percent in local currencies in the second quarter. Sales increased by 2 percent in comparable units. Converted into SEK, sales excluding VAT amounted to SEK 27,632 m (27,033).
- Gross profit amounted to SEK 17,057 m (17,808), corresponding to a gross margin of 61.7 percent (65.9).
- Profit after financial items amounted to SEK 5,752 m (7,040). Group profit after tax was SEK 4,257 m (5,209), corresponding to SEK 2.57 (3.15) per share.

### Comments on the second quarter by Karl-Johan Persson, CEO

"Sales were good in the quarter with an increase of 12 percent in local currencies. We continue to gain market shares in a very challenging market, which proves H&M's strong position. Increasing interest rates, higher energy prices and austerity measures in many economies have decreased consumer spending power. During the spring, the fashion retail industry has been characterised by many price campaigns and special offers.

Our profitability remained strong with an operating margin of 20.3 percent despite strong negative effects from many external factors that were beyond our influence, such as the high cotton prices. In addition to the cost inflation in the sourcing markets, a provision of SEK 248 million related to our recently started incentive programme for all employees, had a negative effect on profits. Also, the strong development of the Swedish krona continued to have a substantial negative effect on our reported profits in SEK.

We are optimistic about the future for H&M despite challenging conditions both in the sales markets and in the sourcing markets. We see great potential for future growth in existing as well as in new markets. Our business concept works well in all our markets as seen for example in recently added and fast growing markets such as China where we expand more rapidly."

	SIX MONTHS	SIX MONTHS	Q2	Q2
	2011	2010	2011	2010
(SEK m)				
Net sales	52,135	51,879	27,632	27,033
Gross profit	31,231	33,198	17,057	17,808
gross margin, %	59.9	64.0	61.7	65.9
Operating profit	9,007	11,943	5,599	6,965
operating profit, %	17.3	23.0	20.3	25.8
Net financial items	283	152	153	75
Profit after financial items	9,290	12,095	5,752	7,040
Tax	-2,415	-3,145	-1,495	-1,831
Profit for the period	6,875	8,950	4,257	5,209
Earnings per share, SEK	4.15	5.41	2.57	3.15



### Sales and store openings

Sales including VAT increased by 10 percent in local currencies in the first six months of the financial year. Sales in comparable units increased by 2 percent. Converted into SEK, sales increased by 1 percent and amounted to SEK 61,108 m (60,699). Sales excluding VAT increased to SEK 52,135 m (51,879).

Sales including VAT increased by 12 percent in local currencies in the second quarter. Sales in comparable units increased by 2 percent. Converted into SEK, sales increased by 3 percent and amounted to SEK 32,400 m (31,604). Sales excluding VAT increased by 2 percent to SEK 27,632 m (27,033).

Sales including VAT in local currencies increased by 12 percent in May compared to the same month the previous year. Sales in comparable units increased by 2 percent.

The Group opened 102 (86) stores and closed 11 (12) stores during the first half-year. The total number of stores in the Group as per 31 May 2011 thus amounted to 2,297 (2,062), of which 56 franchise stores, 39 COS stores, 48 Monki stores, 18 Weekday stores and one Cheap Monday store.

### Results for the first six months

Gross profit for the Group for the first six months amounted to SEK 31,231 m (33,198), a decrease of 6 percent. This corresponds to a gross margin of 59.9 percent (64.0).

Operating profit amounted to SEK 9,007 m (11,943). This corresponds to an operating margin of 17.3 percent (23.0).

Operating profit for the six-month period has been charged with depreciation amounting to SEK 1,634 m (1,555).

Consolidated net financial items were SEK 283 m (152).

Profit after financial items amounted to SEK 9,290 m (12,095).

The Group's profit for the six-month period after applying an estimated tax rate of 26.0 percent (26.0) was SEK 6,875 m (8,950), which represents earnings per share of SEK 4.15 (5.41), a decrease of 23 percent.

Return on shareholders' equity, rolling twelve months, was 47.4 percent (54.8) and return on capital employed, rolling twelve months, was 63.0 percent (72.9).

### Results for the second quarter

Gross profit for the Group for the second quarter amounted to SEK 17,057 m (17,808), a decrease of 4 percent. This corresponds to a gross margin of 61.7 percent (65.9).

Operating profit for the second quarter amounted to SEK 5,599 m (6,965). This corresponds to an operating margin of 20.3 percent (25.8).

