



H & M HENNES & MAURITZ AB

SIX-MONTH REPORT

1 December 2007 – 31 May 2008

- **Sales excluding VAT for the H&M Group for the first six months of the financial year amounted to SEK 41,351 m (36,822), an increase of 12 percent. In local currencies, the increase was 12 percent and in comparable units 1 percent.**
- **Profit after financial items for the first six months was SEK 9,490 m (8,545), an increase of 11 percent. Group profit after tax was SEK 6,880 m (5,768), corresponding to SEK 8.31 (6.97) per share, an increase of 19 percent.**
- **Sales for the second quarter excluding VAT amounted to SEK 21,609 m (20,050), an increase of 8 percent. In local currencies, sales increased by 9 percent and decreased by 2 percent in comparable units.**
- **Profit after financial items for the second quarter was SEK 5,433 m (5,134), an increase of 6 percent.**
- **Sales in May increased by 25 percent. The increase in comparable units was 14 percent.**

Sales

Sales excluding VAT for the H&M Group for the first six months of the financial year amounted to SEK 41,351 m (36,822), an increase of 12 percent. In local currencies the increase was 12 percent and 1 percent in comparable units. Sales including VAT amounted to SEK 48,653 m (43,255).

Sales excluding VAT in the second quarter amounted to SEK 21,609 m (20,050), an increase of 8 percent. Sales including VAT were SEK 25,412 m (23,554). In local currencies, sales increased by 9 percent and decreased by 2 percent in comparable units.

In May 2008, sales including VAT in local currencies increased by 25 percent compared to the same month last year. Sales in comparable units increased by 14 percent. Calendar effects are estimated to have contributed to 3-4 percentage units. The month of June is estimated to give negative calendar effects of the same size.

During the first half year, the Group opened 59 (83) stores and 8 (8) stores were closed. In addition, 7 Weekday-stores and 13 Monki-stores have been consolidated through the acquisition of Fabric Scandinavien AB. The total number of stores in the Group as per 31 May 2008 thus amounted to 1,593 (1,420), of which 11 are franchise stores.

Results for six months

Gross profit for the first six months amounted to SEK 25,352 m (22,219), which corresponds to 61.3 percent (60.3) of sales.

The operating profit after deducting selling and administrative expenses was SEK 8,954 m (8,158). The result corresponds to an operating margin of 21.7 percent (22.2).

Operating profit for the six months period has been charged with depreciation amounting to SEK 1,155 m (958).

Consolidated net interest income was SEK 536 m (387).

Profit after financial items amounted to SEK 9,490 m (8,545), an increase of 11 percent.

Group profit after tax (estimated average effective tax rate) of 27.5 percent (32.5) for the six month period was SEK 6,880 m (5,768), corresponding to earnings per share of SEK 8.31 (6.97), an increase of 19 percent.

Return on shareholders' equity (rolling 12 months) was 56.9 percent (52.3) and return on capital employed (rolling 12 months) was 77.4 percent (76.4).

The result before tax for the six month period was positively affected by currency translation effects of about SEK 187 m (-230) 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 second quarter

Gross profit for the second quarter amounted to SEK 13,582 m (12,343) which corresponded to a gross margin of 62.9 percent (61.6).

Operating profit was SEK 5,155 m (4,935) for the second quarter, corresponding to an operating margin of 23.9 percent (24.6).

Profit after financial items was SEK 5,433 m (5,134), an increase of 6 percent.

Comments on the second quarter

The sales development during the quarter showed the weather sensitivity for the textile business. After the weak sales development in March and April, sales in May increased by 25 percent which directly coincided with improved weather conditions.

The continued weak US dollar led to lower buying costs which had a positive impact on the gross margin. This was partly offset by a slightly higher price reduction level and increased transportation costs.

Selling and administrative expenses for the quarter amounted to SEK 8,427 m (7,408), an increase of 14 percent compared to the same period last year.

The stock-in-trade, which increased 10 percent to SEK 7,073 m (6,451), compared to the same point of time last year, is considered to be on a good level and to be well composed.

Financial position and cash flow

Consolidated total assets as per 31 May 2008 compared to the corresponding point of time last year, increased by 14 percent and amounted to SEK 36,736 m (32,203).

