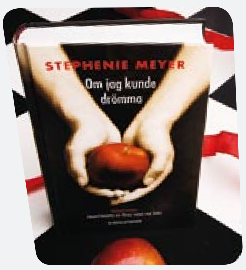
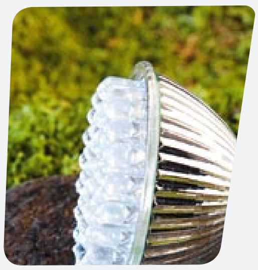
Hakon INVEST

ANNUAL REPORT 2009



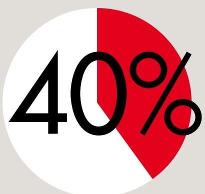


CONTENTS

ICA

ICA AB is one of northern Europe's leading retail companies with approximately 2,200 wholly owned and retailer-owned stores in Sweden, Norway and the Baltic countries. The company employs 20,412 FTEs.

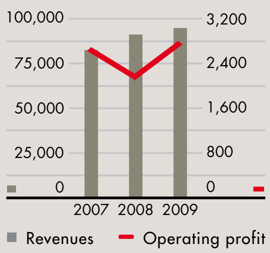
HAKON INVEST'S HOLDING



2009 IN FIGURES, SEK M

Revenues	94,651
Operating profit	2,713
Contribution to Hakon Invest's operating profit	596

REVENUES AND EARNINGS, SEK M



forma Publishing Group

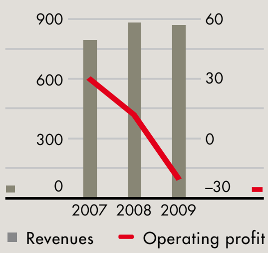
Forma Publishing Group is a media group with operations within magazines, books and television production. The company employs 322 FTEs.

HAKON INVEST'S HOLDING

2009 IN FIGURES, SEK M

Revenues	870
Operating profit	–20
Contribution to Hakon Invest's operating profit	–20

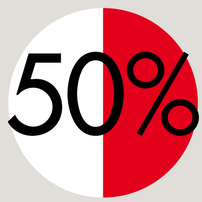
REVENUES AND EARNINGS, SEK M



Kjell & Company

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. In addition to the 46 stores, mail order and online shopping are also important sales channels. The company employs 272 FTEs.

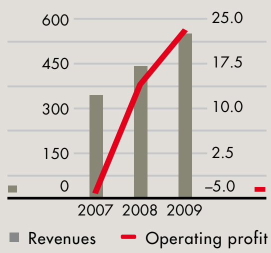
HAKON INVEST'S HOLDING



2009 IN FIGURES, SEK M

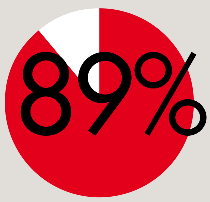
Revenues	550
Operating profit	23
Contribution to Hakon Invest's operating profit	6

REVENUES AND EARNINGS, SEK M



Hemma is a specialist chain within white goods and household appliances which simplify everyday lives. Hemma includes over 100 wholly owned and retailer-owned stores throughout Sweden. The company employs 118 FTEs.

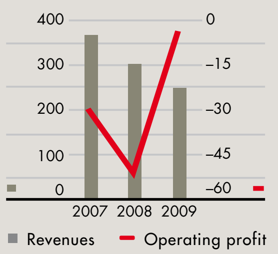
HAKON INVEST'S HOLDING



2009 IN FIGURES, SEK M

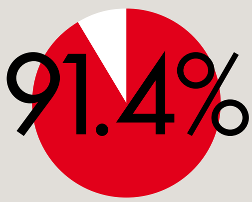
Revenues	249
Operating profit	–4
Contribution to Hakon Invest's operating profit	–4

REVENUES AND EARNINGS, SEK M



Cervera is a well-established chain within high-quality products for the kitchen and dining area. Cervera has a nationwide store network with 61wholly owned and partly-owned stores and 19 franchise stores. The company employs 259 FTEs.

