Hakon INVEST

08

Kjell & Company – a comet in the retail sky

Kjell & Company was nominated in the Comet of the Year category in the Retail Awards, a gala arranged by the Swedish Trade Federation and the magazine Dagens Handel to encourage innovative thinking and quality within retail. Read more about Kjell & Company on page 41.

What do consumers choose in lean times?

Jens Nordfält, researcher and president of the Hakon Swenson Foundation, has looked at consumer shopping in times of economic anxiety. Read more on pages 24–25.

How the CEO sees it

The future does not lack challenges – nor does it lack attractive business opportunities. This applies to ICA, our existing portfolio companies and the investment operations. Read comments by Claes-Göran Sylvén, Hakon Invest's President & CEO, on pages 2–5.

Economic downturn

Several years of strong retailing were followed by a downturn in the business climate and consumption in the Nordic and Baltic retail markets. This creates both challenges and opportunities for retail companies. Read more about Hakon Invest's market and business environment on pages 21–26.

Plenty of bright spots in ICA

Rimi Baltic increased both sales and gross margin despite challenging market conditions, and ICA Sweden continued to grow in the mature Swedish food retail market. Through a clear focus on the core business, ICA Bank succeeded in advancing its positions in the Swedish banking market. ICA Norway was given a new management which is putting all its effort into strengthening the customer offering and making store operation more efficient. Read more about the ICA Group's performance during the past year on pages 30–39.

Investments for the future

During the year Hemtex was added as a strategic investment in Hakon Invest's portfolio. The portfolio companies Forma Publishing Group and inkClub carried out add-on acquisitions which strengthen each company's offering. More information about developments in Hakon Invest's portfolio companies can be found on pages 40–45.

Owner involvement with an eye for detail

During 2008 Hakon Invest continued its efforts to develop the portfolio companies on a broad front. For some of the companies this involved fine-tuning, in others more extensive measures to create the right conditions for the future. Stein Petter Ski, SVP Investments and Portfolio Companies at Hakon Invest, describes ownership involvement in the portfolio companies on pages 28–29.

Good dividend yield

Hakon Invest's Board of Directors proposes a dividend of SEK 5.00 (6.00) per common share. This corresponds to a dividend yield of 5.6%. More information about Hakon Invest's financial performance is provided on pages 59–62.

ICA

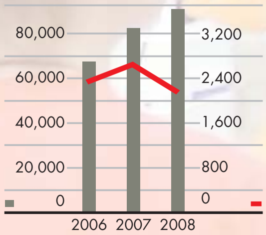
ICA AB is one of the Nordic region's leading retail companies with approximately 2,240 wholly owned and retailer-owned stores in Sweden, Norway and the Baltic countries. The company employs 22,023 FTEs.

Hakon Invest's holding, 40%

2008 in figures, SEK M

Revenues	90,963
Operating profit	2,117
Contribution to Hakon Invest's earnings	697

Revenues and earnings, SEK M



Revenues
Operating profit

forma Publishing Group

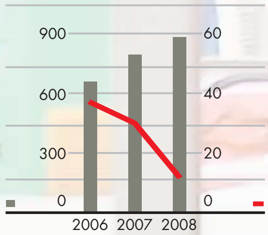
Forma Publishing Group is one of Sweden's largest publishing houses with a focus on consumer magazines, trade magazines, books and contract publishing. The magazine operations are also conducted in Finland and Estonia. The company employs 430 FTEs.

Hakon Invest's holding, 100%

2008 in figures, SEK M

Revenues	881
Operating profit	12
Contribution to Hakon Invest's earnings	1

Revenues and earnings, SEK M



Revenues
Operating profit

Kjell & Company

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. In addition to the 38 stores, mail order and online shopping are also important sales channels. The company employs 236 FTEs.

Hakon Invest's holding, 50%

2008 in figures, SEK M

Revenues	442
Operating profit	14
Contribution to Hakon Invest's earnings	4

Revenues and earnings, SEK M

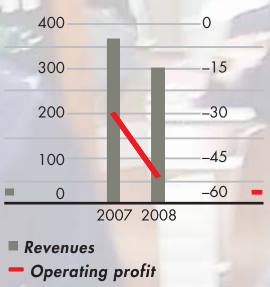
Revenues
Operating profit

Hemma is Sweden's foremost specialist chain with products for the home, kitchen and laundry. Hemma includes over 100 wholly owned and retailer-owned stores throughout Sweden. The company employs 162 FTEs.

Hakon Invest's holding, 89%

2008 in figures, SEK M	
Revenues	303
Operating profit	–51
Contribution to Hakon Invest's earnings	–26

Revenues and earnings, SEK M



Cervera is one of Sweden's leading chains for glassware, porcelain, cutlery, kitchen appliances and gifts. Cervera has a nationwide store network with 27 wholly owned and partly-owned stores and 20 franchise stores. The company employs 154 FTEs.

Hakon Invest's holding, 81%

2008 in figures, SEK M	
Revenues	341
Operating profit	–23
Contribution to Hakon Invest's earnings	–9

Revenues and earnings, SEK M

inkClub is one of Europe's leading companies in online sales of ink cartridges and other printer accessories. All sales take place via the internet and inkClub has over 1 million active customers in 14 countries. The company employs 60 FTEs.

Hakon Invest's holding, 50%

2008 in figures, SEK M	
Revenues	394
Operating profit	53
Contribution to Hakon Invest's earnings	10

Revenues and earnings, SEK M

Hemtex is one of the Nordic region's leading home textiles chains with more than 200 stores in Sweden, Finland, Denmark, Norway, Estonia and Poland. The offering includes home textiles and other selected home furnishing products. The company employs 777 FTEs.

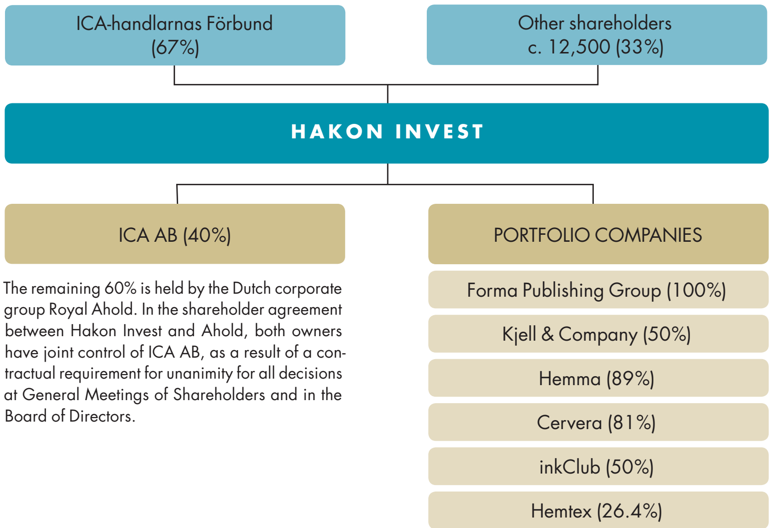
Hakon Invest's holding, 26.4%

2008 in figures*, SEK M	
Revenues*	1,456
Operating profit*	–6
Contribution to Hakon Invest's earnings	–

*Relates to the 12-month period February 2008 to January 2009.

Revenues and earnings, SEK M

The Group at a glance



Hakon Invest makes long-term investments in retail companies with a geographic focus on the Nordic and Baltic regions. Our vision, with ownership in ICA AB as a base, is to be the Nordic and Baltic regions' leading development partner for companies in the retail sector. The 40% holding in ICA AB forms the basis of our ownership philosophy and operations. Through active and responsible ownership we contribute to the creation of value growth in ICA and develop our portfolio companies, all of which are independent companies responsible for their own earnings and profitability. Added value is created for Hakon Invest's shareholders through value growth in the investments combined with a good dividend yield.

Hakon Invest has been listed on Nasdaq OMX Stockholm since December 2005 and is quoted on the Mid Cap segment. ICA-handlarnas Förbund is the majority shareholder with 67% of the shares. Other shareholders number approximately 12,500. The head office is in Solna, outside Stockholm.

2008 figures

- Revenues SEK 1,184 M (1,075)
- Profit for the year SEK 170 M (1,326)
- Earnings per share SEK 1.17 (8.30)
- Equity/assets ratio 94.9% (94.4)
- The Board proposes a dividend of SEK 5.00 (6.00) per common share
- Acquisition of 26.4% of capital and votes in Hemtex
- Holding in Hemma increased from 61% to 89%
- After year-end holding in Cervera increased from 48% to 81%

CONTENTS

This Annual Report is a translation of the Swedish version.

A clear customer offering, cost control and day-to-day store operation are key factors

After several strong years, consumption slowed in the Nordic and Baltic retail markets during 2008, with some countries actually experiencing negative growth. In this economic situation both control of costs and a razor-sharp customer offering are important.

Long-term owner in good and less good times

Hakon Invest's role as owner is to ensure that the managements of the holdings focus on the right things, in both good and less good times. The aim is always sustained growth and profitability. Given the direction of retail development in 2008 our work was very much about ensuring that the holdings are well prepared for a further deterioration in market conditions.

Variable costs often tend to become "fixed" but in a less favorable market situation it is important that they really do remain variable. Within retail there is also a tendency to lack the courage to promote growth when the business climate slows, despite the many opportunities that arise to clarify the offering and advance positions. When I summarize the past year, I note that most of Hakon Invest's companies took important steps forward in relation to both cost base and customer offering.

Sweet and sour in ICA

The ICA Group as a whole continued its positive development on many fronts but also provided some disappointments.

Rimi Baltic and ICA Bank were definitely among the bright spots. Growth in Rimi Baltic was high and we can see that this is bringing profitability, despite challenging conditions in the Baltic economies. There are no indications of a brighter business climate in the Baltic countries in 2009, but we believe that the focus and control Rimi Baltic now has in its operations will make it possible to fend off an even weaker economic situation.

ICA Bank also continued to grow with good profitability. The bank's focus on the core business – reliable and easily understood products that support the retail operations – strengthened its market position in the financial turbulence that characterized the second half of 2008. The good inflow of new customers proves the strength and clarity of the concept

«Our goal is for ICA to be a Nordic retail company with growth in market shares and margins. Here too it is ‹mission: controlled expansion› that applies»

as well as confidence in the ICA brand. The bank has a low risk profile and has not gone in for too many high margin products with inherent high risks. The ICA Card was also a key piece of the jigsaw in tests of personalized discount offers carried out by ICA Sweden during the year which were then rolled out throughout the country.

ICA Sweden remains a key engine for the Group. Sales growth increased in all four store formats and the new, modern central warehouse in Helsingborg started to yield results in the form of improved efficiency. Much remains to be done to fine-tune the Helsingborg center but we can already see that this investment will give ICA Sweden major and long-term competitive advantages.

Development for non-food, on the other hand, was clearly worrying. This is certainly not a problem confined to ICA: the invasion of hungry category killers in recent years has changed the competitive scenario and many retail players with a broad assortment around the world have lost ground with their non-food concepts. For ICA, we see no alternative other than a thorough rethink in this area. ICA must ask itself what Maxi customers really want apart from food, and then select and above all deselect. To do this well and speedily, it was decided to give non-food a clearer role within the ICA Group.

I must describe developments in ICA Norway as a disappointment. For most of 2008 these operations wrestled with the same problems as before the restructuring – overall high costs, insufficiently focused customer offerings and inefficient store operation with considerable shrinkage. This required a change of management.

Right management and organization

ICA Norway's new management has been in place since early autumn. Headed by CEO Antonio Soares, they have taken the costs problem firmly in hand while at the same time working hard to focus and sharpen the customer offering in the right way. An extensive action program is now being put in place, which includes downsizing at ICA Norway's offices. Major efforts are also being made to achieve efficient store operations. Even though the recession probably means that the turnaround in ICA Norway will take longer than expected, I am secure in the knowledge that with the existing action program and new management we are heading in the right direction. We can already see some gleams of light. The Rimi stores have strengthened their position underpinned by a new and sharper concept.

The decision to introduce a more decentralized organization in the ICA Group was very important. The new organization reduces Group-wide functions and moves more responsibility out to the subsidiaries. The aim is to shorten lead times between decisions and action and thus make it easier to take advantage of all the opportunities that arise in the local food retail markets in Sweden, Norway and the Baltic countries.

The portfolio company Hemma was also given a new management that has shown a good ability to take action. In order to initiate the measures that are needed to reverse the weak development of the white goods chain, a new issue was carried out which increased our ownership from 61% to 89%.

In Forma Publishing Group, we had major problems with the magazine business in Finland. We have now changed the Finnish management in order to reverse the negative earnings trend.

«The greatest progress has been made with Kjell & Company which is also the oldest holding in Hakon Invest's portfolio. This possibly shows that it takes a little time to achieve the full effect of our active ownership»

Sour and sweet in portfolio companies

Non-food retail is always more sensitive to economic fluctuations than food retail and this puts some extra pressure on our portfolio of companies with their non-food focus. Most portfolio companies took important steps forward in their businesses during 2008. The weak development for a couple of them cannot, however, be blamed solely on the economic situation. Hemma is one such example. Another is Hemtex, which was added to our portfolio in 2008. The motive behind this strategic investment is the potential we can see when the company recaptures its position as a furnishings and home textiles company with both value-for-money and inspiring products. The new President, Göran Ydstrand, will work among other things to improve the supply chain and the clarity of the customer offering.

Cervera is the portfolio company that we consider most affected by the economic climate. The chain is a good example of the importance of aggressive work with the customer offering even when market conditions weaken. Cervera's new store concept, which was launched in August 2008, was well received. The full-scale rollout of this concept will take place in 2009.

The greatest progress has been made with Kjell & Company which is also the oldest holding in Hakon Invest's portfolio. This possibly shows that it takes a little time to achieve the full effect of our active ownership. Since we became an owner in the company in summer 2006, the chain has efficiently and economically expanded from 15 stores in southern and central Sweden to a nationwide network of 38 stores. During the fourth quarter, Kjell & Company reported an operating margin of 9.5% and this profitability reflects, among other things, increased efficiency with the new central distribution center, successful marketing and the aim to increase the average purchase per customer. Here we will continue this rate of expansion with the aim of opening one new store per month.

inkClub provides a different type of expansion. The platform for effective online retail with ink cartridges has been used to add other printer accessories and will also be used to develop operations with sales of other consumables. The first example is Dammsugarpåsar.nu (online sales of vacuum cleaner bags) which was acquired in February 2008. The success of inkClub illustrates our firm conviction, namely that clarity is the basic prerequisite for success. inkClub has unique clarity in what they work with. Nor can anyone misunderstand what Dammsugarpåsar.nu has to offer.

Mission: controlled expansion

Hakon Invest's mission is to guarantee the development of and influence in the ICA Group and in addition to contribute to growth in value and a good dividend yield over time through its investment operations. The objective for the latter is to establish a stable business where the portfolio companies develop at least as well as ICA.

Our role as an active owner is to always help our holdings to build up strong positions for long-term earnings. This assignment looks a little different in good and bad times since conditions differ. In bad times it is mainly about making sure that variable costs stay variable and working with future issues that sometimes involve costs that affect profitability in the short term, but create good conditions for rewards in the slightly longer term. Less favorable times make even greater demands on clarity: lack of clarity ties up capital.

Stable operations and good dividend

From the start we have made it clear that Hakon Invest is a long-term investment alternative that offers a reliable dividend yield. The ICA holding gives us stable earnings that are spiced with investments in smaller retail companies with major development potential. The return on our management of assets for future investments is achieved with very limited risk.

Our policy is to distribute at least half of the Parent Company's profit for the year – which Hakon Invest achieved during its previous two years as a listed company. For the fiscal years 2007 and 2006 the dividend amounted to SEK 6.00 and SEK 5.50 respectively per common share, corresponding to a dividend yield of 4.6% and 3.5%.

The Board's proposal for 2008 is a dividend of SEK 5.00 per common share which corresponds to a dividend yield of 5.6%. This means that we can maintain a good dividend yield without modifying our investment capacity.

What about the future?

The future does not lack challenges – but nor does it lack attractive business opportunities. This applies to ICA, our existing portfolio companies and the investment operations in Hakon Invest.

Our goal is for ICA to be a Nordic retail company with growth in market shares and margins. Here too it is "mission: controlled expansion" that applies. Recently we have focused on logistics, the Norwegian operations and non-food. ICA Norway is a strategic investment in accordance with the Nordic strategy. We are making efforts so that the ICA model with its retailer incentives can find its form in Norway and this will probably involve franchising out more Rimi stores.

We are now focusing on getting the Norwegian operations in order – at the same time as keeping our eyes open for opportunities for further Nordic expansion.

Regarding the future of non-food products in ICA, we have a special responsibility based on the expertise we have built up through our portfolio companies all of which work with non-food. This expertise can be made use of when ICA Maxi develops its non-food customer offering.

Kjell & Company has clearly shown that a wholly integrated chain can also be highly successful. Here we will continue to expand both market shares and margins, among other things by launching "Stor Kjell" – a concept that displays both the depth and breadth of the product range at the same time as the level of service so important to the brand is maintained.

We are continually analyzing new investment opportunities and hope that sellers in 2009 will be asking more realistic prices in view of the way the market looks, and is feared will look for some time to come. It is probably the case that we pay more today than we will tomorrow.

Solna, February 2009

Claes-Göran Sylvén
President and CEO

Strategies for all economic situations

Business concept

Hakon Invest makes long-term investments in the retail sector in the Nordic region with good risk diversification and thus helps to ensure the long-term success of the ICA concept. Shareholder value is created through value growth in the portfolio companies combined with a good dividend yield, which is achieved through active and responsible ownership.

Mission

From its origins and inspiration in the ICA concept, Hakon Invest creates opportunities for entrepreneurship, growth and profitability in retail operations through its financial capacity and extensive retail expertise.

Vision

With its ownership in ICA AB as a base, Hakon Invest will be the leading development partner for retail companies in the Nordic and Baltic regions.

Goals for the Hakon Invest Group

Operating objectives for Hakon Invest	*Read more on page*
To establish and consolidate the position as a leading development partner for companies in the retail sector in Sweden, as a first step towards the vision of becoming a leading development partner in the Nordic and Baltic regions	*9–10*
To gradually build a portfolio of holdings with a balanced risk	*28*

Financial targets for Hakon Invest	*Result 2008*
To distribute at least 50% of the Parent Company's profit for the period	*n/a*
To seek an equity/assets ratio for the Group of not less than 70% over time	*94.9%*
In each individual holding, the average total return on Hakon Invest's invested capital to be at least 15% during the ownership period	*n/a*
Average annual return from asset management of at least 5% in a rolling 5-year period	*–7%*

Operating objectives for ICA AB	*Read more on page*
To be the market leader in the countries in which ICA AB is represented	*31–39*
To increase sales in the long term in each submarket at a faster rate than total market growth	*36–39*

Financial targets for ICA AB	*Result 2008*
Operating margin (EBIT) of 3.5–4.0%	*2.3%*
Return on equity of at least 14–16% over a business cycle	*13.5%*
An equity/assets ratio of 30–35% over time	*32.0%*
In the shareholder agreement, Hakon Invest and Ahold have undertaken to work to ensure a dividend of at least 40% of the profit for the period	*50%*

Strategies

Balanced portfolio build-up
Hakon Invest works with a long-term approach to expand the investment portfolio, both with new investments and with add-on acquisitions to existing holdings.

Good risk diversification
To ensure that the total portfolio, in addition to ICA AB, has a balanced risk, Hakon Invest invests in different types of business, of varying size, within the retail sector. Risk diversification over time is also created through successive investments. Hakon Invest invests in companies with clear concepts and established operations, which keeps down the level of risk.

Active and responsible ownership
Hakon Invest will be an active owner and support the development and expansion of its portfolio companies. We feel very involved in the companies in which we invest. Hakon Invest wants to have shared interests with the entrepreneurs in the portfolio companies and considers it an advantage if the previous owners remain in the company in some form.

Long-term ownership
The aim is a long-term approach to both portfolio build-up and the individual investments. ICA AB is a "permanent" investment but otherwise Hakon Invest's investments do not have a set timescale.

Achieved in 2008

The ICA Group introduced a more decentralized organization which will lead to more efficient work processes and create opportunities to reduce costs. Read more on pages 30–34.

Rimi Baltic increased both sales and gross margin despite the sharp economic downturn in Estonia, Latvia and Lithuania. Read more on page 38.

ICA Sweden launched "Mina varor" which offers regular customers discounts on their favorite products. Read more on page 36.

ICA Norway was given a new management which will strengthen efforts to reverse the negative trend in recent years. Read more on page 37.

ICA Bank consolidated its position in the Swedish banking market. The customer base increased by 14% despite the turbulence in the financial market. Read more on page 39.

Hemtex was added as a strategic investment in Hakon Invest's portfolio. At year-end the Hemtex board appointed Göran Ydstrand to be the company's new president. Read more on page 45.

inkClub acquired Dammsugarpåsar.nu as part of its strategy to broaden the product portfolio and achieve synergies within IT, logistics and processing of customer databases. Read more on page 44.

Forma Publishing Group acquired the Leva and Hälsa magazines and the book publisher Energica to strengthen its offerings within health and personal development. Read more on page 40.

Kjell & Company continued its high rate of expansion and achieved a size that sets the course for continued and profitable expansion. Read more on page 41.

Hemma carried out a SEK 45 M new issue in order to launch a powerful action program designed to improve profitability in 2009. As a result, Hakon Invest's holding rose from 61% to 89%. Read more on page 42.

Cervera changed its supply chain strategy and launched a new store concept which earned a very good response in the four pilot stores. The concept is to be rolled out in the entire chain in 2009. Read more on page 43.


Marie-Louise Genschou, Fredrik Hägglund, Johan Örengård and Birgitta Wahlberg


Claes-Göran Sylvén, Charles Wade and Pernilla Grennfelt


Johan Junehed, Britt-Marie Olsson, Stein Petter Ski and Susanne Eriksson

Stabilize day-to-day operations in a difficult market – and prepare the way for good profitability over time

In addition to value-creating management of the ICA holding, Hakon Invest's business concept is to contribute to value growth and a good long-term dividend yield in the portfolio companies through active and responsible exercise of its ownership role.

The ICA idea's unique dynamics and ability to create values for all stakeholders serves as Hakon Invest's model and source of inspiration. Providing shareholders with good value growth over time, both in the form of growth in the value of the portfolio companies and dividend yield, guarantees Hakon Invest influence in and ownership of ICA.

Hakon Invest is a stable and secure owner in both good and less good times. A long-term approach is our core value. We know that active and long-term efforts yield results.

Sound retail expertise

Hakon Invest's business model is based on putting into practice a firmly rooted food and other retail expertise that is based on a deep understanding of the consumer. Finding forms and applications for this retail expertise is – in addition to capital – Hakon Invest's foremost contribution to the portfolio companies. We regard expertise as the weightiest and most important working capital.

The collective experience and expertise of its organization gives Hakon Invest deep insight into how different markets and sectors work. We also have access to recent and penetrating market information, through among other things quarterly reports about developments in different retail markets which the subsidiary Forma Publishing Group compiles specifically for Hakon Invest.

Understanding the market and consumers is essential for all success in retail and Hakon Invest shoulders special responsibility here towards all the holdings. Keywords in our philosophy are clarity in the customer offering, accessibility and drive, together with an awareness that "retail is detail." Competitiveness is not only about offerings and concepts, it also requires good control of both management and costs.

Governance and knowledge transfer

Hakon Invest's active ownership is conducted via work on the boards, as well as by providing expertise in different parts of the holdings' operations – all based on each company's specific needs. We consider one of our key tasks to be securing the right expertise in the managements of the different companies. Also in work on company boards we see our representation as an expertise mandate rather than an owner mandate. Through Hakon Invest's network, of which representatives from the holdings are a key part, we ensure the boards' competence as well as an indirect transfer of knowledge between the holdings.

Hakon Invest functions as an enabler for the exchange of knowledge and experience between the different portfolio companies as well as ICA. Effective forms have been established to share best practice within areas such as online retail, where both ICA and Kjell & Company benefit from inkClub's success. Other areas are purchasing, warehouse management and the supply chain, where Kjell & Company has among other things benefited from ICA's and Hemtex's experience from purchasing in Asia.

«A long-term approach is our core value. We know that active and long-term efforts yield results»

Active ownership in ICA

ICA's business model is based on professionalism at every level, fast-footed flexibility and close contact with consumers. The model rests on making money at every stage and creating value every day. As an owner of ICA, Hakon Invest works actively to protect the ICA idea, which is about the dynamics between coordination and local adaptation, and its value creating potential in the short and long term. The overriding task is to guarantee sustainable competitiveness in ICA. To this end, Hakon Invest encourages investments in logistics and other infrastructure that in the long run will improve profitability for

both the ICA Group and the retailers, and over time also give Hakon Invest's owners a good return. With the same motives we are actively involved in ICA's overall business development, for example structuring and organizing operations.

ICA was reorganized in 2008 towards a more decentralized and efficient organization. The view was that the three retail companies in the ICA Group are at different phases and operate under such different market conditions that over-extensive coordination makes it difficult to adapt to the different needs of customers in Sweden, Norway and the Baltic countries. At the same time, there are still central synergies within purchasing, concepts, private labels and risk management. A comprehensive strategic review was also initiated of how the non-food segment should be operated in ICA in future. Since the non-food market is increasingly dominated by category killers, large stores that sell one product category, it is necessary to improve the clarity in ICA's product range strategy.

ICA Sweden continues to strengthen its market leading position and delivers good results. Rimi Baltic now has good profitability in line with growth, and is well prepared to show profitability even in a declining market. The risk of devaluation and its effects are monitored closely in Rimi Baltic. In ICA Norway, implementation of the action program was not sufficiently effective, while a focus on structure put the customer offering in the background.

Active ownership in the portfolio companies

Hakon Invest's key task as owner is to guarantee the portfolio companies' customer offering, concept and supply chain – secure platforms which in time will generate a stable growth in value. In the rapidly deteriorating economy in 2008, and a probable deep recession in 2009, this is increasingly about stabilizing the day-to-day operations in a difficult market while taking advantage of opportunities as they arise.

Work with and in the portfolio companies has recently included how they can best create competitive advantages through efficiency enhancements and the right cost base. The supply chain and cost of premises are also in focus, due among other things to sector convergence in recent years which has created inefficient sales spaces and too much tied-up capital. Flexibility over staffing plays a major role for both costs and level of service. By adjusting to sales peaks and troughs, costs can be reduced while customer service is improved.

A broader product range in the form of sector convergence often occurs at the expense of clarity which tends to rebound when customers have less money to spend. During boom periods sector convergence can make a positive contribution to growth but in a less favorable economic climate this lack of clarity has a negative impact on sales and earnings. The link between daily operations and strategy is strong: strong and clear customer concepts stand the best chance of being truly effective.

Work with store management and employees is of utmost importance for keeping the companies' total offering to end customers in good shape.

New store concept

Cervera's new store concept follows the latest trend within home furnishings – thinking in collections. Stores that inspire and guide the customer among both well-known brands and the season's accessories for the home.

To strengthen its position as an expert in customers' kitchens and dining areas, Cervera launched a new store concept in 2008. An extensive opinion survey of some 1,800 customers combined with a business environment analysis laid the foundation for the change. Purchasing habits within home furnishings have changed in recent years to more closely resemble the fashion sector. A growing number of people choose to decorate their homes with accessories in seasonal colors and patterns – not just at Christmas and Easter but all year round. This means that customers are looking for a store that lives all year round.

"In our new concept we work more creatively with display and context positioning of different products in order to inspire customers. When there is no special season, we choose a theme that suits the kitchen and dining area. If the theme is baking, the customer should easily be able to find what is needed just for this occasion and perhaps pick up a few good hints along the way," says Håkan Filipsson, President of Cervera.

The structure in the stores has also changed in the new profile. The customer now goes round based on rooms and applications, compared with previously when the products were grouped by supplier or brand.

"To make things easier for customers, glass and frying pans are displayed separately for example. We have also provided clear information so that you the customer can easily decide what the major differences are between different models and which one best suits your requirements. The buying process is shorter and customers do not monopolize staff in the same way as before," Filipsson continues.

Employees are very positive about the new store structure and feel that they can inspire customers more than previously. Cervera has chosen to streamline the product range to exclusively comprise items for the kitchen and dining area. The basic range still includes well-known brands that alternate with candles, napkins and accessories depending on the season. The new store concept attracts both existing and new customers and the effects can be seen in earnings. In the four rebuilt pilot stores the gross margins increased compared with the previous year. Cervera's aim is to launch the new concept in all its own stores by August 2009 at the latest. ■

Many opportunities and major responsibility

Responsible, long-term ownership is the platform for Hakon Invest's work as a development partner within retail. We see sound sustainability work as essential if consumer confidence is to be won. One key part of Hakon Invest's role as owner is therefore to contribute to strategies and daily routines that are economically, environmentally and socially sustainable.

The ability to win and retain consumer confidence is basic to all successful retailing. Confidence covers everything from a clear customer offering to accepting responsibility for environment, people and society. A good understanding of customers' expectations for environmental and social responsibility improves the retail companies' control of business risks and can at the same time provide new business opportunities.

Sustainable strategies for Hakon Invest

Corporate governance that provides competitive value growth in the ICA Group and the portfolio companies is the core of Hakon Invest's operations. It is in the role of owner that we have the greatest opportunities to contribute to environmentally and socially sustainable strategies and business routines.

At the beginning of 2008, Hakon Invest's Board adopted a sustainability policy that clarifies what responsible ownership means to us. Other policies and guidelines are linked to the sustainability policy in order to explain in more detail what this means in practice. The sustainability policy and other policies cover all employees at Hakon Invest and are designed to guide both internal work and the portfolio companies' operations and to clarify aims ahead of future investments. During the year the work of turning the policy into reality continued.

Responsibility in the investment process

Owner responsibility to Hakon Invest's shareholders starts in the investment process. Hakon Invest only invests in companies with operations that are acceptable on the basis of our core values. We therefore wish to analyze the potential portfolio companies' sustainability profile at an early stage and these analyses are therefore a natural part of the acquisition analyses performed during the year. A general review of the company's position regarding environment, control of the supply chain, personnel issues, business ethics and other non-financial aspects that can affect the value of the brand and the company is also performed prior to examination in the Board's investment committee. The result of these analyses is a key piece of the jigsaw in the assessment of the company's potential for future value creation.

The absence of structured sustainability initiatives does not mean that Hakon Invest automatically rejects an investment. On the other hand, we do want to be sure that the company has the potential and the will to start robust sustainability work within two years, for example by introducing relevant policies and working methods that encompass the operations' most important sustainability aspects.

Responsibility in liquid asset management

Management of liquid assets is another example of our opportunities to contribute to sustainable value creation. The finance and investment policy states that management of Hakon Invest's assets must be permeated by security, sound ethics and environmental consideration. Investments may only be made in companies with acceptable compliance with well-established rules and norms, primarily the UN Global Compact's principles on human rights, labor law issues, environment and corruption as well as the OECD guidelines for multinationals. Hakon Invest also refrains from investing in companies which have a significant portion of their sales in the arms industry or pornography. The finance and investment policy was revised during the year which means, among other things, that the same investment criteria apply to both internal and external management.

Responsibility through active board work

Our ownership and responsibility are exercised through active board work where Hakon Invest normally seeks to be entrusted with the chairmanship. We are represented by our own employees or by people in our extensive network. This means that we can ensure board representation with business-critical expertise in all the portfolio companies.

Carin Wahlén, Mårten Beck-Friis and Anna-Karin Liljeholm

We always have close contact with the managements of the portfolio companies and act as a sounding-board, instigator and arranger of contacts.

The components of the governance model are the same for all portfolio companies. The starting-point is always a clear ownership plan where we have identified resource requirements, return targets and value creation strategies for each company. Our responsibility as an active owner includes providing the portfolio companies with tools that protect financial values, people and the environment. In this way we also prevent the risk that values created are jeopardized. Read more about active ownership on pages 9–10.

Inspiration and shared knowledge

In order to inspire and guide the portfolio companies in their sustainability initiatives, in 2008 Hakon Invest arranged two seminars on sustainability issues to which management groups, board members and others who work with these issues were invited.

The first sustainability seminar was held in April and functioned as an introduction for continued sustainability work by giving the portfolio companies knowledge, trends and inspiration. There was also a discussion about how we both together and separately can take steps to develop responsible business. On this occasion an action plan for preparation and implementation of policies was also presented.

During 2008 the portfolio companies, on the basis of their own operations, identified their greatest challenges related to sustainability and prepared relevant policies within these areas, to the extent these did not already exist. The goal is that all portfolio companies will have implemented policies during 2009 at the latest.

The second sustainability seminar was held in the autumn and its purpose was to provide a basis for work with follow-ups of sustainability aspects in the supply chain. The seminar examined, among other things, different methods and ways of working as well as potential pitfalls and risks.

In future, seminars will be held once or twice a year and examine relevant questions and problems related to sustainability. Frequent seminars create a natural forum for discussions and sharing experience between the companies.

Environmental and social responsibility at ICA

The ICA Group has been conducting extensive and structured sustainability work for many years (as described on page 33). This work is based on “ICA’s Good Business”: seven position statements to which a number of policies are linked. Objectives include reducing the Group’s environmental impact, expanding the range of ecological products, ensuring the quality of products and stores, monitoring social responsibility in the supply chain and promoting healthy eating habits. ICA is a signatory to the UN’s Global Compact which promotes social and environmental responsibility among international companies.