During the first six months of the financial year the Group generated a cash flow of SEK -2,483 m (5,301). The running operations generated a positive cash flow of SEK 7,702 m (7,584). Cash flow was among other things affected by dividends of SEK -11,584 m (-9,516), investments in fixed assets of SEK -1,906 m (-1,490), acquisition of subsidiary -555 (-), and by financial investments with a duration of three to twelve months of SEK 3,900 m (8,748). Liquid funds and short-term investments amounted to SEK 14,528 m (15,332).

The stock-in-trade increased by 10 percent compared to the same point of time last year and amounted to SEK 7,073 m (6,451). This corresponds to 8.5 percent (8.8) of sales excluding VAT, rolling 12 months. The stock-in-trade was 19.3 percent (20.0) of total assets.

The equity/assets ratio was 74.2 percent (75.8) and the share of risk-bearing capital was 76.0 percent (77.5).

Shareholders' equity apportioned on the outstanding 827,536,000 shares as per 31 May 2008 was SEK 32.94 (29.50).

Expansion

During the rest of the financial year, a net contribution of 139* stores is planned. Most of the stores are planned for Germany, USA, Spain, France and Italy. During the corresponding period last year a net of 102 stores were added. For the financial year 2007/2008 a net contribution of totally 190* (177) stores is planned.

* excluding stores in Fabric Scandinavien AB.

Taxes

As previously notified in the full-year report, the effective tax rate for the Group for the financial year 2007/2008 is estimated to decline further 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 will decline 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 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 six months of the financial year amounted to SEK 2,031 m (3,494). The result before balance sheet appropriations amounted to SEK 3,489 m (4,964), of which dividend from subsidiaries of SEK 2,697 (4,147). Net investments in fixed assets amounted to SEK 102 m (64).

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 54 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

30 September 2008	Nine Month Report, 1 Dec 2007 – 31 August 2008
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	Annual General Meeting 2009

This six month report has not been audited.

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 undersigned hereby provide an assurance that the half-year report provides a true and fair view of the Group's and the parent company's business, position and earnings, and also describe the significant risks and uncertainties faced by the companies making up the Group.

Stockholm, 17 June, 2008

Stefan Persson
Chairman of the Board

Fred Andersson
Board member

Mia Brunell-Livfors
Board member

Lottie Knutson
Board member

Sussi Kvarn
Board member

Bo Lundquist
Board member

Stig Nordfelt
Board member

Marianne Norin-Broman
Board member
Employee representative

Karl-Johan Persson
Board member

Melker Schörling
Board member

Margareta Welinder
Board member
Employee representative

Rolf Eriksen
Managing Director

Contact persons:

Nils Vinge, IR	+46-8-796 5250
Leif Persson, CFO	+46-8-796 1300
Rolf Eriksen, CEO	+46-8-796 5233
Switchboard	+46-8-796 5500

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 18 June 2008.

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

H & M Hennes & Mauritz AB (Publ.)
106 38 Stockholm
Phone: +46-8-796 5500, Fax: +46-8-24 80 78, E-mail: info@hm.com
Registered office Stockholm, Reg .No 556042-7220

GROUP INCOME STATEMENT (SEK m)

	1 Dec. 07- 31 May 08	1 Dec. 06- 31 May 07	1 Mar. 08- 31 May 08	1 Mar. 07- 31 May 07	1 Dec. 06- 30 Nov. 07
Sales including VAT	48 653	43 255	25 412	23 554	92 123
Sales excluding VAT	41 351	36 822	21 609	20 050	78 346
Cost of goods sold	-15 999	-14 603	-8 027	-7 707	-30 499
GROSS PROFIT	25 352	22 219	13 582	12 343	47 847
Selling expenses	-15 372	-13 208	-7 881	-6 948	-27 687
Administrative expenses	-1 026	-853	-546	-460	-1 778
OPERATING PROFIT	8 954	8 158	5 155	4 935	18 382
Interest income	539	389	280	200	793
Interest expense	-3	-2	-2	-1	-5
PROFIT AFTER FINANCIAL ITEMS	9 490	8 545	5 433	5 134	19 170
Tax	-2 610	-2 777	-1 494	-1 668	-5 582
PROFIT FOR THE PERIOD	6 880	5 768	3 939	3 466	13 588
Earnings per share before and after dilution, SEK	8.31	6.97	4.76	4.19	16.42
No. of shares before and after dilution, thousands	827 536	827 536	827 536	827 536	827 536
Depreciation, total	1 155	958	577	489	1 814
of which cost of goods sold	119	100	59	51	203
of which selling expenses	981	812	491	415	1 505
of which administrative expenses	55	46	27	23	106