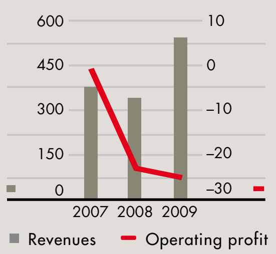
HAKON INVEST'S HOLDING



2009 IN FIGURES, SEK M

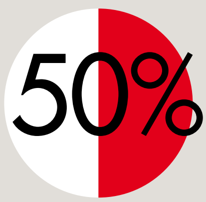
Revenues	544
Operating profit	–25
Contribution to Hakon Invest's operating profit	–25

REVENUES AND EARNINGS, SEK M



inkClub is one of Europe's leading companies in online sales of ink cartridges, vacuum cleaner bags and batteries. All sales take place via the internet and inkClub has over 3 million active customers in 15 countries. The company employs 68 FTEs.

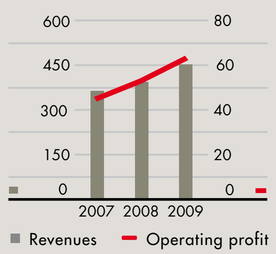
HAKON INVEST'S HOLDING



2009 IN FIGURES, SEK M

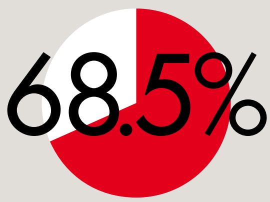
Revenues	452
Operating profit	63
Contribution to Hakon Invest's operating profit	9

REVENUES AND EARNINGS, SEK M



Hemtex is a home textiles specialist with more than 214 stores in Sweden, Finland, Denmark, Norway, Estonia and Poland. The offering includes home textiles and other selected home furnishing products. The company employs 768 FTEs.

HAKON INVEST'S HOLDING

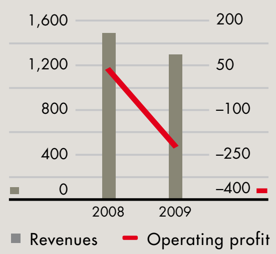


2009 IN FIGURES, SEK M

Revenues	1,295
Operating profit	–221
Contribution to Hakon Invest's operating profit[1)]	–83

1) Relates to holding period July–December 2009.

REVENUES AND EARNINGS, SEK M



President's comments

"I remain cautiously optimistic about market development and my belief in the major potential in Hakon Invest's holdings is unshaken." Read Claes-Göran Sylvén's president's comments in full on pages 2–3.

12%

Hakon Invest's asset management must provide financial resources for future investments. During 2009 the investment return was 12 per cent. Read more on page 14.

Performance of the year

inkClub was given the "Performance of 2009" award at the Distance Selling Day in Borås in November. The jury from Swedish Distance Sellers highlighted, among other things, inkClub's new web stores dustClub.com and batteryClub.com which make it easy for customers to buy consumables on the net. Read more about inkClub on page 46.

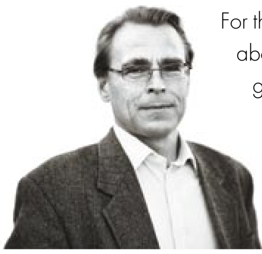
Acquisition within existing portfolio

During 2009 Hakon Invest made add-on investments within existing holdings. The stake in Hemtex was increased and a capital contribution enabled Cervera to acquire 27 stores from Duka. Read more about Hemtex on pages 7 and 48, and about Cervera on pages 10 and 44.

Continued high dividend

Hakon Invest's Board of Directors proposes a dividend of SEK 6.00 (5.00) per common share, corresponding to a dividend yield of 5.4 per cent. Read the Board's statement on the dividend on page 66.

Growth an ever-present question



For the companies in Hakon Invest's portfolio 2009 was very much about costs and working capital, but also about activities to promote growth. Achieving long-term success within retail requires both management and store employees to constantly focus on increasing sales. On pages 26–27 Stein Petter Ski, SVP Investments & Portfolio Companies at Hakon Invest, summarizes the work of the portfolio companies in 2009.