During 2008, ICA continued its efforts to reduce its climate impact through the products sold in the stores and expanded the range of ecological, locally produced and eco-labeled products. ICA makes environmental demands on suppliers and works to enable the company's customers to make climate-smart and eco-friendly purchases. The overall objective is to reduce the Group's known climate emissions by 30% by 2020 compared with emissions in 2006. Based on ICA's report on its management of the climate issue, Hakon Invest was ranked as the sixth Nordic company in Carbon Disclosure Project's (CDP) annual review of listed companies. A total of 110 Nordic companies were included in the survey.

ICA is a member of the Business Social Compliance Initiative (BSCI) via Ahold, which owns the ICA Group jointly with Hakon Invest. BSCI works to examine and improve social conditions among suppliers in so-called risk countries. The BSCI network performs third party audits and compiles information on existing work environments and respect for human rights among different suppliers. ICA has also developed its own audit method for auditing suppliers: ICA Social Audit with the same requirement levels as BSCI. By working with both third party audits and ICA Social Audit, ICA is even better placed to support the suppliers in their sustainability work and help to achieve faster compliance with ICA's demands for work environment and respect for human rights.

ICA opened three new purchasing offices in Asia during 2008 which facilitate ICA's controls of product quality and follow-up of Asian suppliers' social and environmental responsibility.

The focus on food safety and quality in the stores continued during 2008. During the year ICA initiated and encouraged the implementation of a new Swedish industry-wide standard for food handling in the stores. ICA Sweden also employed 27 quality coaches who help the Swedish stores to improve their routines for quality control and follow-up. As a further step in this quality work, in 2008 ICA-handlarnas Förbund in consultation with ICA drafted a version of ICA's Good Business for the stores to be introduced in 2009.

Since 1995, the ICA Group has reported its environmental and social responsibility in separate sustainability reports. The 2008 report is the third to be based on Global Reporting Initiative's (GRI) international framework for sustainability reporting. The CR report is part of the ICA Group's annual report. ICA's CR report for 2008 has also been reviewed by ICA's auditors.

Read more about ICA's sustainability initiatives and reporting at www.ica.se.

Hakon Invest's internal sustainability focus

Hakon Invest's operations involve 13 employees in an office environment and have a relatively limited environmental impact. The sustainability policy states how we should reduce our environmental impact and work to achieve a good physical and mental work environment.

The most important environmental aspects are the office's energy consumption and our business trips. We have chosen renewable energy sources and district heating for the office and try to increase the proportion of telephone conferences. Environmental considerations are also assessed when purchasing new company cars and other items. Employees are Hakon Invest's most important resource and this makes personnel welfare a prioritized area. For example, all employees can participate in a wellness program and are able to exercise during working hours.

During 2008 key performance indicators (KPIs) were established to facilitate follow-up of internal compliance with the sustainability policy. KPIs include the number of flights our employees take on business, the extent to which the wellness program is utilized and how much time is spent on external training.

Skills development

Despite tougher times 2008 was a good year for Kjell & Company. One important explanation is the store employees. At the Kjell Academy employees can learn to link up product knowledge with sales techniques.

Concepts and the supply chain have been high on the agendas of many retail companies in recent years. But Kjell & Company realized right at the start in 1990 that skilled and customer-oriented store employees are at least as important for long-term success.

The Kjell Academy training concept started as a pilot project in 2007 and today includes all employees in Kjell & Company's 38 stores. It is based on employees in an authentic environment combining sales techniques with product expertise in order to learn how to treat customers in a more professional and pragmatic way. After the basic course, employees can also participate in Kjell Academy's extension programs within a number of interesting areas.

"Continuation courses include both written material, which we send out to all sales staff, and lectures out in the store. The subjects that are covered each year vary but our aim is to start a dialog on the intranet where employees can suggest courses. During 2009 we will introduce a follow-up test for the continuation courses as well," explains Karl Emil Sigfússon Nikka, who is responsible for employee training at Kjell & Company.

Surveys in the stores show that customers perceive that the level of expertise and service mindedness among Kjell & Company's employees is higher today than it was a couple of years ago. At the same time opinion surveys among employees show that they too are positive about the company's investment in skills development. Many feel that their work is now both more fun and easier.

Kjell Academy is also important for new employees to become acquainted with the company's values, which are usually summarized as the "Kjelle spirit", and meet colleagues from other stores.

"With our training programs and breakfast meetings we provide important expertise at the same time as employees get to know one another better. Good fellowship – and here the Kjelle spirit plays an extremely important role – means that employees enjoy their work and as a consequence choose to stay with us," says Karl Emil Sigfússon Nikka.

During the year Kjell & Company was nominated for Retail Awards 2008 in the Comet of the Year category. This is proof that investing in employees pays off. Employees who enjoy their work and are prepared to give that little bit extra contribute to more satisfied customers and increased sales. ■

Focus on a portfolio with a balanced risk profile

Hakon Invest invests in retail companies that have come some way in their development but need a strong partner in order to make effective further progress.

Hakon Invest's investment focus is on established retail companies looking to take the next step in their development. In order to achieve a balanced risk profile in the portfolio besides the ICA holding, we seek investments in different retail areas in the Nordic and Baltic countries.

Portfolio buildup under way

For over three years, Hakon Invest has worked to compose a well-diversified portfolio of retail companies. The aim over time is to build up a portfolio of approximately ten companies.

Investments in 2008 included acquisition of just over 26% of the listed company Hemtex as well as add-on acquisitions in inkClub and Forma. In addition, a new issue was carried out in Hemma, following which our holding increased from 61% to 89%. In January 2009, Hakon Invest acquired additional shares in Cervera, which increased the holding from 48% to 81%.

A number of possible acquisitions were analyzed in depth. The sellers' price expectations were too high, however, particularly in view of the continued less favorable market prospects. It has taken longer than anticipated to achieve a favorable investment climate. In the years ahead, however, market development may create attractive business opportunities.

Hakon Invest's main strategy is to own at least 50% in the portfolio companies. Since the entrepreneurial spirit is a key factor for success, we are happy if the company's founder and former owners stay on. In this way we acquire a shared agenda with those who run the company, which in turn creates a strong commitment and good opportunities to earn money for all owners, including Hakon Invest.

During 2008 – and 2009 – the focus is on consolidating the existing portfolio and stabilizing the companies' operations in a difficult market. At the same time we will continue to analyze possible acquisitions and strategic investments based on our long-term strategy.

Investment focus

Hakon Invest invests in retail companies that have come some way in their development but need a strong partner to take themselves into the next development phase. We do not invest in start-ups or in large established companies that primarily need to be managed. So far two types of situation have arisen:

- Chains undergoing change or about to embark on restructuring
- Companies with wholly owned stores which are heading for an expansion phase or need to make add-on investments

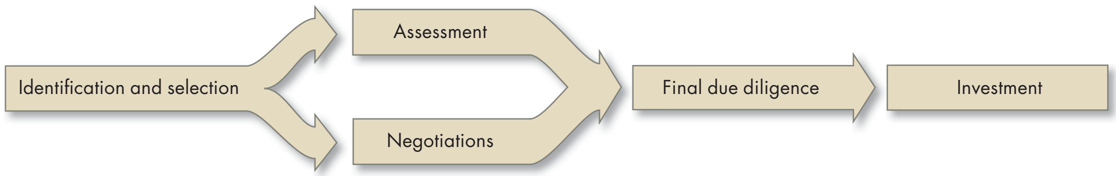
Investment criteria

- Clear concept – or good opportunities to chisel out such a concept
- Entrepreneurship
- Strong and motivated management/owners
- Positive cash flow
- Good growth opportunities

Exit philosophy

With the exception of the "permanent" holding in ICA AB, the portfolio companies will eventually be sold. Exit alternatives are analyzed even before the investment is made when we draw up the holding plan. Unlike other companies with investment activities, Hakon Invest has no fixed general time horizon. We have a long-term approach to ownership which is based on the conviction that retail businesses often need time to be truly successful. The time to sell a portfolio company will be chosen carefully and this will be done in a manner that creates the best possible return for Hakon Invest's shareholders.

Investment process



Identification and selection
Companies that meet Hakon Invest's investment criteria and which are judged to be attractive investment candidates are selected for an initial, general analysis.

Assessment
The initial assessment stage includes visits to the company, interviews with management, discussions about the business plan, market analysis and an appraisal of the company's present financial and business situation and opportunities.

Negotiations
Discussions with the company's owners on the terms of Hakon Invest's possible ownership are tangible and take place in stages so that the parties can assess the likelihood of a deal as early as possible. These discussions are formalized in legal documents such as a declaration of intent, shareholder agreement, new issue agreement and purchase agreement.

Due diligence
Following the initial assessment stage a legal and financial examination (due diligence) is performed by well-reputed consultants. When required, in-depth analyses are conducted by people in Hakon Invest's network.

Investment
If the Board decides to complete the investment, a financing structure and business structure are prepared which are tailor-made for the specific situation. This then forms the base of Hakon Invest's active ownership.

Balance between opportunities and risks

Risk management is a fundamental and integrated part of Hakon Invest's operations. The basic principle is a well-diversified portfolio of retail companies where the opportunities for each company's value creation are continually assessed. Management of liquid assets is always conducted with limited risk.

The most obvious risk in Hakon Invest is the financial development of each holding. In the worst case scenario the risk is that we lose our entire investment in a company. The holding in ICA is "permanent" and comprises a significant portion of Hakon Invest's assets. For this reason opportunities and risks that have a significant impact on ICA's short-term and long-term development are decisive for Hakon Invest's total risk exposure.

Assessment and aggregation of risks take place in Executive Management and the Board from the basic principles established in their formal work plan. The Board sets limits for risk management. Within this framework, Executive Management evaluates Hakon Invest's exposure to different risks, their probability and potential financial impact and the correlation between different risks. Executive Management is also responsible for implementing governance and control systems in the form of responsibility functions, processes and systems support that contribute to a suitable balance between risks and business opportunities for Hakon Invest.

Risk management – part of owner role

Hakon Invest's core business is active and value-creating ownership in the ICA Group as well as in retail companies with major growth potential. Assessment and management of risks is a basic and integrated part of the business and we therefore do not have a separate function for risk management. The starting-point for risk management is to minimize total risk exposure by ongoing identification of possible threats to value creation and preparing action programs in the event a possible threat becomes a reality.

Inventories are normally the balance sheet item with the greatest risk for companies in the retail sector. Hakon Invest has analyzed all balance sheets to identify and evaluate the main financial risks in the holdings.

All investments have an inherent uncertainty. Ahead of every investment, Hakon Invest conducts a thorough evaluation designed to identify and if possible reduce the risks that might arise. We carefully analyze the company's development with regard to business concept, brands, employees, customer relations, and administrative, legal, environmental and ethical issues. However, a careful analysis can never totally guarantee success.

Major exposure to food retail and ICA's business model

The 40% "permanent" holding in ICA AB implies significant exposure to Nordic and Baltic food retail. Development within the food retail sector is closely linked to GDP trends and real wages. Political decisions related to taxes are also key factors. An economic downturn and/or raised taxes (VAT) can have a negative impact on ICA's sales and earnings. Historically, however, the food retail sector has been less cyclically sensitive than the consumer durables segment. From a portfolio perspective, this means that the ICA holding can be regarded as risk-reducing in a weaker economic climate.

ICA retailers in Sweden are free to choose their suppliers. If the ICA Group does not offer competitive products and prices, retailers can choose to order a larger portion of products from external suppliers. In 2008, the Swedish ICA retailers made an average of 74% (72) of their purchases from ICA AB. The remaining approximately 30% mainly comprises fresh products, fruit and vegetables, non-perishables and bread, in many cases from local producers and suppliers.

Asset management for future investments

Financial assets and liquid assets account for a significant portion of Hakon Invest's assets. Changes in the return level for these assets can have significant effects on profit after net financial items and changes in value of financial instruments.

The finance and investment policy, combined with guidelines for asset management and investments, are the framework for our asset management and management of financial risks. Read more about management of financial risks in Note 2 on

Hakon Invest's risk management

INVESTMENT OPERATIONS

RISKS	MANAGEMENT
■ Dependent on key people ■ Inadequacies in internal routines and systems at Hakon Invest and/or the investment ■ Financing investments ■ Counterparty and other transaction risks	■ Investment policy ■ Structural capital in the form of established processes and standardized documents (due diligence, shareholder agreements, etc.) ■ Investment Committee

HOLDINGS

RISKS	MANAGEMENT
■ Negative development for holdings' sales and earnings ■ General and specific factors that affect the short- and long-term development of the holdings: – Macroeconomic factors – Conditions in the holdings' markets (competition, price pressure, political decisions, etc.) – Strategic and operational factors within the individual companies that affect their operations and brands – Accepting responsibility for environmental and social aspects of the business	■ Active and relevant corporate governance through: – Shareholder agreement – Board representation – Business plan – Sustainability policy – Crisis management ■ Control and follow-up through: – Budgets – Reporting

ASSET MANAGEMENT

RISKS	MANAGEMENT
■ Results of management are affected by: – General development in the stock market – Development for individual equities – Development in the fixed-income and currency markets	■ Finance and investment policy ■ Reporting ■ Follow-up

DIVESTMENTS

RISKS	MANAGEMENT
■ Unfavorable stock market climate (prices of listed companies affect prices of unlisted companies) ■ Counterparty and other transaction risks	■ Long-term investment horizon ■ Cooperation and agreement with co-owners ■ Several divestment alternatives

pages 70–71. The policy and guidelines direct the people who work with asset management at Hakon Invest.

The starting-point for asset management is to ensure funds are available for future investments. In order to achieve a satisfactory balance between return and risk level, the allocation between equities and share-related instruments and fixed-income securities is varied over time. The Board decides on the direction and risk level in asset management. During 2008, we reduced the proportion of equities under management and during the summer decided to reduce equities exposure entirely. At year end the proportion of equities was 17%. Within the framework of Board decisions, Executive Management and external managers have a mandate to make certain changes. Read more about guidelines and risk management within asset management in Note 2 on pages 70–71.

Earnings impact of Hemtex

During 2008, Hakon Invest acquired 26.4% of the capital and votes in the home textiles chain Hemtex, which is listed on Nasdaq OMX Stockholm. We regard Hemtex as a long-term strategic investment but unlike the other holdings this shareholding, like the investment management result, is recognized at fair value in the income statement's net financial items. This means that changes in Hemtex's share price can have significant effects on Hakon Invest's profit after net financial items.

Risk control in the portfolio companies

Board and control work are key tools for achieving effective corporate governance and control of risks. Hakon Invest encourages all portfolio companies to work on the basis of the COSO model – an internationally accepted framework which describes the components in internal control and monitoring.

We started using the COSO model in 2006 and since then have followed up and further developed its use in the portfolio companies. In 2008, these activities were followed up on site, including tests of reporting systems. The companies have made varied progress and in order to assist with the spread of knowledge and experience, Hakon Invest arranged two meetings for their CFOs. The portfolio companies have been assigned to start process descriptions for their internal control during 2009.

Diversification of the portfolio

Hakon Invest's focus is on investments in retail-related operations where the general economic development and other macroeconomic factors are the basic driving forces. The retail sector contains, however, a wide diversity of business directions with varying sensitivity to macroeconomic changes and consumer behavior as well as differences between countries in our Nordic-Baltic main market.

Successive investments create risk diversification over time. At year-end 2008 the portfolio of holdings contained operations within:

- Food and non-food retail
- Publication of magazines, books and moving media
- Home electronics
- White goods
- Glassware, porcelain and household products
- Online retail with a focus on printer accessories
- Home textiles

Long-term ownership

Hakon Invest has an investment horizon that is longer than traditional private equity companies. This increases opportunities to create a positive balance between opportunities' and risks and to establish good risk management routines.

This investment horizon allows us to carry out measures and investments with major potential to create long-term added value in the holdings, although in the shorter term these might have a negative earnings impact. This may lead to short-term fluctuations in Hakon Invest's earnings and share price.

Hakon Invest's competence – a critical resource

Hakon Invest's future development depends on the knowledge, experience and commitment of management and other key people. Our operations could be negatively affected if one or more of these key people leave the Group. In such a case if we do not succeed in recruiting new, qualified employees this could have a negative effect on Hakon Invest's operations and earnings. By nurturing our brand as an employer and having effective recruitment routines, we reduce the risk of negative effects of this type.

The broad network of retail-specific expertise is important for securing access to experience and knowledge of retail business.

Consumer in global recession

In 2008 the trend of recent years of strong growth for Nordic retail was broken. The turbulence in the global financial market led to consumers keeping a tighter hold on their wallets. Retail companies have two choices: hibernate or get ready during the recession.

Weak growth in Hakon Invest's main markets
Despite the cooler international economic climate most countries in Hakon Invest's Nordic-Baltic main markets showed continued, although considerably weaker, positive growth for the full year 2008.

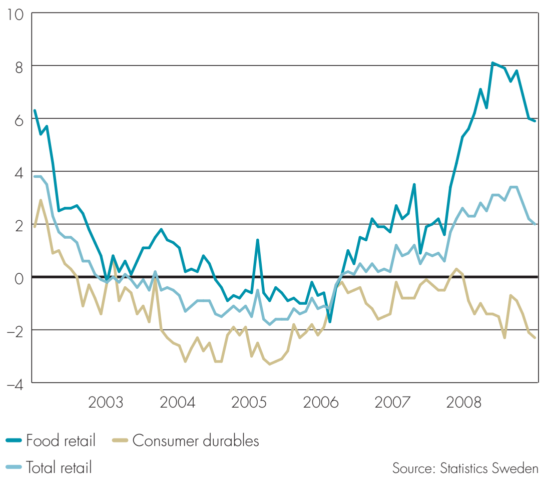
Anxiety in the financial markets intensified during the autumn while economic conditions deteriorated, which had a clearly negative impact on the European retail trade. Several of the EU's major markets, however, have shown a weak retail development for several years. In the retail markets in the Nordic and Baltic countries, where development in recent years has been very strong, the growth rate was far more modest and even negative in places during part of 2008. In Estonia and Latvia, monthly growth went from double-digit percentages to a negative trend in less than one year.

Raw material-driven price upturns and downturns
The price trend in the retail sector was volatile and irregular during 2008. At the beginning of the year prices rose sharply within food retail while price pressure within consumer durables, particularly electronics, continued for most of the year. The upturn in food prices was due to a sharp rise in raw material prices. Bad harvests, small stocks and high demand drove grain prices up to record levels. This also pushed up prices of meat and dairy products, whose production chain requires large volumes of grain.

Raw material prices peaked at the start of the summer and then fell back to lower levels in the autumn in the wake of the economic downturn, financial anxiety and the falling oil price. The effect of price decreases in stores was delayed, however, due among other things to contract negotiations with suppliers. At the same time the U.S. dollar gradually strengthened against both the Swedish krona and other Nordic currencies. A stronger dollar leads to higher purchasing prices primarily within consumer durables. Between the summer and the end of 2008 the dollar strengthened by approximately 30% against the krona, having remained largely unchanged during the first half of the year. In the short term raw material prices are expected to remain at relatively low levels due to falling global demand, which will check inflation in the future.

Reduced scope for consumption in European wallets
The considerable slowdown which started to appear in the European retail sector during 2007 continued in 2008. At the start of the year, before the financial crisis and notice of layoffs gathered pace, household consumption was negatively affected by the fast rising rate of inflation in several countries in Europe. The intensified credit restrictions and falling house prices during the autumn, combined with rising unemployment, led to an historically low consumer confidence and a marked fall in willingness to consume during the latter part of 2008. The slowdown was mitigated, however, when European governments and central banks, in a comparatively short space of time, presented coordinated and powerful monetary and fiscal stimulation measures. The general assessment is still that households will continue to keep a tight hold on their wallets during 2009. In Sweden, the question

Retail price trend in Sweden



Source: Statistics Sweden

was raised whether parallels can be drawn with the financially difficult years in the early 1990s which hit the retail sector very hard. The present macroeconomic conditions differ, however, in several respects from those years. The Swedish economy is comparatively strong with a national debt that corresponds to 30–35% of GDP compared with 70–80% at the beginning of the 1990s. Many forecasters predict that households' disposable income as a whole will show a relatively favorable development, unlike the five-year decline during the previous economic crisis in Sweden. The significant factor for retail is how large a portion of their incomes households choose to use for consumption and how much goes to increased savings.

Food versus consumer durables

Reduced optimism among consumers affected the retail trade to a greater extent than anticipated in 2008. Rising food prices at the beginning of the year also affected consumer durable players since more need-driven products took a larger share of consumer wallets. Interest rate increases during the first half and a weaker housing market reduced loan-financed consumption of capital goods such as furniture, home electronics, hardware and building materials.

At the same time reduced optimism among consumers affected impulse buying and more income-financed purchases such as clothes and furnishings more than anticipated. The pattern is similar to the one that arose at the beginning of the 1990s when consumer durables fell by approximately 10% between 1991 and 1993, of which clothing accounted for a full 40% of the total decline.

Food retail developed considerably better than consumer durables, which was largely an effect of rising food prices. In future, however, some food retail chains and formats will be affected by consumers being more aware and selective in their purchases of food and other consumables.

Within food retail, private labels are expected to take market shares, and within consumer durables consumers may shift from premium goods to more low-price brands. At the same time, surveys show that consumer habits are often hard to break: it is difficult to reduce demands on quality, functionality and design which means that products with a premium focus will also be in demand in the future. Read more about consumer behavior on pages 24 and 25.

Green conscience versus red prices

During 2008, sales of both ecologically grown and fairtrade-labeled food products showed very strong development, without any clear signs of a slowdown at the end of the year. Within the clothing sector there was considerable interest in environmentally and socially aware consumption and many eco-collections were launched during the year.

How increased interest in and demands for responsible and aware consumption seen in recent years will develop in a weaker economic situation remains to be seen. Today there are no signs that this trend is about to be broken but if consumers are forced to prioritize low prices to a greater extent, this development may slow. Reduced purchasing power may, at the same time, lead to generally greater interest in more long-term and lasting consumption which creates both challenges and opportunities for retail players. Aware consumption increases the pressure on efforts to minimize effects on environment and climate and increases social responsibility within the retail sector, not just for their own operations but also upstream in the value chain. Awareness of environmen-

"Retail is detail"

Successful retailing is based on good control of details. In an economic phase with considerably lower, or even negative, growth it is even more important to use the entire tool kit to optimize operations. At the same time, it is important to have the courage to act and to take initiatives in order to find new ways into customers' wallets and not least strengthen positions ahead of the moment when the economy and market turns around. Details in retailing include many aspects – from store location and customer offering to reported price values, inspiration and passion. Good awareness of which products can act as traffic drivers, profit drivers and loyalty builders makes it possible to develop the product range in an integrated and comprehensive manner. Customers must, regardless of price level, perceive value for money. In order to create the right expectations and build customer confidence prices must be both clear and credible. Accessibility and convenience continue to grow in importance, which increases demands on awareness both of customers' changing needs and efficient store manning. Service will be an increasingly important part of the offering and this also requires the store employees to be motivated and inspiring.

tal and social issues is now well established among a large number of Europe's consumers and profitability measures taken at the expense of social responsibility risk having very negative consequences for individual retail players.

Focus on sales channels

Retailing today is conducted in many channels: in stores, on the internet, per telephone and via catalogues. A growing number of consumers appreciate being able to choose how a product or service is purchased, the time of day and how it is delivered. For many consumers this is no longer about either/or, it is both/and. According to a survey conducted by the Swedish Retail Institute (HUI), Swedish Post and Swedish Distance Sellers, online sales in Sweden increased by 15% to SEK 20.4 billion in 2008, which corresponded to 4% of retail trade.

Multi-channel retailing will become even more significant in the future. Integration of internet shopping with the physical store has already changed consumer behavior ahead of a purchase. Now the role of the retailer and store during the purchase and the relationship between retailer and customer after the visit to the store will change. Given the information advantage that many consumers possess ahead of a purchase, the retailer must to a greater extent offer inspiration and an improved experience by a practical demonstration of the products, as well as providing advice and training in how products should be used. So far many multi-channel players have chosen a differentiated pricing in stores and on the internet, arguing that the sales channels have different cost bases. In future it will probably be more usual to have full integration between the different sales channels with a clear and common customer offering.

Anyone can be an online customer

Just five years ago the online consumer was very easily identified: young and comparatively well off man with an interest in technology. Today, online consumers come in considerably more guises and backgrounds. A growing number of women and older people are choosing online shopping, which now can no longer be linked to specific professions or interests. As it matures, online shopping is spreading to more and more retail segments.

Retail development in the Nordic and Baltic markets in 2008

For the Nordic and Baltic retail trade, which has shown very positive development for many years, 2008 was a year with a clear slowdown in consumption and considerably lower growth than before. In some markets, growth was even negative.

In the Baltic countries, the slowdown was considerable particularly in Estonia and Latvia which already showed negative monthly volume trends during the first half. In Lithuania, the economic overheating tendencies were not as extensive and the country initially managed better than its neighbors. During the autumn, however, a clear slowdown could also be noted in the Lithuanian market with negative growth at year-end.

In the Nordic countries, the Finnish retail market showed the greatest resistance and developed in line with the previous year until the summer. The Swedish and Norwegian markets lost pace more or less simultaneously and showed similar weakening trends. Denmark's retail market, which leveled out back in 2006, developed considerably less well than the other Nordic countries with negative growth figures early in 2008.

Development in Sweden

In Sweden, the retail trade did not achieve the previous year's strong growth figures. Total sales amounted to SEK 587 billion, which represented growth of 3.3% in current prices which is half the rate in the previous year. A large por-

Retail market for the Nordic and Baltic countries 2007

Euro	Sweden	Denmark	Finland	Norway	Estonia	Latvia	Lithuania
Private consumption (bn)	155	113	91	113	8	13	18
per capita	16,895	20,590	17,094	23,846	6,040	5,721	5,458
Food retail market (bn)	23.8	14.0	14.7	17.3	1.5	1.7	3.1
Consumer durables (bn)	33.4	21.6	17.1	22.6	1.3	2.6	2.5
Total retail market (bn)	57.1	35.6	31.8	39.9	2.8	4.3	5.5
per capita	6,187	6,502	5,996	8,430	2,088	1,898	1,651

Source: Mintel, European Retail Handbook 2008/2009

An eye on the consumer:

When the economy recedes habits take over

With less money in our wallets, we avoid taking loans. Environmental arguments tend to pale while we like to allow ourselves a little everyday luxury in the form of good food. But what really drives consumers' shopping in times of economic anxiety?

"To a large extent we make our decisions unconsciously. This means that much of what we do – or say we will do – depends on previous habits and the way the wind is currently blowing in society," says Jens Nordfält, researcher, Principal of the Nordic Retail College and President of the Hakon Swenson Foundation.

When we are exposed to stress, we are more inclined to choose something we recognize, something that explains why a more expensive brand does not necessarily sell less well in times of economic hardship. Questions that are relevant for us carry more weight than those that are further away which often results in a green argument giving way to red prices. Behavioral surveys with parents of small children show that many are less price-sensitive when choosing coffee or juice – which they consume themselves – than when they choose baby food.

To survey consumption patterns Jens Nordfält experiments with signs, placement and grouping of products in rigged environments where consumers are filmed. By studying their eye movements, he can make more far-reaching conclusions than would be possible from a questionnaire. The reason is simply that consumers do not always know themselves what influences them.

"In an extensive survey for KRAV a full 90% replied yes when asked if they would choose to buy more KRAV-labeled products if they were available. But in the real shopping situation far fewer of those asked chose KRAV-labeled items. On the other hand, interest increased when we replaced the old signs with new ones. One conclusion we reached is that the eye ignores stimuli we recognize and that a new sign can therefore help to attract the customer's attention – even if the product was previously considered uninteresting," explains Jens Nordfält.

When the economy slows – or if we believe our private finances will worsen – we prioritize that little bit extra in the everyday situation rather than major purchases. Even if we do not choose expensive semi-manufactured products we might be prepared to pay a little more for high quality in what we eat and maybe try new brands.

"When it comes to consumer durables we are generally more sluggish, primarily because we do not have the same ingrained patterns and therefore choose a purchase occasion with greater care," says Jens Nordfält.

Despite the fact that retail accounts for 30–40% of the economy – a proportion that is rising – it is difficult to acquire a true picture of the consumption climate in Sweden. Media often compare studies without taking account of the fact that selection criteria and questions may differ. This contributes to a general perception that does not concur with reality. In order to achieve an annual survey, at the beginning of 2009 the Nordic Retail College carried out a nationwide study in which the same methods and battery of questions were used throughout the country. The study is based on the same principles as, for example, the Swedish Quality Index and includes consumer behavior, store sales and online retail.

Read more about the survey at www.hakonswensonstiftelsen.se tion of this growth was explained by price increases in food retail. Taking price fluctuations and calendar effects into account, growth stayed at 1.3% which is the lowest volume increase since 1997.

The close of the year was weak, particularly within consumer durables. In December, the increase was only 0.7% in current prices, which was one of the lowest growth figures during the year. Despite this, Christmas trading exceeded SEK 60 billion for the first time and therefore reached a record level for the 13th consecutive year.

As in previous years, the price effect had a major impact on both food and consumer durables. Price pressure within consumer durables continued which meant that growth in current prices was negative by 3%. In food retail the price effect was the opposite. Higher prices and calendar effects led to positive growth in current prices while volume growth was negative by 0.6%, which is the weakest development since 1998. Within consumer durables, sales fell in current prices within half of the twelve sectors. Besides the book and paper trade and the jewelry trade, which continued the 2007 negative trend, sales also fell within electronics, furniture and paint as well as the shoe trade measured in current prices. Pharmacies, and sport and leisure managed best in 2008 with growth of 5.8% and 3.3% respectively.

Development in Norway

The trend with declining growth continued in 2008 within the Norwegian retail sector. During the first six months of the year, volume growth averaged approximately 3.5% and weakened significantly during the second half when growth figures were negative for several months. For the year as a whole, however, sales in the Norwegian retail sector rose 2.2% in volume. Despite this increase, it looks as if Norwegian consumption will only show weak growth in 2009.

Development in Denmark

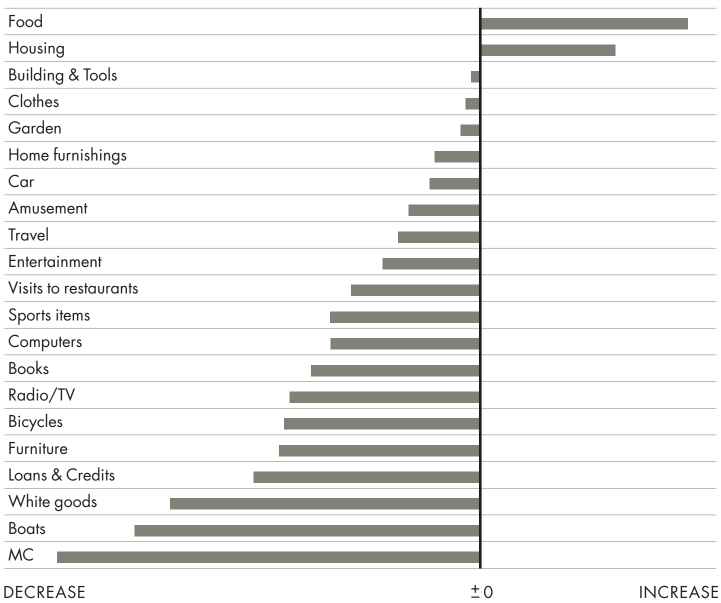
The Danish retail sector continued its weak development in 2008. The very low level of consumer confidence led to a weak end to the year, with December showing a decline of a full 6.6% in volume compared with the same month in the previous year. For the full year, the decline in volume was 3.3%. Low employment and falling house prices may inhibit households' willingness to consume for some time to come. Even though Denmark was the first EU country to enter a recession, it is far from obvious that the country will be early when the upturn in the European economy occurs.

Development in Finland

During 2008 the Finnish retail sector showed the greatest stamina among the Nordic countries. In the first half, volume

Expectations on increase/decrease in private expenditure 2009

The Nordic Retail College's nationwide market survey shows that those asked expect expenditure for food and housing to increase during 2009, while consumers expect less favorable private economies. The selection is representative of the Swedish population. Read more about the survey and the results which are updated continuously at www.hakonswensonstiftelsen.se



growth remained strong but subsequently Finnish consumers, who previously had reacted more slowly to reports of bad times, held their wallets in a tighter grip. For the full year, Finnish retail trade increased by 5.6% in current prices and by 1.8% in volume. The increasing pessimism among companies and households will probably lead to considerably lower growth figures for the Finnish retail sector in 2009.

Development in the Baltic countries

Conditions in the retail markets in the three Baltic countries changed severely during the year. The rapid economic development with strong growth in consumption, which was largely loan-financed, resulted in an economic overheating with run-away inflation. Latvia was hit hardest and was rescued late in December by the International Monetary Fund (IMF) which together with the Nordic countries and the EU put together a rescue package corresponding to SEK 80 billion, designed to prevent a financial collapse. GDP development in both Latvia and Estonia has gone in a comparatively short time from double-digit growth figures to recession. During the fourth quarter of 2008, GDP in Estonia according to preliminary figures fell by 4.4%, and in Latvia by 10.5%. According to preliminary figures, Lithuania also showed negative GDP growth with 1.5% in the fourth quarter. The high level of inflation in the countries, however, forced up retail growth figures, which stayed up until the latter part of the year. Measured in volume, Latvia showed negative growth, however, as early as January, followed by Estonia in March. Lithuania, which had a less challenging situation, did not show negative growth figures until September. In total, volume growth for the retail sector in Estonia, according to preliminary figures, was negative by 4.0%. In Latvia, sales volumes fell 8.2%, while Lithuania could still show positive growth of 4.7%. Whether or not Latvia will be forced to devalue its currency will affect development for the retail trade to a considerable extent. If Latvia has to devalue, there is a considerable risk that Estonia and Lithuania will be dragged along with it, which at least in the short term would intensify the crisis in the region. Even without a devaluation of the Latvian currency, an extended salary deflation process, as well as other austerity measures that Latvia is forced to implement, will greatly restrict scope for consumption in the country in the future.

