



H & M HENNES & MAURITZ AB

SIX-MONTH REPORT

1 December 2008 – 31 May 2009

- Sales excluding VAT for the H&M Group for the first six months of the financial year amounted to SEK 49,837 m (41,351), an increase of 21 percent. In local currencies, the increase was 6 percent. In comparable units, sales decreased by 3 percent.
- Profit after financial items for the first six months was SEK 9,338 m (9,490), a decrease of 2 percent. Group profit after tax amounted to SEK 6,770 m (6,880), corresponding to SEK 8.18 (8.31) per share.
- Sales excluding VAT for the second quarter amounted to SEK 26,538 m (21,609), an increase of 23 percent. In local currencies, the increase was 8 percent. In comparable units, sales decreased by 2 percent.
- The gross profit for the second quarter amounted to SEK 16,201 m (13,582), an increase of 19 percent. The gross margin, which amounted to 61.0 percent (62.9), has continued to be negatively affected by currency hedges of the internal flow of goods by approximately 1.3 percentage units.
- Profit after financial items for the second quarter amounted to SEK 5,784 m (5,433), an increase of 6 percent. Group profit after tax amounted to SEK 4,193 m (3,939).
- Price reductions for the second quarter were on the same level as the corresponding period previous year.
- Continued strong expansion during the first half-year. The expansion target for the full year remains intact.

Sales

Sales excluding VAT for the H&M Group during the first six months of the financial year amounted to SEK 49,837 m (41,351), an increase of 21 percent. Sales including VAT amounted to SEK 58,352 m (48,653). In local currencies the increase was 6 percent. In comparable units, sales decreased by 3 percent.

Sales excluding VAT in the second quarter amounted to SEK 26,538 m (21,609), an increase of 23 percent. Sales including VAT were SEK 31,070 m (25,412). In local currencies, sales increased by 8 percent and decreased by 2 percent in comparable units.

In May 2009, sales including VAT in local currencies were unchanged compared to the same month previous year. Sales in comparable units decreased by 9 percent. Sales in May have been negatively affected by calendar effects of approximately 4-5 percentage units. The sales development should be seen in the light of the increase of 25 percent in May 2008 compared to May the year before.

During the first half-year the Group opened 93 (59*) stores and closed 9 (8) stores. The total number of stores in the Group as per 31 May 2009 thus amounted to 1,822 (1,593), of which 29 are franchise stores.

* Excluding the 20 stores that were consolidated through the acquisition of FaBric Scandinavien AB, 1 May, 2008.

Results for six months

Gross profit for the first six months amounted to SEK 29,379 m (25,352), an increase of 16 percent. The gross profit corresponded to a gross margin of 59.0 percent (61.3).

Operating profit after deducting selling and administrative expenses was SEK 9,035 m (8,954). The operating profit corresponded to an operating margin of 18.1 percent (21.7).

Operating profit for the first half-year has been charged with depreciation amounting to SEK 1,436 m (1,155).

Consolidated net interest income was SEK 303 m (536).

Profit after financial items amounted to SEK 9,338 m (9,490), a decrease of 2 percent.

Group profit after tax, with an estimated average effective tax rate of 27.5 percent (27.5), for the six-month period was SEK 6,770 m (6,880), corresponding to earnings per share of SEK 8.18 (8.31), a decrease of 2 percent.

Return on shareholders' equity, rolling 12 months, was 51.6 percent (56.9) and return on capital employed, rolling 12 months, was 70.9 percent (77.4).

Results for the second quarter

Gross profit for the second quarter amounted to SEK 16,201 m (13,582), an increase of 19 percent. The gross profit corresponded to a gross margin of 61.0 percent (62.9).

Operating profit for the second quarter amounted to SEK 5,671 m (5,155), an increase of 10 percent. The operating profit corresponded to an operating margin of 21.4 percent (23.9).

Profit after financial items amounted to SEK 5,784 m (5,433), an increase of 6 percent.

Profit after tax amounted to SEK 4,193 m (3,939).

Comments on the second quarter

The spring collections have been well received by the customers. Sales excluding VAT increased by 23 percent. In local currencies, sales increased by 8 percent. The current recession has affected the consumer pattern in all of H&M's markets, especially in Spain, the US and the Nordic countries. Sales in the new H&M countries Japan and Russia have surpassed expectations.

The gross margin amounted to 61.0 percent (62.9). The decrease is mainly related to the absence of positive currency effects of approximately SEK 340 m as the internal flow of goods to the subsidiaries is hedged on an ongoing basis to SEK. This had a negative impact on the gross margin of approximately 1.3 percentage units during the second quarter.