ICA growing steadily

The ICA Group, whose development is so important for Hakon Invest's earnings and cash flow, increased both revenues and profitability in 2009 despite the recession. ICA Sweden produced its best full-year result ever and Rimi Baltic captured market shares in a tough economic climate. ICA Bank and ICA Real Estate also stood firm in the macroeconomic turbulence. ICA Norway's change program was implemented at a fast pace and started to have a positive impact on revenues and earnings. Read more about the ICA Group's performance on pages 28–37.

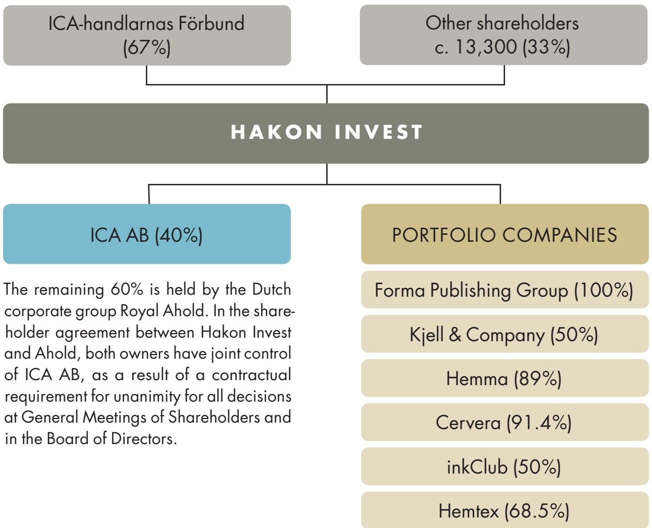
Swedish retail trend surprise

Considering factors in the business environment, the Swedish retail market showed surprisingly strong development in 2009, driven by food retail. From a European perspective the trend was weaker with the biggest sales decreases in the Baltic countries. Read more in the market and business environment section on pages 22–25.

Hakon Invest in brief

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 Large Cap segment. ICA-handlarnas Förbund is the majority shareholder with 67% of the shares. Other shareholders number approximately 13,300. The head office is in Solna, outside Stockholm.



2009 FIGURES

- Revenues SEK 2,392 M (1,184)
- Profit for the year SEK 701 M (170)
- Earnings per share SEK 4.52 (1.17)
- Equity/assets ratio 89.8% (94.9)
- The Board proposes a dividend of SEK 6.00 (5.00) per common share

ICA'S BUSINESS MODELS

ICA seeks the best of being both small and large by combining entrepreneurship and economies of scale as sensibly as possible. ICA works with several business models. The Swedish model is based on independent retailers in cooperation, the Norwegian is based on a mix of wholly owned stores and franchise stores, while the Baltic model is based on wholly owned stores. Regardless of business model, value creation is always based on customer needs.

This Annual Report is a translation of the Swedish version.

Continued focus on growth from a stable platform

When the financial crisis hit with full force at the end of September 2008, conditions changed drastically. Today, one and a half years later, we can see that the negative effects of the crisis were less than we initially believed. 2009 was a good year for Hakon Invest in many ways and we have several reasons to be pleased.

Hakon Invest coped well in 2009. In many areas we worked hard to fend off the negative effects of the financial crisis and the recession while at the same time we managed to retain our growth focus. In several cases this work resulted in actual sales growth, in others it provided stable platforms for future expansion. In 2010 it is all about working relentlessly in our companies to create sales, achieve improved cost efficiency and reduce tied-up capital. These measures increase our opportunities to stand prepared in a fast changing world.

TURBULENT TIMES

During my almost 25 years as a retailer within ICA I have been able to observe at close quarters how macroeconomic changes affect consumption in a food store and the demands this makes on both individual stores and a retail chain. In less favorable times it is important to both accelerate and brake and never lose focus on the customer offering. Simple in theory but not always so easy to put into practice.