Profit after financial items amounted to SEK 5,752 m (7,040), a decrease of 18 percent.

Profit after tax was SEK 4,257 m (5,209), corresponding to SEK 2.57 (3.15) per share.



### Comments on the second quarter

Sales including VAT were good in the quarter with an increase of 12 percent in local currencies and 2 percent in comparable units. H&M continues to gain market shares in a very challenging fashion retail environment, characterised by continued restrained consumption. Increasing interest rates, higher energy prices and austerity measures in many economies have decreased consumer spending power. This has led to many price campaigns and special offers in the fashion retail industry during the spring.

In the quarter, H&M's sales development varied significantly between the months, particularly between March and April as April was positively affected by Easter and by the month's unseasonably warm weather. The strong sales increase of 11 percent in comparable units in April is considered to have had a dampening effect on sales in May.

The gross margin amounted to 61.7 percent (65.9). The gross margin was also in this quarter negatively affected by many unfavourable external factors in the sourcing markets during the time for the purchases. Examples of disadvantageous external factors which led to increased purchasing costs for the second quarter 2011 were; cost inflation in the sourcing markets with high cotton prices, less spare capacity at suppliers, higher transportation costs and a negative US dollar effect.

For the corresponding quarter last year, these factors were favourable which had a positive effect on the purchasing costs and the gross margin. In addition, the gross margin in the second quarter last year was positively affected by 0.5 percentage units due to the former currency hedging policy.\*

For the second quarter of 2011, H&M chose not to pass on the increased purchasing costs to the customers. Instead, like in the first quarter, H&M chose to strengthen its price position in order to build further on its strong market position in the long term.

Markdowns in relation to sales were on the same level as in the corresponding quarter last year.

Selling and administrative expenses amounted to SEK 11,458 m (10,843) in the quarter, an increase of 6 percent. In local currencies, the increase was 14 percent. The second quarter included a provision of SEK 248 m for the year related to the incentive programme for all employees, known as the H&M Incentive Program\*\*. Most of the provision has been booked as selling and administrative expenses. Excluding this provision, costs increased by 12 percent in local currencies. The increase in costs was mainly related to the expansion but also to continued long-term investments in marketing, IT and online and catalogue sales in order to further strengthen H&M's market position in the long term and to secure future expansion. The cost control in the Group is good. Costs in comparable stores, as a proportion of sales, decreased compared to the corresponding period last year.

Profitability remained strong with an operating margin of 20.3 percent (25.8) despite strong negative effects from many unfavourable external factors. The strengthening of the Swedish krona compared to the corresponding period last year continued to have a substantial negative impact on reported profits in SEK, which after financial items amounted to SEK 5,752 m (7,040). Profits were also negatively affected by high cost inflation in the sourcing markets and by an item affecting comparability, i.e. the provision for the year of SEK 248 m related to the H&M Incentive Program.

The stock-in-trade increased by 22 percent compared to the same time last year and amounted to SEK 10,414 m (8,562). In local currencies, the increase was 28 percent. The increase in stock-in-trade is explained by the expansion but should also be viewed in the light of last year's low level and the fact that sales in May did not increase as much as planned. The stock-in-trade in relation to sales excluding VAT, rolling twelve months, was 9.6 percent (8.3). The stock-in-trade as per 31 of May 2011, was well balanced and at a satisfactory level.

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

\*\* Since the Annual General Meeting held on 28 April 2011 approved the proposed dividend of SEK 9.50 per share, a provision of SEK 248 m was made for the long-term incentive programme, H&M Incentive Program, in the second quarter.



### Financial position and cash flow

Consolidated total assets as per 31 May 2011 amounted to SEK 47,626 m (50,247), a decrease of 5 percent compared to the same time the previous year. The decrease is mainly explained by the strengthening of the Swedish krona.

During the six-month period, the Group generated a cash flow of SEK -2,226 m (334). The current operations generated a positive cash flow of SEK 8,547 m (12,504). Cash flow was among other things affected by dividends of SEK -15,723 m (-13,239), investments in fixed assets of SEK -2,128m (-1,860) and by short-term investments with a duration of four to twelve months of SEK 6,963 m (2,970). Liquid funds and short-term investments amounted to SEK 15,207 m (18,992).

The stock-in-trade increased by 22 percent compared to the same time the previous year and amounted to SEK 10,414 m (8,562). This corresponds to 9.6 percent (8.3) of sales excluding VAT, rolling twelve months. The stock-in-trade was 21.9 percent (17.0) of total assets.