Purchasing power sets retailing limits

Consumer purchasing power is the basic driving force for retail sales development. Purchasing power rests in turn on the prevailing economic and interest rate situation, the labor market and tax burden. In addition, expectations about the future affect how consumers choose to allocate their purchasing power on housing, consumption and savings. The turbulence in the financial market and the increasingly tough economic situation made central banks around the world reduce their key interest rates during 2008. In Sweden, the Riksbank raised the key interest rate until the end of the third quarter, but decided in December on a reduction from 3.75% to 2.00%, which lacks historical precedence in terms of size. In February 2009, the Riksbank decided on a further reduction to 1.00%. The central banks' interest rate cuts benefit consumption in several ways. Normally it is mainly loan-financed consumption of for example home electronics, furniture and travel that is positively affected while there is less impact on basic consumption of food and transport. Interest rate cuts also reduce households' mortgage costs, which increases scope for consumption of goods and services. Interest on mortgages is often fixed for a specific period, which leads to delays in the actual effects. The psychological effects, however, usually appear soon. Historically, lower interest rates also benefited stock exchanges which in their turn can affect both consumers' view of their own finances and their belief in the future and therefore their approach to consumption in the private economy. Companies' willingness to invest is one of the indirect private consumption effects of interest rate reductions. Lower interest makes investments cheaper, which can lead to more job vacancies which results in higher employment. But if interest rate reductions are to have an impact on consumption, household optimism about the future needs to increase. Otherwise the positive effects on the private economy land up in the piggy bank rather than being used for consumption. During the latter part of 2008, politicians in both large and small economies launched various forms of stimulation packages. The effects of income tax reductions, raised benefits and changes in VAT are usually immediate while measures designed to increase employment often have an effect in the slightly longer term.

Holdings

Stein Petter Ski
SVP Investments and Portfolio Companies

Owner involvement on a broad front

The expression "retail is detail" may feel a bit worn but it summarizes very well what is required for success in retail: daily control of all the details. During 2008, Hakon Invest continued to work on many fronts in the portfolio companies: from strengthening managements and making supply chains more efficient to fine-tuning details within offering, concept and daily store operation. It is not unusual that store operation gets neglected during boom times when sales just keep rolling by themselves. But in a tougher market situation the negative effects of a lack of order in the stores, cash management, manning and customer service are often painfully clear. Clarity and decisiveness are two keywords that must permeate the operations in future.

Kjell & Company fine tuned, among other things, its store manning levels. An IT-based tool made it possible to relocate responsibility for manning, which was previously planned centrally, to the chain's store managers, who know best about customer density in the individual stores. This not only leads to

Development in the holdings

Key figures, SEK M	INCOME STATEMENTS				CASH FLOWS	
	Revenues		Operating profit		from operating activities	from investing activities
	2008	2007	**2008**	2007	**2008**	**2008**
ICA AB	90,963	82,326	2,117	2,602	4,577	–2,312
PORTFOLIO COMPANIES						
Forma Publishing Group	881	795	12	30	1	–38
Kjell & Company	442	345	14	–4	14	–6
Hemma	303	368	–51	–30	–22	1
Cervera	341	377	–23	–1	–15	–10
inkClub	394	364	53	45	22	–4
Hemtex[5]	1,456	1,620	–6	193	–	–

1) Interest-bearing net debt for ICA excludes ICA Bank.
2) Hakon Invest and Royal Ahold have joint control of ICA AB as a result of a contractual requirement for unanimity for all decisions at General Meetings of Shareholders and in the Board of Directors.
3) Hakon Invest and other principal owners have joint control of the company under an agreement.
4) In January 2009, Hakon Invest increased its ownership in Cervera from 48% to 81%.
5) Refers to the 12-month period February 2008 to January 2009.

lower store costs in relation to sales, but also means customers perceive a higher level of service. At the same time, investments continued in Kjell Academy, a training that store employees are given to learn, among other things, how to act in the store and interact with customers and colleagues. Despite the economic downturn, Kjell & Company's successful roll out of its concept to more stores and new locations continued in 2008.

Our stake in the furnishings and textiles chain, Hemtex, increased in stages during the year. We had identified a number of areas with major potential for improvement, particularly in the supply chain where we saw that large volumes of goods were imported at too high a rate. The consequence was a short-term focus on day-to-day sales in order to get to grips with overfull warehouses and stores. In order to strengthen the focus on a long-term attractive customer offering, a change of president was decided. The potential we saw when Hakon Invest went in as owner remains unchanged.

In Hemma, the situation was the opposite. The previous management looked three years ahead which meant that daily store operation, which will largely finance future investments, suffered. A totally new management group was put in place in 2008 which has now made good progress among other things in work with stock management and store layout.

Cervera's market segment is sensitive to economic fluctuations and exposed to intense competition. A strengthening of the product range and level of inspiration was essential, and with its work in 2008 on assortment development and a new store layout, Cervera is well on the way. The new store layout has been well received by customers which also reflects the major commitment store employees experience when the concept is clarified.

Customer perceptions are also important for online shopping. inkClub focused on further improving its internal processes and a new website with better functionality was launched in summer 2008. The expertise within inkClub will be of great value during 2009 when Kjell & Company increases its focus on the web and Hemma starts online sales. Cervera's web strategy is a little different but just as important: to make effective use of the web as source of information and inspiration.

Forma Publishing Group has seen rapid growth in recent years, mainly through acquisitions. In addition to a couple of small add-on acquisitions, 2008 was about consolidation which included both acceleration and braking. Aggressive activities included the development of a concept that combines printed format with moving pictures. In spring 2009 a magazine and chat show on the theme relationships and unexpected meetings will start, both featuring Kattis Ahlström. Towards the end of 2008 Forma decided on staff cutbacks primarily at administrative level in order to adapt the organization and costs to the prevailing market situation and at the same time create conditions for revenue-driving investments.

BALANCE SHEETS			HAKON INVEST'S OWNERSHIP			
Assets	Equity	Interest-bearing net debt	Contribution to Hakon Invest's earnings	Holding (%)	Investment	
2008	**2008**	**2008**	**2008**			
39,969	12,796	2,132 [1]	697	40% [2]	–	ICA AB
						PORTFOLIO COMPANIES
597	122	220	1	100%	200	Forma Publishing Group
151	45	–8	4	50% [3]	102	Kjell & Company
297	145	58	–26	89%	151	Hemma
236	70	28	–9	81% [4]	120	Cervera
213	163	–131	10	50% [3]	431	inkClub
888	410	219	–	26.4%	–	Hemtex

Head office: Solna
www.ica.se

Creating value with the focus on the customer

Creating value at ICA begins and ends with the customer. In 2008, a new, more decentralized organization was put in place to better meet different market conditions and customer needs in Sweden, Norway and the Baltic countries.

ICA in brief
The ICA Group is one of the Nordic region's leading retail companies with approximately 2,240 of its own and retailer-owned stores in Sweden, Norway and the Baltic countries. The Group includes ICA Sweden, ICA Norway and Rimi Baltic, as well as ICA Bank which offers financial services to Swedish customers. The sights are set on being the leading retail company with a focus on food and meals.

ICA seeks to be a far-sighted, dynamic company with sound finances, a commitment to the environment, and strong social responsibility.

Hakonbolaget, the origin of today's ICA, was formed by Hakon Swenson in 1917. The core of the ICA concept is that individual retailers with their own stores can join forces in a central purchasing organization to attain the same economies of scale as a chain through joint purchasing, store establishments and marketing. Since then ICA has steadily developed to its present organizational and ownership structure.

Permanent ownership with equal voting rights
Hakon Invest owns 40% of ICA AB and regards the holding as permanent. The remaining 60% is owned by the Dutch group Royal Ahold N.V, which is listed on the Amsterdam stock exchange. According to agreement the owners have equal voting rights in ICA AB and therefore joint control. The agreement requires unanimity for all decisions at general meetings and in the board.

Revenues and earnings 2008
The ICA Group's sales totaled SEK 90,963 M (82,326), an increase of 10.5% compared with 2007. Operating profit amounted to SEK 2,117 M (2,602), a decrease of 18.6% compared with 2007. Operating margin was 2.3% compared with 3.2% in 2007.

Done and still to do
During 2008, ICA Sweden's efforts to further improve food safety in the stores continued with the aim of being best at food quality. Among other things, ICA initiated the introduction of a new industry-wide quality standard for handling food in the stores.

Efforts to reverse the negative earnings trend in ICA Norway also continued. A new CEO and management group took over at the end of the summer, and during 2009 efficiency enhancements in store operations and improvements to the product range will continue.

In both Sweden and Norway, ICA implemented price reductions to counteract the effects of the higher raw material prices at the beginning of the year and thus improve the customer offering.

Hakon Invest's holding
40%
(control 50%)

	2005	2006	2007	2008
Revenues (SEK M)	71,663	67,395	82,326	90,963
Operating profit (SEK M)	1,958	2,297	2,602	2,117
Profit for the year (SEK M)	1,523	2,401	2,166	1,728
Number of stores	2,164	2,090	2,239	2,238
Number of FTEs	11,556	11,698	20,081	22,023

ICA Bank continued to grow with good profitability and showed a good inflow of new customers even in the turbulence that characterized the financial markets during the latter part of the year.

During 2008, ICA decided to introduce a new and more decentralized organization which will improve the balance between coordination at Group level and local conditions. The change means that the subsidiaries ICA Sweden, ICA Norway and Rimi Baltic will be given greater responsibility, which will make decision-making processes more efficient while it is expected to lead to improvements in cost efficiency.

During 2009 ICA will focus on further development of the existing business, including improved efficiency, a strengthened customer offering and investments in sustainable development.

Dynamic business models

ICA's operations are based on close contact with end customers and professionalism at every level. The stores are ICA's main business – they are the base for all earnings – and are operated according to several business models. The Swedish model is based on independent retailers who cooperate, the Norwegian is based on a mix between franchise and branches, while the Baltic model is based on wholly owned stores.

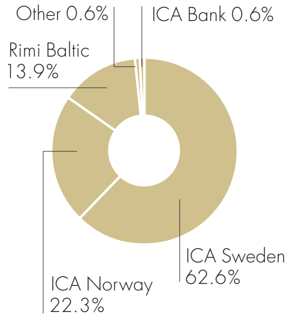
The ICA Group's earnings come from four main sources: store operations, the sale of products and services, real estate, and banking services. ICA's business models are based on creating an optimal dynamic between sources of earnings so that the whole and long-term business objectives benefit.

Store operations

ICA receives revenue through royalties and in some cases profit shares from the Swedish stores as well as through franchise fees from the Norwegian ones. Retail sales are an importance source of earnings in Norway where ICA owns 53% of the stores. The same applies to Rimi Baltic in Estonia, Latvia and Lithuania, where all stores are wholly owned.

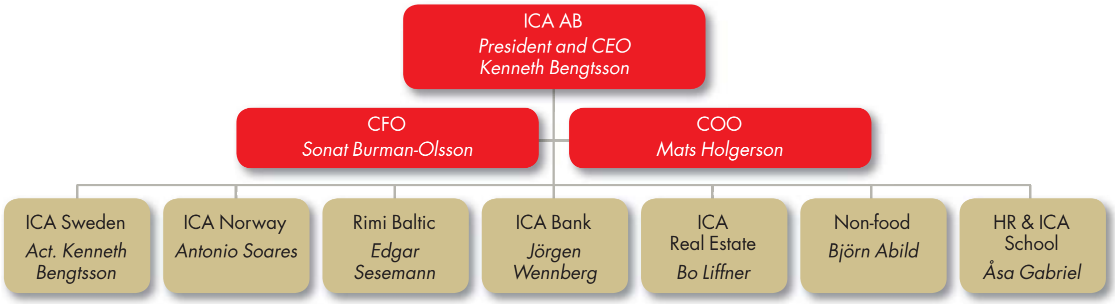
In Sweden, ICA receives revenues from the end-consumer by operating Maxi

Share of the ICA Group's revenues 2008



Earnings sources	ICA Sweden	ICA Norway	Rimi Baltic	ICA Bank
Stores	Royalties and profit shares from stores. Sales in stores where ICA Sweden owns more than 50% of the shares. Non-food sales in Maxi stores.	Sales in wholly owned stores. Franchise fees.	Sales in wholly owned stores.	
Supply chain	Product sales to ICA stores. Service sales to ICA stores.	Product sales to franchise stores. Service sales to franchise stores.		
Real estate	Property management and property sales.	Property management and property sales.	Property management and property sales.	
Banking				Sale of financial services. Other players' utilization of the bank's infrastructure.

Organization that balances coordination and local adaptations



In January 2009, the ICA Group put in place a new, more decentralized organization which means that large parts of ICA's former Group functions are integrated in the subsidiaries. The change mainly affects ICA Sweden which acquires a broader assignment and more employees. ICA Sweden will take over responsibility for coordinating Group-wide issues, such as development of private labels. The new organization means more effective work processes and enables cost savings at the same time as administrative routines at Group level are simplified. A new position of COO has been put in place at Group level responsible for ensuring the effects from improvement programs. The COO cooperates closely with subsidiaries' presidents and reports directly to the CEO.

Special, a company that sells non-food items within Maxi ICA Stormarknad. ICA also receives revenues from approximately 60 stores where ICA Sweden owns more than 50% of the shares. As part of the ICA idea, ICA provides new retailers with startup capital through Group contributions during a subsidiary phase. The stores' sales and expenses during this period are reported in ICA's income statement.

Supply chain

ICA buys products and sells them, with a markup, to the stores in Sweden and Norway. The supply chain includes ongoing producer responsibility for private labels. ICA also generates revenue through the sale of services to the stores such as marketing communications, logistics, training and store technology.

Real estate

ICA AB owns many store properties. This generates revenue to ICA in the form of market rent from retailers. In the event of a sale, the property has usually increased in value which generates gains for ICA.

Starting in 2009 the real estate operations within ICA Sweden and ICA Norway will be treated in accounting terms as a separate business segment in ICA's consolidated accounts. The real estate operations in the Baltic countries will continue to be reported in the Rimi Baltic business segment.

Banking

Through ICA Bank, ICA sells financial services to customers in the Swedish market. Net interest income and commissions from the bank contribute to earnings.

Goals and strategies

ICA Group's financial targets and performance

ICA's long-term goal is to increase sales faster than the increase in the total market in each sector. In 2008, ICA's sales increased by 10.5% to SEK 90,963 M. In the Swedish market, ICA's market share at year-end 2008 amounted to 36.3%*. In the Norwegian market ICA's market share was 16.5%*. In the Baltic market, market share amounted to 16.4%*.

ICA's long-term goal is to reach an operating margin (EBIT) of 3.5–4%. In 2008, ICA's operating margin was 2.3%.

Return on equity is to be at least 14–16% over a business cycle. In 2008, ICA's return on equity was 13.5%.

The long-term goal for the consolidated equity/assets ratio is 30–35%. ICA's equity/assets ratio was 32% at year-end 2008.

*Preliminary figure February 2009.

Strategies for long-term, robust retail operations
Keywords for the way ICA works are prioritization, coordination, simplification and cost reduction. ICA will exploit economies of scale by coordinating central functions and concepts in order to take advantage of synergies between the companies. Cost savings from more efficient working methods will be largely used to offset price increases.

Locally adapted concepts
While the ICA Group coordinates and exploits synergies through economies of scale, its local offering is adapted to meet customer preferences.

Price and product range
ICA will focus on keeping prices down while developing and improving the efficiency of the product range in order to meet customer preferences.

Format strategy
The ICA Group has a format strategy for its operations that comprises four store formats: hypermarkets, supermarkets, convenience stores and discount stores.

Outlets and remodeling
ICA will set up new stores and remodel the existing store network. By developing the store network and its offering, ICA will meet the different needs of its customers.

Offer an attractive product range with the focus on private labels, fresh products and non-food
ICA will continue to focus on private labels, fresh products and non-food. The ICA Group's range of private labels offer customers greater choice, high quality products and lower prices. This focus will contribute to increased sales and profitability for the individual retailers and the Group.

ICA's environmental and social responsibility
ICA seeks a strong local presence where it conducts operations and the ICA Group also seeks to contribute to a long-term sustainable society.

The ICA Group has conducted extensive sustainability work for many years. The objectives include reducing the Group's environmental impact, expanding the range of ecological products, assuring the quality of products and stores, checking social responsibility in the supply chain and encouraging healthy eating habits.

ICA's CR work is built on a foundation of seven position statements we call "ICA's Good Business":

- ICA will be driven by profitability and high ethical standards.
- ICA will listen to customers and always base its decisions on their needs.
- ICA will nurture diversity and growth among employees.
- ICA will maintain an open dialogue internally and with the community.
- ICA will ensure product safety and quality.
- ICA will promote a healthy lifestyle.
- ICA will adopt sound environment practices to promote sustainable development.

CEO:
Kenneth Bengtsson

Board of Directors

Claes-Göran Sylvén
President and CEO Hakon Invest AB (Chairman)

John Rishton
President and CEO, Royal Ahold

Dirk Anbeek
EVP Franchise & Real Estate, Albert Heijn, Etos, Gall & Gall

Peter Berlin
ICA retailer

Dick Boer
EVP and COO Europe, Royal Ahold, President and CEO, Albert Heijn

Fredrik Hägglund
General Counsel, Hakon Invest AB

Per Jansson
Employee representative

Per-Anders Olofsson
ICA retailer

Magnus Rehn
Employee representative

Peter Wakkie
EVP and Chief Corporate Governance Counsel Royal Ahold

Management

Kenneth Bengtsson
President and CEO, ICA AB, act. CEO, ICA Sweden

Sonat Burman-Olsson
EVP and CFO, ICA AB

Åsa Gabriel
SVP HR and ICA School, ICA AB

Mats Holgerson
COO, ICA AB

Ingrid Jonasson Blank
EVP, ICA Sweden

Bo Liffner
CEO, ICA Real Estate

Edgar Sesemann
CEO, Rimi Baltic

Antonio Soares
CEO, ICA Norway

Jörgen Wennberg
CEO, ICA Bank

ICA Sweden's quality coaches help stores with quality checks and follow-up.

Brand and market communication

Maintaining customer confidence in ICA's operations and products is critical for the Group's long-term development. ICA therefore utilizes both internal and external customer surveys. In 2008, ICA topped the Swedish Quality Index, which measures customer satisfaction for all major Swedish food retail chains. ICA's customer satisfaction increased from 70.3% in 2007 to 72.3% in 2008.

In the Norwegian market, ICA works with the brands ICA and Rimi. ICA represents the same values in Sweden and Norway, but in Norway ICA's position is not as strong although awareness of what ICA represents has increased in recent years. ICA's own customer survey, the Customer Satisfaction Index, CSI, is conducted annually among Swedish and Norwegian customers. In Sweden, ICA Kvantum placed second overall in the industry after City Gross. Compared with 2007, ICA dropped a total of two percentage points in the CSI. The same trend was evident in Norway with a total drop of two percentage points compared with the previous year.

Knowledge about customers and their needs and wishes is central to efforts to improve ICA's offerings and communication. ICA sees its stores as the primary channel to reach customers. At the same time, www.ica.se is playing an increasingly prominent role in ICA's communication in the Swedish market. On the website ICA constantly develops new services with a focus on food and inspiration. Visitors to www.ica.se in 2008 averaged 2.3 million per month, compared with 2.1 million in 2007.

Five-year financial overview, ICA Group

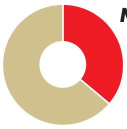
SEK M	2004	2005[1]	2006	2007	2008
Summary income statements					
Revenues	73,334	71,663	67,395	82,326	90,963
Operating profit before impairments and goodwill amortization	2,234	1,973	2,297	2,602	2,117
Operating profit	1,977	1,958	2,297	2,602	2,117
Profit after financial items	1,741	1,671	2,046	2,282	1,794
Profit from discontinued operations			367		
Profit for the year	1,515	1,523	2,401	2,166	1,728
Summary balance sheets					
Intangible assets	2,064	1,914	3,447	3,599	3,742
Property, plant and equipment	12,675	12,441	13,232	14,959	15,544
Financial assets	3,185	4,914	3,959	3,368	3,772
Other non-current assets	186	49	181	276	424
Other current assets	9,780	10,493	10,938	10,757	11,385
Cash and cash equivalents	3,198	2,920	3,749	4,360	5,102
Total assets	31,088	32,731	35,506	37,319	39,969
Equity	7,094	8,386	10,216	12,073	12,796
Minority interests					
Interest-bearing liabilities and provisions	15,150	15,774	15,563	14,475	15,161
Non-interest bearing liabilities and provisions	8,844	8,571	9,727	10,771	12,012
Total equity and liabilities	31,088	32,731	35,506	37,319	39,969
Key ratios					
Operating margin, %	2.7	2.7	3.4	3.2	2.3
Return on capital employed, %	12.9	12.2	12.9	13.8	11.4
Return on equity, %	16.9	20.4	25.7	19.1	13.5
Equity/assets ratio, %	22.8	25.6	28.8	32.4	32.0

1) In accordance with the 2005 annual accounts, includes the discontinued operation ICA Meny.

ICA

SWEDEN

Growing in a mature market



Market share in Sweden 2008, 36.3%*

*Preliminary figure February 2009.

Its unique cooperation with independent retailers is one reason for ICA Sweden's continued growth in the mature Swedish food retail market in 2008.

This is ICA Sweden

ICA Sweden conducts food retail operations throughout Sweden in cooperation with independent retailers. The number of stores totaled 1,369 at year-end 2008.

To meet customer needs, ICA Sweden has four store formats: ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Stormarknad.

Events in 2008

Sales in the Swedish ICA stores increased by 7.0% in 2008. All formats had a good sales trend and contributed to the increase. The rate of new store openings and renovations remained high within all store formats.

Strong customer offerings were prioritized areas. "Mina varor" – a personalized discount for regular customers on their favorite products – was launched during the year. The project is a cooperation between ICA and external brand suppliers. In order to further improve the customer offering, ICA implemented price reductions in both the Norwegian and Swedish markets. "Ett prisigare ICA" (a campaign with a focus on prices) was launched in Sweden in August as a cooperation between ICA and the local retailers.

The ecological product range was extended with the launch of "ICA I love eco" – a new series of ecological food.

During the year, ICA Sweden opened twelve new stores and added a total of approximately 45,000 square meters of sales space.

Revenues and earnings

In 2008, revenues in ICA Sweden increased by 10.6% to SEK 56,885 M (51,438). Operating profit amounted to SEK 2,644 M (2,372). Operating profit includes capital gains from property sales and impairment losses on non-current assets of SEK 270 M (290).

Market

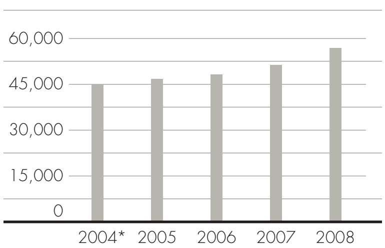
Sales in the Swedish food retail market totaled SEK 253.3 billion in 2008. Growth stayed at 5.7% for the full year. Food prices rose 6% during the year.

ICA, Axfood, Coop and Bergendahls together account for approximately 70% of the Swedish food retail market. Other players include the German discount chain Lidl and Denmark's Netto. Foreign discount players have so far found it difficult to become established in Sweden. The main reason for this is that the large national players have reacted fast and developed their own discount alternatives. In recent years, Swedish customers have placed a premium on a wide selection, high quality and environmentally friendly alternatives rather than low prices. Interest in prepared foods and simple, convenient meal solutions continued to grow during the year. Awareness of climate change and environmental issues is high among Swedish customers, and demand continues to rise for organic and local products. The recession that Sweden entered in 2008 again drew more attention to prices.

Focus in 2009

ICA Sweden had a successful year in 2008 in terms of revenues and earnings. Its strong finances are due to a healthy, efficient retail network with strategically placed, modern stores. The main focus in 2009 will be on maintaining a consistently high performance. Work with prices and customer offerings will be central, as well as improved store and logistics efficiency. ICA Sweden will continue to protect Swedish local food production with its own initiatives and in cooperation with external players.

Revenues, SEK M



* IFRS-adjusted

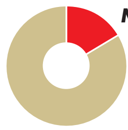
		Number of stores Dec. 31, 2008	Sales excl. VAT 2008, SEK M	No. of articles per store
MAXI ICA STORMARKNAD	Everything under one roof at good prices. Conveniently located hypermarkets for customers who drive to the store.	66	22,707	30–45,000
ICA KVANTUM	Large supermarkets with a broad and deep product range.	117	21,365	10–30,000
ICA Supermarket	Food enjoyment and diversity with a focus on fresh products and personal service.	454	28,809	6–10,000
ICA nära	Small and convenient stores with easy access and a high level of service.	732	13,547	3–5,000

ICA

NORWAY

Strong focus on turnaround

ICA Norway's action program gained new strength with the energetic management put in place in 2008.



Market share in Norway 2008, 16.5%*

*Preliminary figure February 2009.

This is ICA Norway

ICA Norway conducts food retailing with a total of 636 own and franchise stores. There are also associated stores. With its four store formats ICA Nær, ICA Maxi, ICA Supermarked and Rimi, ICA Norway tries to meet all needs and cover every position in the food retail market.

Events in 2008

Store sales increased by 1.5% in 2008. In order to reverse the trend, organizational changes were carried out in ICA Norway. A new CEO, Antonio Soares, previously CEO of Rimi Baltic, took over in August and a new CFO and head of store operations were appointed. The organizations for ICA Nær and ICA Supermarked were merged.

In order to strengthen its customer offering, ICA Norway implemented price reductions on 1,000 products during the year, at the same time as a new concept was developed for Rimi to more clearly position itself as a discount alternative. The launch of "ICA I love eco" in the fall was a success. During the year ICA Norway was nominated as the company, among major Norwegian companies, that conducts the best sustainability work.

ICA Norway opened eleven new stores during the year and a total of about 11,500 square meters of sales space was added.

Revenues and earnings

In 2008, revenues in ICA Norway increased by 6.3% to SEK 20,293 M (19,095). Operating loss amounted to SEK 520 M (144). Operating loss includes capital gains from property sales and impairment of non-current assets of SEK 22 M (308).

Market

Growth in the Norwegian food retail market (excluding convenience stores and gas stations) increased in 2008 by 7.7%. This corresponds to sales of NOK 125.9 billion. Food prices rose 4.3% during the year.

NorgesGruppen, Coop and Rema 1000 together account for the largest share of sales in the market making them ICA Norway's main competitors. Discount chains accounted for about half of sales.

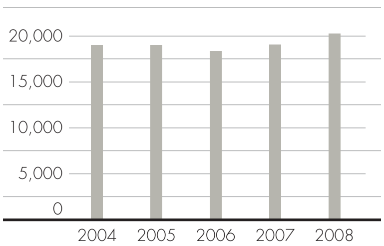
Interest among Norwegian consumers in healthy and organic products, fresh foods, fruit and vegetables continues to rise. At the same time, customers are very price conscious and want large stores. Many chains therefore work, exactly as ICA Norway, to develop their hypermarket concept.

Focus in 2009

The action program launched earlier has gained further weight since ICA Norway's new management took over in August 2008. During 2009, ICA Norway will continue to strengthen its relationship with customers through better offerings and a broad product range. Price is expected to be increasingly important for Norwegian consumers and price positioning within fruit and vegetables will be particularly important, since ICA Norway hopes to have a leading position. ICA will continue to grow in the fresh products segment while Rimi will increase its market shares in the discount segment.

ICA Norway's new organizational structure is expected to contribute to clearer governance in future and thus facilitate implementation of the company's strategies in the stores in 2009.

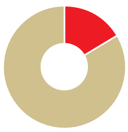
Revenues, SEK M



		Number of stores Dec. 31, 2008	Sales excl. VAT 2008, NOK M	No. of articles per store
ICA MAXI	Everything under one roof at good prices. Conveniently located hypermarkets for customers who travel by car.	26	3,001	15–24,000
ICA Supermarked	Food enjoyment and diversity with a focus on fresh products and personal service.	79	4,748	ca 10,000
ICA nær	Smaller neighborhood stores with easy access and a high level of service.	278	4,550	3–6,000
RIMI	Discount stores for customers' daily shopping.	253	7,698	ca 3,000

RIMI BALTIC

Continued growth in the Baltic countries



Market share in Baltic countries 2008, 16.4%*

*Preliminary figure February 2009.

The Baltic food retail market has grown rapidly in recent years. Due to current economic conditions in the region, Rimi Baltic has decided to slow down its store expansion program.

This is Rimi Baltic

Rimi Baltic, a wholly owned subsidiary of ICA AB, operates a chain of 233 food retail stores in Estonia, Latvia and Lithuania. Rimi Baltic has three formats to meet customer needs depending on location and customer category – Rimi Hypermarket and Rimi Supermarket, which focus on fresh foods and good service, and SuperNetto and Säästumarket in the discount segment.

Events in 2008

Store sales increased by 13.2% compared with the previous year. The increase was due, among other things, to Rimi Baltic's continued focus on pricing discounts as well as modernization of existing stores. Rimi Baltic already had plans on the table to add 37 stores, but decided to postpone any more new construction in 2008 due to the financial turbulence in the region. A total of 18 new stores were opened during the year. Edgar Sesemann was appointed CEO after Antonio Soares who became CEO of ICA Norway in August.

Revenues and earnings

In 2008, Rimi Baltic's revenues increased by 17.9% to SEK 12,661 M (10,736). Operating profit amounted to SEK 182 M (92). Operating profit includes capital gains from property sales and impairments of non-current assets of SEK –80 M (–3).

Market

The rapid economic development with strong growth in consumption, which was largely financed with loans, resulted in an economic overheating with runaway inflation during the second half of 2008. GDP development in both Estonia and Latvia moved from double-digit growth figures to recession in a relatively short time, which is expected to affect consumption in 2009 as well.

Measured in volumes, Latvia and Estonia already showed negative growth in the first quarter of 2008 while this did not occur in Lithuania until September. The changed macroeconomic scenario for the three Baltic countries has made a clear impression on retailing, where negative development strengthened in 2008.

Taken overall, however, the Baltic food retail market grew by 14.2% in 2008. The discount segment accounted for the largest growth.

In the total market, Maxima is market leader and Rimi Baltic's biggest competitor. In Estonia and Latvia, Rimi Baltic has a market-leading position while the company is the fourth largest player in Lithuania. Common to the three countries is consumers' price focus and interest in Baltic raw materials. Demand for eco-labeled and ecological alternatives continues to rise as does the ready-made food segment.

Focus 2009

Rimi Baltic's goal is to continue to grow and gain market share. Growth will mainly be achieved by raising sales in existing stores. The plan is to pursue a comprehensive expansion program once economic conditions in the region stabilize. The discounters SuperNetto and Säästumarket are continuing their modernization programs and broadening their product range with a larger assortment of fresh foods. Due to strong growth in recent years, Rimi Baltic has maximized its logistics capacity. Another important point in the years ahead will therefore be to review the logistical structure and ensure higher distribution capacity. Rimi Baltic plans to make further investment in skills development during 2009.

Revenues 2008: SEK 12,661 M (10,736)
Operating profit: SEK 182 M (92)
No. of FTEs: 9,870 (8,221)
No. of stores: 233 (215)

	Hypermarket	Supermarket	Discount	Total
Estonia	10	8	56	74
Latvia	13	30	54	97
Lithuania	11	28	23	62
Total	34	66	133	233

BANK

Advanced positions

2008 was a turbulent year for the financial industry, but ICA Bank continued to attract new customers and strengthen relationships with existing ones.

This is ICA Bank

ICA Bank operates in Sweden and has agency agreements with almost all ICA stores. The basic concept is to offer financial services that simplify customers' everyday lives and thus strengthen their loyalty to ICA.

The offering includes current accounts with good interest, various types of bank cards, unsecured loans, mortgages in cooperation with SBAB, accident, life and disability insurance in cooperation with Genworth Financial, and investment products such as equities, mutual funds and individual pension savings in cooperation with Nordnet Bank. The bank operates with low risk, low fees and simple-to-understand terms.

When customers use ICA's bank card, this reduces the retailers' processing fees for card charges. ICA Bank also administers the ICA Card.

Events in 2008

The number of customers who use ICA Bank's services increased during the year to 400,000 (350,000). One explanation for this increased interest may be that more customers chose to review their private economies as a result of the less favorable economic situation and that ICA Bank stood up well to the competition with other banks.

ICA Bank's business volume increased by 11.1% in 2008. During the year, an agreement was signed with the Swedish Post and Telecom Agency to provide basic banking services in 15 locations in Sweden. New smart chip cards have been provided to all ICA Bank's card customers to improve security. The level of security in the internet bank was also raised.