Macro prerequisites for ICA in Sweden, Norway and the Baltic countries as well as for our portfolio companies show considerable variations. The food retail market in Sweden and Norway was stable while consumer durables showed major differences between different industry segments. In Sweden and Norway, purchasing power and optimism strengthened steadily during the year. The retail market in the Baltic countries, on the other hand, was hit hard by the financial crisis and recession, and the food retail markets were no exception.

Bad times can never be an excuse for losing market shares. In fact less favorable times can create opportunities to advance positions. At Hakon Invest we apply a long-term approach to create the best possible competitiveness for our holdings and return for our shareholders. We believe that Cervera's acquisition of some 30 Duka stores will prove a good example of this.

ICA DELIVERS

The ICA Group's development in 2009 was very good. All ICA's business areas advanced their positions.

ICA Sweden continued to capture market shares and all four store formats increased sales in comparable units. This was due, among other things, to the customer offering linked with price. Profitability was strengthened through increased sales and improved margins within ICA Special (non-food) and lower logistics costs.

The work of reversing the negative trend within ICA Special is proceeding according to plan. Stock keeping and purchasing processes are considerably more efficient and ICA plans to reduce the product range so as to be able to focus even more clearly in future on homewares, books, media and home textiles. In addition, sales areas for non-food are too large in some places and need adjusting.

ICA Norway has been a major challenge for ICA and Hakon Invest for a number of years. Naturally, it is therefore particularly gratifying that we saw a clear turnaround during the year. The cost base is lower at the same time as store operation is more effective with lower shrinkage. Sales in the Rimi stores that have so far been rebranded to the new store concept increased by an average of 10% compared with the previous year. I am sure that this positive trend will continue in Norway, although it will take time before good profitability is achieved.

Given the tough economic climate, Rimi Baltic succeeded well and took market shares in all three countries. Admittedly store sales fell by 12% in local currency, but Rimi Baltic implemented major cost reductions in both store operations and within logistics and administration.

ICA Bank and ICA Real Estate stood firm in the macroeconomic turbulence. These operations truly provide the support and security expected of them in ICA's portfolio.

MORE GOOD NEWS AT ICA

Two exciting new ventures within ICA Sweden will see the light of day in 2010: Cura pharmacy and ICA To Go.

The pharmacy market in Sweden was deregulated at the end of the first half of 2009. ICA Sweden has followed the political process closely and at the end of 2009 decided to open its own full-scale pharmacies. ICA's pharmacies will trade under the name Cura pharmacy and the first ones will open their doors in spring 2010. The aim is high: some 100 pharmacies will open over the next two to three years.

ICA To Go is a new store format that meets customers' growing need for accessibility and service. ICA To Go are stores in busy urban locations with small floor space, clear customer offering and a high proportion of ICA's own prepared foods. The first ICA To Go will open in central Stockholm. ICA's future plans for this venture will be based on the results from the first pilot stores.

HIGH ACTIVITY IN PORTFOLIO COMPANIES

Our strategy to build a portfolio with retail companies in addition to ICA remains unchanged. We can state that the number of potential investment opportunities was limited in 2009 and no new companies were added during the year. On the other hand, we increased our holding in Hemtex and Cervera and carried out a new issue in Cervera to finance an aggressive investment.

There was full activity in our portfolio companies during the year. We focused on structural issues but above all improved business performance with an emphasis on sales activities, cost awareness and working capital rationalization.

Earnings development in our six portfolio companies was split. Half of them reported improved earnings while the other half posted a lower result. During the final quarter, however, five out of six companies showed improvements over the previous year. Nor was it any surprise that Cervera, Hemtex and Forma did not improve their earnings over the past year. Cervera's result was charged with costs in conjunction with the acquisition of the Duka stores and has undergone a major conversion to a new modern concept. Hemtex continued its adjustment work in order to once again be a consumer-oriented company with a clear customer offering strategy. Forma's earnings were charged with costs for the important restructuring carried out at the start of the year to adjust operations and the cost base for the future.