The equity/assets ratio was 71.3 percent (71.8) and the share of risk-bearing capital was 73.0 percent (75.9).

Shareholders' equity apportioned on the outstanding 1,655,072,000 (1,655,072,000) shares as per 31 May 2011 was SEK 20.51 (21.79).

### Expansion

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

For the 2010/2011 financial year a net addition of approximately 250 stores is planned. China, the UK and USA are expected to be the largest expansion markets for H&M in 2011.

The Group plans to open 178 stores (157) and close 19 (13) stores during the second half-year of 2011.

H&M's first stores in Romania and Croatia, which were opened during the second quarter, were very well received.

As previously communicated, Singapore will become a new H&M country in the autumn. Morocco and Jordan are planned to become new franchise markets for the year.

### Tax

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

### Parent company

The parent company's external sales amounted to SEK 3 m (-) for the first six months. Profit after financial items amounted to SEK 2,437 m (2,085). Investments in fixed assets amounted to SEK 49 m (30).



### 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 and calculation methods applied in this report are unchanged from those used in the preparation of the Annual Report and Consolidated Financial Statements for 2009/2010 which is described in Note 1 – Accounting principles.

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.

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.

### 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, changes in consumer behaviour, climate changes, trade interventions, external factors in production countries and foreign currency, but also in connection with expansion into new markets, the launch of new concepts and how the brand is managed.

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 2009/2010. 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 runs from 1 December to 30 November.

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

## CALENDAR

29 September 2011	Nine-month report, 1 December 2010 – 31 August 2011
26 January 2012	Full-year report, 1 December 2010 – 30 November 2011
29 March 2012	Three-Month report, 1 December 2011 – 29 February 2012
3 May 2012	Annual General Meeting 2012
20 June 2012	Six-Month report, 1 December 2011 – 31 May 2012

The six-month report has not been audited by the company's auditors.

Stockholm, 21 June 2011  
Board of Directors

The undersigned hereby provide an assurance that the half-year report for 1 December 2010 – 31 May 2011 provides a true and fair view of the parent company's and the Group's business, positions and earnings, and also describe the significant risks and uncertainties faced by the companies making up the Group.

Stockholm 21 June, 2011

Stefan Persson  
Chairman of the Board

Mia Brunell Livfors  
Board member

Anders Dahlvig  
Board member

Lottie Knutson  
Board member

Sussi Kvarn  
Board member

Bo Lundquist  
Board member

Marianne Broman  
Board member

Melker Schörling  
Board member

Christian Sievert  
Board member

Margareta Welinder  
Board member

Karl-Johan Persson  
Managing Director



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 22 June 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 approximately 2,300 stores in 40 markets including franchise markets. In 2010, sales including VAT were SEK 126,966 million and the number of employees was more than 87,000. For further information, visit [www.hm.com](http://www.hm.com).*

**GROUP INCOME STATEMENT (SEK m)**

	1 Dec 2010- 31 May 2011	1 Dec 2009- 31 May 2010	1 March 2011- 31 May 2011	1 March 2010- 31 May 2010	1 Dec 2009- 30 Nov 2010
Sales including VAT	61,108	60,699	32,400	31,604	126,966
Sales excluding VAT	52,135	51,879	27,632	27,033	108,483
Cost of goods sold	-20,904	-18,681	-10,575	-9,225	-40,214
<b>GROSS PROFIT</b>	<b>31,231</b>	<b>33,198</b>	<b>17,057</b>	<b>17,808</b>	<b>68,269</b>
<i>Gross margin, %</i>	59.9	64.0	61.7	65.9	62.9
Selling expenses	-20,596	-19,871	-10,623	-10,117	-40,751
Administrative expenses	-1,628	-1,384	-835	-726	-2,859
<b>OPERATING PROFIT</b>	<b>9,007</b>	<b>11,943</b>	<b>5,599</b>	<b>6,965</b>	<b>24,659</b>
<i>Operating margin, %</i>	17.3	23.0	20.3	25.8	22.7
Interest income	285	154	154	76	356
Interest expense	-2	-2	-1	-1	-7
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>9,290</b>	<b>12,095</b>	<b>5,752</b>	<b>7,040</b>	<b>25,008</b>
Tax	-2,415	-3,145	-1,495	-1,831	-6,327
<b>PROFIT FOR THE PERIOD</b>	<b>6,875</b>	<b>8,950</b>	<b>4,257</b>	<b>5,209</b>	<b>18,681</b>
Earnings per share, SEK*	4.15	5.41	2.57	3.15	11.29
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	1,634	1,555	826	783	3,061
of which cost of goods sold	184	171	93	86	336
of which selling expenses	1,350	1,289	683	649	2,540
of which administrative expenses	100	95	50	48	185