There has also been a negative impact on the gross margin due the strengthening of the US dollar. This effect has partly been offset by reduced raw material costs, lower transportation costs, greater spare capacity at suppliers etc.

The price reductions in relation to sales have been on the same level as the corresponding period last year.

Selling and administration expenses during the quarter amounted to SEK 10,530 m (8,427), an increase of 25 percent. In local currencies the increase was 11 percent. The cost increase in local currencies is entirely related to the expansion. The cost control in the Group is still considered to be good. The store operations have been well adjusted to the prevailing global economical situation with lower costs for comparable stores than during the corresponding period last year.

The closing stock-in-trade is well composed and is considered to be at a satisfactory level, much due to efficient assortment and inventory management. About one third of the 22 percent increase of the stock-in-trade was related to currency translation effects.

Financial position and cash flow

Consolidated total assets as per 31 May 2009 increased by 21 percent compared to the same point in time last year and amounted to SEK 44,551 m (36,736).

During the first half-year of the financial year the Group generated a cash flow of SEK -8,190 m (-2,483). The current operations generated a positive cash flow of SEK 7,194 m (7,702). Cash flow was, among other things, affected by dividends of SEK -12,825 m (-11,584), investments in fixed assets of SEK -2,265 m (-1,906) and by financial investments with a duration of three to twelve months of SEK -200 m (3,900). Liquid funds and short-term investments amounted to SEK 14,904 m (14,528).

The stock-in-trade increased by 22 percent compared to the same point in time last year and amounted to SEK 8,601 m (7,073). This corresponds to 8.9 percent (8.5) of sales excluding VAT, rolling 12 months. The stock-in-trade was 19.3 percent (19.3) of total assets.

The equity/assets ratio was 71.0 percent (74.2) and the share of risk-bearing capital was 74.8 percent (76.0).

Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 31 May 2009 was SEK 38.24 (32.94).

Expansion

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

The expansion target remains intact. For the financial year 2008/2009 a net contribution of 225 stores is planned, including 15 Monki and Weekday stores and 8 COS stores.

During the second half-year the Group plans to open 159 (155) stores and close 18 (10). Most of the stores are planned for the US, the UK, Germany, France, Italy and Spain.

Taxes

For the full year of 2008/2009 the effective tax rate for the Group is expected to be approximately 27.5 percent. For the full year 2009/2010 the tax rate is expected to decrease to approximately 27 percent as a consequence of the decreased company tax level in Sweden.

The Parent Company

The Parent Company had in the first half-year no external sales (54). Profit after financial items amounted to SEK 1,922 m (3,489). Net investments in fixed assets amounted to SEK 29 m (102).

Events after the end of the quarter

Based on the current exchange rates, the company expects the negative impact on the gross margin from the currency hedges for the internal flow of goods to decrease further during the third quarter compared to the second quarter 2009.

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 2007/2008, in Note 1 – Accounting principles.

The parent company applies the Swedish Annual Accounts Act and Recommendation RFR 2.2, Accounting for Legal Entities, which essentially means that IFRS is applied. In accordance with Recommendation RFR 2.2, 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 fashion, 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, see the Administration Report and Note 2 in the Annual Report and Consolidated Accounts for 2007/2008. There were no significant changes in risks and uncertainties during the period.

All figures within parenthesis refer to the corresponding period or point in 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 is 1 December - 30 November.

Financial Calendar

24 September 2009	Nine-Month Report, 1 Dec 2008 – 31 August 2009
28 January 2010	Full year Report, 1 Dec 2008 – 30 November 2009
8 April 2010	Three-Month Report, 1 Dec 2009 – 28 Feb 2010
29 April 2010, at 3 p.m.	Annual General Meeting 2010

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

The undersigned hereby provide an assurance that the half-year report 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, 24 June 2009

Stefan Persson
Chairman of the Board

Mia Brunell Livfors
Board member

Lottie Knutson
Board member

Sussi Kvart
Board member

Bo Lundquist
Board member

Stig Nordfelt
Board member

Marianne Norin-Broman
Board member

Melker Schörling
Board member

Margareta Welinder
Board member

Rolf Eriksen
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 08:00 (CET) on 25 June 2009.