Hemma, which one year ago was one of the real challenges in our portfolio, is today showing signs of promise. Operating profit improved substantially in 2009 due to an improved gross margin, lower central costs and more effective store operation.

What inkClub and Kjell & Company have in common is a strong and clear customer offering. It is no coincidence that they are also the two portfolio companies that have shown the best financial development. Both companies showed both good sales growth and rising profitability in 2009.

CONTINUED OFFENSIVE

From a macroeconomic perspective 2010 had a brighter start than 2009. How the year will progress, however, is far from certain. Making assessments based on a comparatively good development in 2009 and rising optimism might prove a dangerous strategy. The recovery on the world's financial markets is underpinned by public stimulus packages. This, combined with the fact that we are probably about to see higher unemployment, rising interest rates and an increased debt ratio, will undoubtedly create new challenges in both the Nordic and Baltic retail markets. This makes it important to be on our guard prepared for a rapid change in conditions.

Exactly as before the goal is that ICA will be a Nordic retail group that grows both in market shares and margins. The work of developing attractive and value-for-money customer offerings, implementing cost efficiency measures and reversing the trend in Norway will continue in 2010. It will also be very exciting to see how ICA's investments in its own pharmacies and ICA To Go are received.

In 2010, Cervera, Hemtex and Hemma will initiate activities to create an even better drive in their sales. Examples of this include Cervera's extended campaign activities during weak sales months in order to even out the major seasonal variations, Hemtex's development of a new identity, product range and market communication, and Hemma's new store concept in central locations. What these companies have in common is that they need to increase sales in comparable stores in order to create profitability. Profitability cannot only come from cost savings, aggressive efforts will also be an important part of future development of these companies.

Among the other portfolio companies, Forma's completed cost adjustments means that the company will be better placed to take advantage of business opportunities within its operating areas. For Kjell & Company and inkClub, there will be continued successful work in line with each company's business plan.

We must be prepared for private consumption to be under pressure during the ongoing economic recovery. Our strong finances mean that we are able to advance our positions. The good earnings trend and strong financial position also enable us to continue to offer our shareholders a good dividend yield, which is a long-term goal. For 2009 the Board proposes a dividend of SEK 6.00 per common share.

To sum up, I remain cautiously optimistic about market development and my belief in the major potential in Hakon Invest's holdings is unshaken.

Solna, March 2010
Claes-Göran Sylvén, *President*

From business concept to action

BUSINESS CONCEPT

Hakon Invest makes long-term investments in the retail sector in the Nordic and Baltic regions 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 the leading development partner in the Nordic and Baltic regions.	*9–11*
■ To gradually build a portfolio of holdings with a balanced risk.	*7, 38–48*

FINANCIAL TARGETS FOR HAKON INVEST	*Result 2009*
■ To distribute at least 50% of the Parent Company's profit for the period.	*98.1%*
■ To seek an equity/assets ratio for the Group of not less than 70% over time.	*89.8%*
■ In each individual holding, the average total return on Hakon Invest's invested capital to be at least 15% during the ownership period.	*Not applicable on annual basis*
■ Average annual return from asset management of at least the Consumer Price Index (CPI) plus four percentage points per year over rolling five-year periods.	*5%[1]*

1) Average annual return over past four years.

OPERATING OBJECTIVES FOR ICA AB	*Read more on page*
■ To be the market leader in the countries in which ICA AB is represented.	*28–37*
■ To increase sales in the long term in each submarket at a faster rate than total market growth.	*28–37*

FINANCIAL TARGETS FOR ICA AB	*Result 2009*
■ Operating margin (EBIT) of 3.5–4.0%.	*2.9%*
■ Return on equity of at least 14–16% over a business cycle.	*11.3%*
■ An equity/assets ratio of 30–35% over time.	*34.8%*
■ In the shareholder agreement, Hakon Invest and Ahold have undertaken to work to ensure a dividend of at least 40% of profit for the period.	*100%*

STRATEGIES

BALANCED PORTFOLIO BUILDUP

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, but is not averse to having a 100% holding.