GROUP BALANCE SHEET IN SUMMARY (SEK m)

	31 May 08	31 May 07	30 Nov. 07
ASSETS			
Fixed assets			
Intangible fixed assets	1 413	247	266
Tangible fixed assets	9 790	8 169	9 287
Financial assets	1 159	289	1 136
Total fixed assets	12 362	8 705	10 689
Current assets			
Stock-in-trade	7 073	6 451	7 969
Current receivables	2 773	1 715	2 112
Short-term investments, 3-12 months	1 000	0	4 900
Liquid funds	13 528	15 332	16 064
Total current assets	24 374	23 498	31 045
TOTAL ASSETS	36 736	32 203	41 734
EQUITY AND LIABILITIES			
Equity	27 263	24 414	32 093
Long-term liabilities*	1 384	801	807
Short-term liabilities**	8 089	6 988	8 834
TOTAL EQUITY AND LIABILITIES	36 736	32 203	41 734

* Only pensions liabilities of SEK 171 m are interest bearing (140 for Q2 2007 and 156 for the Full Year 2007).

** No current liabilities are interest bearing.

CHANGE IN EQUITY	31 May 08	31 May 07	30 Nov. 07
Shareholders' equity at the beginning of the period	32 093	27 779	27 779
Translation effects etc	-126	384	241
Total income and expense recognised directly in equity	-126	384	241
Profit for the period	6 880	5 768	13 588
Total income and expense	6 754	6 152	13 829
Dividends	-11 584	-9 517	-9 515
Shareholders' equity at the end of the period	27 263	24 414	32 093

GROUP CASH FLOW STATEMENT (SEK m)

	1 Dec. 07- 31 May 08	1 Dec. 06- 31 May 07
CURRENT OPERATIONS		
Profit after financial items*	9 490	8 545
Provisions for pensions	15	10
Depreciation	1 155	958
Tax paid	-2 919	-2 778
Cash flow from current operations before changes in working capital	7 741	6 735
Cash flow from changes in working capital		
Current receivables	-618	-15
Stock-in-trade	921	911
Current liabilities	-342	-47
CASH FLOW FROM CURRENT OPERATIONS	7 702	7 584
INVESTMENT ACTIVITIES		
Investment in leasehold rights	-153	-45
Investment in tangible assets	-1 753	-1 445
Acquisition of subsidiaries	-555	-
Financial investments, 3-12 months	3 900	8 748
Other investments	-40	-25
CASH FLOW FROM INVESTMENT ACTIVITIES	1 399	7 233
FINANCING ACTIVITIES		
Dividend	-11 584	-9 516
CASH FLOW FROM FINANCING ACTIVITIES	-11 584	-9 516
CASH FLOW FOR THE PERIOD	-2 483	5 301
Liquid funds at beginning of the year	16 064	9 877
Cash flow for the period	-2 483	5 301
Exchange rate effects	-53	154
Liquid funds at the end of the period	13 528	15 332

* Interest paid amounts to SEK 3 m (2).