\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	1 Dec 2010- 31 May 2011	1 Dec 2009- 31 May 2010	1 March 2011- 31 May 2011	1 March 2010- 31 May 2010	1 Dec 2009- 30 Nov 2010
<b>PROFIT FOR THE PERIOD</b>	<b>6,875</b>	<b>8,950</b>	<b>4,257</b>	<b>5,209</b>	<b>18,681</b>
<b>Other comprehensive income</b>					
Translation differences	-996	-807	-15	229	-2,169
Change in hedging reserves	-516	742	-216	161	386
Tax attributable to other comprehensive income	134	-195	56	-42	-100
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-1,378</b>	<b>-260</b>	<b>-175</b>	<b>348</b>	<b>-1,883</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5,497</b>	<b>8,690</b>	<b>4,082</b>	<b>5,557</b>	<b>16,798</b>

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



**GROUP BALANCE SHEET IN SUMMARY (SEK m)**

	31 May 2011	31 May 2010	30 Nov 2010
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1,119	1,640	1,198
Tangible fixed assets	15,348	14,823	15,469
Financial assets	1,638	1,733	1,583
	18,105	18,196	18,250
<b>Current assets</b>			
Stock-in-trade	10,414	8,562	11,487
Current receivables	3,900	4,497	4,587
Short-term investments, 4-12 months	1,204	20	8,167
Liquid funds	14,003	18,972	16,691
	29,521	32,051	40,932
<b>TOTAL ASSETS</b>	<b>47,626</b>	<b>50,247</b>	<b>59,182</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	33,946	36,064	44,172
Long-term liabilities*	1,169	2,715	1,163
Current liabilities**	12,511	11,468	13,847
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,626</b>	<b>50,247</b>	<b>59,182</b>

\* Only provisions for pensions are interest-bearing.

\*\* No current liabilities are interest-bearing.

**CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)**

	31 May 2011	31 May 2010	30 Nov 2010
Shareholders' equity at the beginning of the period	44,172	40,613	40,613
Dividend	-15,723	-13,239	-13,239
Total comprehensive income for the period	5,497	8,690	16,798
Shareholders' equity at the end of the period	33,946	36,064	44,172

**GROUP CASH FLOW STATEMENT (SEK m)**

	<b>1 Dec 2010- 31 May 2011</b>	<b>1 Dec 2009- 31 May 2010</b>
<b>Current operations</b>		
Profit after financial items*	9,290	12,095
Provisions for pensions	9	11
Depreciation	1,634	1,555
Tax paid	-3,106	-2,374
<b>Cash flow from current operations before changes in working capital</b>	<b>7,827</b>	<b>11,287</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	383	-100
Stock-in-trade	901	1,552
Current liabilities	-564	-235
<b>CASH FLOW FROM CURRENT OPERATIONS</b>	<b>8,547</b>	<b>12,504</b>
<b>Investment activities</b>		
Investment in intangible fixed assets	-47	-137
Investment in tangible fixed assets	-2,081	-1,723
Change in short-term investments, 4 - 12 months	6,963	2,970
Other investments	115	-41
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>4,950</b>	<b>1,069</b>
<b>Financing activities</b>		
Dividend	-15,723	-13,239
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-15,723</b>	<b>-13,239</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-2,226</b>	<b>334</b>
<b>Liquid funds at beginning of the financial year</b>	<b>16,691</b>	<b>19,024</b>
Cash flow for the period	-2,226	334
Exchange rate effect	-462	-386
<b>Liquid funds at end of the period**</b>	<b>14,003</b>	<b>18,972</b>

\* Interest paid for the Group amounts to SEK 2 m (2).

\*\* Liquid funds and short-term investments 4-12 months at the end of the period amounted to SEK 15,207 m (18,992).

**SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES**

Six months, 1 December - 31 May

COUNTRY	SEK m	SEK m	Change in %		No. of stores 31 May 2011	New stores	Closed stores
	2011	2010	SEK	Local currency			
Sweden	4,078	3,996	2	2	170	3	1
Norway	2,530	2,784	-9	-2	103	2	
Denmark	2,018	2,111	-4	7	88	2	1
United Kingdom	4,236	3,879	9	19	197	9	4
Switzerland	2,941	2,939	0	-3	76	1	
Germany	14,324	14,774	-3	8	385	9	1
Netherlands	3,400	3,611	-6	5	115	3	
Belgium	1,546	1,618	-4	6	64	2	2
Austria	2,322	2,582	-10	0	66		
Luxembourg	189	193	-2	9	10		
Finland	1,118	1,219	-8	2	43		
France	4,470	4,444	1	12	155	4	
USA	4,430	4,094	8	22	213	6	1
Spain	2,886	3,077	-6	4	126	5	1
Poland	1,298	1,259	3	13	80	4	
Czech Republic	338	329	3	9	24	2	
Portugal	444	476	-7	4	23	2	
Italy	2,149	2,061	4	16	76	4	
Canada	1,249	1,241	1	7	56	1	
Slovenia	240	271	-11	-1	12	1	
Ireland	243	255	-5	6	14	2	
Hungary	231	177	31	47	16	1	
Slovakia	118	103	15	28	7		
Greece	365	330	11	23	19	1	
China	1,580	1,121	41	55	59	12	
Japan	701	893	-22	-20	12	2	
Russia	681	359	90	109	15	4	
South Korea	172	99	74	88	4	2	
Turkey	130				5	4	
Romania	103				6	6	
Croatia	62				2	2	
Franchise	516	404	28	51	56	6	
<b>Total</b>	<b>61,108</b>	<b>60,699</b>	<b>1</b>	<b>10</b>	<b>2,297</b>	<b>102</b>	<b>11</b>

**SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES**

Second quarter, 1 March - 31 May

COUNTRY	SEK m	SEK m	Change in %		No. of stores 31 May 2011	New stores	Closed stores
	Q2-2011	Q2-2010	SEK	Local currency			
Sweden	2,091	2,072	1	1	170	2	
Norway	1,287	1,353	-5	2	103	2	
Denmark	1,066	1,066	0	9	88	1	1
United Kingdom	2,295	2,022	14	24	197	8	3
Switzerland	1,558	1,505	4	0	76	1	
Germany	7,601	7,644	-1	9	385	9	1
Netherlands	1,860	1,947	-4	4	115	3	
Belgium	800	803	0	9	64	2	2
Austria	1,200	1,312	-9	0	66		
Luxembourg	99	100	-1	8	10		
Finland	580	627	-7	1	43		
France	2,385	2,200	8	18	155	4	
USA	2,297	2,284	1	19	213	4	
Spain	1,490	1,507	-1	8	126	5	1
Poland	701	649	8	18	80	4	
Czech Republic	185	170	9	13	24	2	
Portugal	227	232	-2	7	23	2	
Italy	1,149	1,116	3	13	76	4	
Canada	669	709	-6	4	56	1	
Slovenia	128	144	-11	-3	12	1	
Ireland	128	127	1	11	14	2	
Hungary	130	95	37	51	16	1	
Slovakia	62	54	15	26	7		
Greece	188	169	11	22	19	1	
China	888	624	42	62	59	9	
Japan	350	540	-35	-32	12	2	
Russia	398	225	77	97	15	4	
South Korea	99	91	9	20	4	2	
Turkey	76				5	3	
Romania	103				6	6	
Croatia	62				2	2	
Franchise	248	217	14	29	56	6	
<b>Total</b>	<b>32,400</b>	<b>31,604</b>	<b>3</b>	<b>12</b>	<b>2,297</b>	<b>93</b>	<b>8</b>