Revenues and earnings

In 2008 ICA Bank's revenues rose 12.7% to SEK 582 M (517). Operating profit amounted to SEK 111 M (83).

Market

The four major banks – SEB, Swedbank, Nordea and Handelsbanken – account for approximately 80% of the Swedish market. At the same time, sector convergence between banking and insurance operations is leading to new niche players, where the most established today are Skandiabanken and Länsförsäkringar Bank. ICA Bank has a unique position in the industry due to its links with food retail, with an offering that attracts both existing ICA customers and new bank customers, in both major cities and rural areas.

The fact that customers are increasingly demanding banking services over the internet and cash withdrawals in stores, is expected to continue to benefit ICA Bank.

Focus in 2009

ICA Bank expects to continue to grow in 2009, both with new customers and development of existing customers. Increased security for the bank's customers continues to be a prioritized issue. In addition, extensive plans are in place to broaden the bank's offering, including adding more insurance products. In spring 2009, for example, ICA Bank plans to introduce a new homeowners insurance in cooperation with Moderna Försäkringar.

Business volume (deposits + lending including mortgages) 2008: SEK 16,363 M (14,728)
Deposits 2008: SEK 8,683 M (7,509)
Number of ATMs: 136 (105)
No. of payment terminals:
6,300 in Sweden (6,000)
2,000 in Norway (0)

	2005	2006	2007	2008
Revenues (SEK M)	316	458[1]	517	582
Operating profit (SEK M)	–82[2]	11	83	111
Number of FTEs	154	174	196	234

1) Revenues include a SEK 6 M capital gain.
2) 2005 operating profit adjusted due to changed accounting principles related to accrual of card charges.

forma Publishing Group

Head office: Västerås
www.formapg.se

Media group with focus and diversity

The Forma Group is one of Sweden's leading players in magazines, books and television production. Strategic acquisitions in recent years have created a stable platform for continued growth.

Business concept

Forma Publishing Group operates in the Nordic and Baltic markets and provides people with knowledge and inspiration in both their private and professional lives. Operations include magazines, books and television production in the business areas Forma Magazine, Forma Books and Forma Contract.

Customer offering

Forma Magazine has magazine operations in Sweden, Finland and Estonia. Magazines in the Swedish operations, which account for by far the largest part of the business area, include Icakuriren, the most-read magazine in Sweden, and Hus & Hem.

Forma Books has strengthened its operations in recent years with several acquisitions. These include B. Wahlström Förlag, Damm Förlag and Energica Förlag which has provided a stronger position in the Swedish book market. The acquisition of OTW, in 2007, added moving media to the offering and broadened business within Forma Contract.

Market

The publishing and media markets are greatly affected by new technology and media phenomena which are changing and creating new consumer habits. Advertising sales are an important source of revenue for the magazine market. These are affected in the short term by the general economic situation and in the longer term by structural changes in the market such as new media and changed competition.

Competition in the market for consumer magazines remains intense with a larger number of magazines and reduced loyalty among subscribers and buyers of single copies. At the same time, it appears that demand for company and customer magazines will remain strong since companies still see a need to strengthen their relationships with customers and employees.

The book market has shown weak development in recent years, mainly due to restructuring. Online sales of books has increased price competition in all channels which has resulted in reduced average sales per book as well as less interest in publishers' book clubs.

Done and still to do

During 2008 Forma consolidated its earlier acquisitions. Add-on acquisitions of the Leva and Hälsa magazines and the publishing firm Energica, were made to improve the offering within health and personal development.

A new president was appointed to Forma Magazine's Finnish operations – Eve Vaasmaa – in order to reverse the weak earnings trend.

To adjust costs to market conditions, Forma decided at year-end to reduce its Swedish operations by some 30 jobs.

In 2009 Forma will focus on improved cost efficiency and aggressive activities. These include the investment in Kattis Ahlström's monthly magazine and chat show with the theme relationships and unexpected meetings. Kattis & Company will be launched in spring 2009 by Forma Magazine and the television program will be produced by OTW.

Revenues and earnings

In 2008, revenues rose 11% to SEK 881 M (795). The increase is due to the operations within Forma Books and Forma Contract acquired in 2007.

Operating profit was SEK 12 M (30), which reflects the weak performance in Finland. Earnings include a nonrecurring cost of SEK 13 M (3) due to a changed discount rate when calculating the pension liability according to IFRS.

3 questions to the President, Patrik Widlund

1) What is Forma's greatest challenge in a recession?

We must stand up to the competition and win market shares as well as compensate for reduced advertising revenues with lower costs.

2) What opportunities arise in a recession?

When others are defensive and cannot withstand the competition, there are opportunities to advance our positions. We are forced to find creative solutions in both sales and cost efficiency efforts.

3) What will Forma focus on in 2009?

We will focus on using aggressive sales to develop profitability primarily within Forma Magazine and Forma Books.

Head office: Malmö
www.kjell.com

Focus on profitable expansion

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. The aim is to have 60 stores by 2010 at the latest.

Business concept

Kjell & Company's business concept is not about home electronics – but about accessories, a market that is considerably more complicated than the products on which it depends. Kjell & Company offers a broad spectrum of accessories for modern home electronics.

Customer offering

All stores carry a full range of over 7,000 items. The aim is to be close to customers and at year-end 2008 Kjell & Company had 38 stores throughout Sweden. In addition to the nationwide store network, products are sold online and by mail order.

Sales are permeated by "Knowledge for all". With knowledgeable employees, the "KjellFakta" knowledge bank on the website and the twice-yearly product and information catalogue, customers can find their way among technical functionality and terminology.

Market

Computers and home electronics are a natural part of people's everyday lives and this creates considerable demand for attractively priced and easily available accessories. The home electronics market contains many different types of products from a large number of manufacturers, which creates a need for expertise and service when buying accessories.

A large portion of accessory sales in Sweden are made through home electronics retailers who mainly focus on sales of the base products. This creates scope for players that focus fully on accessories.

Done and still to do

Thomas Keifer took over as the new president in spring 2008. Together with Hakon Invest and other owners Kjell & Company's management continues to build on the already successful concept. Warehousing and logistics systems were examined in order to make the supply chain even more efficient.

The establishment rate remained high in 2008, with nine new stores in strong business locations. The new "Stor Kjell" concept was launched at the end of the year, stores with double the space of the biggest existing stores. The intention is to display a larger portion of the product range to customers in order to raise awareness of both depth and breadth.

This expansion will continue in 2009. The store concept will be fine tuned while a new communication platform will be launched.

Revenues and earnings

In 2008, revenues increased by 28% to SEK 442 M (345). The increase compared with 2007 is explained by the new stores. In comparable stores, revenues fell 1% on a full year basis, but showed an upturn in the second half compared with the same period in 2007.

Operating profit amounted to SEK 14 M (–4). The earnings development is explained by an improved gross margin and good control of costs.

Kjell & Company's size combined with the fact that efficient systems and routines are in place give the chain opportunities for continued profitable expansion.

3 questions to the President, Thomas Keifer

1) What is Kjell & Company's greatest challenge in a recession?

Persuading consumers to prioritize us. In a recession you are not only fighting the competition but also other parts of the retail sector.

2) What opportunities arise in a recession?

Plenty. One example is that the number of vacant and attractive store sites will rise.

3) What will Kjell & Company focus on in 2009?

Continued profitable growth. And strengthening our brand among a broader target group so that women and older people find their way to us more than at present.

Snabbt • Smidigt • Enkelt

Head office: Bromma
www.hemmabutikerna.com

Specialist chain with clear concept

Hemma is one of Sweden's leading specialist chains for the home, kitchen and laundry. With more than 100 stores throughout Sweden, Hemma has much to earn from a uniform concept.

Business concept

Hemma's stores – both wholly owned and retailer-owned – offer attractive white goods and household appliances to customers who appreciate being able to shop quickly, conveniently and easily.

Customer offering

White goods and household appliances should make life easier. At Hemma stores there are specialists who help customers to find the right products. It is equally easy to obtain help with transport and installation.

Hemma's 18 owned stores and 90 retailer-owned stores offer attractive products, both with well-known brands and under the "Excellent Hemma" label. The latter are produced especially for the Hemma chain and based on Hemma's long experience and good relationships with leading white goods suppliers.

Market

The importance of the home has increased steadily for a number of years and general growing interest in furnishings and design has raised demand for products and equipment for the kitchen and laundry. The parallel trend with a growing interest in cooking has also made a positive contribution to demand for kitchen appliances. Demand is also showing polarization: customers are increasingly buying products in either premium or low-price segments.

Competition within white goods retailing in Sweden has increased in recent years as foreign players become established, mainly chains aiming to gain market share within both electronics and white goods.

Done and still to do

During 2008, Hakon Invest focused on putting together a new management group in Hemma. Daniel Lindin took over as the new president in August and his mission is to unite all stores into a chain with the same objectives, and improve profitability in the wholly owned stores.

Against the background of the Hemma chain's weak market and earnings development, Hakon Invest performed an in-depth analysis of these operations in autumn 2008. This resulted in a powerful action program designed to reverse the trend and was followed by a SEK 45 M new issue. As a result, Hakon Invest's holding increased from 61% to 89% of capital and votes.

Stock management was made more efficient during the year, which included phasing out the central warehouse, and the store concept was renewed. In addition, marketing was coordinated in two chain-wide campaigns.

Objectives for 2009 include establishing an online sales channel, improving store operation and further coordination of marketing campaigns.

Revenues and earnings

In 2008, revenues in Hemma's owned stores fell by 18% to SEK 303 M (368). This development is explained by a weaker market and store closures. One new store was opened during the year, while three were closed.

Operating loss was SEK 51 M (–30) for wholly owned stores, which reflects restructuring costs, stock clearance, a nonrecurring item in the form of severance pay, and amortization of intangible assets of SEK –18 M (–18).

3 questions to the President, Daniel Lindin

1) What is Hemma's greatest challenge in a recession?

To capture market shares and be even more innovative in order to attract more consumers who want to buy white goods conveniently and easily.

2) What opportunities arise in a recession?

We have reduced the cost base and have a fleet-footed organization. This enables us to take market shares from competitors who have not done this.

3) What will Hemma focus on in 2009?

Product range efficiency, changed marketing mix and establishing online sales.

Head office: Täby
www.cervera.se

More inspiration for dining areas and table settings

The Cervera chain has 47 stores throughout Sweden with inspiring and trendy offerings within glassware and porcelain. Exclusive gift-wrapping is a feature.

Business concept

Cervera offers branded products from known suppliers within glassware, porcelain, cutlery, kitchen, household appliances and giftware. The stores create attraction and provide interesting customer experiences with a broad and deep assortment.

Customer offering

Cervera's stores carry up to 5,000 products from well-known suppliers. In the stores customers are offered inspiration for the dining area and table settings. The store network, 27 wholly and partly owned stores and 20 franchise stores, stretches from Malmö in the south to Luleå in the north.

Market

The increased importance of the home and general growing interest in furnishings and design have increased demand for glass and porcelain products as well as other household and furnishing items.

Products within glassware, porcelain and household appliances have historically had relatively long life cycles. Today's consumers from a younger generation are generally highly trend-conscious, which has contributed to development with an increased fashion level and more purchases within these areas as well. Sales show clear seasonable patterns with the highest proportion in December. Sector convergence has been clear in the glassware and porcelain market in recent years. Many home furnishings, furniture and electrical appliance stores, as well as the food retail players' hypermarket format, have added glassware and porcelain to their range. A weaker economic climate may affect in particular players who lack a clear offering that attracts and inspires customers.

Done and still to do

During 2008, Cervera decided on a clearer focus on products relating to the dining area and table settings, which means that large parts of the chain's furniture range were sold.

At the same time a new brand platform was developed which became a new store concept, with a new store layout and product range. During the second half of the year two concept stores were refurbished in Uppsala and Borås, and two new stores opened in Örebro and Östersund. These four stores were very well received. The concept will be rolled out throughout the chain in 2009.

During the year Cervera also built up a new distribution center in Jönköping to make the product flow more efficient. A new business system was also introduced.

In addition to its store concept, in 2009 Cervera will focus on achieving more even sales over the calendar year. One key measure is to increase the proportion of consumables, such as napkins and candles.

Revenues and earnings

In 2008, revenues fell 10% to SEK 341 M (377). One new store opened during the year. In comparable stores revenues decreased by 8% compared with 2007.

Operating loss was SEK 23 M (–1). Earnings were charged with costs for the new warehouse, a new business system and development of the new store layout.

3 questions to the President, Håkan Filipsson

1) What is Cervera's greatest challenge in a recession?

We must maintain our power to attract in the product range and keep costs under control at the same time.

2) What opportunities arise in a recession?

The fact that we have a long-term major owner enables us to focus on sensible investments designed to make our customer offering even better.

3) What will Cervera focus on in 2009?

Apart from costs we will focus on switching over to a totally new store concept and always work with product range development.

Head office: Uppsala
www.inkclub.se

Scalable platform for smooth online shopping

inkClub is one of the leading players in Europe within online retailing with ink cartridges. Since the start in 2000, operations have been expanded with other consumables. Then as now all sales are conducted on the internet.

Business concept

inkClub's sales are made exclusively over the internet. Managing all sales on the net and customer service via e-mails lead to high cost efficiency. This in turn makes it possible to offer customers low prices.

The focus is on consumer goods and today printer accessories and vacuum cleaner bags are sold. The platform suits many different products, particularly those that come in many variants and which are perceived as difficult to buy.

Customer offering

inkClub's offering includes printer accessories, camera accessories, batteries and vacuum cleaner bags.

Sales of vacuum cleaner bags, which was added through the acquisition of Dammsugarpåsar.nu at the beginning of 2008, are currently conducted on a separate website Dammsugarpasar.nu but will eventually be transferred to inkClub's platform.

Customers are offered products at low prices and with fast deliveries. Another key part of the offering is attractive member offers which increase customer satisfaction and loyalty.

Market

Online shopping is now an obvious sales channel within many parts of the retail sector. For many consumers it is no longer a question of buying in a store or over the internet, the two are combined. The greatest success so far has been companies with products that do not need to be examined prior to purchase, such as books, CDs and DVDs.

Competition for consumer attention is intense on the internet and advertising prices have risen sharply in recent years. Companies not only compete for attention with players in the same retail segment – the fight for advertising space is waged between companies from many and widely different areas. This means that small online companies compete on the same terms as companies with major, well-known brands.

Done and still to do

During the year, inkClub worked to freshen up the "store" with a new platform that makes the ordering process even easier. The result is an online shopping process that is more intuitive for the customer and shortens ordering times. The new platform will also simplify continued development and make it possible to add new functions when the need arises.

The acquisition of Dammsugarpåsar.nu at the beginning of 2008 is in line with the strategy to broaden the product portfolio and effectively exploit synergies within IT, logistics and not least processing of customer bases.

In 2009, inkClub will focus on adding new products areas to the retail platform.

Revenues and earnings

In 2008, revenues rose 8% to SEK 394 M (364). Growth through new customers was 3%.

Operating profit increased to SEK 53 M (45). Earnings were charged with costs related to marketing activities to increase the inflow of new customers.

3 questions to the President, Fredrik Brandt

1) What is inkClub's greatest challenge in a recession?

Online shopping was certainly a winner during the autumn, but now the challenge is to assess and weigh up possible effects on demand in our particular part of the market.

2) What opportunities arise in a recession?

We will be able to be more aggressive. In less favorable times, advertising prices are lower and this is our largest single cost item, at the same time it will be easier to recruit employees with specialist skills.

3) What will inkClub focus on in 2009?

Paradoxically the keyword is growth. We have considerably higher ambitions for 2009 than for the last two years.

Hemtex

Head office: Borås
www.hemtex.se

One of the leading Nordic home textiles chains

Hemtex has 221 stores in Sweden, Finland, Denmark, Norway, Estonia and Poland which under a common brand sell furnishing products with the main focus on home textiles.

Business concept

Hemtex sells value-for-money home furnishings that attract many people with different purchasing power, types and location of home.

Customer offering

Hemtex stores, of which 193 are wholly owned and 28 are franchise stores, sell home textiles and other selected home furnishings products that give customers value for money. The aim is that the stores should provide customers with inspiration and enthusiasm for renewing their homes.

Of the chains total of 221 stores, 147 are in Sweden, 41 in Finland, 14 in Norway, 13 in Denmark, 3 in Poland and 3 in Estonia.

Market

Demand in the home textile market is very much affected by overall trends within society. The increased interest in the home in recent years has driven growth in the home textiles sector.

Historically, home textiles have been slightly less sensitive to economic fluctuations than a number of other retail segments. One explanation is that many textile products have a price that allows them to be replaced at a relatively low cost.

The fashion focus within home textiles has increased in recent years, which has resulted in a higher number of purchases but also an increased risk of making the wrong choices in terms of design and quality.

Done and still to do

In 2008, Hakon Invest acquired shares corresponding to 26.4% of the capital and voting rights in Hemtex. The background is that Hakon Invest sees considerable opportunities to contribute to the future direction and development of Hemtex.

During the year Hemtex focused on a new marketing concept designed to offer customers more inspiration. The focus shifted from price campaigns to value-for-money products. In November, Hemtex in Sweden opened its first online store.

An adjustment of the stocks built up in autumn 2007 was carried out during the year.

At the end of 2008, a new president– Göran Ydstrand – was recruited and will take up his position on March 1, 2009. During 2009, Hemtex will continue its efforts to improve the product range, marketing, campaign management and develop store operation within the chain.

Revenues and earnings

Hemtex's fiscal year is from May through April. During the nine-month period May 2008 until January 2009 net sales fell 13% to SEK 1,118 M (1,284). Revenues in comparable stores decreased by 19%. The less favorable economic climate affected willingness to buy in all markets.

Operating profit for the first nine months of the fiscal year fell to SEK 27.6 M (174.3) as a result of the weak sales trend.

3 questions to CFO, Tommy Svensson

1) What is Hemtex's greatest challenge in a recession?

Requirements for clarity, inspiration and being the best alternative in our niche are increasing. At the same time we must further improve our routines and purchasing.

2) What opportunities arise in a recession?

In a less favorable business climate, companies with strong finances and owners can advance their positions in their markets by both developing the store network and acquisition of competitors or store locations.

3) What will Hemtex focus on in 2009?

We will focus strongly on Hemtex's changed market communication with the theme "Simple changes" and reduced discount offerings but lower regular prices. The focus on product range development and in-store communication will also permeate our work.

Share and ownership structure

Hakon Invest's share price fell 33% in 2008 and was quoted at year-end at SEK 89.25 per share. For the period from the IPO on December 8, 2005, until year-end 2008 the share price has risen 16%.

Share price trend 2008

The closing price paid in 2008 for Hakon Invest's shares was SEK 89.25, corresponding to a market capitalization of approximately SEK 14.4 billion. During 2008, the share price fell 33% which can be compared with the OMX Nordic 40-index which fell by a full 50.5%. At the turn of the month June/July Hakon Invest's shares were moved from the Large Cap to the Mid Cap segment due to the fall in the share price during the spring. The highest quotation for the year was on March 27 when the closing price was SEK 140.50 while the lowest price was SEK 71.50 on November 21.

During 2008 the total return on the shares, i.e. Hakon Invest's share price development including invested dividend, was –29%. This can be compared with the SIX Return Index which fell –39.1% in the same period.

Share structure

Since the IPO in 2005, Hakon Invest has had a share structure with two share classes: common shares and C shares. C shares, which are not listed and do not carry entitlement to cash dividend, comprise 51% of the total number of shares. The remaining 49% comprise listed common shares. All C shares are owned by ICA-handlarnas Förbund. As of 2011, owners of C shares are entitled to request conversion of C shares to common shares. Such a conversion may occur no earlier than five years after the request is made, i.e. not before January 2016.

Share capital

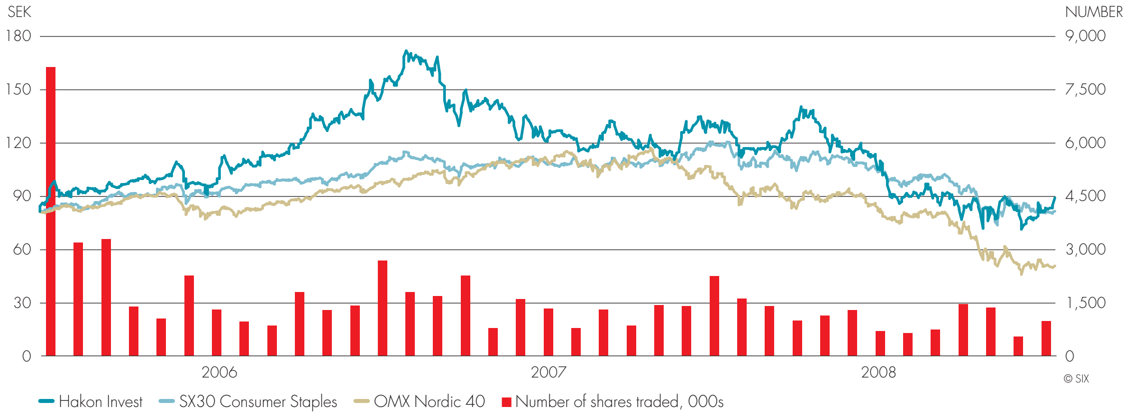
Hakon Invest's share capital at December 31, 2008, amounted to SEK 402,293,590 distributed among 160,917,436 shares, each with a quota value of SEK 2.50. All shares carry equal voting rights.

Dividend

One of the targets set by the Board for Hakon Invest is that the dividend ratio should normally amount to at least 50% of the Parent Company's profit for the year. Only common shares carry entitlement to a cash dividend, which means that the total cash dividend is distributed among 49% of the shares.

For the 2008 fiscal year, the Board proposes a dividend of SEK 5.00 (6.00) per common share, or a total of SEK 393 M (472). This can be placed in relation to the Parent Company's loss after tax which amounted to SEK 57 M. In the previous year the dividend corresponded to 50.4% of the Parent Company's profit after tax. The shares will be traded

Share price trend and trading December 8, 2005–December 31, 2008



excluding dividend with effect from Thursday, April 23, 2009. The settlement date for the dividend is expected to be April 27 and on April 30 dividends are expected to be sent out via Euroclear Sweden AB's system (formerly VPC AB).

Buybacks

Hakon Invest's holding of treasury shares amounts to 225,300, corresponding to 0.1% of capital and voting rights. The shares were repurchased over Nasdaq OMX in Stockholm to cover allocations in the 2006 and 2007 option programs. More information about the incentive program and remuneration to senior executives is provided in the Board of Directors' report, pages 59–62, and in Note 7 on pages 75–76 of the audited annual report.

Shareholders

ICA-handlarnas Förbund's shareholding in Hakon Invest amounts to 67.4% of the capital and voting rights, of which 51 percentage points consist of C shares and 16.4 percentage points listed common shares. At December 31, 2008, the number of shareholders in Hakon Invest amounted to 12,453.

Press releases 2008

Dec. 17, 2008	Hakon Invest increases holding in Hemma
Nov. 5, 2008	Interim report January – September 2008
Oct. 23, 2008	Hakon Invest participates in annual CDP survey
Oct. 22, 2008	Nomination Committee of Hakon Invest appointed
Oct. 21, 2008	Hakon Invest increases ownership in Hemtex
Oct. 8, 2008	Göran Blomberg new CFO of Hakon Invest
Aug. 6, 2008	Interim Report January – June 2008
Jun. 12, 2008	Göran Hesseborn to leave Hakon Invest
May 7, 2008	Interim report January – March 2008
Apr. 29, 2008	Disclosure – Hemtex AB
Apr. 23, 2008	Report from Hakon Invest's Annual General Meeting
Apr. 18, 2008	Hakon Invest focuses on responsible business
Apr. 17, 2008	Annual list of published information
Mar. 31, 2008	Repurchase of treasury shares to cover incentive program allocation
Mar. 28, 2008	Hakon Invest's SVP Communication to principal owner
Mar. 19, 2008	Notice of Hakon Invest Annual General Meeting
Mar. 12, 2008	Hakon Invest publishes Annual Report
Feb. 20, 2008	Year-end report January 1– December 31, 2007
Feb. 20, 2008	Repurchase of shares
Feb. 14, 2008	Disclosure – Hemtex AB

Share information

Stock exchange Nasdaq OMX Stockholm, Mid Cap segment	
Ticker	HAKN
ID	SSE32443
ISIN code	SE0000652216
Trading lot	1
Market cap at Dec. 31, 2008, SEK M	14,362
Price at Dec. 31, 2008, SEK	89.25
Change during the year, %	–33
Highest price during the year, SEK	140.50
Lowest price during the year, SEK	71.50

Shareholder range analysis

Holding, number of shares	Number of shareholders	Proportion of shareholders, %	Capital and voting rights, %
1–500	8,091	65.0%	0.9%
501–1,000	1,270	10.2%	0.7%
1,001–5,000	1,744	14.0%	2.7%
5,001–10,000	554	4.4%	2.6%
10,001–15,000	206	1.7%	1.6%
15,001–20,000	132	1.1%	1.5%
20,001–	456	3.7%	90.1%
Total	12,453	100.0	100.0

Source: Euroclear Sweden AB at December 31, 2008.

Share data[1]	2007	**2008**
Earnings per common share, SEK	8.30	1.17
Earnings per C share, SEK	8.30	1.17
Cash flow per share, SEK	–0.43	–0.69
Equity per share, SEK	60.92	59.21
Dividend per common share, SEK	6.00	5.00[2]
Dividend ratio, %	50.4	n/a
Market price at year-end, SEK	132.50	89.25
Dividend yield, %	4.5	5.6
P/E ratio, multiple	16.0	76.3
Share price/Equity, multiple	2.2	1.5
Number of common shares at year-end	78,721,344	78,624,244
Number of C shares at year-end	82,067,892	82,067,892
Total number of shares at year-end	160,789,236	160,692,136
Average number of shares	160,813,095	160,713,190

1) For definitions, see inside back cover
2) Proposed dividend

Ten largest shareholders	Number of shares	Capital and voting rights, %
ICA-handlarnas Förbund	108,385,227	67.35
Swedbank Robur funds	2,100,212	1.31
SEB Investment Management	1,863,710	1.16
Handelsbanken funds incl. XACT	1,814,673	1.13
AP4	1,061,900	0.66
Nordea funds incl. Luxembourg	890,385	0.55
SEB-Trygg Försäkring	850,600	0.53
Jönsson, Leif	804,380	0.50
Håkan Olofssons Förvaltning	590,772	0.37
Davidson, Ulf	553,072	0.34
Ten largest shareholders total:	118,914,931	73.9
Other shareholders	42,002,505	26.1
Total	160,917,436	100.00

Five-year financial summary, Hakon Invest

SEK M	2004	2005	2006	2007	2008
Income statements					
Revenues	622	611	660	1,075	1,184
Operating profit (EBIT)	485	568	885	768	612
Profit after financial items	594	940	1,104	982	163
Profit for the year	579	854	1,054	1,326	170
Balance sheets					
Non-current assets	4,728	5,142	6,172	7,636	8,068
Cash and cash equivalents and short-term investments	2,729	3,046	2,717	2,292	1,495
Other current assets	108	151	198	451	458
Total assets	7,565	8,339	9,087	10,379	10,021
Equity	7,244	7,925	8,650	9,796	9,515
Non-current liabilities	131	172	212	210	191
Current liabilities	190	242	225	373	315
Total equity and liabilities	7,565	8,339	9,087	10,379	10,021
Cash flow					
From operating activities	244	281	166	633	468
From investing activities	–121	94	–17	–204	–62
From financing activities	–141	–325	–355	–498	–517
Cash flow for the year	–18	50	–206	–69	–111
Key ratios					
Gross margin, %	51.60	51.10	48.80	38.30	35.70
Operating margin, %	78.00	92.80	134.00	71.40	51.70
Net margin, %	93.00	139.70	159.60	123.30	14.40
Return on equity, %	8.20	11.30	12.70	14.50	1.90
Return on capital employed, %	9.40	12.40	13.20	10.60	1.80
Equity/assets ratio, %	95.70	95.00	95.20	94.40	94.90
Data per share					
Earnings per share, SEK	3.60	5.31	6.55	8.30	1.17
Equity per share, SEK	45.01	49.25	53.75	60.92	59.21
Cash flow per share, SEK	–0.11	0.31	–1.28	–0.43	–0.69
Dividend per common share, SEK		4.50	5.50	6.00	5.00
Dividend common shares, SEK M		355	433	472	393
Market price at December 31, SEK		93.50	157.00	132.50	89.25
Dividend yield, %		4.80	3.50	4.50	5.60
Total return, %			75.1	–12.3	–29.3
Number of shares					
Number of common shares after buybacks at year-end		78,849,544	78,849,544	78,721,344	78,624,244
Number of C shares at year-end		82,067,892	82,067,892	82,067,892	82,067,892
Total number of shares at year-end	160,917,436	160,917,436	160,917,436	160,789,236	160,692,136
Average number of shares (total) after buybacks at year-end	160,917,436	160,917,436	160,917,436	160,813,095	160,713,190

Definitions, see inside back cover.

A few words from Hakon Invest's Chairman Lars Otterbeck

Board work in Hakon Invest is exciting. There is a strong entrepreneurial spirit here combined with broad competence and experience within retail as well as a financial perspective and expertise.

We carefully monitor developments in the markets in which we have operations, as well as in the companies in which we have invested. There are always opportunities for new initiatives, entirely new or structural changes in operations where we are already represented.

Our board representatives in the holdings ensure that they make demands and take initiatives when required, naturally in addition to taking care of everything incumbent on these boards as regards corporate governance. We on Hakon Invest's Board feel that we are well informed about what is happening, and what market developments and the activities of competitors mean for the holdings.

We also continuously analyze new acquisition proposals from our investment group and the market changes that can lead to new business ideas.

For us, it is a privilege to have an extensive retail business – above all through the ICA holding – that generates a surplus and at the same time has substantial resources available for new investments at a time when many others are forced to struggle with major loans and interest burdens.

Since Hakon Invest became a listed company, for each investment made we have analyzed and rejected some ten other portfolio company candidates. In view of the development we see today, it appears that we were right to be cautious. I believe, however, that the next two years will offer a number of attractive opportunities to be more aggressive. It is good to have a strong financial position, a privilege that not everyone enjoys.

Earnings and the share price trend for 2008 are nothing to boast about. Possibly we can say that we are in good company. We are convinced, however, that we have a winning company and a winning concept and that with our strong balance sheet and the fine spirit of cooperation throughout Hakon Invest, together with our principal owner and our holdings, will create lasting and rising shareholder value in the years ahead, despite the difficult times we are experiencing today.

Lars Otterbeck

Governance of Hakon Invest

The 2008 Annual General Meeting, which was held in Stockholm on April 22, re-elected all Board members apart from Olle Nyberg who had declined re-election. Magnus Moberg was elected as a new member of the Board. Lars Otterbeck continued as Chairman of the Board. The Board held a total of 16 meetings during 2008. Matters considered at these meetings included governance of the holdings and evaluation of new investment candidates.

Hakon Invest applies the Swedish Code of Corporate Governance (the Code). The Corporate Governance Report has not been reviewed by the company's auditors.

Deviations from the Code

Hakon Invest has deviated from the part of the Code's rule 10.1 which stipulates that the Audit Committee shall comprise three members. Today, the Audit Committee consists of two members. In view of the fact that ICA AB constitutes the main holding in Hakon Invest and ICA AB has an Audit Committee in which Hakon Invest has three representatives, the company has decided that two members is a suitable size for the Audit Committee.

Governance for value creation

Hakon Invest is a public company with its registered office in Stockholm, Sweden. Governance of the company is based on the Swedish Companies Act and Nasdaq OMX Stockholm's rules for issuers.

The internal framework for Hakon Invest's corporate governance comprises the articles of association, the Board's formal work plan, the instructions to the President, policies and attached guidelines.

Extracts from the policies are available on Hakon Invest's website (www.hakoninvest.se).

Hakon Invest's President Claes-Göran Sylvén is responsible for ensuring that day-to-day administration of the company is carried out in accordance with the Board's guidelines and instructions. The President also compiles, in dialog with the Chairman and Deputy Chairman of the Board, an agenda for Board meetings and is responsible for providing information and basis for decision for the meetings. The President also ensures that Board members receive information about Hakon Invest's development so that they can reach well-founded decisions.

Annual General Meeting

The 2008 Annual General Meeting was held at Grand Hôtel in Stockholm on April 22, 2008. In addition to shareholders, the meeting was attended by Hakon Invest's Board, Hakon Invest's Executive Management, employees, media representatives and a number of invited guests.

The Meeting resolved, among other things:

- to re-elect Lars Otterbeck, Cecilia Daun Wennborg, Anders Fredriksson, Jan-Olle Folkesson, Thomas Strindeborn and Jan Olofsson as members of the Board
- to elect Magnus Moberg as a new member of the Board
- a dividend for 2007 of SEK 6 per common share should be paid

The 2009 Annual General Meeting will be held on Wednesday, April 22 at Grand Hôtel, Stockholm. Shareholders who are registered in the share register as at April 16, 2009, and who have notified their attendance are entitled to attend the Annual General Meeting in person or through a proxy. In order to have a matter considered by the Annual General Meeting, shareholders in accordance with instructions on Hakon Invest's website must submit a request no later than March 4, 2009.