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H & M Hennes & Mauritz AB (H&M) was founded in Sweden 1947. The company's business concept is to offer fashion and quality at the best price. H&M is quoted on NASDAQ OMX Nordic. The H&M Group has more than 1,800 stores in 34 markets. H&M has around 73,000 employees and achieved sales including VAT in 2008 of SEK 104,041 m. For further information visit www.hm.com

GROUP INCOME STATEMENT (SEK m)

	1 Dec 08- 31 May 09	1 Dec 07- 31 May 08	1 Mar 09- 31 May 09	1 Mar 08- 31 May 08	1 Dec 07- 30 Nov 08
Sales including VAT	58,352	48,653	31,070	25,412	104,041
Sales excluding VAT	49,837	41,351	26,538	21,609	88,532
Cost of goods sold	-20,458	-15,999	-10,337	-8,027	-34,064
GROSS PROFIT	29,379	25,352	16,201	13,582	54,468
Selling expenses	-19,059	-15,372	-9,836	-7,881	-32,185
Administrative expenses	-1,285	-1,026	-694	-546	-2,145
OPERATING PROFIT	9,035	8,954	5,671	5,155	20,138
Interest income	306	539	114	280	1,060
Interest expense	-3	-3	-1	-2	-8
PROFIT AFTER FINANCIAL ITEMS	9,338	9,490	5,784	5,433	21,190
Tax	-2,568	-2,610	-1,591	-1,494	-5,896
PROFIT FOR THE PERIOD	6,770	6,880	4,193	3,939	15,294
Earnings per share, SEK*	8.18	8.31	5.07	4.76	18.48
Number of shares, thousands*	827,536	827,536	827,536	827,536	827,536
Depreciation, total	1,436	1,155	715	577	2,202
of which cost of goods sold	143	119	67	59	245
of which selling expenses	1,226	981	617	491	1,825
of which administrative expenses	67	55	31	27	132

* Before and after dilution.

GROUP BALANCE SHEET IN SUMMARY (SEK m)

	31 May 2009	31 May 2008	30 Nov 2008
ASSETS			
Fixed assets			
Intangible fixed assets	1,658	1,413	1,656
Tangible fixed assets	13,369	9,790	12,441
Financial assets	1,919	1,159	1,775
	16,946	12,362	15,872
Current assets			
Stock-in-trade	8,601	7,073	8,500
Current receivables	4,100	2,773	4,145
Short-term investments, 3-12 months	200	1,000	-
Liquid funds	14,704	13,528	22,726
	27,605	24,374	35,371
TOTAL ASSETS	44,551	36,736	51,243
EQUITY AND LIABILITIES			
Equity	31,644	27,263	36,950
Long-term liabilities*	2,456	1,384	2,414
Short-term liabilities**	10,451	8,089	11,879
TOTAL EQUITY AND LIABILITIES	44,551	36,736	51,243

* Only pension liabilities of SEK 249 m are interest-bearing (SEK 171 m for Q2 2008 and SEK 228 m for the full year 2008).

** No short-term liabilities are interest-bearing.

CHANGE IN EQUITY (SEK m)

	31 May 2009	31 May 2008	30 Nov 2008
Shareholders' equity at the beginning of the period	36,950	32,093	32,093
Dividend	-12,825	-11,584	-11,584
Translations effects etc.	359	-206	1,679
Change in hedging reserves	390	80	-532
Profit for the period	6,770	6,880	15,294
Shareholders' equity at the end of the period	31,644	27,263	36,950

GROUP CASH FLOW STATEMENT (SEK m)

	1 Dec 08- 31 May 09	1 Dec 07- 31 May 08
Current operations		
Profit after financial items*	9,338	9,490
Provisions for pensions	21	15
Depreciation	1,436	1,155
Tax paid	-3,340	-2,919
Cash flow from current operations before changes in working capital	7,455	7,741
Cash flow from changes in working capital		
Current receivables	-164	-618
Stock-in-trade	-30	921
Current liabilities	-67	-342
CASH FLOW FROM CURRENT OPERATIONS	7,194	7,702
Investment activities		
Investments in intangible fixed assets	-59	-153
Investments in tangible fixed assets	-2,206	-1,753
Acquisition of subsidiaries	-	-555
Financial investments, 3-12 months	-200	3,900
Other investments	-94	-40
CASH FLOW FROM INVESTMENT ACTIVITIES	-2,559	1,399
Financing activities		
Dividend	-12,825	-11,584
CASH FLOW FROM FINANCING ACTIVITIES	-12,825	-11,584
CASH FLOW FOR THE PERIOD	-8,190	-2,483
Liquid funds at the beginning of the financial year (incl. short-term inv. 0-3 months)	22,726	16,064
Cash flow for the period	-8,190	-2,483
Exchange rate effect	168	-53
Liquid funds at the end of the period (incl. short-term inv. 0-3 months)	14,704	13,528

* Interest paid amounts for the Group to SEK 3 m (3).