**FIVE YEAR SUMMARY**

Six month, 1 December - 31 May

	2011	2010	2009	2008	2007
Sales including VAT, SEK m	61,108	60,699	58,352	48,653	43,255
Sales excluding VAT, SEK m	52,135	51,879	49,837	41,351	36,822
Change from previous year, %	0.5	4.1	20.5	12.3	14.6
Operating profit, SEK m	9,007	11,943	9,035	8,954	8,158
Operating margin, %	17.3	23.0	18.1	21.7	22.2
Depreciation for the period, SEK m	1,634	1,555	1,436	1,155	958
Profit after financial items, SEK m	9,290	12,095	9,338	9,490	8,545
Profit after tax, SEK m	6,875	8,950	6,770	6,880	5,768
Liquid funds and short-term investments, SEK m	15,207	18,992	14,904	14,528	15,332
Stock-in-trade, SEK m	10,414	8,562	8,601	7,073	6,451
Equity, SEK m	33,946	36,064	31,644	27,263	24,414
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	4.15	5.41	4.09	4.16	3.49
Shareholders' equity per share, SEK*	20.51	21.79	19.12	16.47	14.75
Cash flow from current operations per share, SEK*	5.16	7.55	4.35	4.65	4.58
Share of risk-bearing capital, %	73.0	75.9	74.8	76.0	77.5
Equity/assets ratio, %	71.3	71.8	71.0	74.2	75.8
Total number of stores	2,297	2,062	1,822	1,593	1,420
<b>Rolling twelve months</b>					
Earnings per share, SEK*	10.03	11.22	9.17	8.88	7.32
Return on shareholders' equity, %	47.4	54.8	51.6	56.9	52.3
Return on capital employed, %	63.0	72.9	70.9	77.4	76.4

\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

Definition on key figures see page 5.

## KEY RATIOS PER QUARTER

	2008			2009				2010				2011	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales including VAT, SEK m	25,412	24,540	30,848	27,282	31,070	27,587	32,758	29,095	31,604	31,475	34,792	28,708	<b>32,400</b>
Sales excluding VAT, SEK m	21,609	20,871	26,310	23,299	26,538	23,545	28,011	24,846	27,033	26,893	29,711	24,503	<b>27,632</b>
Change from previous year, %	8	12	15	18	23	13	6	7	2	14	6	-1	<b>2</b>
Operating profit, SEK m	5,155	4,365	6,819	3,364	5,671	4,700	7,909	4,978	6,965	5,656	7,060	3,408	<b>5,599</b>
Operating margin, %	23.9	20.9	25.9	14.4	21.4	20.0	28.2	20.0	25.8	21.0	23.8	13.9	<b>20.3</b>
Depreciation for the period, SEK m	577	590	457	721	715	722	672	772	783	777	729	808	<b>826</b>
Profit after financial items, SEK m	5,433	4,586	7,114	3,554	5,784	4,773	7,992	5,055	7,040	5,735	7,178	3,538	<b>5,752</b>
Profit after tax, SEK m	3,939	3,325	5,089	2,577	4,193	3,460	6,154	3,741	5,209	4,244	5,487	2,618	<b>4,257</b>
Liquid assets*, SEK m	14,528	17,786	22,726	23,625	14,904	16,238	22,025	26,200	18,992	21,362	24,858	24,355	<b>15,207</b>
Stock-in-trade, SEK m	7,073	7,930	8,500	9,052	8,601	10,215	10,240	8,402	8,562	10,545	11,487	10,822	<b>10,414</b>
Equity, SEK m	27,263	30,828	36,950	41,043	31,644	34,612	40,613	43,746	36,064	39,352	44,172	45,587	<b>33,946</b>
Earnings per share, SEK**	2.38	2.01	3.07	1.56	2.53	2.09	3.72	2.26	3.15	2.56	3.32	1.58	<b>2.57</b>
Equity per share, SEK**	16.47	18.63	22.33	24.80	19.12	20.91	24.54	26.43	21.79	23.78	26.69	27.54	<b>20.51</b>
Cash flow from current operations per share, SEK**	3.17	2.57	3.63	0.74	3.60	1.91	4.60	3.25	4.30	2.23	3.42	0.46	<b>4.70</b>
Share of risk-bearing capital, %	76.0	75.1	75.7	77.9	74.8	76.2	78.5	80.8	75.9	75.8	76.2	81.4	<b>73.0</b>
Equity/assets ratio, %	74.2	73.5	72.1	74.6	71.0	72.8	74.7	77.2	71.8	72.3	74.6	79.9	<b>71.3</b>
Total number of stores	1,593	1,618	1,738	1,748	1,822	1,840	1,988	1,992	2,062	2,078	2,206	2,212	<b>2,297</b>
<b>Rolling 12 months</b>													
Earnings per share, SEK**	8.88	8.98	9.24	9.02	9.18	9.26	9.90	10.61	11.22	11.69	11.29	10.61	<b>10.03</b>
Return on shareholders' equity, %	56.9	50.7	44.3	39.4	51.6	46.8	42.2	41.4	54.8	52.3	44.1	39.3	<b>47.4</b>
Return on capital employed, %	77.4	68.9	61.1	54.3	70.9	64.5	56.7	55.4	72.9	69.3	58.7	52.3	<b>63.0</b>
Stock-in-trade in % of turnover	8.5	9.3	9.6	9.8	8.9	10.2	10.1	8.2	8.3	9.9	10.6	10.0	<b>9.6</b>

\* Liquid funds and short-term investments

\*\* Before and after dilution. The number of shares has been adjusted for all periods because of the two-for-one share split carried out by H&M in 2010.