LONG-TERM OWNERSHIP

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

READ MORE ABOUT HAKON INVEST'S OPERATIONS

Investments	*pages* 6–7
Active management	*pages* 9–11
Financial strength and asset management	*pages* 13–14
Risk management	*pages* 16–18
Sustainability	*pages* 19–21

Controlled portfolio expansion

Long-term investments with a good risk diversification are a central part of Hakon Invest's business concept. Expansion of our portfolio of holdings is based on company acquisitions made both directly by Hakon Invest and through our portfolio companies.

Hakon Invest's aim over time is to build up a portfolio of holdings with up to ten companies. The intention is to build a platform that supports a high dividend level over time.

Our investment focus is on companies in the retail sector in the Nordic and Baltic regions. Within the existing portfolio we allow add-on acquisitions that strengthen the companies' long-term growth.

INVESTMENT PHILOSOPHY

Hakon Invest invests in companies that have come some way in their development but need a strong partner with retail expertise in order to take themselves into the next development phase.

We use the following criteria to identify attractive acquisition candidates:

- Clear concept – or good opportunities to chisel out a clear position in the market.
- Entrepreneurship – a key factor for successfully retailing.
- Strong and motivated management and/or owners.
- Positive cash flow.
- Good growth opportunities.

With regard to ownership structure, Hakon Invest seeks a holding in excess of 50%. Since a strong entrepreneurial spirit is often a factor for success within retail, we are happy if the company's founder and former owners stay on. At the same time, there might be advantages with 100% ownership, which means that whole ownership is not ruled out.

Add-on acquisitions within the existing portfolio of holdings are based on their potential to strengthen the companies' growth strategies. They might be deals that expand the sales network, such as Cervera's acquisition of Duka stores, or transactions that complement existing operations, such as inkClub's acquisition of Dammsugarpåsar.nu.

EXIT PHILOSOPHY

Hakon Invest's strategy is to work with a long-term approach with the individual investments, without any fixed time horizon for ownership. This is based on our experience that retail operations often need time to become truly successful.

With the exception of ICA AB which is a "permanent" holding in Hakon Invest's portfolio, the portfolio companies will eventually be sold. The time to sell will be chosen carefully and take into account, among other things, the return for Hakon Invest's shareholders.

BALANCED RISK PROFILE

In addition to the 40% holding in ICA AB, Hakon Invest endeavors to have a portfolio with a balanced risk profile. Since Hakon Invest's IPO at the end of 2005, we have built up a well-diversified, retail-oriented portfolio of holdings. The acquired portfolio companies vary in size and operate in different parts of the retail sector. Acquisitions have been carried out in stages which has created risk diversification over time.

At the end of 2009, our portfolio of holdings consisted of ICA AB and six portfolio companies. The five acquisitions made since the listing of Hakon Invest in December 2005, have been preceded by a large number of identification and evaluation processes.

Long-term value creation in Hakon Invest

Potential well worth a detour

The decision to go in as an owner in Hemtex represented a detour from Hakon Invest's policy to invest in unlisted companies. The investment was the result of renewed interest and the conviction that Hemtex has major intrinsic potential.

Hakon Invest was established in its present form in May 2005 and even back then showed an interest in the then unlisted home textiles chain Hemtex.

"We saw major opportunities to develop Hemtex but at that time the listing process for Hemtex had come a long way," explains Stein Petter Ski, SVP Investments & Portfolio Companies at Hakon Invest.

Instead of becoming the first new company in Hakon Invest's portfolio, Hemtex was listed in October 2005. Hakon Invest's investment organization continued work with identifying retail companies in order to steadily build up a portfolio of companies with major future potential. During this period, Hemtex's progress was monitored at arm's length.

"When the stock market changed its view of Hemtex in autumn 2007, we saw an opportunity to come into the company and as owner help to change the strategy and some working processes. We also understood that there would be problems with Hemtex's inventory. It was among other things against this background that Hakon Invest's Board decided to make an exception from the investment policy," says Ski.