Nomination Committee

The rules for Hakon Invest's Nomination Committee were adopted at the 2008 Annual General Meeting. The Nomination Committee is to consist of four members who represent the company's shareholders. Two of the members are appointed by the majority shareholder ICA-handlarnas Förbund and two members are appointed by the next largest owners, which at September 12, 2008, were SEB Fonder and Handelsbanken Fonder. ICA-handlarnas Förbund and SEB Fonder exercised their right to appoint Nomination Committee members. Since Handelsbanken Fonder declined its right to nominate a member, entitlement went to the next largest owner, Swedbank Robur funds which exercised its right to appoint a member. The composition of the Nomination Committee was announced on October 22, 2008.

The work of the Nomination Committee

The Nomination Committee held two meetings ahead of the 2009 Annual General Meeting. All members were present at these meetings with the exception of SEB's representative who was prevented from attending on one occasion. Hakon Invest's General Counsel, Fredrik Hägglund, has been co-opted to the Nomination Committee's meetings as secretary. No fees were paid to the members of the Nomination Committee for their work.

At its initial meeting the Nomination Committee met the Chairman of the Board, Lars Otterbeck, and the President, Claes-Göran Sylvén each separately in order to be informed about Hakon Invest's operations and Board work. At the second meeting Cecilia Daun Wennborg, chairman of the Audit Committee, gave an account of audit work and the finance function. The Chairman of the Board then presented the 2008 evaluation of the Board.

The Nomination Committee subsequently completed its evaluation of the Board, agreed on proposals to the Annual General Meeting and prepared a report on the work of the Nomination Committee.

The Nomination Committee's report, which describes this work in more detail, is available on Hakon Invest's website (www.hakoninvest.se). The Nomination Committee's proposals ahead of the 2009 Annual General Meeting are specified in the notice of the meeting and on the website.

Composition of the Board

According to the Articles of Association, Hakon Invest's Board shall consist of between five and nine members. The present Board consists of seven members. At the Annual General Meeting, Lars Otterbeck was elected as the Chairman of the Board and at the statutory Board meeting, Anders Fredriksson was elected as Deputy Chairman. The President makes presentations at Board meetings and the General Counsel is the secretary to the Board.

Board's independence criteria

Four members of the Board, Lars Otterbeck, Cecilia Daun Wennborg, Jan-Olle Folkesson and Jan Olofsson, are independent in relation to both the company and its management and the company's major shareholders. Combined, they have many years of experience from management and board work in various listed companies.

The other three Board members, Anders Fredriksson, Thomas Strindeborn and Magnus Moberg, are ICA retailers. Thomas Strindeborn and Magnus Moberg are also members of the Board of ICA-handlarnas Förbund.

ICA-handlarnas Förbund is a non-profit association for Sweden's ICA retailers. According to Nasdaq OMX Stockholm's rules for issuers and the Code's rules on independence criteria for board members, these three members are independent in relation to Hakon Invest and the company's management but not in relation to the principal owner ICA-handlarnas Förbund.

The work of the Board

The work of the Board is led by a chairman and regulated by the formal work plan adopted by the Board as well as applicable laws and regulations. The Board has also prepared working instructions for its three committees, a work instruction for the President as well as other policy documents as guidelines for Hakon Invest's activities. Each year the Board reviews the adopted formal work plans. The present formal work plans and instructions were examined in September and formally adopted on September 30, 2008.

In addition to a statutory Board meeting in conjunction with the Annual General Meeting, the Board shall hold at least five meetings a year that are announced in advance.

An evaluation of the Board is carried out every year. Each Board member must complete a comprehensive questionnaire about the work of the Board. The evaluation is used both to develop the work of the Board and as a basis for the Nomination Committee's evaluation of the composition of the Board.

Nomination Committee's composition ahead of 2009 Annual General Meeting

Member	Representative for	Holding in Hakon Invest at appointment of Nomination Committee
Håkan Olofsson, ICA retailer in Boden	ICA-handlarnas Förbund	67.35%
Claes Ottosson, ICA retailer in Hovås (Chairman)	ICA-handlarnas Förbund	67.35%
KG Lindvall, Swedbank Robur fonder	Swedbank Robur fonder	1.04%
Stefan Roos, SEB Asset Management	SEB Fonder	1.70%

Work of the Board in 2008

During 2008 a total of 16 Board meetings were held, of which 12 were held by the present Board elected on April 22, 2008.

Significant issues dealt with during the year included:

- Acquisition candidates, including acquisition of 26.4% of the shares in Hemtex.
- Focused examination and corporate governance of ICA, particularly in view of development in the Norwegian operations and the reorganization carried out.
- Focused corporate governance and measures in the portfolio companies including the restructuring and new issues in Hemma which led to increased ownership.

Board committees

Hakon Invest's Board has set up three working committees: the Audit Committee, the Remuneration Committee and the Investment Committee. The work of the committees is reported to the Board on a regular basis.

The Audit Committee's key task is to supervise the accounts and financial reporting and obtain information about the auditing of Hakon Invest. The committee also monitors risk analyses within the company. The Audit Committee shall hold at least three meetings per year.

The Remuneration Committee is responsible for the preparation of issues regarding remuneration and other terms of employment for Hakon Invest's Executive Management. The Remuneration Committee must hold at least two meetings per year, one of which must be held in December.

The Investment Committee has as its main task examining the decision-making basis with regard to acquisition matters, recommending decisions and ensuring compliance with Hakon Invest's investment policy. The number of meetings shall be at least one a year at which, among other things, the investment policy is evaluated. Additional meetings are called by the committee chairman when required.

The Audit Committee held five meetings until year-end. Three of the meetings were held after the 2008 Annual General Meeting. Erik Åström (the company's external auditor) was present at all meetings. The Remuneration Committee held four meetings. The Investment Committee only met once during the year. In addition, investment matters were examined in the Board as a whole where all members attended all meetings. The members of each committee attended all committee meetings.

President and Executive Management

Hakon Invest's President, Claes-Göran Sylvén, is responsible for the day-to-day administration of the company. The Board has approved President Claes-Göran Sylvén's significant assignments and financial involvement outside the company, for example in ICA-handlarnas Förbund. An assessment of him has also been carried out without management being present. The Board's formal work plan and work instructions for the President govern in particular the handling of and decisions on matters related to agreements and other dealings between Hakon Invest and ICA-handlarnas Förbund.

In addition to the President Claes-Göran Sylvén, Hakon Invest's Executive Management comprises Legal Counsel Fredrik Hägglund and Stein Petter Ski, SVP Investments and Portfolio Companies. In spring 2009, Göran Blomberg will take up his position as CFO of Hakon Invest and be a member of Executive Management. Executive Management meets

Board members elected at the 2008 Annual General Meeting

Name	Elected	Position	Independent in relation to the company/owners	Committee work	Attendance at Board meetings	Remuneration for Board work/committee work (SEK 000s)
Cecilia Daun Wennborg	2005	Member	Yes/Yes	Audit Committee (Chairman)	15/16	220/50
Jan-Olle Folkesson	2005	Member	Yes/Yes	Investment Committee	13/16	220/25
Anders Fredriksson	1997	Deputy Chairman	Yes/No	Investment Committee Remuneration Committee	16/16	330/25/25
Magnus Moberg	2008	Member	Yes/No	Audit Committee	12/12	220/25
Jan Olofsson	2005	Member	Yes/Yes	Investment Committee	15/16	220/25
Lars Otterbeck	2005	Chairman	Yes/Yes	Investment Committee (Chairman) Remuneration Committee (Chairman)	14/16	550/50/25
Thomas Strindeborn	2006	Member	Yes/No	–	16/16	220

Ownership and governance of Hakon Invest

ANNUAL GENERAL MEETING is Hakon Invest's highest decision-making body where shareholders can exercise their influence.

- ICA-handlarnas Förbund (67%)
- Others approximately 12,500 shareholders (33%)

Auditors

Appointed by the Annual General Meeting. Examine the annual accounts and inform the Meeting of their conclusions.

The Nomination Committee

Proposes a Chairman of the Board and members of the Board.

HAKON INVEST'S BOARD has 7 members including the Chairman.

- Audit Committee 2 members
- Remuneration Committee 2 members
- Investment Committee 4 members

HAKON INVEST'S MANAGEMENT GROUP comprises 4 people including the President.

President appointed by the Board

- CFO
- General Counsel
- Senior Vice President Investments & Portfolio Companies

ACTIVE OWNERSHIP EVERY DAY

HAKON INVEST'S HOLDINGS

ICA AB's Audit Committee

ICA AB (40%)

PORTFOLIO COMPANIES
- Forma (100%)
- Kjell & Company (50%)
- Hemma (89%)
- Cervera (81%)
- inkClub (50%)
- Hemtex (26.4%)

regularly to discuss the development of Hakon Invest and make decisions about matters of importance to the business.

Organizationally the company is divided into Investment, Finance, which is also responsible for Communication, and Legal Affairs.

The investment organization comprises one investment manager and two controllers headed by Stein Petter Ski who is also responsible for the portfolio companies. These work actively with both existing holdings and potential future investments. Taken overall the investment organization possesses broad retail-oriented and financial expertise.

The Finance and Treasury function comprises five people headed by the CFO and is responsible for the Group's financial statements. The unit also handles management of Hakon Invest's financial assets. The CFO is also responsible for the Group's external and internal communication. The Investor Relations Manager is responsible for investor relations and related issues.

Legal Affairs is headed by a legal counsel and is responsible for legal issues. The unit assists closely related companies when required with legal services on market terms. External legal expertise is engaged when required.

Work on auditing and accounting

The Board has drawn up formal working routines to ensure that work with auditing and accounting issues functions smoothly. It has adopted work procedures and instructions for the President, Board of Directors and committees in order to maintain good control and appropriate relations with the company's auditors.

Internal control of financial reporting

During 2008 Hakon Invest intensified its control to ensure that its operations are appropriate and efficient and that financial reporting is reliable. In the internal control process the company applies the internationally accepted COSO model. This model is based on five control components:

- Control environment
- Risk assessment
- Control activities
- Information
- Monitoring

The COSO model is established in Hakon Invest and its wholly owned subsidiary Forma Publishing Group, and it will also apply to Hemma and Cervera now that they are subsidiaries. As part of intensified internal control, the company has made active efforts for the COSO model to also be applied in the other portfolio companies.

Hakon Invest's risk management activities are described in the section "Balance between opportunities and risks" on pages 18–20 of this annual report.

Control environment

In the Board's formal work plan and instructions for the President and Board committees, a clear role and responsibility distribution is ensured in the interests of the efficient management of operational risks. The Board has also adopted a number of basic guidelines of significance for the work on internal control where the formal work plans for the Investment Committee, investment policy and finance policy are the most important elements.

Executive Management reports regularly to the Board in line with fixed routines. In addition, there are reports from the Audit Committee's work. Executive Management is responsible for the system of internal controls required to handle significant risks in the day-to-day operations. These include guidelines for the authority of different employees. They clarify the importance of their particular roles which leads to good internal control.

Risk assessment

By applying the COSO model, Hakon Invest identifies a number of items in the income statement and balance sheet that may be associated with increased risk.

Control activities

Risk assessment results in a number of control activities. Hakon Invest places particular emphasis on checks designed to prevent, reveal and correct inadequacies in the income statement and balance sheet items that might be associated with increased risk.

Information and communication

Efficient and correct dissemination of information, both internally and externally, is important in order to safeguard financial control within Hakon Invest. Policies, routines, handbooks and other items of significance for financial reporting are updated and communicated to the parties involved on an ongoing basis.

Hakon Invest's employees provide relevant information to Executive Management and the Board through both formal and informal information channels. The communications policy and associated guidelines ensure that external communication is correct and meets the requirements placed on companies that are listed on Nasdaq OMX Stockholm.

Financial information is provided regularly through annual reports, interim reports, press releases and notices on the website. Since the interim report for January–September

2007, Hakon Invest's press conferences can be accessed via webcasts.

Follow-up

The Board continually assesses the information submitted by Executive Management and the Audit Committee.

The Audit Committee's work in monitoring the efficiency of Executive Management's internal control is of particular importance. This follow-up includes ensuring that action is taken to deal with any shortcomings and that proposed measures arising from internal and external audits in Hakon Invest and the holdings are taken into account.

Internal audit

Hakon Invest has no internal audit function, in view of the limited size of its own operations. ICA AB, which is Hakon Invest's largest holding, has on the other hand an extensive internal audit which continually reports its findings to the Audit Committee within ICA AB's Board where Hakon Invest is represented with three people. These three people report in their turn to Hakon Invest's Audit Committee. The Board has decided that this follow-up is sufficient.

Internal control in the holdings

Hakon Invest works actively with internal control in its holding companies, including application of the COSO model. Ownership is exercised in the holdings through representation on the boards and under the motto "Active ownership every day". This includes close contacts with the holdings and continuous work with strategic and operational matters. At least one board member in each holding must be connected with Hakon Invest and the company normally seeks to be entrusted with the chairmanship. Representation on the boards ensures that reporting and internal control are managed in a satisfactory manner.

It is important that board members and managements in the holdings have adequate competence for their assignment. During the year all the presidents of the holdings met Hakon Invest's Board to present their company's operations.

Hakon Invest's finance function has an ongoing dialog with those responsible for finance in all the holding companies and issues instructions and advice for the preparation of each monthly, quarterly, and full-year accounts. This provides Hakon Invest with a basis for its financial reports according to current principles and accounting standards.

Assessments are made of internal control in each individual holding. These are made both ahead of an acquisition and during the ownership period. Ahead of an acquisition due diligence of the company is carried out where the accounting, legal and operational consequences are analyzed. In addition, a general survey of the company's position regarding environment, supply chain control, HR issues, business ethics and other non-financial aspects is carried out. Hakon Invest's information and communication channels are designed to promote complete and accurate financial reporting. The extent of control within the holding is then decided separately for each company according to need.

Where risks relating to internal control are identified these are managed by the investment organization and in each holding's board in consultation with the auditors. In addition, the investment organization and Hakon Invest's board member in each holding keep Hakon Invest's Executive Management continuously informed. Hakon Invest's President reports in turn to the Board.

Auditors

According to the articles of association, the Annual General Meeting shall appoint a minimum of one and a maximum of two auditors or one or two registered public accounting firms. At the 2006 Annual General Meeting the registered public accounting firm Ernst & Young AB was appointed as auditor for a mandate period of four years until the 2010 Annual General Meeting. Authorized public accountant Erik Åström was appointed as auditor in charge.

Ernst & Young AB meets Hakon Invest's requirement for requisite expertise. Erik Åström has experience as auditor of other listed companies such as Hennes & Mauritz (H&M), Kinnevik, Modern Times Group (MTG), Svenska Handelsbanken, Saab and Apoteket. He attended a Board meeting in order to present Ernst & Young's audit process in Hakon Invest and offer Board members an opportunity to ask questions without management being present.

Incentive program

The President, other members of Executive Management and some key employees at Hakon Invest are included in an annual performance-based incentive program which consists of bonus and options. This program applies until the 2009 Annual General Meeting.

ICA-handlarnas Förbund implemented an incentive program for all employees in the Parent Company Hakon Invest AB in December 2005 following the IPO. When this program expired in December 2008, it was renewed with the same terms with a term until March 2011.

More information about these incentive programs is provided in Note 7 on page 76 in the audited section of this annual report.







Lars Otterbeck

Born 1942, Chairman

Lars Otterbeck, Chairman of the Board since the Annual General Meeting in 2005. He is Assistant Professor at the Stockholm School of Economics and is a Doctor of Economics. Lars Otterbeck was President and CEO of Alecta Pension Insurance during the period 2000 – 2004 and was previously President and CEO at D&D Dagligvaror AB (now Axfood). Lars Otterbeck is Chairman of the Swedish Industry and Commerce Stock Exchange Committee and Försäkrings AB Skandia, Vice Chairman of the Third National Pension Fund and the Swedish Corporate Governance Board. He is also a member of the Boards of AB Svenska Spel and Old Mutual Plc.

Shareholding: 1,800 shares

Anders Fredriksson

Born 1954, Deputy Chairman

Anders Fredriksson was elected to the Board at the Annual General Meeting in 1997. Anders Fredriksson was a Board member of ICA-handlarnas Förbund during the period 1997–2006. He was also Chairman of the Board of ICA-handlarnas Förbund in 2001–2006. Anders Fredriksson is also an ICA retailer in ICA Kvantum Hjertbergs in Lidköping. Anders Fredriksson studied economics and law at university and has attended a number of courses at the ICA Academy.

Shareholding: 362,800 shares

Cecilia Daun Wennborg

Born 1963

Cecilia Daun Wennborg was elected to the Board at the 2005 Annual General Meeting. She is CEO of Carema Vård och Omsorg AB. Until April 2005, Cecilia Daun Wennborg was Acting President of Skandiabanken and was previously in charge of Skandia's Swedish operations, President of SkandiaLink Livförsäkrings AB and Financial and Administrative Director of SkandiaLink Livförsäkrings AB. She holds a degree in economics, with supplementary studies in journalism and languages.

Shareholding: 2,500 shares

Jan-Olle Folkesson

Born 1939

Jan-Olle Folkesson was elected to the Board at the Annual General Meeting in 2005. He is also Chairman of the Board of Sahlgrenska International Care AB and Board member of Wallenstam AB. He also has a number of other directorships. Jan-Olle Folkesson has extensive experience of ICA's operations, gained in the capacity of President of ICA EOL in 1986–1990 and President of ICA Företagen in 1990–1991. He is a graduate of the Swedish Retail Federation's School of Retailing in Malmö and has attended a number of courses at ICA.

Shareholding: 600 shares

Magnus Moberg

Born 1966

Magnus Moberg was elected to the Board at the Annual General Meeting in 2008. Magnus Moberg is an ICA retailer in ICA Köpet Supermarket in Sandared. He has also been a Board member of ICA-handlarnas Förbund since 2006. He was also a Board member of ICA-handlarnas Förbund during the period 2002–2005. Magnus Moberg has attended a number of courses at the ICA Academy.

Shareholding: 23,500 shares

Jan Olofsson

Born 1948

Jan Olofsson was elected to the Board at the 2005 Annual General Meeting. Jan Olofsson is a bank director and senior adviser at Handelsbanken Capital Markets. During the period 1992–2006 he was Head of M&A at Handelsbanken. Prior to that, he held several senior executive positions at Esselte AB, most recently in 1985–1991 as Executive Vice President and Deputy Chief Executive Officer. Jan Olofsson is also Chairman of Init AB, Bindomatic AB and Printley AB. He holds a degree in business administration.

Shareholding: 2,400 shares

Thomas Strindeborn

Born 1961

Thomas Strindeborn was elected as a member of the Hakon Invest Board of Directors at the 2006 Annual General Meeting. Thomas Strindeborn is an ICA retailer in Maxi ICA Stormarknad in Partille, Gothenburg, and has been an ICA retailer since 1986. He has attended a number of courses at the ICA Academy. Thomas Strindeborn was elected Chairman of the Board of ICA-handlarnas Förbund at the 2006 Annual Meeting.

Shareholding: 67,140 shares

Claes-Göran Sylvén

Born 1959, President

Claes-Göran Sylvén has been employed at Hakon Invest since 2003. Claes-Göran Sylvén is President of ICA-handlarnas Förbund, Chairman of the Board of ICA AB and Forma Publishing Group AB and a Member of the Board of Svensk Handel and UGAL. Claes-Göran Sylvén was originally an ICA retailer, and together with his family he owns ICA Kvantum Flygfyren in Norrtälje.

Shareholding:

Shares: 433,196

Call options (2010): 60,000

Call options I (2011): 34,000

Call options II (2011): 5,000

Göran Blomberg

Born 1962, CFO

Göran Blomberg has been employed at Hakon Invest since 2009. Göran Blomberg was previously CFO at RNB Retail and Brands AB, Portwear AB and Pronyx AB. He is a member of the Board of Rindi Energi AB. Göran Blomberg is an M.Sc. Econ.

Shareholding:

Shares: –

Call options II (2011): 10,000

Fredrik Hägglund

Born 1967, General Counsel

Fredrik Hägglund has been employed at Hakon Invest since 2002. He has a Bachelor of Law degree and worked as a lawyer at Clifford Chance, Brussels in 1999–2002 and as assistant lawyer at Linklaters in 1996–1999. Fredrik Hägglund also worked in Anita Gradin's cabinet for the European Commission. Fredrik Hägglund is a Member of the ICA AB Board and of the Board of Directors of Eurocommerce and Institutet Mot Mutor (Anti-bribery Institute).

Shareholding:

Shares: 3,200

Call options (2010): 15,000

Call options I (2011): 15,000

Call options II (2011): 5,000

Stein Petter Ski

Born 1967, SVP Investments & Portfolio Companies

Stein Petter Ski has been employed at Hakon Invest since 2005 and in 2003–2005 was a partner at ABG Sundal Collier specialized in Corporate Finance. In 2001–2002 he worked within the Swedish Ministry of Enterprise, Energy and Communications and prior to that he held various positions within Enskilda Securities 1989–2001. Stein Petter Ski is a member of the Board of Kjell & Co Elektronik AB, Cervera Holding AB and Hemmabutikerna.

Shareholding:

Shares: 18,000

Call options (2010): 10,000

Call options I (2011): 15,000

Call options II (2011): 5,000

Financial Report

Board of Directors' report

The Board of Directors and the President of Hakon Invest AB (publ) hereby present the annual accounts and the consolidated accounts for the fiscal year 2008. The company has its registered office in Stockholm and its corporate registration number is 556048-2837.

All amounts are in SEK million (SEK M) unless stated otherwise.

Ownership

At December 31, 2008, 67.4% of the company was owned by ICA-handlarnas Förbund (the Parent Company), corporate registration number 802001-5577. The remaining 32.6% is owned by approximately 12,500 shareholders. The company's common shares are listed on Nasdaq OMX Stockholm in the Mid Cap segment.

The company's operations

Hakon Invest makes long-term investments in retail-oriented companies with a geographic focus on the Nordic and Baltic regions. Our vision, with ownership of ICA AB as a foundation, is to be the leading Nordic development partner for companies in the retail sector. The 40% holding in ICA AB forms the base of our ownership philosophy and operations. Through active and responsible ownership we will contribute to create value growth in ICA and develop our portfolio companies, all of which are independent companies with their own earnings and profitability responsibility. Added value will be created for Hakon Invest's shareholders through value growth in the investments combined with a good dividend yield.

Significant events during the year

At ICA AB's 2008 Annual General Meeting, it was decided to increase the dividend payout ratio from the normal 40% to 50% for 2007. Dividend received from ICA AB in 2008 amounted to SEK 434 M (383).

At its annual meeting held on May 20, 2008, ICA-handlarnas Förbund (the Association of ICA Retailers) decided that the Swedish ICA retailers and ICA AB should set up a joint board to handle disciplinary matters related to ICA retailers' commitments and obligations.

In May 2008 ICA completed the sale of two properties to EPGF, Standard Life Investments European Property Growth Fund. These sales had a positive impact on ICA's operating profit of approximately SEK 105 M in the second quarter.

During 2008, Hakon Invest steadily increased its holding in Hemtex. At December 31, Hakon Invest's holding in Hemtex amounted to 7,755,138 shares, corresponding to 26.4% of the capital and voting rights in the company.

Göran Blomberg was appointed CFO of Hakon Invest and will take up his position in spring 2009. Göran Blomberg currently holds a similar position at RNB Retails and Brands.

Carbon Disclosure Project, CDP, which ranks listed companies globally based on how they report their carbon dioxide emissions, placed Hakon Invest in shared sixth place in this year's survey. A total of 110 Nordic companies were included in CDP's survey. Hakon Invest's answers relate solely to ICA's operations.

In December, Hakon Invest increased its holding in Hemma from 61% to 89% by subscribing for newly issued shares. Hakon Invest paid SEK 45 M for the additional shares.

In the autumn, ICA introduced a more decentralized organization in order to improve its response to the different needs of the markets in Sweden, Norway and the Baltic countries. In Norway, a new management group was set up with Antonio Soares as CEO. At the same time, Edgar Sesemann took up his post of vice president of Rimi Baltic.

In December the County Administrative Court decided in a decision not to approve interest deductions of SEK 1,795 M made by ICA Finans for the period 2001–2003. The Swedish Tax Agency's claim for these deductions amounts to SEK 742 M, including penalties and interest. ICA is of the opinion that the interest deductions were made in compliance with tax rules and has lodged an appeal against the County Administrative Court's decision. ICA reports the Swedish Tax Agency's claim as a contingent liability, but paid this sum in February 2009 since the Swedish Tax Agency refused to grant further respite.

In December 2008, the Swedish Tax Agency decided to deny interest deductions of SEK 3,158 M made by ICA for the years 2004–2007. The tax claim for these deductions amounts to SEK 1,077 M, including penalties and interest. ICA is of the opinion that the interest deductions were made in compliance with tax rules and has lodged an appeal against the Swedish Tax Agency's decision to the County Administrative Court. ICA reports the Swedish Tax Agency's claim as a contingent liability.

Significant events after the end of the period

In January 2009 Hakon Invest increased its holding in the portfolio company Cervera from 48% to 81% of capital and votes. Hakon Invest paid SEK 30 M in cash for the additional shares. Hakon Invest intends to sell on up to 5 percentage points of the shares, on the same terms, to other Cervera shareholders.

The Board of ICA AB proposed that the dividend payout ratio for 2008 shall amount to 50% (50) of the ICA Group's profit for the year.

The Group's revenues and earnings

Consolidated revenues in 2008 amounted to SEK 1,184 M (1,075), which includes revenues from Forma of SEK 881 M (795) and from Hemma of SEK 303 M (280). The increase was mainly due to acquired operations in Forma and the fact that Hemma was not included in the Group as a subsidiary for the full-year 2007.

Operating profit in the Hakon Invest Group amounted to SEK 612 M (768) of which share of profits of ICA AB, after amortization of surplus values amounted to SEK 697 M (830). Hakon Invest's share of profits of the portfolio companies amounted to SEK 7 M (2), while operating loss in consolidated companies and the Parent Company together amounted to SEK 92 M (–64).

Net financial items amounted to SEK –449 M (214), of which change in the value of shares in Hemtex amounted to SEK –291 M and results from investment management to SEK –142 M (214). The comparative figure includes SEK 122 M which Hakon Invest received from the settlement fund set up in conjunction with the settlement in the class action against Royal Ahold in the U.S. Investment management generated a return of approximately –7% in 2008. In 2008 the SIX Portfolio Return Index fell 39% while OMRX T-bill rose 4%.

Positive income tax of SEK 7 M (344) is reported for the full year. The changed corporate tax in Sweden led to a negative one-time effect on the Group's deferred tax assets, which were adjusted downwards by SEK 11 M. At the same time a loss carryforward was capitalized which had a positive effect. The comparative figure for 2007 includes a positive effect on income tax of SEK 350 M relating to a tax deduction for losses on a shareholding attributable to previous years.

Profit for the year was SEK 170 M (1,326). Earnings per share amounted to SEK 1.17 (8.30).

Financial position

At December 31, 2008, the Group's cash and cash equivalents and the current value of short-term investments amounted to SEK 1,495 M compared with SEK 2,292 M at December 31, 2007. The decrease is primarily due to investments carried out as well as value adjustments of short-term investments. At year-end 2008 investments were allocated at 17% equities, 48% fixed-income securities, 24% hedge funds and 11% cash and cash equivalents.

The Hakon Invest Group's non-current financial liabilities amounted to SEK 39 M at year-end compared with SEK 73 M at December 31, 2007.

The equity/assets ratio at the end of the period was 94.9% compared with 94.4% at December 31, 2007.

Cash flow

Cash flow from operating activities amounted to SEK 468 M (633). The change is due to a decrease in operating profit compared with the previous year, when SEK 122 M was received from the settlement fund relating to Royal Ahold, as well as a lower change in current receivables. Dividend received from ICA AB amounted to SEK 434 M (383).

Cash flow from investing activities amounted to SEK –62 M (–204). Changes in short-term investments are included with SEK 417 M (301), and acquisition of shares in companies, mainly Hemtex, as well as investments and divestments of non-current assets are included with SEK –479 M (–505).

Cash and cash equivalents amounted to SEK 172 M compared with SEK 281 M at December 31, 2007.

Holdings

ICA

ICA AB is a joint venture of which Hakon Invest owns 40% and the Dutch company Royal Ahold owns 60%. Through the shareholder agreement between Hakon Invest and Royal Ahold, the owners have joint control of ICA AB, through a contractual requirement for unanimity for all decisions made by general meetings and the Board of Directors. The ICA Group is one of the Nordic region's largest retail companies with a focus on food, and has approximately 2,240 own and retailer-owned stores in Sweden, Norway, and the Baltic countries.

ICA AB is the Parent Company of the ICA Group. The Group includes ICA Sweden, ICA Norway and Rimi Baltic. ICA also offers financial services to its Swedish customers through ICA Bank.

ICA Group's financial performance

Consolidated net sales during the year amounted to SEK 90,963 M (82,326), an increase of 10.5%. Net sales in local currency increased by 9.6%.

Operating profit for the year amounted to SEK 2,117 M (2,602). Operating profit includes capital gains from property sales of SEK 332 M (620) and impairment of non-current assets of SEK –120 M (–24). Operating profit excluding these items amounted to SEK 1,905 M (2,006). During the year operating profit improved for ICA Sweden, Rimi Baltic and ICA Bank, while operating profit decreased for ICA Norway and ICA Group Functions.

ICA Sweden

ICA Sweden cooperates with independent retailers who own and operate their stores. Sales in the 1,369 Swedish ICA stores rose 7.0%. A total of 12 new stores were opened in 2008, while 25 stores were closed during the year.

ICA Sweden's net sales increased by 10.6%. Operating profit amounted to SEK 2,644 M (2,372). Operating profit includes capital gains from property sales and impairment of non-current assets of SEK 270 M (290). Operating profit excluding these items increased to SEK 2,374 M (2,082). Operating profit for ICA Sweden improved due to increased sales both in the stores and wholesale sales while operating profit was charged with less favorable earnings for non-food as well as some other costs, including severance pay.

ICA Norway

Store sales in Norway increased during 2008 by 1.5%. ICA Norway has 636 stores which are operated by the company or as franchise stores. Eleven new stores were opened during the year while 17 stores were closed or sold outside ICA.

ICA Norway's net sales increased by 6.3%, in local currency the increase was 4.9%. The sales increase was due to more franchise stores being taken into ICA Norway as well as higher sales in existing stores. Operating loss amounted to SEK 520 M (144). Operating loss includes capital gains from property sales and impairment of non-current assets of SEK 22 M (308). Operating result excluding these items decreased to SEK –542 M (–164). The operating result deteriorated due to a lower gross margin due to various price campaigns during the year, higher costs for the takeover of unprofitable franchise stores, and higher staff costs.

Rimi Baltic

In the three Baltic countries, Estonia, Latvia and Lithuania, Rimi Baltic is one of the leading and most modern food retail chains. During 2008, sales in the 233 stores increased by 13.2%.

Rimi Baltic's net sales increased by 17.9%, the increase in local currency was 13.3%. Operating profit amounted to SEK 182 M (92). Operating profit includes capital gains from property sales and impairment of non-current assets of SEK –80 M (–3). Operating profit excluding these items amounted to SEK 262 M (95). The largest portion of impairments for the year relate to undeveloped land in Latvia and Lithuania. Increased sales and improved gross margins improved operating profit.

ICA Bank

ICA Bank's revenues increased by 12.7%. The business volume increased by 11.1% since the start of the year. ICA Bank's operating profit increased to SEK 111 M (83). The improved earnings were due to higher commission revenues and improved net interest. The year included one-time revenue of SEK 17 M from the sale of shares in MasterCard. Operating profit was charged with higher IT costs and production and exchange of new debit cards.

ICA Group Functions

ICA Group Functions reports an operating loss of SEK 300 M (–89) for 2008. The lower earnings were mainly due to an adjustment of cost allocation within the Group, costs of a one-time bonus to employees in Sweden and increased pension costs. The adjusted cost allocation had a positive impact on operating profit for ICA Norway and ICA Sweden but a corresponding negative impact on operating profit for ICA Group Functions.

The ICA Group's net financial items amounted to SEK –323 M (–320). Tax expense amounted to SEK –66 M (–116). The tax expense for the year decreased by SEK 30 M due to deferred tax in Sweden being recomputed at the tax rate of 26.3% which applies from January 1, 2009.

Investments
ICA AB's investments in 2008 amounted to SEK 2,631 M (2,805).

Personnel
The Group had an average of 22,023 employees (20,081) during the year.

Forma Publishing Group
Hakon Invest's holding amounts to 100% of the capital and voting rights in Forma Publishing Group. Forma is the parent company of a group consisting of wholly and partly owned subsidiaries in Sweden, Finland, Estonia and Latvia. The group also includes associates in Sweden and Norway. The group's publishing operations include magazines, contract publishing and books. In 2008 Forma's revenues amounted to SEK 881 M (795). The increase is mainly a result of the operations acquired within books and contracting in 2007. Operating profit amounted to SEK 12 M (30). Integration of acquired operations, measures implemented in the Finnish operations and a less favorable book market contributed to the lower earnings than in the previous year.

Hemma
The white goods retail chain Hemma, in which Hakon Invest owns 89%, is one of Sweden's leading white goods retailers. Hemma reported revenues of SEK 303 M (368) in 2008. Operating loss amounted to SEK 51 M (–30). Lower sales, clearance of stocks at reduced prices and restructuring costs led to lower earnings for Hemma during 2008.