FIVE YEAR SUMMARY

	1 Dec. 07- 31 May 08	1 Dec. 06- 31 May 07	1 Dec. 05- 31 May 06	1 Dec. 04- 31 May 05	1 Dec. 03- 31 May 04
Six months					
Sales including VAT, SEK m	48 653	43 255	37 655	32 980	29 304
Sales excluding VAT, SEK m	41 351	36 822	32 134	28 095	24 981
Change from previous year, %	12.3	14.6	14.4	12.5	8.3
Operating profit, SEK m	8 954	8 158	6 372	5 730	4 324
Operating margin, %	21.7	22.2	19.8	20.4	17.3
Depreciation for the period, SEK m	1 155	958	822	689	625
Profit after financial items, SEK m	9 490	8 545	6 600	5 931	4 497
Profit after tax, SEK m	6 880	5 768	4 455	3 855	2 923
Liquid funds and short-term investments, SEK m	14 528	15 332	13 114	12 352	10 718
Stock-in-trade, SEK m	7 073	6 451	6 328	4 925	4 869
Equity, SEK m	27 263	24 414	21 902	19 826	18 266
Number of shares, thousands*	827 536	827 536	827 536	827 536	827 536
Earnings per share, SEK*	8.31	6.97	5.38	4.66	3.53
Shareholders' equity per share, SEK*	32.94	29.50	26.47	23.96	22.07
Share of risk-bearing capital, %	76.0	77.5	79.0	80.9	82.6
Equity/assets ratio, %	74.2	75.8	76.8	77.2	78.9
Total number of stores	1 593 **	1 420	1 244	1 121	994
Rolling twelve months					
Earnings per share, SEK*	17.76	14.63	11.90	9.92	7.91
Return on shareholders' equity, %	56.9	52.3	47.2	43.1	37.6
Return on capital employed, %	77.4	76.4	68.2	65.3	56.5

* Before and after dilution

** Including 20 stores from the acquisition of Fabric Scandinavien AB

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.

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

1 December 2007 -- 31 May 2008

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 May 2008	New stores	Closed stores
	2008	2007	SEK	local currency			
Sweden	3 558 *	3 394 *	5	5	143	20 **	1
Norway	2 542 *	2 338 *	9	4	81		1
Denmark	1 896 *	1 737 *	9	7	65		
United Kingdom	3 456	3 523	-2	8	137	10	2
Switzerland	2 232	2 158	3	8	62	2	
Germany	11 997 *	10 597	13	10	325	7	1
Netherlands	3 240 *	2 851 *	14	11	91	2	
Belgium	1 480	1 382	7	5	54	2	2
Austria	2 355 *	2 165	9	6	59	1	
Luxembourg	166	161	3	0	8		
Finland	1 138 *	1 027 *	11	8	34	1	1
France	3 726	3 264	14	11	102	4	
USA	2 890	2 715	6	19	153	8	
Spain	2 773	2 393	16	13	85	6	
Poland	1 131	782	45	29	46	4	
Czech Republic	321	286	12	0	14		
Portugal	356	330	8	5	15		
Italy	1 210	736	64	60	36	5	
Canada	777	598	30	27	39	4	
Slovenia	266	213	25	22	7	1	
Ireland	233	200	17	14	7		
Hungary	146	91	60	59	6		
Slovakia	63	24	163	139	2		
Greece	131	41	220	209	4	1	
China	399	150	166	186	7		
Franchise	171	99	73	73	11	1	
Total	48 653	43 255	12	12	1 593	79	8

* including internet and catalogue sales

** 20 Monki and Weekday-stores through the acquisition of Fabric Scandinavien as of 1 May 2008

SALES INCLUDING VAT BY COUNTRY AND NUMBER OF STORES

1 March 2008 -- 31 May 2008

COUNTRY	Sales, SEK m		Change in %		No. of stores 31 May 2008	New stores	Closed stores
	2008	2007	SEK	local currency			
Sweden	1 822 *	1 796 *	1	1	143	20 **	1
Norway	1 235 *	1 176 *	5	2	81		
Denmark	973 *	934 *	4	3	65		
United Kingdom	1 801	1 875	-4	8	137	8	1
Switzerland	1 191	1 230	-3	6	62	1	
Germany	6 379 *	5 763	11	9	325	4	
Netherlands	1 771 *	1 655 *	7	5	91	2	
Belgium	758	703	8	6	54	2	1
Austria	1 209 *	1 160	4	3	59		
Luxembourg	86	87	-1	-4	8		
Finland	578 *	541 *	7	5	34	1	1
France	1 874	1 738	8	6	102	3	
USA	1 517	1 521	0	13	153	7	
Spain	1 418	1 255	13	11	85	6	
Poland	621	439	41	25	46	3	
Czech Republic	168	157	7	-6	14		
Portugal	179	169	6	5	15		
Italy	666	444	50	47	36	4	
Canada	422	350	20	22	39	4	
Slovenia	145	128	13	11	7	1	
Ireland	120	113	6	4	7		
Hungary	77	51	50	52	6		
Slovakia	33	24	36	21	2		
Greece	77	41	89	83	4	1	
China	210	150	40	53	7		
Franchise	83	54	54	55	11	1	
Total	25 412	23 554	8	9	1 593	68	4