At the beginning of 2008, Hakon Invest started discussions with Hemtex about its stock situation and the constant discount offers.

What Hakon Invest could not predict was the financial crisis which paralyzed the world in autumn 2008. Credit restrictions, falling housing prices and rising unemployment had a major impact on consumers' confidence and willingness to spend. The problems already identified in Hemtex were exacerbated during the crisis and had a negative impact on both sales and earnings.

"Our opinion was that a new issue was required and that this should take a recession into account," says Ski.

In this connection, the Norwegian company Orkla announced that they wanted to sell their entire Hemtex holding. For Hakon Invest this was an opportunity to further increase its ownership.

"Aside from the challenges of the recession, Hemtex has many strengths. The store network in Sweden is very good and Hemtex has established a supplier base in Asia which makes it possible to both offer high quality and good prices. The focus on home textiles has major development potential. Many players offer home textiles but Hemtex is alone in being a specialist," says Ski.

In order to ensure that the intrinsic potential in Hemtex is utilized, Hakon Invest and the rest of the Hemtex board drafted a new business plan in 2009. The organization and governance were also changed, from a product-oriented structure to a process-oriented matrix organization. The purchase of Orkla's shares and the new issue meant that Hakon Invest's holding rose over 30% which in turn triggered a mandatory offer to other shareholders. When the offer period ended the holding in Hemtex amounted to 68.5%.

"We are very pleased with our ownership level today and on the basis of this we want to be a long-term and credible owner," says Ski.

Just after summer 2009, Hemtex's then president, Göran Ydstrand, announced that he wished to leave his assignment after just six months. Together with the Hemtex board, Hakon Invest acted swiftly to put in place a new energetic president who knows the retail trade. The choice fell on Erik Gumabon who took over on November 1, 2009.

"In a short time Erik has achieved several positive improvements through a major change program. This work will take time but we are positive about the future prospects for Hemtex. In the short-term there are obvious challenges which make demands on prioritized areas, such as product range strategy, the supply chain, store operation and the company's communications strategy," Ski concludes.


Anders Hallgren


Mari Muresu and Lena Litens


Göran Blomberg


Claes-Göran Sylvén


Britt-Marie Olsson


Johan Örengård

We are building a strong portfolio of dynamic retail companies

Hakon Invest has a longer investment horizon than traditional venture capital companies. ICA is a permanent holding while the other portfolio companies are being prepared for divestment over time.

In addition to active, value-creating management of the ICA holding, Hakon Invest's business concept is to ensure value growth and a good dividend yield in the portfolio companies, where profits continue to work in our portfolio with long-term value growth for shareholders as the goal. In this way the ICA holding provides the fuel that enables Hakon Invest to guarantee the ICA concept as well as creating added value through both the ICA holding and investments in retail companies with major potential.

Hakon Invest works in a similar manner to a venture capital company with a focus on retail. We buy, develop and sell companies. The main strategy is to invest in suitable retail companies (read about investment criteria on page 6) on as advantageous terms as possible, provide the resources needed to create growth and profitability in the companies, and – when the time is right – sell the companies in one way or another with a good capital gain. This is the proof of success. Our focus is to identify the right company and develop that company's value.

The business model is based on putting into practice our retail expertise that is based on a deep understanding of the market and 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 have considerable knowledge of how retail works and which aspects it is important to manage and work with. Hakon Invest has access to recent and penetrating market information, through among other things quarterly reports about developments in different retail markets compiled by our subsidiary Forma Publishing Group.

The companies in the portfolio have access to a growing pool of success stories in the Group. There is also cooperation between the companies regarding sustainability, premises, systems and warehouses/logistics.

«Kjell & Company is a textbook example of Hakon Invest's methods: the entire process from investment decision to an independent and expansive company, with a very good volume and profitability trend.»

In addition all the portfolio companies have access to the knowledge and expertise within retailing that exists in Hakon Invest and its extensive network.