Other associates and joint ventures

Kjell & Company
Kjell & Company, in which Hakon Invest owns 50%, is one of Sweden's largest retailers for home electronic accessories. In 2008 revenues for Kjell & Company amounted to SEK 442 M (345). This represents an increase of 28%. Nine new stores were opened during the year and at year-end 2008 Kjell & Company had 38 stores in Sweden. Operating profit amounted to SEK 14 M (–4). A high rate of establishment for new stores during the year was charged against earnings.

Cervera
Cervera, in which Hakon Invest owns 81%, is a franchise chain within glassware, porcelain, cutlery, kitchen accessories and furnishings. At year-end 2008 the chain had 47 stores in Sweden. During the year, Cervera launched a new store concept which in a first stage was implemented in four stores. The concept is under development and implementation is planned in the whole chain during 2009. Cervera's revenues amounted to SEK 341 M (377) in 2008 and operating loss was SEK 23 M (–1).

inkClub
The online retail company inkClub, in which Hakon Invest owns 50%, sells ink cartridges and other printer accessories over the internet. Dammsugarpåsar.nu (vacuum cleaner bags) was acquired in 2008 and inkClub also extended its product range with batteries and photo accessories. inkClub's revenues for the period January – December 2008 amounted to SEK 394 M (364) and operating profit was SEK 53 M (45).

Hemtex
Hakon Invest acquired 12.1% of the shares in the listed company Hemtex in February 2008. Hakon Invest subsequently steadily increased its holding and at December 31, 2008, the holding in Hemtex amounted to 7,755,139 shares, corresponding to 26.4% of the capital and voting rights. For the period May – January in the split fiscal year 2008/2009, Hemtex reported revenues of SEK 1,118 M (1,284) and an operating profit of SEK 28 M (174).

Parent Company
The Parent Company's revenues amounted to SEK 0 M (0) in 2008. Operating loss amounted to SEK 52 M (–64). The financial result was SEK 1 M (612). The dividend from ICA AB amounted to SEK 434 M (383). A change in value of the shares in Hemtex affected the financial result by SEK –291 M (0), of which impairment accounted for SEK –174 M. Income tax of SEK –6 M (320) is reported for the period. The positive income tax in 2007 relates to a tax deduction for losses on the shareholding in the Dutch company Royal Ahold attributable to previous years. Loss for the year amounted to SEK 57 M (938).

Future outlook
Development of the retail sector during 2009 is difficult to predict. The economic downturn, which in some markets has became a clear recession, global financial anxiety and increased layoffs point to a considerably weaker, and even negative, development for the sector as a whole. Against this should be placed interest rate cuts, tax reductions decided earlier, and new fiscal policy measures designed to strengthen the labor market.

These factors combined, according to most analysts, will provide an increase in households' disposable income for 2009. Historically low consumer confidence will probably result, despite this, in most of this increase in income being used for increased savings and not for increased consumption.

An overall assessment for 2009 is that market conditions are tough and it will be difficult for the retail sector as a whole to achieve positive growth figures. A reasonable assumption is that the food retail sector will be able to show weak positive growth, while the value of the consumer durables sector will fall by a couple of percentage points.

Share information
Share capital in Hakon Invest amounts to SEK 402,293,590 distributed among 160,917,436 shares, each with a quota value of SEK 2.50. The number of C shares amounts to 82,067,892 and the number of common shares amounts to 78,624,244. Common shares and C shares carry the same voting rights, but different dividend entitlement. While common shares have an unlimited dividend entitlement, C shares do not carry entitlement to cash profit distribution, to the extent the Annual General Meeting decides on cash dividends. Such entitlement may include C shares in 2016 at the earliest. C shares carry entitlement to profit distribution through distribution in kind. All C shares are held by ICA-handlarnas Förbund, which is the majority owner of Hakon Invest with 67.4% of the shares of which C shares comprise 51 percentage points.

Hakon Invest's earnings per share are calculated based on profit after tax and an average number of shares during the period January – December 2008 of 160,713,190.

Purchase of treasury shares
In March 2008, 97,100 shares in Hakon Invest were repurchased, each with a quota value of SEK 2.50 to cover allocations under the 2007 bonus and option program. The shares were repurchased at a market price over the Nasdaq OMX Stockholm exchange. A total of SEK 13 M was paid for the shares. During 2007 the corresponding number of repurchased shares was 128,200. In total, Hakon Invest's holding of treasury shares, after repurchases, amounted to 225,300 common shares, corresponding to 0.1% of the share capital.

Other information

Principles for remuneration and other terms of employment for senior executives
The CEO and other senior executives in the company are subject to the guidelines approved by the 2008 Annual General Meeting. The company's remuneration for senior executives must be market-compliant, long-term and measurable and promote cohesion within

the Group. Improvements, primarily in earnings per share, will be rewarded and there must be a "ceiling" for variable remuneration. Total remuneration shall comprise the following components: basic salary, pension benefits, terms for termination and severance pay, bonus, options and other benefits. Hakon Invest's 2008 Annual General Meeting decided on a performance-based incentive program, consisting of a bonus and option program. The program includes the CEO, other members of Executive Management and certain key personnel. For 2008, a bonus became payable if earnings per share increased by 15% and a maximum payout was subject to an increase in earnings per share of 22%. In 2008 there was no payout from the bonus program.

The Board's proposal to the 2009 Annual General Meeting regarding guidelines for remuneration and other terms of employment for senior executives as well as a proposal for an incentive program for other employees

Ahead of the 2009 Annual General Meeting, the Board intends to propose a combined share matching and performance share-based incentive program for the company's CEO and other members of Executive Management instead of an option program as in previous years. As a result of the proposed incentive program the maximum bonus will be reduced compared with previous years. The Board's proposal for remuneration guidelines otherwise represents unchanged principles compared with previous years. Moreover, the Board intends to propose a combined share matching and performance share-based incentive program for other employees. In order to cover allocations in the proposed incentive programs, the Board proposes that they be authorized during the period until the 2010 Annual General Meeting on one or more occasions to acquire a maximum of 43,500 common shares in the company.

Environmental and HR issues

Hakon Invest's organization is small and the business is mainly conducted in an office environment which means that negative environmental impact is limited. Internal sustainability work is therefore focused on the employees' work environment. Guidelines for environmental work are stipulated in the working environment policy, as well as an equal opportunities and diversity policy. During 2008 Hakon Invest implemented a new strategy for sustainability issues, which is also used as a starting point in corporate governance in associates and portfolio companies. Employee welfare is a prioritized area for Hakon Invest. All employees are invited to participate in a keep-fit program and are able to exercise during working hours.

Risk management

Hakon Invest works with a number of basic principles for managing risks in different parts of its operations. This is regulated and managed via a formal work plan for the President and the Board. All investments are inherently uncertain and ahead of each investment Hakon Invest carries out a careful evaluation designed to identify and if possible reduce the risks that may be associated with the investment. The most comprehensive risk within Hakon Invests is the financial development of the individual portfolio companies, where a worst case scenario is the loss of Hakon Invest's entire investment in a company.

The holding in ICA AB constitutes a significant part of the company's assets and is therefore of particular importance for an assessment of Hakon Invest. Via ICA, Hakon Invest also has significant exposure to the Nordic and Baltic food retail sector. A less favorable business climate or political decisions, such as raised taxes, are factors that could have a negative impact on ICA's sales and earnings. Hakon Invest's financial policy stipulates how financial risks are to be managed and limited. The policy also provides a framework for management of financial assets. More information about Hakon Invest's risk management is provided in Note 2 on pages 70–71 of this audited annual report.

The Board of Directors' statement regarding dividends according to Chapter 18, Section 4 of the Swedish Companies Act (2005:551)

The Board of Directors of Hakon Invest proposes an ordinary dividend of SEK 5.00 (6.00) per common share. The dividend amounts to a total of SEK 393 M (472), which can be placed in relation to the Parent Company's loss after tax which amounted to SEK 57 M. The proposed dividend will reduce the Parent Company's equity/assets ratio from 98.9% to 92.3% and the Group's equity/assets ratio from 94.9% to 91.0%. The equity/assets ratio is therefore obviously adequate in both the short and the long term.

Hakon Invest's dividend policy states that at least 50% of the Parent Company's profit after tax should be distributed. The Parent Company's revenues mainly comprise the dividend from ICA AB as well as the result from investment management, including changes in value of the shares in Hemtex. It is the Board's opinion that the proposed dividend is defensible taking into account the requirements that the operations' nature, scope and risks make on consolidated equity and financial position.

Proposed disposition of profits

The following profits are at the disposal of the Annual General Meeting	(SEK 000s)
Retained earnings	2,753,709
Profit/loss for the year	–56,693
Total	2,697,016

The Board of Directors and the President propose that the profits be distributed as follows:	
to holders of common shares a dividend of SEK 5.00 per share	393,121
to be carried forward	2,303,895
Total	2,697,016

Consolidated income statement

SEK M	Note	2008	2007
Revenues	4	1,184	1,075
Cost of goods sold	5,7	–761	–664
Gross profit		423	411
Other operating income		17	29
Selling expenses	5,7	–326	–316
Administrative expenses	5,6,7	–206	–187
Other operating expenses		0	–1
Share of profit of companies accounted for using the equity method	8	704	832
Operating profit	4	612	768
Financial income	10	85	211
Financial expenses	11	–16	–41
Change in fair value of financial instruments	12	–518	44
Net financial items		–449	214
Profit before tax	4	163	982
Tax	13	7	344
Profit for the year	4	170	1,326
Profit for the year attributable to equity holders of the parent		187	1,334
Profit/loss for the year attributable to minority interests		–17	–8
Earnings per share before and after dilution, SEK	14		
Common share		1.17	8.30
C share		1.17	8.30

Consolidated balance sheet

ASSETS

SEK M	Note	Dec. 31, 2008	Dec. 31, 2007
Non-current assets			
Goodwill	15	304	279
Other intangible assets	15	129	119
Land and buildings	16	0	5
Equipment	17	32	33
Interests in companies accounted for using the equity method	8	7,306	7,016
Interests in associates recognized at fair value	9	113	–
Deferred tax assets	13	184	182
Other securities held as non-current assets	18	–	2
Total non-current assets		8,068	7,636
Current assets	18		
Inventories	19	158	180
Trade and other receivables	20	181	195
Receivables from group companies	21	0	1
Receivables from companies accounted for using the equity method	21	10	0
Tax assets		20	14
Other current receivables		60	28
Prepaid expenses	22	29	33
Short-term investments	23	1,323	2,011
Cash and cash equivalents	24	172	281
Total current assets		1,953	2,743
TOTAL ASSETS	4	10,021	10,379

EQUITY AND LIABILITIES

SEK M	Note	Dec. 31, 2008	Dec. 31, 2007
Equity	25		
Share capital		402	402
Other paid-in capital		2,778	2,776
Reserves	25	497	464
Retained earnings including profit for the year		5,838	6,154
Equity attributable to equity holders of the parent		9,515	9,796
Minority interests		0	0
Total equity		9,515	9,796
Non-current liabilities	18		
Provisions for pensions and similar commitments	26	139	123
Interest-bearing loan	28	39	74
Other non-current liabilities		13	13
Total non-current liabilities		191	210
Current liabilities	18		
Advance payments from customers		73	73
Trade and other payables	27	180	227
Tax liabilities		1	2
Liabilities to companies accounted for using the equity method	21	0	2
Interest-bearing loans	28	5	5
Other current liabilities		47	56
Deferred income		3	3
Current provisions	26	6	5
Total current liabilities		315	373
TOTAL EQUITY AND LIABILITIES		10,021	10,379
Pledged assets	29		
Contingent liabilities	29		

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent					
SEK M	Share capital	Other paid-in capital	Reserves	Retained earnings incl. profit for the year	Minority interests	Total equity
Opening equity, January 1, 2007	**402**	**2,773**	**140**	**5,335**	**0**	**8,650**
Change in fair value of derivatives	–	–	15	–	–	15
Exchange rate differences	–	–	309	–63	–	246
Total income and expenses recognized directly in equity	**0**	**0**	**324**	**–63**	**0**	**261**
Profit for the year	–	–	–	1,334	–8	1,326
Total recognized income and expenses for 2007	–	–	*324*	*1,271*	*–8*	*1,587*
Purchase of treasury shares	–	–	–	–18	–	–18
Acquisitions	–	–	–	–1	8	7
Other	–	3	–	–	–	3
Dividend	–	–	–	–433	–	–433
Equity at year-end December 31, 2007/ beginning of the year January 1, 2008	**402**	**2,776**	**464**	**6,154**	**0**	**9,796**
Change in fair value of derivatives	–	–	20	–	–	20
Exchange rate differences	–	–	13	–	–	13
Total income and expenses recognized directly in equity	*0*	*0*	*33*	*0*	*0*	*33*
Profit for the year	–	–	–	187	–17	170
Total recognized income and expenses for 2008	–	–	*33*	*187*	*–17*	*203*
Purchase of treasury shares	–	–	–	–13	–	–13
Acquisitions	–	–	–	–18	17	–1
Other	–	2	–	–	–	2
Dividend	–	–	–	–472	–	–472
Equity at year-end, December 31, 2008	**402**	**2,778**	**497**	**5,838**	**0**	**9,515**

Consolidated cash flow statement

SEK M	Note	2008	2007
Operating activities			
Profit before tax		163	982
Adjustment for non-cash items	30	–151	–853
		12	129
Dividends from companies accounted for using the equity method	8	451	383
Income tax paid		–5	33
Cash flow from operating activities before change in working capital		**458**	**545**
Change in working capital			
Inventories		25	–3
Current receivables		26	126
Current liabilities		–41	–35
Cash flow from operating activities		**468**	**633**
Investing activities			
Investments in non-current assets		–14	–1
Acquisition of subsidiaries	3	–32	–111
Acquisition of associates/joint ventures	3	–440	–431
Divestment of non-current assets		7	40
Change in short-term investments		417	299
Cash flow from investing activities		**–62**	**–204**
Financing activities			
Shareholder contribution		1	0
Purchase of treasury shares		–12	–16
Amortization of loans		–34	–49
Dividends paid		–472	–433
Cash flow from financing activities		**–517**	**–498**
Cash flow for the year		–111	–69
Cash and cash equivalents at beginning of the year		281	349
Exchange differences in cash and cash equivalents		2	1
Cash and cash equivalents at the end of the year	24	**172**	**281**

Information about interest paid

During the period, interest paid amounted to SEK 15 M (12)

During the period, interest received amounted to SEK 18 M (42)

Notes to the consolidated financial statements

Note 1 Accounting principles

Company's registered office, etc.

The company Hakon Invest AB conducts operations as a limited liability company and its registered office is in the municipality of Stockholm. Hakon Invest is a public company.

The address of the company's head office is Hakon Invest AB, Box 1508, SE-171 29 Solna, Sweden. The company's website is www.hakoninvest.se and its telephone number is +46 8 55 33 99 00. The corporate registration number is 556048-2837.

The consolidated financial statements will be presented to the Annual General Meeting for approval and were approved for publication according to a Board decision on March 12, 2009.

The company's operations are described in the Board of Directors' report.

Accounting principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) that have been adopted by the EU. The accounting principles described apply to the Hakon Invest Group, but several of the principles are only significant within ICA AB.

The Swedish Financial Reporting Board's recommendation RFR 1.1 Complementary Accounting Standards for Groups is also applied. All principles applied are unchanged compared with the previous year.

All amounts are in SEK millions (SEK M), unless otherwise indicated.

Some comparative figures for 2007 have been restated to allow comparison.

Changed accounting principles and disclosure requirements 2008

No new accounting principles have come into force that affect Hakon Invest AB.

Key assessments and assumptions

In applying the accounting principles, the Board of Directors and the President have to make a number of assessments and assumptions. Actual results may differ from these assessments and assumptions, which might affect the value of the recognized assets and liabilities. For Hakon Invest, this primarily involves the carrying amounts for goodwill and interests in companies accounted for using the equity method.

Basis of the financial statements

The consolidated financial statements are based on historical costs, except for derivative financial instruments and certain financial assets, which are measured at fair value. The carrying amounts of assets and liabilities recognized at amortized cost and hedged are adjusted for changes in the hedged values of the risks hedged.

Consolidated financial statements

The consolidated financial statements include the Parent Company, Hakon Invest AB, and its subsidiaries. A subsidiary is included in the consolidated financial statements from the date the Parent Company has control over the company and is no longer included from the date the Parent Company's control over the company ceases. Subsidiaries are reported in the consolidated financial statements according to the acquisition method.

The financial reports of the Parent Company and subsidiaries included in the consolidated financial statements refer to the same period and are prepared according to the accounting principles that apply for the Group. Uniform accounting principles are applied to all units included in the consolidated financial statements. This also applies to companies accounted for using the equity method.

All intra-Group receivables and liabilities, income and expenses, gains or losses arising from transactions between companies included in the consolidated financial statements are eliminated in their entirety.

Acquisition of minority

In the event of acquisition of additional minority interest, or if control is acquired, the entire difference between the purchase price and the carrying amount of the minority interest acquired is recognized directly in equity.

Investments in associates

An associate in an entity in which the Group has significant influence but not control. Holdings in associates are accounted for using the equity method or at fair value.

In accordance with IAS 28 paragraph 1, the holding in Hemtex AB is recognized at fair value in the consolidated financial statements. Change in value is recognized in the income statement as a financial item.

Use of the equity method means that investments in associates are recognized in the balance sheet at cost, with the addition of changes in the Group's share of the associate's net assets and minus any impairment and dividend. The income statement reflects the Group's share of associates' profit after tax. The Group's investments in associates include goodwill items treated in accordance with the accounting principles for goodwill stated below. Any impairment loss on reported investments in associates including goodwill is tested if there are indications of impairment.

Investments in joint ventures

A joint venture is a business enterprise undertaken by two or more partners whose cooperation is contractually regulated and where the contract gives the parties joint control of the enterprise.

ICA AB is operated as a joint venture between Hakon Invest and Royal Ahold N.V. In addition to ICA, the Group has joint ventures in Kjell & Co Elektronik AB, inkClub Development AB and Cervera AB. Hakon Invest reports joint ventures using the equity method and testing for impairment is carried out in the same manner as described above for associates.

Group companies

Group companies, with regard to the consolidated balance sheet, refer to the Parent Company and sister companies of Hakon Invest AB.

Translation of foreign currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and Group.

Transactions in foreign currency are reported in the accounts at their spot rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are reported in the balance sheet at the closing rate. Any exchange rate differences are reported over the income statement.

Income, expenses, assets and liabilities of operations with a functional currency other than SEK – i.e. normally, foreign subsidiaries – are translated into SEK. These assets and liabilities are reported in the consolidated balance sheet translated into SEK according to the closing rate. Income and expenses are reported in the consolidated income statement translated at the average exchange rate for the year. The exchange differences that arise in translation are recognized directly in equity. When such an operation is divested the accumulated exchange differences are recognized in the income statement together with the gain or loss on the divestment.

Property, plant and equipment

Property, plant and equipment are recognized at cost after deduction for accumulated depreciation and any impairment losses.

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life to an estimated residual value. The residual value and useful life are tested in conjunction with every period-end report and adjusted in the event of new assessments.

Carrying amounts of property, plant and equipment are tested when events or changed circumstances indicate that the carrying amount may not be recoverable. The test entails a comparison of the carrying amount with the higher of the asset's net selling price and its value in use. Value in use consists of the present value of the future net cash flow generated by the asset. If an individual asset does not generate a cash flow that is independent of other assets, the cash flow is calculated for a group of assets, a cash-generating unit. Present value is calculated according to a discount factor before tax that reflects the risks inherent with the asset. If the carrying amount exceeds the higher of the asset's net selling price and value in use, an impairment loss is recognized for the asset to the higher of these values. Impairments are reported in the income statement.

Goodwill and other intangible assets with an indefinite useful life

Goodwill represents the portion of the acquisition cost that exceeds the fair value of acquired net assets on the acquisition date. Net assets refer here to the difference between identifiable assets and liabilities in an acquired subsidiary, associate or joint venture. It is assumed that the useful life of goodwill is indefinite. Goodwill and other intangible assets with an indefinite useful life are not amortized.

The carrying amount of intangible assets that are not amortized is tested annually for impairment as well as any indication of impairment. Impairment losses are reported in the income statement.

The goodwill amount calculated at a company acquisition is attributed in conjunction with the acquisition to assets that generate a cash flow independent of other assets (cash-generating units). If the carrying amount of the cash-generating unit's assets exceeds the present value of the future cash flow or the selling price with deduction for selling costs, the carrying amount is impaired to the higher of the present value of these amounts. Present value is calculated according to a discount factor before tax that reflects the inherent risks in the asset.

Intangible assets with limited useful life

Intangible assets with a limited useful life are recognized in the balance sheet at cost with deduction for accumulated amortization. The cost of identifiable intangible assets acquired as part of a company acquisition consist of the assessed fair value at the acquisition date. Intangible assets with a limited useful life are amortized on a straight-line basis over the assessed useful life to an assessed residual value. The carrying amounts of the intangible assets are tested for impairment when events or changed circumstances indicate that the value may not be recoverable or if other impairment indications exist.

Development costs

Development costs are recognized as an expense as incurred, although expenditure for development attributable to a single project, such as an IT system, is recognized as an asset in the balance sheet when it is probable that the amount can be recovered in the future. The asset is amortized during the period in which it is used.

The carrying amount of development costs recognized as an asset in the balance sheet is tested annually for possible impairment, provided the asset has not yet gone into operation. Subsequently, the value is tested if events or changed circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial instruments are recognized in the balance sheet when the Group becomes a party to the contractual conditions of the instrument. Financial assets are derecognized from the balance sheet when the contractual rights to cash flows from the asset cease to exist. Financial liabilities are derecognized from the balance sheet when the commitment is fulfilled, annulled or ceases to exist.

Short-term investments and long-term securities holdings

Hakon Invest's short-term investments and other equities are recognized at fair value in the income statement, and management follows up the investments in this way.

All normal acquisitions of financial assets are reported in the balance sheet on the settlement date, i.e. the date on which the Group purchases the assets. All normal sales of financial assets are reported on the settlement date, i.e. the date the asset is delivered to the counterparty. Normal acquisitions or sales refer to acquisition or sales of financial assets that require that the assets are delivered within the timeframe customarily imposed by law or market convention.

In order to determine a fair value for financial assets and liabilities official market listings are used for the assets and liabilities that are traded in an active market. For investments that are actively traded in the market, the fair value is determined when the market closes on the balance sheet date. For investments that do not have a market listing, the fair value is determined as the actual market price for another instrument that is essentially similar or at an amount calculated on the basis of anticipated cash flows. At year-end all investments were measured at market value.

Classification of financial instruments is provided in Note 18.

Derivatives pertaining to financial instruments

The Group uses derivatives of financial instruments such as currency forward contracts and interest swaps to a limited extent to reduce the risks involved in interest and exchange rate fluctuations. These derivatives are reported at fair value. Official quotations on the balance sheet date are used when determining fair value of derivatives. Hakon Invest had no derivatives at year-end 2008 and 2007.

Inventories

Inventories are valued at the lower of cost and net selling price. The net selling price corresponds to the estimated selling price under normal circumstances, less estimated manufacturing and selling costs.

Trade and other receivables

Receivables are reported in the amounts at which they are expected to be received. Trade receivables, for which payment is normally due after 10–90 days, are initially reported at the invoiced amount. An assessment of doubtful debts is made when it is no longer probable that the full amount will be received.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, as well as short-term investments with an original maturity of not more than three months.

Interest-bearing loans

All loans are initially reported at cost, which corresponds to the fair value of the amount received, less expenses related to the borrowing.

The loan debt is subsequently reported at amortized cost, implying that the value is adjusted for any discounts or premiums in connection with the loan and that costs in connection with the procurement of the loan are distributed over the term of the loan. The distribution over time is calculated on the basis of the effective interest of the loan.

Gains and losses that arise when a loan is redeemed are recognized in the income statement.

Provisions

Provisions are reported in the balance sheet when the Group has a contractual or constructive obligation as the result of events that have

Note 1, cont.

occurred and it is probable that payments will be required to fulfill the obligation and the amount can be calculated in a reliable manner. If it is probable that reimbursement will be received corresponding to the provision made, for example through an insurance contract, the reimbursement is recognized as an asset in the balance sheet. The value of the provision is determined by a present value calculation of anticipated future cash flow and the gradual increase in the allocated amount as a result of the present value calculation is recognized as an interest expense in the income statement.

Pensions and other post-retirement benefits

Pension commitments are classified as defined contribution or defined benefit plans. The present value of defined benefit obligations for current or former employees is calculated on the basis of actuarial assumptions at least once a year. Actuarial assumptions comprise the company's best assessment of the different variables that determine the cost of providing the benefits. Since actuarial assumptions are used, actuarial gains and losses arise. These may be caused by a high or low employee turnover, salary changes and changes in the discount rate. Hakon Invest recognizes actuarial gains and losses directly in profit or loss as they arise. The company's responsibility for the defined contribution plans is limited to paying premiums to an insurance company, which means premiums paid are recognized as an expense.

Leasing

Leases are classified in the Group as either operating or finance leases. Finance leases are leases where essentially all economic risks and rewards incidental to ownership are transferred from the lessor to the lessee. All other leases are operating leases.

Sale and leaseback

When ICA sells a property that is then leased back an overall assessment is made of who bears the essential risks and rewards in the property and whether the ICA Group still has a significant interest in the sold property. A significant interest exists, for example, if the leased back property is rented out to an independent ICA retailer.

If the assessment is that the essential risks and rewards taken as a whole remain in the Group, no income is recognized from the sale on the transaction date, and not until these risks and rewards are transferred to the purchaser at a later date.

If the risks and rewards remain in the ICA Group, alternatively the ICA Group has a continued interest in the property, the property is recognized in the balance sheet as if no sale had taken place and depreciation continues on the basis of assessed useful life. The purchase price received from the sale is regarded as a loan and recognized as a liability. Any lease payments made are allocated between interest expense and amortization of the debt. The property and the liability are derecognized from ICA's balance sheet when the commitment ceases. This may occur, for example, when the operations of an independent ICA retailer are acquired by ICA or if the store is closed.

In cases where ICA has retained a commitment as only part of a property is leased to an independent ICA retailer, only this portion continues to be recognized in the balance sheet. The portion of the property that is not sublet is considered to have been sold.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation attributable to past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision since it is not probable that an outflow of resources will be required or the amount of the obligation cannot be estimated in a sufficiently reliable manner. Disclosure is made provided the probability of an outflow of resources is not extremely small.

Revenue

Revenue is recognized to the extent to which the financial rewards are likely to accrue to the Group and revenue can be estimated in a reliable manner.

Sale of goods

Revenue is recognized when the significant risks and rewards associated with ownership of the goods are transferred to the purchaser and when the revenue can be estimated in a reliable manner.

Other income

Other income primarily consists of income from contract magazine operations, subscription income for publications and income from various forms of consulting services. Other income in ICA includes royalties, franchise fees, income from various forms of consulting services to ICA retailers and bonuses from suppliers. Other income is recognized when it is earned.

Interest

Interest income is reported as it is earned. Interest income is calculated on the basis of the return on the underlying asset, according to the effective interest rate.

Dividends

Dividend income is reported in the income statement when the right to receive the payment is established.

Rental income

Rental income from investment properties is reported straight-line over the term of the lease.

Tax

Tax in the Group consists of current and deferred tax.

Hakon Invest's current tax consists of those taxes to be paid or received for the current year. It refers to the Parent Company, Hemmabutikerna i Sverige Utveckling AB, with operations in Sweden only, and to Forma Publishing Group, with operations in Sweden, Finland, Estonia and Latvia. The current tax rate in Sweden is 28%, in Finland 26%, in Estonia 0% and in Latvia 15%.

Deferred tax is reported in accordance with the balance-sheet method. This implies that deferred taxes are calculated as per the balance sheet date – that is, the difference between the tax base of the assets or the liabilities on the one hand and the values reported in the consolidated balance sheet on the other.

Deferred tax liabilities are recognized in the balance sheet for all temporary differences except when they are related to goodwill or an asset or liability in a transaction that is not a company acquisition and which, at the date of the transaction, affected neither the reported nor taxable profit or loss during the period. In addition, temporary differences that are attributable to investments in subsidiaries, associates and interests in joint ventures are only taken into account to the extent it is probable that the temporary differences can be reversed in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unutilized loss carry forwards to the extent it is probable that future taxable profits will be available and against which the temporary differences or unutilized loss carry forwards can be utilized. The carrying amounts of deferred tax assets are tested on each balance sheet date and reduced to the extent it is not longer probable that a sufficiently large taxable profit will be available to utilize all or parts of the deferred tax assets.

Deferred tax assets and tax liabilities are calculated on the basis of tax rates (and tax legislation) that prevail or prevail in practice on the balance sheet date.

New accounting standards

New IFRS amendments or interpretations that have been published but not yet come into effect are not applied. The new accounting rules that are assessed as possibly affecting Hakon Invest's accounts in 2009 are IFRIC 13 Customer Loyalty Programmes. The assessment is that application of IFRIC 13 from 2009 will not affect the financial statements to any material extent. IFRS 8 Operating Segments which is effective from 2009 onwards will not affect the current segment allocation. The changes relate to disclosure requirements and presentation of equity and earnings, among other things.

Note 2 Risks

Hakon Invest's operations are exposed to a number of risks which are measured and followed up continuously. One key part of this work is to minimize risks through preventive measures. The most important risks and how Hakon Invest works to manage and prevent them are described below.

Risks in asset management

Hakon Invest's assets under management at year-end 2008 amounted to SEK 1,465 M. Carlson Investment Management handles most of asset management. The other assets under management comprise Ahold shares, hedge/investment funds and cash and balance balances.

The financial and investment management policy provides a framework for how financial risks are managed, both in the day-to-day operations and in asset management. The policy is adopted annually by the Board and compliance is monitored by the Audit Committee. Work based on the policy is ongoing with a quarterly more in-depth follow-up and measurement of risks. During 2008 the financial and investment management policy was revised in order to adapt the policy to changes in operations and the business environment.

Currency risk

Currency risk comprises the risks that arise in conjunction with transactions made in foreign currency and when assets and liabilities are held in foreign currency.

Hakon Invest's financial and investment management policy stipulates that speculative position-taking designed to create revenue from exchange rate fluctuations may not take place. Foreign currency flows are not normally hedged but Hakon Invest can decide to make an exception. In cases where Hakon Invest holds net assets or liabilities in foreign currency these should be hedged if they comprise more than 2% of consolidated equity.

According to the financial and investment management policy, no hedging needs to be effected within management of assets in foreign currency. Hakon Invest has chosen to accept the earnings impact that might arise from these currency fluctuations. At year-end 2008, Hakon Invest's exposure to foreign currency amounted to EUR 7.1 M through shareholdings (Ahold), which corresponded to 5% of equity. An exchange rate fluctuation of 10% against EUR would affect Hakon Invest's earnings by approximately SEK 7 M.

Interest rate risk

Borrowing which is interest-bearing contains an inherent interest rate risk since changes in interest rates affect the company's interest expenses.

According to Hakon Invest's policy the average fixed-interest term may not exceed 12 months in the loan portfolio and individual fixed-interest terms may not exceed five years. Interest rate risk, the cost of a 1 percentage point change in interest rates, may amount to a maximum of 20% of consolidated profit for the year before tax, based on results in the immediately preceding 12 months.

At year-end 2008, Hakon Invest's Parent Company had no interest-bearing financial liabilities and the Group had only SEK 39 M in liabilities in Hemma. A 1% change in interest rate would have no effect on the Hakon Invest Parent Company's earnings and a very marginal impact on consolidated earnings.

In investment management the portfolio's fixed-income securities, both directly owned and owned via fixed-income funds, have an average duration of a maximum of 5 years. At year-end 2008 the duration was 2.6 years and it was also clearly below 5 years during the year. This means that if the yield curve should rise (fall) parallel with 1 percentage point, the value would fall (rise) by 2.6% (SEK 19 M).

Liquidity risk

Liquidity risk is the risk of being unable to meet payment commitments on the due date without the cost of obtaining means of payment increasing significantly. For a financial instrument the liquidity risk means that the asset cannot immediately be converted into cash without losing value. Hakon Invest's policy stipulates that cash and unutilized credit facilities must be available to guarantee a good payment capacity. At year-end 2008, payment capacity was good and most of the short-term investments could be released within three days. In August 2008 the Board set the company's debt limit at 70%. At year-end 2008, the debt/equity ratio was 5.1%.

Credit risk

Credit risk means that counterparties fail to meet their obligations and the risk that pledged collateral does not cover the debt. Hakon Invest's financial and investment management policy stipulates that a counterparty in financial transactions must have a credit rating of BBB/Baa from Standard & Poor's and Moody's respectively.

In asset management limits apply to the portfolio as shown below, where percentages relate to proportion of the total market value of the portfolio.

Issuer category	Issuer/ security[1]	Max. share of portfolio per issuer category, %	Max. share of the portfolio per issuer %
1.	Swedish government or securities guaranteed by the Swedish government; securities with AAA / Aaa ratings	100	100
2.	Swedish housing finance institutions	70	30
3.	Swedish municipalities and county councils; with AA / Aa rating	50	20
4.	Securities with A / A rating	40	10
5.	Securities with BBB / Baa rating	30	10

1) Rating from rating institutes Standard & Poor's and Moody's respectively. Where appropriate, Issuer/security should be credit-rated by at least one of these institutes. In the event of a split rating, the lower rating shall apply.