* including internet and catalogue sales

** 20 Monki and Weekday-stores through the acquisition of Fabric Scandinavien as of 1 May 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 May 2008		1 Dec. 2006- 31 May 2007
Nordic Region		Nordic Region	
Net sales external	7 342	Net sales external	6 824
Operating profit	266	Operating profit	1 588
Operating margin, %	3.6	Operating margin, %	23.3
Eurozone excluding Finland		Eurozone excluding Finland	
Net sales external	23 504	Net sales external	20 526
Operating profit	782	Operating profit	4 916
Operating margin, %	3.3	Operating margin, %	24.0
Rest of the World		Rest of the World	
Net sales external	10 505	Net sales external	9 472
Operating profit	264	Operating profit	1 654
Operating margin, %	2.5	Operating margin, %	17.5
Group Functions			
Net sales to other segments	24 250		
Operating profit	7 642		
Operating margin, %	31.5		
Eliminations			
Net sales to other segments	-24 250		
Total		Total	
Net sales external	41 351	Net sales external	36 822
Operating profit	8 954	Operating profit	8 158
Operating margin, %	21.7	Operating margin, %	22.2

PARENT COMPANY INCOME STATEMENT (SEK m)

	1 Dec. 07- 31 May 08	1 Dec. 06- 31 May 07	1 Mar. 08- 31 May 08	1 Mar. 07- 31 May 07	1 Dec. 06- 30 Nov. 07
Sales including VAT	54	4 303	25	2 340	10 738
Sales excluding VAT	54	3 494	25	1 915	9 629
Internal sales excluding VAT	1 977	-	1 142	-	-
Cost of goods sold	-	-939	-	-540	-3 579
GROSS PROFIT	2 031	2 555	1 167	1 375	6 050
Selling expenses	-845	-1 394	-583	-751	-2 934
Administrative expenses	-686	-576	-350	-329	-1 092
OPERATING PROFIT	500	585	234	295	2 024
Dividend from subsidiaries	2 697	4 147	2 697	4 147	8 465
Interest income	292	232	137	146	449
PROFIT AFTER FINANCIAL ITEMS	3 489	4 964	3 068	4 588	10 938
Year-end appropriations	-	-	-	-	130
Tax	-238	-228	-120	-123	-751
PROFIT FOR THE PERIOD	3 251	4 736	2 948	4 465	10 317
Earnings per share before and after dilution, SEK	3.93	5.72	3.56	5.40	12.47
No. of shares before and after dilution, thousands	827 536	827 536	827 536	827 536	827 536
Depreciation, total	57	69	30	35	88
of which cost of goods sold	-	9	-	4	12
of which selling expenses	25	57	13	30	72
of which administrative expenses	32	3	17	1	4

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

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 May 08	31 May 07	30 Nov. 07
Fixed assets			
Tangible fixed assets	375	459	317
Financial assets	2 523	288	59
Total fixed assets	2 898	747	376
Current assets			
Stock-in-trade		670	407
Current receivables	346	2 484	6 376
Short-term investments, 3-12 months	1 000		4 900
Liquid funds	353	5 006	1 417
Total current assets	1 699	8 160	13 100
TOTAL ASSETS	4 597	8 907	13 476
EQUITY AND LIABILITIES			
Equity	4 329	7 081	12 662
Untaxed reserves	132	119	119
Long-term liabilities*	113	103	113
Short-term liabilities**	23	1 604	582
TOTAL EQUITY AND LIABILITIES	4 597	8 907	13 476

* Refers to provisions for pensions.

** No current liabilities are interest bearing.

CHANGE IN EQUITY	31 May 08	31 May 07	30 Nov. 07
Shareholders' equity at the beginning of the period	12 662	11 860	11 860
Profit for the period	3 251	4 736	10 317
Total income and expense	15 913	16 596	22 177
Dividends	-11 584	-9 515	-9 515
Shareholders' equity at the end of the period	4 329	7 081	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 will be 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 purchase price and acquisition analysis are provisional.

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
Long-term 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 relates only to the month of May and does not amount to any material sum.