FIVE YEAR SUMMARY

Six months

	1 Dec 08- 31 May 09	1 Dec 07- 31 May 08	1 Dec 06- 31 May 07	1 Dec 05- 31 May 06	1 Dec 04- 31 May 05
Sales including VAT, SEK m	58,352	48,653	43,255	37,655	32,980
Sales excluding VAT, SEK m	49,837	41,351	36,822	32,134	28,095
Change from previous year, %	20.5	12.3	14.6	14.4	12.5
Operating profit, SEK m	9,035	8,954	8,158	6,372	5,730
Operating margin, %	18.1	21.7	22.2	19.8	20.4
Depreciation for the period, SEK m	1,436	1,155	958	822	689
Profit after financial items, SEK m	9,338	9,490	8,545	6,600	5,931
Profit after tax, SEK m	6,770	6,880	5,768	4,455	3,855
Liquid funds and short-term investments, SEK m	14,904	14,528	15,332	13,114	12,352
Stock-in-trade, SEK m	8,601	7,073	6,451	6,328	4,925
Equity, SEK m	31,644	27,263	24,414	21,902	19,826
Number of shares, thousands*	827,536	827,536	827,536	827,536	827,536
Earnings per share, SEK*	8.18	8.31	6.97	5.38	4.66
Shareholders' equity per share, SEK*	38.24	32.94	29.50	26.47	23.96
Cash flow from current operations per average number of shares, SEK*	8.69	9.31	9.16	6.11	5.65
Share of risk-bearing capital, %	74.8	76.0	77.5	79.0	80.9
Equity/assets ratio, %	71.0	74.2	75.8	76.8	77.2
Total number of stores	1,822	1,593	1,420	1,244	1,121
Rolling twelve months					
Earnings per share, SEK*	18.35	17.76	14.63	11.90	9.92
Return on shareholders' equity, %	51.6	56.9	52.3	47.2	43.1
Return on capital employed, %	70.9	77.4	76.4	68.2	65.3

* Before and after dilution.

Definition on key figures see the 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 any adjustment.

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Six months 1 December - 31 May

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 May 2009	New stores	Closed stores
	2009	2008	SEK	local currency			
Sweden	3,690	3,558	4	4	156	7	1
Norway	2,615	2,542	3	0	87	2	
Denmark	2,087	1,896	10	-5	71	2	
United Kingdom	3,591	3,456	4	6	149	5	2
Switzerland	3,000	2,232	34	9	72	6	
Germany	14,944	11,997	25	8	346	12	5
Netherlands	3,727	3,240	15	0	98	2	
Belgium	1,800	1,480	22	6	56	1	
Austria	2,757	2,355	17	2	61	2	1
Luxembourg	208	166	25	9	9		
Finland	1,232	1,138	8	-6	37	1	
France	4,286	3,726	15	0	122	8	
USA	3,752	2,890	30	-2	171	2	
Spain	3,202	2,773	15	0	103	4	
Poland	1,162	1,131	3	9	57	4	
Czech Republic	320	321	0	-10	17	1	
Portugal	476	356	34	16	18	1	
Italy	1,786	1,210	48	28	53	7	
Canada	1,019	777	31	22	48	5	
Slovenia	314	266	18	2	9		
Ireland	286	233	23	6	10	1	
Hungary	148	146	1	-2	8		
Slovakia	87	63	38	16	3		
Greece	217	131	66	43	10	2	
China	723	399	81	33	18	5	
Japan	467				2		
Russia	129				2	2	
Franchise	327	171	91	91	29	11	
Total	58,352	48,653	20	6	1,822	93	9

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

Second quarter 1 March - 31 May

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 May 2009	New stores	Closed stores
	2009	2008	SEK	local currency			
Sweden	1,910	1,822	5	5	156	5	
Norway	1,305	1,235	6	2	87	2	
Denmark	1,100	973	13	-2	71	2	
United Kingdom	1,902	1,801	6	6	149	5	2
Switzerland	1,614	1,191	35	10	72	6	
Germany	8,100	6,379	27	10	346	9	3
Netherlands	2,082	1,771	18	2	98	1	
Belgium	906	758	20	4	56		
Austria	1,471	1,209	22	6	61	2	1
Luxembourg	109	86	26	10	9		
Finland	624	578	8	-7	37	1	
France	2,214	1,874	18	2	122	8	
USA	1,979	1,517	30	-2	171	2	
Spain	1,601	1,418	13	-2	103	4	
Poland	645	621	4	15	57	4	
Czech Republic	177	168	5	-3	17	1	
Portugal	237	179	33	15	18	1	
Italy	1,004	666	51	31	53	6	
Canada	581	422	38	24	48	5	
Slovenia	170	145	17	2	9		
Ireland	142	120	18	2	10	1	
Hungary	82	77	7	6	8		
Slovakia	45	33	38	20	3		
Greece	122	77	58	37	10	1	
China	415	210	97	32	18	5	
Japan	239				2		
Russia	129				2	2	
Franchise	165	83	98	98	29	7	
Total	31,070	25,412	22	8	1,822	80	6