Approved counterparties for transactions with the portfolio's assets are Swedish banks, securities institutions or other financial institutions that have the Swedish Financial Supervisory Authority's permission to conduct trading in financial instruments or currencies.

Share price risk

Share price risk is the risk that the value of a financial instrument will fluctuate due to changes in share prices.

The target for Hakon Invest's investment management is to achieve a return that corresponds to the change in the consumer price index (CPI) plus 4 percentage points. In order to achieve this target over time, the assessment is that Hakon Invest needs to have, based on the historical return in the financial markets, an equities portion of approximately 50% in the portfolio provided the Riksbank keeps inflation around its target of 2%. During 2008 the equities portion in the investment management portfolio was considerably lower, 17% at year-end, due to the fact that Hakon Invest reduced the risk inherent in the major fluctuations in the financial markets.

The market value of directly-owned equities, bonds and other financial instruments attributable to an individual issuer may comprise a maximum of 10% of the portfolio's total market value. An exception applies to the Swedish government or securities guaranteed by the Swedish government, a Swedish housing finance institution and Swedish municipalities and county councils.

Of the portfolio's investments in Swedish and foreign equities, depository receipts and share-related instruments, at least 90% must be listed. At year-end 2008 all own investments in securities were in listed companies or registered funds.

Risks related to holdings and investments

Stock market trends and interest rates

A negative stock market trend could impact the assessment of the value of both Hakon Invest's listed shareholdings as well as Hakon Invest's unlisted holdings. Interest rates are another factor that could impact the assessed value of the holdings. The interest-rate situation also impacts the cost of loan financing.

Decline in value of the asset management portfolio and shareholdings

For the asset management portfolio and shareholding in Ahold that, combined, amounted to SEK 1,465 M as of December 31, 2008, adjustments of the book values are made on the basis of changes in share prices and exchange rates, which could have a negative impact on Hakon Invest.

Factors related to holdings

Hakon Invest's earnings are affected significantly by its interest in the earnings of the holdings. Accordingly, factors that could have a negative impact on the holding's operations, financial position and earnings could have a less than insignificant impact on Hakon Invest.

The future development of the unlisted holdings in associates and joint ventures and/or changes in external factors could affect the assessment of the value of these holdings and, accordingly, in the case an assessment results in an estimation of a reduced value, require an impairment of book values.

Note 3 Acquired operations

Acquired operations 2008

Subsidiaries

In June, Hakon Invest's wholly owned subsidiary Forma acquired Tidningsförlaget 11097 A, which publishes the magazine Leva. The magazine focuses on areas such as personal development, health and relationships. 100% of the shares were acquired for SEK 5 M including acquisition costs. In addition, there is a conditional earn-out payment of a maximum of SEK 3 M. The entire surplus value is allocated to goodwill. In September, Forma acquired Hälsa & Helhet and Energica Förlag. These acquisitions give Forma access to the magazine Hälsa, the Vitalis book club, and book publishing within Energica Förlag. The purchase price for 100% of the shares in Hälsa & Helhet amounted to SEK 24 M, including acquisition costs. Surplus value is allocated to brands, customer relations and goodwill. The purchase price for 100% of the shares in Energica Förlag amounted to SEK 1 M, including acquisition costs. Surplus value is allocated to goodwill.

In December, Hakon Invest's wholly owned subsidiary Hemmabutikerna Intressenter AB invested an additional SEK 45 M in Hemmabutikerna AB by subscribing for newly issued shares. As a result, the holding rose from 61% to 89% of the capital and voting rights.

The assets and liabilities included in the acquisition of Forma Tidningsförlaget 11097 A, Hälsa & Helhet and Energica Förlag are as follows:

	Carrying amount in acquired company [1]	Value according to purchase price allocation
Brands		10
Customer relations		4
Goodwill from net assets	1	1
Property, plant and equipment	0	0
Financial assets		
Inventories	3	3
Current receivables	2	2
Prepaid expenses and accrued revenues	1	1
Cash and bank balances	3	3
Provisions		
Deferred tax liabilities	0	–4
Non-current liabilities	–2	–1
Current liabilities	–7	–8
Acquired identifiable net assets	1	11
Less minority		
Share in profits during the period	0	0
Goodwill		19
Purchase price for shares in subsidiary		29
Acquisition costs		1
Total acquisition cost		30
Total acquisition cost for acquisitions during the year		30
Cash and cash equivalents in acquired subsidiary		2
Change in cash and cash equivalents from acquisitions for the year		32

1) Recognized in the company applying Hakon Invest's principles.

The table below shows how companies acquired during the period would have affected Hakon Invest's sales and earnings if they had been acquired at January 1, 2008.

	Hakon Invest Group	Acquired companies before the acquisition date	Hakon Invest Group pro forma
Net sales	9	24	33
Profit/loss for the period	–1	0	–1

Acquired operations 2007

Subsidiaries

In April 2007, Hakon Invest's wholly owned subsidiary Hemmabutikerna Intressenter AB became the majority shareholder in Hemmabutikerna i Sverige Utveckling AB (HUAB) through acquisition of an additional approximately 9% of existing shares for SEK 14 M. This increased the holding to approximately 59% of the capital and voting rights in Hemma. Goodwill in conjunction with the acquisition comprises synergy effects including economies of scale within purchasing and logistics. In August, an additional 1% of the shares in Hemma were acquired for SEK 1 M. Hemmabutikerna Intressenter thus owns 59.9% of the shares.

In 2007, Hakon Invest's wholly owned subsidiary Forma acquired Damm Förlag AB. Damm Förlag publishes fiction and non-fiction for children, young people and adults. 100% of the shares in the company were acquired for SEK 8 M including acquisition costs. Goodwill in conjunction with the acquisition of Damm Förlag mainly comprises synergies relating to reduced distribution costs and revenue synergies.

Forma also acquired 88% of the shares in OTW (Off The Wall AB). Forma previously owned 12% of the share capital, which means that Forma now holds 100% of the shares in OTW. OTW is the market leader in editorial communication in Sweden. The 88% shareholding was acquired for SEK 100 M including acquisition costs. The goodwill value mainly includes synergies within personnel and organization. The assets and liabilities included in the acquisition are as follows:

	HUAB		Damm		OTW	
	Carrying amount in acquired company 1)	Value according to purchase price allocation	Carrying amount in acquired company 1)	Value according to purchase price allocation	Carrying amount in acquired company 1)	Value according to purchase price allocation
Brands	42	42		6		32
Customer relations						6
Order book						1
Property, plant and equipment	25	25			2	2
Financial assets	2	2				
Inventories	91	91	32	32		
Current receivables	26	26	30	30	15	15
Prepaid expenses and accrued revenues	51	51	2	2	1	1
Cash and bank balances	6	6			5	5
Provisions			–7	–7		
Deferred tax liabilities	–22	–22	6	4	–3	–14
Non-current liabilities	–90	–90	–38	–38		
Current liabilities	–110	–110	–27	–27	–18	–18
Acquired identifiable net assets	21	21	–2	2	2	30
Less minority		–9				
Share in profits during period		4				
Goodwill		89		6		83
Purchase price for shares in subsidiary		103		7		112
Acquisition costs		2		1		1
Total acquisition cost		105		8		113
Total acquisition cost for acquisitions during the year		14		8		100
Cash and cash equivalents in acquired subsidiary		–6		0		–5
Change in cash and cash equivalents at acquistions for the year		8		8		95

1) Recognized in the company applying Hakon Invest's principles.

The table below shows how companies acquired during the period would have affected Hakon Invest's sales and earnings if they had been acquired at January 1, 2007.

SEK M	Hakon Invest Group	Acquired companies before the acquisition date	Hakon Invest Group pro forma
Net sales	1,075	160	1,235
Profit for the period	1,326	–14	1,312

Associates and joint ventures

In 2007, Hakon Invest's wholly owned subsidiary inkClub Intressenter AB acquired 50% of the shares in the online retail company inkClub Development AB.

The table below shows a summary of the purchase price allocation (PPA).

	inkClub
Purchase price for shares in associates and joint ventures	428
Acquisition costs	3
Total acquisition cost	431
Hakon Invest's share of identified acquired assets:	
Non-current assets	229
Current assets	89
Current liabilities	–21
Hakon Invest's share of identified acquired assets:	297
Goodwill	134
Shares in earnings of companies reported in accordance with the equity method	431

Note 4 Segment information

Hakon Invest has two segments: publishing operations and white goods operations.

Internal accounting and follow-up is based on business segments which are the primary format for segment accounting, while the secondary format is geographical. Additional to this are holdings in associates, joint ventures and asset management.

The risks and opportunities facing the joint venture ICA AB have been identified in the following business segments: ICA Sweden, ICA Norway, ICA Rimi Baltic and ICA Bank. The first three refer to retail operations in each geographic area. ICA Bank conducts banking operations.

	Publishing operations		White goods operations		Other incl. eliminations		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
External revenues	881	795	303	280	–	–	1,184	1,075
Operating profit/loss	12	30	–51	–29	651	767	612	768
Profit/loss after financial items	1	23	–57	–32	219	991	163	982
Profit/loss for the period	0	17	–44	–21	214	1,330	170	1,326
Assets	597	600	297	346	9,127	9,433	10,021	10,379
Liabilities	475	462	152	203	–121	–82	506	583
Investments	45	105	0	0	441	441	486	546
Depreciation	13	13	3	3	–	–	16	16

The publishing and white goods operations are divided into secondary segments as set out below:

	Sweden	Finland and Baltic countries	Sweden	Finland and Baltic countries
	2008		2007	
External revenues	1,028	156	912	163
Operating profit/loss	–29	–10	–4	5
Profit/loss after financial items	–47	–9	–13	4
Profit/loss for the period	–37	–7	–10	6
Assets	855	39	899	47
Liabilities	596	31	633	32
Investments	40	5	104	1
Depreciation	14	2	15	1

Note 5 Depreciation

	Dec. 31, 2008	Dec. 31, 2007
Cost of goods sold	13	15
Administrative expenses	3	–
Total	16	15

Depreciation refers mainly to equipment but also includes rebuilding, buildings and vehicles. The following depreciation schedules are applied within the Group:

Buildings and service facilities	20–50 years
Land improvements	20 years
Computer equipment	3 years
Equipment, other	3–10 years
Other intangible assets	5–10 years

Note 6 Fees to auditors

	2008	2007
Ernst & Young, audit assignments	3	3
Ernst & Young, other assignments	0	0
Total	3	3

Other assignments mainly relate to consultancy in conjunction with acquisitions.

Note 7 Average number of employees, salaries, other remuneration and social security contributions

Average number of employees is calculated on the basis of normal working hours in the Group of 1,800 hours.

Average number of employees in the Group	**2008**	2007
Sweden		
Women	256	245
Men	260	248
	516	493
Finland		
Women	42	45
Men	15	13
	57	58
Estonia		
Women	20	21
Men	1	1
	21	22
Latvia		
Women	10	9
Men	1	2
	11	11
Women, total	328	320
Men, Total	277	264
Average number of employees, total	605	584

Salaries and remuneration amounted to (SEK M):		
Board of Directors and Presidents		
Sweden	13	15
Finland, Estonia, Latvia	2	2
	15	17
Other employees		
Sweden	209	181
Finland, Estonia, Latvia	29	28
	238	209
Total salaries and remuneration in the Group	253	226
Social security contributions, statutory and contractual	78	70
Pension costs	55	39
Total social security contributions and pension costs	133	109
Total salaries, remuneration, social security contributions and pension costs	386	335

Remuneration to senior executives

The Chairman of the Board and Board members are paid fees determined by a decision of the Annual General Meeting. Fees to Board members are reported in thousands of kronor (SEK 000s).

Fees to Parent Company's Board members 2008

2008, SEK 000s[1]	Board fee	Committee work	Total fee
Lars Otterbeck	525	75	600
Anders Fredriksson	315	50	365
Cecilia Daun Wennborg	210	50	260
Jan Olofsson	210	25	235
Jan-Olle Folkesson	210	25	235
Magnus Moberg	110	13	123
Olof Nyberg	100	12	112
Thomas Strindeborn	210	0	210
	1,890	250	2,140

1) Remuneration excluding social security contributions.

Remuneration to the President and other senior executives consists of a basic salary, other benefits and remuneration, and pension. Other senior executives refers to the individuals who, with the President, form Executive Management. The Company's Remuneration Committee determines compensation and other terms of employment for Executive Management. Remuneration to senior executives is specified in thousands of kronor (SEK 000s.).

2008, SEK 000s[1]	Basic annual salary	Benefits	Pension cost	Bonus/ incentive	Total
President[2]	1,235	178	2,828	0	4,241
Other senior executives[3]	6,228	597	2,213	0	9,038
	7,463	775	5,041	0	13,279

1) Remuneration excluding social security contributions.
2) Total remuneration package of SEK 5.2 M includes vacation, social security contributions, pension costs and other costs in the form of company car, etc.
3) Other senior executives in 2008 comprised 4 people, all of whom are men.

For more information about the incentive program, see below.

A total remuneration package of SEK 5.2 M has been agreed with the President. The package includes vacation pay, social security contributions, pension costs and other costs in the form of company car, etc. The President can make free use of the package in a manner that is cost neutral for the company. The notice period is six months, during which time the total remuneration package is available at 1/12 per month. The President is not entitled to any severance pay. The company and the President are both entitled to require the President to retire at the age of 65. Within the total remuneration package described above, the President decides the size of the pension provisions to be made.

Period of notice and severance pay for other senior executives

Between the Company and other senior executives of the Hakon Invest Group, termination of employment is subject to a mutual notice period of six months. Moreover, if the termination of employment is triggered by the Company, the other senior executives are entitled to severance pay of 18 monthly salaries under certain circumstances. Severance pay is not deductible against other income. When giving their notice, other senior executives are, under certain circumstances, entitled to compensation for a non-competition clause that applies for six months following termination of employment. Compensation is limited to a maximum of 60% of the basic cash salary and applies only during the period the non-competition clause applies.

Pension benefits for other senior executives

Other senior executives have a defined contribution pension plan according to which the company pays 35% of pensionable salary, although a maximum of ten price base amounts per year. Pensionable salary is calculated according to the ITP Plan's rules. In addition, other senior executives are entitled to retire at 62. In the event of retirement at 62 pension comprises 75% of the senior executive's salary immediately prior to retirement for the period until normal retirement age. Pension for the period after normal retirement age will be paid in the same amount as if the senior executive had continued to work until 65. Pension benefits are vested, i.e. not dependent on future employment.

Basic principles for remuneration to new senior executives

Changed basic principles for forms of remuneration to apply to senior executives were adopted at 2006 Annual General Meeting. These principles apply to new employment of senior executives. Total remuneration will comprise basic salary, pension benefits, termination and severance pay terms, bonus, options and other conditions. Basic salary will be market compliant. Pension terms mean that a defined contribution pension plan will be applied for senior executives. This plan means that a maximum of 35% of pensionable salary may pertain to pension premiums which will be paid until normal retirement at 65. A mutual notice period of six (6) months will apply. Severance pay will be up to 18 months basic cash salary if employment is terminated by the company planned will be deduction based. If employment is terminated by the senior executive, the company shall, if the company chooses to impose an in some cases agreed non-competition clause, provide compensation during the period this clause applies in a maximum amount of 60% of basic salary. Severance pay and remuneration while a non-competition clause is in force, will not be pensionable.

Note 7, cont.

Incentive program

Management and some key employees

The President, other members of Executive Management and some key employees are covered by an annual performance-related incentive program consisting of bonus and options. The amount of the bonus is maximized to correspond to nine monthly salaries for the President, six monthly salaries for members of Executive Management, and three monthly salaries for other eligible people. For 2008, no bonus was payable under this program.

At least 50% of the bonus must be reinvested in call options within the framework of the company's option program. In addition, some employees in special circumstances may be covered by entitlement to a performance-based bonus limited to a certain proportion of basic annual salary, corresponding to a maximum of two monthly salaries.

Stock options 2007

The number of purchased stock options based on 2007 bonus is 97,100.

Personnel costs booked in income statement 2007 relating to reinvestment in stock options	SEK 1,697,254

In calculating the price of the call options, the Black & Scholes model was used and was based on the following assumptions:

Share price[1]	SEK 117.70
Exercise price	SEK 129.00
Option price	SEK 13.20
Options term	3 years
Risk-free interest	3.79%

1) Value of shares, based on volume-weighted average price paid during the period February 25–27, 2008.

Assumed dividend for fiscal year:

2007	SEK 6.00
2008	SEK 6.75
2009	SEK 7.50
Volatility	28%

Stock options 2006

The number purchased stock options based on 2006 bonus is 128,200.

Personnel costs booked in income statement 2006 related to reinvestment in stock options	SEK 2,936,890

In calculating the price of the call options, the Black & Scholes model was used and was based on the following assumptions:

Share price[1]	SEK 148.79
Exercise price	SEK 164.00
Option price	SEK 17.30
Options term	3 years
Risk-free interest	3.76%

1) Value of shares, based on volume-weighted average price paid during the period February 22–28, 2007.

Assumed dividend for fiscal year:

2006	SEK 5.50
2007	SEK 6.30
2008	SEK 6.50
Volatility	25%

This assessment is based on theoretical calculations of the value of the call options. In assessment of the future volatility of Hakon Invest's shares, historic volatility in comparable companies was taken into account.

All employees

ICA-handlarnas Förbund implemented an incentive program aimed at all employees in the Parent Company Hakon Invest AB in December 2005, following the listing. The incentive program included an offer to acquire call options with the right to purchase common shares in Hakon Invest. Each call option carried entitlement to purchase one common share during the period July 1, 2008–December 31, 2008 at an exercise price corresponding to 110% of the average market price for shares in Hakon Invest during a period of five trading days, beginning six trading days after the listing through the tenth trading day following the listing ("measurement period"). The financial consequences of the call options was limited by a ceiling, requiring that if the share price at exercise exceeds 200% of the share price during the measurement period ("ceiling"), then the option holder would only receive half of the value increase above that ceiling. ICA-handlarnas Förbund subsidized the offer in its entirety and ultimately bore the costs of the program. The fair value of services received from employees in exchange for the allocated options was measured on the basis of the fair value of the allocated options. When the program expired on December 31, 2008, the program was renewed in the same terms. The exercise period is September 1, 2010 through March 31, 2011.

Stock options allocated in 2008:

Number of gross subsidized options[1]	65,000
Number of net subsidized options[2]	5,000
Personnel costs recognized in the income statement, 2008	SEK 859,441

In calculating the price of the call options, the Black & Scholes model was used and was based on the following assumptions:

Share price[3]	SEK 82.80
Exercise price	SEK 97.50
Option price	SEK 5.90
Options term	2.25 years
Risk-free interest	1.89%

1) Gross subsidy means that employees pay the tax on the benefit value.
2) Net subsidy means that the full value of the call option plus an amount which, after tax, corresponds to the income tax that arose from both the acquisition of the call option and remuneration for taxes, is paid to the employee.
3) Value of shares, based on volume-weighted average price paid during the period December 9–15, 2008

Assumed dividend for fiscal year:

2008	SEK 5.00
2009	SEK 5.00
2010	SEK 5.00
Volatility	28%

This assessment is based on theoretical calculations of the value of the call options. In assessment the future volatility of Hakon Invest's shares, historic volatility in comparable companies was taken into account.

Note 8 Interests in companies accounted for using the equity method

	Dec. 31, 2008	Dec. 31, 2007
Opening balance	7,016	5,962
Changes for the year		
– Acquisitions	5	431
– Dividends	–451	–383
– Sales[1]	–	–87
– Profit from interests accounted for using the equity method	704	832
– Items recognized directly in equity	32	261
Total	7,306	7,016

	Number	Share, %	Book value **Dec. 31, 2008** SEK M	Book value Dec. 31, 2007 SEK M	Share of profit **2008** SEK M	Share of profit 2007 SEK M
The Group						
ICA AB	2,000,000	40.0	6,673	6,379	697	830
Bra Förlag AB	250	50.0	7	6	1	1
Trade Press AS	40	40.0	10	9	1	1
Kjell & Co Elektronik AB	5,600	50.0	108	104	4	–2
Hemmabutikerna i Sverige Utveckling AB[1)]	881,000	49.9	–	–	–	–1
Cervera AB	9,571,990	47.9	80	84	–9	–1
inkClub Development AB	50,000	50.0	428	434	10	4
Total			7,306	7,016	704	832

The ownership interest above indicates the share of voting rights, which matches share of equity in every case.

	Corporate reg. no.	Reg. office
ICA AB	556582-1559	Stockholm
Bra Förlag AB	556424-7921	Stockholm
Trade Press AS	966 705 086	Oslo
Kjell & Co Elektronik AB	556400-5378	Malmö
Hemmabutikerna i Sverige Utveckling AB	556695-8673	Solna
Cervera AB	556701-1209	Stockholm
inkClub Development AB	556712-3772	Uppsala

1) Information relating to Hemmabutikerna i Sverige Utveckling AB applies to January – March 2007 when the company was an associate. With effect from April 2007 the holding is 60% (1,056,000 shares) and the company is therefore included as a subsidiary.

Joint ventures

ICA AB is a joint venture of which Hakon Invest owns 40% and 60% is owned by the Dutch company Royal Ahold N.V. Through the shareholder agreement between Hakon Invest and Ahold, the owners have joint control of ICA AB through a contractual requirement for unanimity in all decisions at General Meetings of shareholders and in the Board of Directors. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement. Furthermore, at the request of a party and in the event of certain situations specified in the agreement relating to company acquisitions and in the event of a serious financial situation for the ICA Group, the parties are since year-end 2004 and during a maximum period of five years thereafter obliged in proportion to their ownership of shares in ICA AB to provide capital by subscribing for shares in a new issue. For Hakon Invest this amounts to a maximum of SEK 720 M. Neither party has raised the question of such a new issue nor has such question been the subject of discussion between the parties or in ICA AB's Board. The probability of this conditional undertaking being raised is judged as highly unlikely.

Kjell & Co Elektronik AB is a joint venture that is 50% owned by the Hakon Invest Group and 50% by the brothers Fredrik, Markus and Mikael Dahnelius together with their father Kjell Dahnelius. Kjell & Co Elektronik AB has been 50% owned by the Hakon Invest Group since July 2006.

inkClub Development AB is a joint venture that is 50% owned by the Hakon Invest Group and the remainder is owned by Lennart Nyberg and family and Hans Nilsson. inkClub Development AB has been 50% owned by the Hakon Invest Group since July 2007.

Cervera AB is a joint venture that is 48% owned by the Hakon Invest Group and the remainder is owned mostly by the Kopsch family and others. Cervera AB has been owned to 45% since December 2006. An additional 3% was acquired in 2008.

The following tables show summary income statements and balance sheets for ICA AB, Kjell & Co Elektronik AB, inkClub Development AB and Cervera AB.

Balance sheet

	ICA AB		Kjell & Co Elektronik AB		inkClub Development AB		Cervera AB	
	Dec. 31, 2008	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007
Intangible non-current assets	3,742	3,599	24	22	4	–	10	7
Property, plant and equipment	15,544	14,959	8	9	1	0	21	20
Financial assets	3,772	3,368	0	0	–	–	5	4
Deferred tax	424	276	–	–	–	–	–	–
Inventories	4,461	3,934	87	69	37	21	131	136
Current receivables	6,921	6,720	19	14	40	35	59	58
Cash and cash equivalents	5,102	4,360	13	4	131	147	10	23
Non-current assets held for sale	3	103	–	–	–	–	–	–
Total assets	39,969	37,319	151	118	213	203	236	248
Equity	12,796	12,073	45	37	163	157	70	91
Non-current liabilities	5,032	5,537	14	11	5	–	38	27
Current liabilities	22,141	19,709	92	70	45	46	128	130
Total equity and liabilities	39,969	37,319	151	118	213	203	236	248

Note 8, Cont.

Income statement

	ICA AB		Kjell & Co Elektronik AB		inkClub Development AB		Cervera AB	
	2008	2007	**2008**	2007	**2008**	July–Dec 2007	**2008**	2007
Revenues	90,963	82,326	442	345	394	178	341	377
Cost of goods sold	–78,825	–70,685	–245	–202	–193	–90	–193	–220
Selling and administrative expense	–10,474	–9,812	–183	–147	–159	–67	–202	–197
Other operating income	461	753	–	–	11	6	31	39
Profit/loss from associates	–8	20	–	–	–	–	–	–
Operating profit/loss	2,117	2,602	14	–4	53	27	–23	–1
Net financial items	–323	–320	–2	0	4	4	–4	–2
Income tax	–66	–116	–3	1	–17	–9	7	2
Profit/loss for the period	1,728	2,166	9	–3	40	22	–20	–1

The Hakon Invest Group had two associates at year-end 2008: Bra Förlag AB and Trade Press AS which are reported according to the equity method as well as an associate; Hemtex AB which is recognized at fair value through profit or loss. During the first quarter of 2007, there was an additional associate, Hemmabutikerna i Sverige Utveckling AB (HUAB). HUAB has been a subsidiary since the beginning of April 2007. During 2007 Cervera AB was owned to 45% by the Hakon Invest Group and in 2008 an additional 3% was acquired. With effect from 2008, Cervera AB is reported as a joint venture.

The table below shows a summary of Hakon Invest's share of the assets and liabilities, revenues and profits of the associates.

	Hemmabutikerna i Sverige Utveckling AB		Other associates	
	2008	2007	**2008**	2007
Hakon Invest's share of net assets:				
Non-current assets	–	–	1	1
Current assets	–	–	15	12
Non-current liabilities and provisions	–	–	–1	–1
Current liabilities	–	–	–3	–2
	0	0	12	10
Goodwill	–	–	5	5
Share in associates	0	0	17	15
Hakon Invest's share of revenues and profits of associates:				
Revenues	–	44	33	38
Profit/loss for the period	–	–1	2	2

Note 9 Interests in associates recognized at fair value

	Dec. 31, 2008	Dec. 31, 2007
Opening book value	–	–
– Hemtex, fair value at classification as associate	287	–
– Change in fair value	–174	–
Closing book value	113	0

	Number	Nominal value	Share, %	Book value Dec. 31, 2008	Book value Dec. 31, 2007
Hemtex AB	7,755,138	19	26.4	113	–

Note 10 Financial income

	2008	2007
Dividends	39	43
Interest income	35	34
Exchange differences	11	12
Other financial income[1]	–	122
Total	85	211

1) Relates to a payment from the settlement fund set up in conjunction with the settlement in the class action against the Dutch company Royal Ahold in the U.S.

Note 11 Financial expenses

	2008	2007
Interest expenses	–15	–18
Exchange differences	–1	–23
Total	–16	–41

Note 12 Change in fair value of financial instruments

	2008	2007
Interests in associates	–174	–
Other securities held as non-current assets	–117	–
Short-term investments	–227	44
Total	–518	44

The above items include both unrealized and realized changes in value.

Note 13 Tax

	2008	2007
Items includes in tax expenses are shown below		
Consolidated income statement		
Current income tax		
Current income tax for the year	0	–5
Tax attributable to previous years	0	67
Deferred income tax		
Deferred tax attributable to loss carry forwards	12	272
Deferred tax attributable to reduced tax rate	–10	–
Deferred tax pertaining to change in temporary differences	5	10
Tax expense recognized in the income statement	7	344

Reconciliation of effective tax expense		
Profit before tax	163	982
Tax based on applicable tax rate in Sweden 28%	–46	–275
Tax effect of:		
Shares of profit accounted for using the equity method	197	233
Recognized loss carry forwards from previous years	–	320
Effect of reduction in tax rate	–11	–
Non-capitalized loss carry forwards	–129	–
Change in taxation 2005–2008	0	67
Other non-taxable revenues	0	1
Non-deductible expenses	–4	–4
Other	0	2
Company's effective tax expense 4.55% (35.0%)	7	344

Deferred tax at December 31 pertains to the following:		
Deferred tax liabilities		
Properties	–	–3
Intangible assets	–33	–27
Pensions	0	–2
Untaxed reserves	–	–1
Deferred tax liabilities, gross	–33	–33
Deferred tax assets		
Pension provisions	13	12
Share in partnership	3	3
Loss carry forwards	201	200
Deferred tax assets, gross	217	215
Net deferred tax assets	184	182

The net of the deferred tax liabilities and tax assets is recognized in the balance sheet.

The Group's loss carry forwards in Sweden at December 31, 2008, amounted to SEK 1,036 M (714). A deferred tax asset of SEK 201 M is recognized in the balance sheet relating to a loss carry forward of SEK 759 M. The Group has no other unrecognized deferred tax assets and liabilities on temporary differences.

Note 14 Earnings per share before and after dilution

All shares, both common and C shares, carry the same voting rights. While common shares have unrestricted entitlement to dividends, as decided by the General Meeting, C shares do not carry the right to cash dividends. Such rights can accrue to C shares no earlier than 2016. However, C shares are entitled to dividends through distribution in kind, in the form of shares or other participation rights in ICA AB or in current or future subsidiaries or associates in the ICA AB Group or in companies that could take over operations that are operated or which could be operated within the ICA AB Group. The C shares, which comprise 51% of the total number of shares, are held by ICA-handlarnas Förbund.

C shares can be converted into common shares starting in the year 2016. During the year Hakon Invest repurchased 97,100 common shares to cover the 2007 option program. Common shares and C shares have an equal share in earnings per share.

Earnings per share before dilution for common shares and C shares are calculated by dividing the profit for the year that accrues to the holders with the weighted average number of shares outstanding during the year.

There were no potential common shares that result in dilution in 2008.

The tables below show the earnings and number of shares used in the calculation of earnings per share for common shares:

	2008	2007
Net profit that accrues to holders of common shares and C shares, SEK M	187	1,334
Weighted average of number of shares before dilution, thousands	160,713	160,813
Weighted average of number of shares after dilution, thousands	160,713	160,813

No other transactions with common shares or potential common shares took place during the period from the balance date to the date of preparation of these financial reports.

Note 15 Intangible assets

	Goodwill		Trademarks		Other intangible assets	
	Dec. 31, 2008	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007
Opening cost	279	101	102	22	22	15
Changes during the year						
– Investments	24	178	10	38	4	7
– Assets in acquired operations	1			42		
Closing accumulated cost	304	279	112	102	26	22
Opening amortization					–5	–2
Changes for the year						
– Amortization					–4	–3
Closing accumulated amortization	0	0	0	0	–9	–5
Closing book value	304	279	112	102	17	17

Acquired goodwill and trademarks with an indefinite useful life were allocated to two different cash-generating units, Publishing operations and White goods operations, which also are reported segments.

Note 15, Cont.

Carrying amount of goodwill and trademarks allocated to cash-generating units

	Goodwill		Trademarks	
	Dec. 31, 2008	Dec. 31, 2007	**Dec. 31, 2008**	Dec. 31, 2007
Publishing operations	214	189	70	60
White goods operations	90	90	42	42
	304	279	112	102

Publishing operations

During the year Hakon Invest's wholly owned subsidiary Forma Publishing Group (Forma) acquired Tidningsförlaget 11097 AB, Hälsa & Helhet Förlags AB and Energica Förlag AB. The publishing operations for newspapers, magazines and other publications are fully integrated and are the cash-generating unit in Forma to which the intangible values relate. The recoverable amount for intangible assets is assessed on the basis of value in use which exceeded book value. Present value is calculated on the future cash flow from the cash-generating unit. The future cash flow is calculated on the basis of Executive Management's forecasts for a three-year period.

The most important assumptions in three-year plans and the methods used to estimate values are as follows.

Key variables	Method for estimating values
Growth	Total demand for publications and books matches the increase in private consumption. The total number of publications falls historically, while contract magazines increase.
Personnel costs	Forecast for personnel costs matches general salary development and the cost increase is based on general inflation.
Printing costs	In general there is overcapacity in the market. Price increases match GDP.

The recoverable amount for the publishing operations exceeds the carrying amount by a wide margin. The values used in the value in use calculations are as follows:

Variable	Assumed value
Market growth	Long-term growth = 2%
Discount rate	13% before tax

Executive Management estimates that possible changes in growth, personnel costs and printing costs, although key variables in the calculations, would not have such a significant impact that the recoverable amount would be reduced to an amount lower than the carrying amount.

White goods operations

During the year Hakon Invest's wholly owned subsidiary Hemmabutikerna Intressenter AB acquired an additional 29% in Hemmabutikerna i Sverige Utveckling AB (HUAB) which means that Hakon Invest owned 89% of the shares in HUAB at year-end. White goods operations is the cash-generating unit to which the intangible values relate. The recoverable amount for intangible assets is assessed on the basis of value in use which exceeded book value. Present value is calculated on the future cash flow from the cash-generating unit. The future cash flow is calculated on the basis on Executive Management's forecasts for a five-year period. The most important assumptions in the five-year plans and the methods used to estimate values are as follows.

Key variables	Method for estimating values
Growth	Total demand for white goods matches the increase in private consumption. The increased importance of the home and interest in furnishing and design has benefited the white goods industry in recent years.
Personnel costs	Forecast for personnel costs matches general salary development and the cost increase is based on general inflation.
Market	Additional polarization towards premium and low-price segment respectively.

The recoverable amount for the white goods operations exceeds the carrying amount. The values used in the value in use calculations are as follows:

Variable	Assumed value
Market growth	Long-term growth = 3%
Discount rate	13% before tax

Executive Management estimates that possible changes in growth, personnel costs and market, although key variables in the calculations, would not have such a significant impact that the recoverable amount would be reduced to an amount lower than the carrying amount.