Definitions on key figures see page 5.

**SEGMENT REPORTING (SEK m)**

	<b>1 Dec 2010- 31 May 2011</b>	<b>1 Dec 2009- 31 May 2010</b>
<b>Nordic region</b>		
External net sales	7,848	8,139
Operating profit	89	263
Operating margin, %	1.1	3.2
<b>Eurozone excluding Finland</b>		
External net sales	27,454	28,431
Operating profit	385	879
Operating margin, %	1.4	3.1
<b>Rest of the World</b>		
External net sales	16,833	15,309
Operating profit	715	616
Operating margin, %	4.2	4.0
<b>Group Functions</b>		
Net sales to other segments	29,062	28,767
Operating profit	7,818	10,185
<b>Eliminations</b>		
Net sales to other segments	-29,062	-28,767
<b>Total</b>		
External net sales	52,135	51,879
Operating profit	9,007	11,943
Operating margin, %	17.3	23.0

**PARENT COMPANY INCOME STATEMENT (SEK m)**

	1 Dec 2010- 31 May 2011	1 Dec 2009- 31 May 2010	1 March 2011- 31 May 2011	1 March 2010- 31 May 2010	1 Dec 2009- 30 Nov 2010
External sales excluding VAT	3	-	2	-	6
Internal sales excluding VAT*	2,747	2,664	1,612	1,543	6,900
<b>GROSS PROFIT</b>	<b>2,750</b>	<b>2,664</b>	<b>1,614</b>	<b>1,543</b>	<b>6,906</b>
Selling expenses	-1,158	-1,035	-678	-611	-2,240
Administrative expenses	-1,258	-906	-673	-479	-2,024
<b>OPERATING PROFIT</b>	<b>334</b>	<b>723</b>	<b>263</b>	<b>453</b>	<b>2,642</b>
Dividend from subsidiaries	2,022	1,339	1,914	1,339	12,153
Interest income	81	23	45	11	73
Interest expense	0	0	0	0	0
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>2,437</b>	<b>2,085</b>	<b>2,222</b>	<b>1,803</b>	<b>14,868</b>
Year-end appropriations	-	-	-	-	705
Tax	-109	-196	-52	-122	-912
<b>PROFIT FOR THE PERIOD</b>	<b>2,328</b>	<b>1,889</b>	<b>2,170</b>	<b>1,681</b>	<b>14,661</b>

\* Includes royalty received from Group companies

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	1 Dec 2010- 31 May 2011	1 Dec 2009- 31 May 2010	1 March 2011- 31 May 2011	1 March 2010- 31 May 2010	1 Dec 2009- 30 Nov 2010
<b>PROFIT FOR THE PERIOD</b>	<b>2,328</b>	<b>1,889</b>	<b>2,170</b>	<b>1,681</b>	<b>14,661</b>
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,328</b>	<b>1,889</b>	<b>2,170</b>	<b>1,681</b>	<b>14,661</b>



**PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)**

<b>ASSETS</b>	<b>31 May 2011</b>	<b>31 May 2010</b>	<b>30 Nov 2010</b>
<b>Fixed assets</b>			
Tangible fixed assets	415	393	417
Financial fixed assets	1,762	1,632	1,861
	2,177	2,025	2,278
<b>Current assets</b>			
Current receivables	85	758	7,787
Short-term investments, 4-12 months	1,202	10	8,167
Liquid funds	556	3,034	223
	1,843	3,802	16,177
<b>TOTAL ASSETS</b>	<b>4,020</b>	<b>5,827</b>	<b>18,455</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	3,526	4,244	16,921
Untaxed reserves	119	825	119
Long-term liabilities*	223	211	223
Current liabilities**	152	547	1,192
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,020</b>	<b>5,827</b>	<b>18,455</b>

\* Relates to provisions for pensions.

\*\* No current liabilities are interest-bearing.