SEGMENT REPORTING (SEK m)

	1 Dec 08- 31 May 09	1 Dec 07- 31 May 08
Nordic region		
External net sales	7,743	7,342
Operating profit	234	266
Operating margin, %	3.0	3.6
Euro Zone excluding Finland		
External net sales	28,687	23,504
Operating profit	1,086	782
Operating margin, %	3.8	3.3
Rest of the World		
External net sales	13,407	10,505
Operating profit	659	264
Operating margin, %	4.9	2.5
Group Functions		
Net sales to other segments	24,567	24,250
Operating profit	7,056	7,642
Operating margin, %	28.7	31.5
Eliminations		
Net sales to other segments	-24,567	-24,250
Total		
External net sales	49,837	41,351
Operating profit	9,035	8,954
Operating margin, %	18.1	21.7

SEGMENT REPORTING

Internal follow-up of the business is carried out by country. To clearly present information on different segments, the operations are divided into three geographical regions: **the Nordic region**, **Euro Zone excluding Finland**, and the **Rest of the World** and also a separate segment; **Group Functions**. There is no internal division into different business segments and hence reporting in secondary segments is not relevant. As of 2009 Slovakia is a part of the segment Euro Zone. Last year Slovakia was a part of the segment Rest of the World. As the values regarding Slovakia are relatively small, the comparison between the years are marginally affected.

PARENT COMPANY INCOME STATEMENT (SEK m)

	1 Dec 08- 31 May 09	1 Dec 07- 31 May 08	1 Mar 09- 31 May 09	1 Mar 08- 31 May 08	1 Dec 07- 30 Nov 08
Sales including VAT	-	54	-	25	136
Sales excluding VAT	-	54	-	25	136
Internal sales excluding VAT*	2,182	1,977	1,279	1,142	5,175
Cost of goods sold	-	-	-	-	-32
GROSS PROFIT	2,182	2,031	1,279	1,167	5,279
Selling expenses	-1,044	-845	-725	-583	-1,773
Administrative expenses	-769	-686	-393	-350	-1,388
OPERATING PROFIT	369	500	161	234	2,118
Dividend from subsidiaries	1,468	2,697	1,468	2,697	12,839
Interest income	85	292	32	137	438
PROFIT AFTER FINANCIAL ITEMS	1,922	3,489	1,661	3,068	15,395
Year-end appropriations	-	-	-	-	-663
Tax	-127	-238	-54	-120	-534
PROFIT FOR THE PERIOD	1,795	3,251	1,607	2,948	14,198
Earnings per share, SEK**	2.17	3.93	1.94	3.56	17.16
Number of shares, thousands**	827,536	827,536	827,536	827,536	827,536
Depreciation, total	50	57	24	30	88
of which cost of goods sold	-	-	-	-	11
of which selling expenses	23	25	12	13	73
of which administrative expenses	27	32	12	17	4

* Includes received royalty from group companies.

** Before and after dilution.

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 May 2009	31 May 2008	30 Nov 2008
ASSETS			
Fixed assets			
Tangible fixed assets	393	375	414
Financial fixed assets	1,025	2,523	992
	1,418	2,898	1,406
Current assets			
Stock-in-trade	-	-	-
Current receivables	3,943	346	8,780
Short-term investments, 3-12 months	200	1,000	-
Liquid funds	105	353	6,525
	4,248	1,699	15,305
TOTAL ASSETS	5,666	4,597	16,711
EQUITY AND LIABILITIES			
Equity	4,246	4,329	15,276
Deferred tax liabilities	782	132	782
Long-term liabilities*	193	113	193
Short-term liabilities**	445	23	460
TOTAL EQUITY AND LIABILITIES	5,666	4,597	16,711

* Relates to provisions for pensions, which are interest-bearing.

** No short-term liabilities are interest-bearing.

CHANGE IN EQUITY (SEK m)	31 May 2009	31 May 2008	30 Nov 2008
Shareholders' equity at the beginning of the period	15,276	12,662	12,662
Dividends	-12,825	-11,584	-11,584
Profit for the period	1,795	3,251	14,198
Shareholders' equity at the end of the period	4,246	4,329	15,276