Note 16 Land and buildings

	Dec. 31, 2008	Dec. 31, 2007
Buildings		
Opening accumulated cost	2	43
– Assets in acquired operations	–	13
– Sales and disposals	–2	–54
Closing accumulated cost	0	2
Opening accumulated depreciation	0	–4
– Opening accumulated depreciation in acquired operations	–	1
– Sales and disposals	–	4
– Depreciation	–	–1
Closing accumulated depreciation	0	0
Closing book value	0	2
Tax value of buildings in Sweden	–	–
Land		
Opening accumulated cost	3	1
– Assets in acquired operations	–	3
– Purchases	–	2
– Sales and disposals	–3	–3
Closing accumulated cost	0	3
Closing book value	0	3
Tax value of land in Sweden	–	–

Note 17 Equipment

	Dec. 31, 2008	Dec. 31, 2007
Opening accumulated cost	103	62
– Purchases	14	17
– Assets in acquired operations	0	31
– Sales and disposals	–14	–7
– Exchange rate differences	1	0
Closing accumulated cost	104	103

Opening accumulated depreciation	–70	–42
– Opening accumulated depreciation in acquired operations	0	–19
– Sales and disposals	11	3
– Depreciation	–13	–12
– Exchange rate differences	0	0
Closing accumulated depreciation	–72	–70
Closing book value	32	33

Note 18 Financial assets and liabilities by category

2008	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Financial assets measured at fair value	113	–		113
Trade and other receivables	–	181		181
Receivables from companies reported according to the equity method	–	10		10
Other current receivables	–	60		60
Short-term investments	1,323	–		1,323
Cash and cash equivalents	–	172		172
Total financial assets	1,436	423		1,859
Non-current interest bearing loans			39	39
Trade and other receivables			88	88
Current interest-bearing loans			5	5
Other current liabilities			47	47
Total financial liabilities			179	179

2007	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Financial assets measured at fair value	2	–		2
Trade and other receivables	–	195		195
Receivables from group companies	–	1		1
Other current receivables	–	28		28
Short-term investments	2,011	–		2,011
Cash and cash equivalents	–	281		281
Total financial assets	2,013	505		2,518
Non-current interest bearing loans			74	74
Trade and other payables			102	102
Liabilities to companies reported according to the equity method			2	2
Current interest-bearing loans			5	5
Other current liabilities			56	56
Total financial liabilities			239	239

Carrying amount corresponds to fair value. For trade receivables, trade payables, other current receivables and liabilities measured at cost the maturity is short and therefore fair value corresponds to carrying amount.

Note 19 Inventories

	Dec. 31, 2008	Dec. 31, 2007
Finished goods	158	180
Total	158	180

Inventories consist of white goods SEK 53 M (75) and books SEK 105 M (105).

Note 20 Bad debts

	Dec. 31, 2008	Dec. 31, 2007
Provision at the beginning of the year	–1	–2
Reserve for possible losses	0	–1
Confirmed losses	0	2
Provisions at the end of the year	–1	–1

Note 21 Related party disclosures

	Sales		Purchases		Receivables		Liabilities	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
ICA-handlarnas Förbund						1		
ICA-handlarnas Förbund AB	0	2		0		0		
ICA-handlarnas Förbund Finans AB								
ICA AB	90	75	2	3	10	0		2
Kjell & Co Elektronik AB		0						
Cervera AB	0							
inkClub Development AB								
Hemtex AB								
Total	90	77	2	3	10	1	0	2

ICA-handlarnas Förbund
ICA-handlarnas Förbund owns 67% of the shares in Hakon Invest AB.

ICA-handlarnas Förbund AB
ICA-handlarnas Förbund owns 100% of ICA-handlarnas Förbund AB.

ICA-handlarnas Förbund Finans AB
ICA-handlarnas Förbund owns 100% of ICA-handlarnas Förbund Finans AB.

ICA AB
Hakon Invest owns 40% of ICA AB.

Kjell & Co Elektronik AB
Kjell & Co Intressenter owns 50% of Kjell & Co Elektronik AB. Kjell & Co Intressenter is 100% owned by Hakon Invest AB.

Cervera AB
Cervera Intressenter AB owns 48% of Cervera AB. Cervera Intressenter AB is 100% owned by Hakon Invest AB.

inkClub Development AB
inkClub Intressenter AB owns 50% of inkClub Development AB. inkClub Intressenter AB is 100% owned by Hakon Invest AB.

Hemtex AB
Hakon Invest owns 26.4% of Hemtex AB.

For information about benefits to senior executives, see Note 7.

Note 22 Prepaid expenses

	Dec. 31, 2008	Dec. 31, 2007
Production and distribution costs	9	8
Marketing costs	4	7
Rental costs	9	8
Other prepaid expenses	7	10
Total	29	33

Note 23 Short-term investments

	Dec. 31, 2008	Dec. 31, 2007
Breakdown of short-term investments:		
Equities	179	587
Hedge funds	353	802
Fixed-income securities	714	550
Ahold shares	77	72
Book value	1,323	2,011
Cash and cash equivalents	172	281
Total short-term investments and cash and cash equivalents	1,495	2,292

Financial investments under external management amounted to SEK 1,092 M at December 31, 2008, and investments under own management totaled SEK 403 M. At year-end 2008 investments were allocated as follows: 17% equities, 48% fixed-income securities, 24% hedge funds and 11% cash and cash equivalents. The equities are mainly attributable to shares in Ahold (800,000 shares). The value of the Ahold shares amounted to SEK 77 M at December 31, 2008. The hedge fund holding refers to the hedge funds Prisma, Topach and Indecap Guide. These items are measured at fair value in the income statement. In order to establish fair value, official market listings were used.

Note 24 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances totaling SEK 172 M (220) and short-term investments with original maturities of less than three months totaling SEK 0 M (61).

Unutilized bank overdraft facilities as of December 31, 2008, amounted to SEK 160 M (132).

The consolidated cash flow statement includes cash and cash equivalents at year-end 2008, amounting to:

	2008	2007
Cash and bank balances	172	220
Short-term investments (maximum maturity three months)	0	61
Total	172	281

Note 25 Equity

Share capital, number of shares, 000s

	Dec. 31, 2008	Dec. 31, 2007
Common shares of SEK 2.50 per share	78,849	78,849
C shares of SEK 2.50 per share	82,068	82,068
Total	160,917	160,917

Shares have the same quota value (SEK 2.50) and equal voting rights.

Share capital totals SEK 402,294,000.

During the year Hakon Invest repurchased 97,100 common shares to cover the 2007 option program.

The total holding of treasury shares amounts to 225,300 common shares (128,200) after buybacks.

For information on incentive programs, see Note 7.

Reserves

	Dec. 31, 2008	Dec. 31, 2007
Hedging reserve	26	6
Revaluation reserve	199	199
Translation reserve	272	259
Total	497	464

Hedging reserve
The hedging reserve includes the effective component of accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Revaluation reserve
The revaluation reserve includes changes in value attributable to tangible and intangible non-current assets. At business combinations achieved in stages, the revaluation of an already owned share of the assets is recognized in a revaluation reserve. The revaluation of the previously owned share of assets in Rimi Baltic AB is recognized as a revaluation reserve within equity in the comparative year.

Translation reserve
The translation reserve includes all exchange rate differences that arise in translation of financial reports from foreign operations that prepare their financial reports in a currency other than the currency in which the Group's financial reports are presented.

Dividend
Common shares carry unrestricted entitlement to receive dividends decided by a General Meeting, while C shares (which comprise 51% of the total number of shares and are held by ICA-handlarnas Förbund) do not carry entitlement to cash dividends. Such rights can accrue to C shares in 2016 at the earliest. However, C shares are entitled to dividends through distribution in kind, in the form of shares or other interests in ICA AB or in current or future subsidiaries or associates in the ICA AB Group or in companies that could take over operations that are operated or which could be operated within the ICA AB Group. Hakon Invest's target is that the dividend rate will normally be at least 50% of the Parent Company's profit after tax. 100% of dividends are distributed among 49% of the shares since the C shares are not entitled to cash dividends. This policy assumes that the Company's position and liquidity allows it to issue a dividend to the extent referred to above.

Management of Group's capital
The Group's managed capital comprises equity. The Group's target for management of capital is to enable good growth of operations and to be prepared to take advantage of business opportunities.

Paid and proposed dividends

Decided and paid during the year	
Dividend on common shares:	
Dividend for 2007: SEK 6.00/share	472
Dividend proposal to the 2009 Annual General Meeting:	
Dividend on common shares:	
Dividend for 2008, SEK 5.00/share	393

ICA-handlarnas Förbund, which owns 82,067,892 C shares, is not entitled to a cash dividend. The Board of Hakon Invest AB has decided to propose to the Annual General Meeting on April 22, 2009, an ordinary dividend of SEK 5.00. See also Note 14, Earnings per share regarding dividend rules in the Articles of Association.

Note 26 Provisions for pensions and similar commitments

Hakon Invest makes a provision in its balance sheet in accordance with the PRI system. These obligations are insured through FPG. For the ITP Plan, the company applies the so-called ten-pointer solution for high earners with detached premiums. Obligations in addition to PRI and ITP are insured, among other things, with endowment insurance.

Reported pension cost

	Dec. 31, 2008	Dec. 31, 2007
ITP Plan		
Defined benefit plans:		
Current service cost	4	4
Actuarial gains/losses	11	3
Effects of curtailments and settlements	0	0
Interest expense	7	6
Total cost for defined benefit plans	22	13
Cost of defined contribution plans	33	26
Total pension costs	55	39
Change in pension obligations		
Present value of obligations, opening balance	134	126
Benefits earned during the period	4	4
Early retirement pensions	1	–
Pension payments	–5	–5
Transferred benefits	–1	–
Interest	8	6
Actuarial gains(–)/losses(+)	10	3
Present value of pension obligations, closing balance	151	134
Change in plan assets		
Opening plan assets	6	4
Contributions paid by employer	2	2
Transferred plan assets	–1	–
Actuarial gains(–)/losses(+)	–1	0
Closing balance, plan assets	6	6
Actual return on plan assets	0	0
Assumptions for actuarial calculations:		
Discount rate	5%	5.5%
Future annual salary increases	3%	3%
Future annual pension increases	2%	2%
Anticipated return on plan assets	0%	7%

Provisions recognized in the balance sheet

	2008	2007	2006
Present value of defined benefit obligations	151	134	126
Plan assets	–6	–6	–4
Provisions at year-end	145	128	122
Of which:			
Long-term component	139	123	117
Short-term component	6	5	5
Experience-based adjustments for obligations	0	2	2
Experience-based adjustments for plan assets	0	0	0

Other pension commitments
Other pension commitments are paid in amounts that correspond to the value of funds in pledged endowment insurance policies. The capital value of the commitment amounted to SEK 40 M (41) at December 31, 2008, thus corresponding to the value of the endowment insurance.

Note 27 Trade and other payables

	Dec. 31, 2008	Dec. 31, 2007
Trade payables	88	102
Accrued vacation pay	32	31
Accrued social security contributions	11	11
Royalties payable	1	2
Accrued bonus	–	7
Accrued members bonus	18	36
Accrued rental costs	5	0
Accrued advertising costs	1	11
Accrued acquisition costs	1	5
Other accrued expenses	23	22
Total	180	227

Note 28 Interest-bearing loans

	Dec. 31, 2008	Dec. 31, 2007
Non-current liabilities		
Bank loan	39	48
Bank overdraft facility	0	26
Total	39	74
Current liabilities		
Current portion of bank loan	5	5
Total	5	5

Terms and repayment periods
The lending bank is Nordea Bank AB (publ). The fixed-interest period is 3 months and bears an interest rate of stibor 1 and a margin of 3.0%. SEK 16 M of the above bank loan is amortized by SEK 5.4 M per year. The bank loan's final maturity is in 2011.

Note 29 Contingent liabilities and pledged assets

	Dec. 31, 2008	Dec. 31, 2007
Försäkringsbolagets Pensionsgaranti/guarantee	3	3
Guarantee associates	3	3
Total	6	6

Operating leases – Group as lessee
Future minimum lease payments according to operating leases amount to:

Cost for the year	46	22
Within one year	37	15
After one year but within five years	99	34
After 5 years	5	12
Total	141	61

The operating leases specified above are rent for premises, renting of office machines and car rentals. Hakon Invest's interest in joint venture company ICA's total investment commitments amounts to SEK 136 M.

Pledged assets

	Dec. 31, 2008	Dec. 31, 2007
Endowment insurance pledged as collateral for pension obligation	40	41
Total	40	41

Note 30 Adjustment for non-cash items

	Dec. 31, 2008	Dec. 31, 2007
Depreciation and impairment of non-current assets	18	16
Measurement at fair value	532	–44
Unpaid interest income	–12	–6
Change in provisions	16	15
Capital gain on the sale of non-current assets	0	–2
Interests accounted for using the equity method	–705	–832
Total	–151	–853

Note 31 Events after the closing date

On January 12, 2009, Hakon Invest acquired 33% of the shares in Cervera AB, which increased the holding from 48% to 81%. Hakon Invest made a cash payment of SEK 30 M for the additional shares. Hakon Invest plans to sell on up to 5% of the shares, on the same terms, to other shareholders.

With effect from the first quarter of 2009, Cervera will be reported as a subsidiary in the Hakon Invest Group. Work on purchase price allocation analyses has started and will be presented in the interim report for January – March 2009.

The Board of ICA proposes that the dividend payout ratio for 2008 shall amount to 50% (50) of the ICA Group's profit for the year.

Parent Company income statement

SEK M	Note	**2008**	2007
Revenues		–	–
Operating expenses			
Administrative expenses	3,4,5	–52	–64
Operating profit/loss		**–52**	**–64**
Result from financial investments			
Result from interests in joint ventures	6	434	383
Result from interests in associates	13	–174	–
Financial income	7	101	208
Financial expenses	8	–1	–23
Change in fair value of financial instruments	9	–359	44
Total result from financial investments		**1**	**612**
Profit/loss after financial items		**–51**	**548**
Appropriations		0	70
Profit/loss before tax		**–51**	**618**
Tax	10	–6	320
Profit/loss for the year		**–57**	**938**

Parent Company balance sheet

ASSETS

SEK M	Note	Dec. 31, 2008	Dec. 31, 2007
Non-current assets			
Financial assets			
Interests in group companies	11	206	206
Interests in joint ventures	12	2,960	2,960
Interests in associates	13	113	–
Deferred tax asset	10	196	209
Other non-current receivables	14	40	41
Non-current receivables group companies	15	864	802
Total financial assets		4,379	4,218
Total non-current assets		4,379	4,218
Current assets	16		
Current receivables			
Receivables from group companies		41	6
Other current receivables		51	0
Prepaid expenses and accrued income		2	2
Total current receivables		94	8
Short-term investments	16		
Securities under separate management	17	1,246	1,938
Other shares	18	77	72
Total short-term investments		1,323	2,010
Cash and bank balances		142	227
Total current assets		1,559	2,245
TOTAL ASSETS		5,938	6,463

EQUITY AND LIABILITIES

SEK M	Note	Dec. 31, 2008	Dec. 31, 2007
Equity			
Restricted equity			
Share capital		402	402
Statutory reserve		2,772	2,772
Total restricted equity		3,174	3,174
Unrestricted equity			
Retained earnings		2,755	2,280
Profit/loss for the year		–57	938
Total unrestricted equity		2,698	3,218
Total equity		5,872	6,392
Provisions			
Provisions for pensions and similar commitments	19	43	44
Total provisions		43	44
Current liabilities	16		
Trade payables		5	2
Other current liabilities		13	12
Accrued expenses and deferred income	20	5	13
Total current liabilities		23	27
TOTAL EQUITY AND LIABILITIES		5,938	6,463
Pledged assets	21	40	41
Contingent liabilities	22	218	202

Parent Company statement of changes in equity

SEK M	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2007	402	2,772	2,393	335	5,902
Disposition of earnings for previous year			335	–335	0
Dividend			–433		–433
Purchase of treasury shares			–18		–18
Other			3		3
Profit for the year				938	938
Equity December 31, 2007/January 1, 2008	402	2,772	2,280	938	6,392
Disposition of earnings for previous year			938	–938	0
Dividend			–472		–472
Purchase of treasury shares			–13		–13
Other			2		2
Group contribution			27		27
Tax effect of group contribution			–7		–7
Profit/loss for the year				–57	–57
Balance at December 31, 2008	402	2,772	2,755	–57	5,872

Share capital comprises 78,849,544 common shares and 82,067,892 C shares each with a quota value of SEK 2.50.
All shares carry the same voting rights.

Total holding of treasury shares amounts to 225,300 common shares (128,200) after repurchases carried out.

Parent Company cash flow statement

SEK M	Note	2008	2007
Operating activities			
Profit/loss after financial items		–51	548
Adjustment for non-cash items	23	522	–48
		471	500
Income tax paid		0	41
Cash flow from operating activities before change in working capital		471	541
Change in working capital			
Receivables		–6	115
Liabilities		–3	1
Cash flow from operating activities		462	657
Investing activities			
Acquisition of property, plant and equipment		0	–1
Investments in financial assets		–481	–541
Divestment/reduction of financial assets		417	301
Cash flow from investing activities		–64	–241
Financing activities			
Shareholders' contribution received		1	1
Repurchase of treasury shares		–12	–16
Dividends paid		–472	–433
Cash flow from financing activities		–483	–448
Cash flow for the year		–85	–32
Cash and cash equivalents at beginning of the year		227	259
Cash and cash equivalents at end of the year		142	227

Parent Company's notes

Note 1 Accounting principles

The Parent Company's annual accounts are prepared in accordance with Swedish law and applying RFR 2.1 (Reporting of Legal Entities). This means that the Parent Company shall comply with IFRS as much as possible. The Group's accounting principles are set out in Note 1 in the section Notes to the consolidated financial statements. Any deviations that arise between the accounting principles of the Parent Company and the Group are due to restrictions in the possibility to apply IFRS in the Parent Company due to the Annual Accounts Act and the Pension Obligations Vesting Act, and in some instances for tax reasons.

All amounts in the annual accounts are in SEK millions (SEK M) except where the amounts are minor and instead shown in another form to provide a more explanatory picture of the actual situation.

Pensions and other post-retirement benefits

In Sweden all employees are covered by pension benefits according to collective agreements which means that salaried employees receive defined benefit pensions according to the ITP Plan. Pension obligations are secured through provisions in the balance sheet and pension premiums. Pension obligations are calculated annually on the balance sheet date according to the actuarial bases established in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

Group contributions and shareholder contributions

The company reports Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. Group contributions are reported according to financial implication. This means that Group contributions provided in order to minimize the Group's total tax are recognized directly in equity. A shareholder contribution is taken directly to equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Associates and joint ventures

Interests in associates and joint ventures are reported in the Parent Company's income statement and balance sheet according to the cost method, alternatively at the amount on the closing date after impairment of cost. In the consolidated financial statements, interests in associates and joint ventures are reported according to the equity method alternatively at fair value in accordance with IAS 28 paragraph 1.

Note 2 Financial risks

In Hakon Invest's operations, exposures arise primarily in currency risk, interest rate risk, credit risk and share price risk. For more information about financial risks, see Note 2, in the consolidated financial statements.

Note 3 Average number of employees, salaries, other remuneration and social security contributions

	2008	2007
Average number of employees, broken down by gender amounted to:		
Women	6	5
Men	8	8
Total	14	13

SEK M	**2008**	2007
Salaries and remuneration paid to Board and President	3	5
Other employees	13	17
Total salaries and remuneration	16	22
Social security contributions, statutory and contractual	7	10
Pension costs	10	8
Total social security contributions and pension costs	17	18
Total salaries, remuneration, social security contributions and pension costs	33	40

During the year, a fee of SEK 600 thousand (575) was paid to the Chairman of the Board. Of the pension amount, SEK 2,528 thousand (2,440) pertains to the group Board of Directors and President.

Salary paid to the company's President during the year amounted to SEK 1,235 thousand. A total remuneration package of SEK 5.2 M (4.7) has been agreed with the President. The package includes vacation, social security contributions, pension costs and other costs in the form of a car, etc. Retirement age is 65. The notice period is six months during which period the total remuneration package is available at 1/12 per month. No bonus was paid in 2008.

Board members and senior executives

	Number on Dec. 31, 2008	Of whom men, %	Number on Dec. 31, 2007	Of whom men, %
Board members	7	86	7	86
President and other senior executives	4	100	5	100

Absence due to illness

Total absence due to illness is 0.82% (0.58%). Details per group are not provided due to an exemption clause in the legislation which states that information should not be provided if the number of employees in the group is a maximum of ten or if the information can be attributed to an individual person.

Note 4 Depreciation

Depreciation of property, plant and equipment amounts to SEK 184 thousand (81).

Note 5 Fees to auditors

	2008	2007
Ernst & Young, audit assignments	1	1
Ernst & Young, other assignments	0	0
Total	1	1

Other assignments primarily relate to consultation in conjunction with acquisitions.

Note 6 Result from interests in joint ventures

	2008	2007
Dividend	434	383
Total	434	383

Note 7 Financial income

	2008	2007
Dividends	55	42
Interest income	30	31
Interest income from group companies	4	1
Exchange differences	12	12
Other financial income[1]	–	122
Total	101	208

1) Pertains to payment from settlement fund set up in conjunction with settlement in the class action against the Dutch company Royal Ahold in the U.S.

Note 8 Financial expenses

	2008	2007
Interest expenses	0	0
Exchange differences	–1	–23
Total	–1	–23

Note 9 Change in fair value of financial instruments

	2008	2007
Securities held as non-current assets	–132	–
Short-term investments	–227	44
Total	–359	44

Note 10 Tax

	2008	2007
Items included in the tax expense are specified below		
Income statement		
Current income tax		
Current income tax for the year	–	–
Tax attributable to previous years	–	67
Deferred income tax		
Deferred tax attributable to loss carry forwards	–	253
Deferred tax attributable to reduction in tax rate	–13	
Deferred tax pertaining to change in temporary differences	0	–
Tax effect Group contribution	7	–
Tax expense/income (–/+) recognized in the income statement	–6	320

Reconciliation of effective tax expense

	2008	2007
Profit/loss before tax	–51	618
Tax according to current tax rate in Sweden, 28%	14	–173
Tax effect of:		
Recognized loss carry forwards from previous years	–	320
Effect of reduction in tax rate	–13	–
Non-capitalized loss carry forward	–126	–
Change in taxation 2005–2007	–	67
Dividend	121	107
Other non-taxable income	0	0
Non-deductible expenses	–2	–1
Other	0	0
Company's effective tax cost –11.7% (51.7)	–6	320

Deferred tax at December 31 pertains to the following:

	2008	2007
Deferred tax assets		
Loss carry forwards	185	197
Pension provisions	11	12
Deferred tax assets	196	209

The Parent Company's loss carry forwards at December 31, 2008, amounted to SEK 981 M (704). A deferred tax asset of SEK 185 M is recognized in the balance sheet relating to a loss carry forward of SEK 704 M.

Note 11 Participations in Group companies

	Corp. reg. no.	Reg. office	Number of shares	Equity and voting rights, %	Par value	Book value **Dec. 31, 2008**	Book value Dec. 31, 2007
Forma Publishing Group AB	556045-0297	Västerås	30,000	100	30	200	200
Kjell & Co Intressenter AB	556703-2924	Solna		100		1	1
Hemmabutikerna Intressenter AB	556720-3210	Solna		100		0	0
Cervera Intressenter AB	556720-9563	Solna		100		0	0
inkClub Intressenter AB	556720-3467	Solna		100		5	5
Hakon Invest Förvärvsbolag 2 AB	556720-3608	Solna		100		0	0
Subsidiaries of Forma Publishing Group AB							
Idé-förlaget i Västerås AB	556306-7783	Västerås		100			
HB Tapplinan	969632-5050	Stockholm		100			
Tidskriften Hus & Hem AB	556609-2010	Västerås		100			
Idé & Mediaproduktion i Västerås AB	556279-4940	Västerås		100			
ICA Kuriren AB	556609-2234	Västerås		100			
ICA Förlaget Annonsservice AB	556351-2531	Västerås		100			
ICA Facktidningar AB	556372-6529	Västerås		100			
ICA Bokförlag AB	556071-2241	Västerås		100			
Bokklubben Hemma AB	556586-2363	Västerås		100			
Tidningsförlaget 11097 AB	556759-0731	Stockholm		100			
Hälsa & Helhet Förlags AB	556485-3611	Västerås		100			
Energica Förlag AB	556765-4560	Västerås		100			

Note 11, cont.

	Corp. reg. no.	Reg. office	Number of shares	Equity and voting rights, %	Par value	Book value **Dec. 31, 2008**	Book value Dec. 31, 2007
Forma Publishing Group OY	0503546-4	Helsinki		100			
Forma Publishing International OY	1510258-7	Helsinki		100			
Forma Media AS, Tallinn	10555124	Tallinn		100			
Forma Media SIA, Riga	40003484906	Riga		100			
Off The Wall AB (OTW AB)	556654-6387	Stockholm		100			
Off The Wall Media Production & Consulting AB	556531-5131	Stockholm		100			
Off The Wall Publishing AB	556567-9841	Stockholm		100			
Off The Wall Entertainment Television AB	556574-4843	Stockholm		100			
Off The Wall Sport Television AB	556596-0969	Stockholm		100			
Off The Wall Sportproduction AB	556598-1759	Stockholm		100			
Off The Wall Interactive AB	556742-3693	Stockholm		100			
Subsidiaries of Hemmabutikerna Intressenter AB							
Hemmabutikerna i Sverige Utveckling AB	556695-8673	Solna		89			
Hemmabutikerna i Sverige AB	556518-8705	Solna		89			
Dala Hemma AB	556103-7929	Täby		89			
Hemmabutikerna i Syd AB	556544-2455	Stockholm		89			

SEK M	**Dec. 31, 2008**	Dec. 31, 2007
Cost	206	206

Note 12 Interests in joint ventures

	Dec. 31, 2008	Dec. 31, 2007
Opening costs	2,960	2,960
Closing costs	2,960	2,960

	Number	Par value	Share, %	Book value **Dec. 31, 2008**	Book value Dec. 31, 2007
ICA AB	2,000,000	200	40.0	2,960	2,960

The participating interest shown above refers to a share of voting rights that corresponds to share of capital, however there is a shareholder agreement between the parties (Hakon Invest and Ahold) under which they have joint control. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement. Furthermore, at the request of a partly and in the event of certain situations specified in the agreement relating to company acquisitions and in the event of a serious financial situation for the ICA Group, the parties are since year-end 2004 and during a maximum period of five years thereafter obliged in proportion to their ownership shares in ICA AB to provide capital by subscribing for shares in a new issue. For Hakon Invest this amounts to a maximum of SEK 720 M. Neither party has raised the question of such a new issue nor has such question been the subject of discussion between the parties or in ICA AB's Board. The probability of this conditional undertaking being raised is judged as highly unlikely.

	Corporate reg. no.	Reg. office
ICA AB	556582-1559	Stockholm

Note 13 Interests in associates

	Dec. 31, 2008	Dec. 31, 2007
Opening accumulated cost	–	–
– Hemtex, fair value at classification as associate	287	–
Closing accumulated cost	287	0
Opening accumulated impairment	–	–
– Impairment for the year	–174	–
Closing accumulated impairment	–174	
Closing book value	113	0

No lasting impairment is considered to exist, an impairment loss was recognized in order to measure the holding at market value at year-end.

	Number	Par value	Share, %	Book value **Dec. 31, 2008**	Book value Dec. 31, 2007
Hemtex AB	7,755,138	19	26.4	113	–

Note 14 Other non-current receivables

	Dec. 31, 2008	Dec. 31, 2007
Opening accumulated cost	41	40
– Investment	–1	1
Closing accumulated cost	40	41
Closing book value	40	41

Of which pledged endowment insurance of SEK 40 M (41).

Note 15 Non-current receivables from Group companies

	Dec. 31, 2008	Dec. 31, 2007
Kjell & Co Intressenter AB	102	86
Hemmabutikernas Intressenter AB	152	106
Cervera Intressenter AB	90	85
Forma Publishing Group AB	90	95
inkClub Intressenter AB	430	430
Total	864	802

Note 16 Financial assets and liabilities by category

2008	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	–	864		864
Receivables from group companies	–	41		41
Other current receivables	–	51		51
Short-term investments	1,323	–		1,323
Cash and cash equivalents	–	142		142
Total financial assets	1,323	1,098		2,421
Trade and other payables			5	5
Other current liabilities			13	13
Total financial liabilities			18	18

2007	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	–	802		802
Receivables from group companies	–	6		6
Other current receivables	–	–		–
Short-term investments	2,010	–		2,010
Cash and cash equivalents	–	227		227
Total financial assets	2,010	1,035		3,045
Trade and other payables			2	2
Other current liabilities			12	12
Total financial liabilities			14	14

Carrying amount corresponds to fair value. Trade receivables, trade payables, other current receivables and liabilities measured at cost have short maturities and therefore fair value matches carrying amount.

Note 17 Securities under separate management

	Dec. 31, 2008	Dec. 31, 2007
Equities	179	587
Hedge funds	353	801
Fixed-income securities	714	550
Book value	1,246	1,938
Market value	1,246	1,938

For more information about securities under separate management, see section Consolidated financial statements Notes 2 and 23.

Note 18 Other shares

Other shares refers to 800,000 shares in Royal Ahold at a price of EUR 8.85 (9.47) EUR/SEK 10.9355 (9.4735).

Note 19 Provisions for pensions and similar commitments

	Dec. 31, 2008	Dec. 31, 2007
Provision PRI pensions	3	3
Provision other pensions	40	41
Total	43	44

Note 20 Accrued expenses and deferred income

	Dec. 31, 2008	Dec. 31, 2007
Accrued vacation pay	1	2
Accrued option costs	–	1
Accrued bonus	–	7
Other accrued costs	4	3
Total	5	13

Note 21 Pledged assets

	Dec. 31, 2008	Dec. 31, 2007
Endowment insurance pledged as collateral for pension obligations	40	41
Total	40	41

Note 22 Contingent liabilities

	Dec. 31, 2008	Dec. 31, 2007
Guarantee to subsidiaries	218	202
Summa	218	202

Note 23 Other non-cash items

	Dec. 31, 2008	Dec. 31, 2007
Change in provisions	1	1
Measurement at fair value	533	–44
Unpaid interest expenses	–12	–5
Total	522	–48

The undersigned hereby affirm that to the best of their knowledge the consolidated financial statements have been prepared in accordance with the international financial reporting standards IFRS, that have been adopted by the EU, and generally accepted accounting principles and give a true and fair view of the Group's and the Parent Company's financial position and results of operations, and that the Board of Directors' Report provides a fair review of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the companies included in the Group.

Stockholm, March 12, 2009

Lars Otterbeck *Chairman*	Cecilia Daun Wennborg *Board member*
Jan-Olle Folkesson *Board member*	Anders Fredriksson *Board member*
Thomas Strindeborn *Board member*	Magnus Moberg *Board member*
Jan Olofsson *Board member*	Claes-Göran Sylvén *President*

Our audit report was submitted on March 12, 2009

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit report

To the Annual General Meeting of Shareholders of Hakon Invest AB

Corporate reg. no. 556048-2837

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Hakon Invest AB for the year 2008. The company's annual accounts are included in this document on pages 59–94. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of Shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 12, 2009
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Financial calendar and contacts

Annual General Meeting, 2009
The Annual General Meeting of shareholders in Hakon Invest AB will be held on Wednesday, April 22, 2009, at 16.00 CET at Grand Hôtel, Stockholm, in the Stockholm conference room. Notice of the Meeting will be issued via a notice in the daily newspapers. The notice and other information regarding the Annual General Meeting are also available at www.hakoninvest.se.

Dividend
For the 2008 fiscal year, the Board proposes to the Annual General Meeting a dividend of SEK 5.00 per common share, or a total of SEK 393 M.

Financial calendar, 2009

Interim report, January–March	May 6, 2009
Interim report, January–June	August 19, 2009
Interim report, January–September	November 4, 2009
Year-end report 2009	February 2010

The reports and other information from the company are published continuously on the company's website www.hakoninvest.se. It is also possible to subscribe to receive financial reports and other news in electronic form. Financial reports and press releases intended for the capital market are published in Swedish and English.

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The name Hakon Invest derives from Hakon Swenson who established Hakonbolaget (the Hakon Company) in 1917 which provided the base for the ICA AB of today.

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Definitions

Capital employed Balance sheet total less non-interest bearing liabilities and provisions.

Cash flow per share Cash flow for the period divided by the average number of shares outstanding.

Dividend ratio Dividend as a percentage of the profit for the period in the Parent Company.

Earnings per C share Same definition as Earnings per common share, since common shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for common shares.

Earnings per common share Profit for the period excluding minority divided by the total number of outstanding shares.

Equity/assets ratio Equity including minority as a percentage of balance sheet total.

Equity per share Equity excluding minority divided by the total number of outstanding shares.

Gross margin Gross profit as a percentage of revenues.

Net margin Profit for the period as a percentage of revenues.

Operating margin Operating profit as a percentage of revenues.

Return on capital employed Profit after financial items plus financial expenses, calculated on the basis of a rolling 12-month period, as a percentage of average capital employed during the same period.

Return on equity Profit for the period, excluding minority, calculated on the basis of a rolling 12-month period, as a percentage of average equity excluding minority during the same period.

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