Hakon Invest's business model

	ICA	OTHER PORTFOLIO COMPANIES
Holding strategy	Permanent holding	Long-term, 8–10 holdings Companies acquired, developed and sold on
Return	14–16% of equity over a business cycle	>15% per year on total invested capital
Cash flow	Annual dividend (>40% of earnings)	Proceeds from acquisitions and sales Dividends

Hakon Invest's shareholders	High equity/assets ratio Dividend policy >50% of Parent Company's profit

Club for special occasions

At the same time as the new store concept was rolled out, Cervera's customer club made an entrance. Through unique benefits Cervera wants to strengthen relationships with customers and provide inspiration all the year round. And this interest is mutual. After just a couple of months the club had 20,000 members.

On September 17, 2009, Cervera opened the doors to its newly acquired Duka stores as the rollout of the new store concept crossed the finishing line. Some seventy stores took part in a four-day long party where surprises, special prices and other treats were on offer. Cervera's change of profile attracted considerable interest among consumers throughout Sweden. During the first days sales rose significantly compared with the same period last year. There was also great interest in the customer club that was launched at the new opening.

"Since we launched both the customer club and the web store at the same time as the grand opening, we did not really have time to concentrate on signing up members at the inauguration. Despite this after just two months we had over 20,000 members which far exceeded our expectations," says Håkan Filipsson, president of Cervera.

The customer club is a strategic investment to strengthen Cervera's relationship with its customers. It is also an important market communication channel. The brand platform is basically the same as before but the connecting thread is new. Cervera calls this the "opportunities strategy".

"By adapting communication and our offers to members to different festivals, events or themes, we can start from the same message without it becoming boring. This also enables the stores to arrange their own activities for members in order to strengthen relationships with customers, in parallel with central campaigns," explains Filipsson.

One key aspect of Cervera's new communications strategy is this opportunity to keep customer relationships alive all year, something that goes hand-in-hand with the new store concept. In addition to carrying a broad range of high-quality products for the kitchen and the home, Cervera's stores will be constant sources of inspiration. The product range will therefore be presented to a greater extent in collections, a trend that is gaining ground particularly in home furnishing.

"If we are to keep our leading position in the market, we must keep up with the most recent trends. Customers expect a store that is alive throughout the year and we also need to even out sales, which is one of our goals for 2010," says Filipsson.

The starting point for the communication for the "opportunities strategy" is that Cervera "likes". Cervera likes you, in the customer club. Cervera likes Mum, in conjunction with mothers' day. Cervera likes fellowship, when Christmas is drawing near. But Cervera can also express its (own) likes about events and community issues.

"During the autumn Cervera liked pink to draw attention to research into breast cancer. For every sold product from our pink range we donated part of the revenues to Pink Ribbon," Filipsson continues.

Besides the customer club, the catalog, particularly the Christmas catalog, is the most important messenger in Cervera's communications work. The plan is that the catalog, just like before, will be published four times in 2010, but this may change depending on development for the customer club.

In order to encourage employees to put a little extra emphasis on the advantages of membership, Cervera's management announced a competition among the stores based on the first to recruit 1,000 members. Something that only took the winner store in Karlskrona just over one month to achieve. ■

ACTIVE OWNERSHIP IN THE PORTFOLIO COMPANIES

Its financial strength makes Hakon Invest a stable and secure owner in both good times and bad. The long-term approach is our core value. We know that active and long-term efforts yield results.

Hakon Invest's key task as owner is to guarantee the right focus in the portfolio companies' customer offering, concept and supply chain – secure platforms that will generate a stable growth in value over time. Work with the portfolio companies in 2009 was also very much about the best way they can acquire competitive advantages through efficiency improvements and having the right cost base for their operations. (Read more about the portfolio companies on pages 38–48.)

Hakon Invest's corporate governance is conducted via work on the boards, as well as by providing expertise in different parts of the holdings' operations. Expertise is provided via Hakon Invest's extensive network which consists of people with many years' experience of retail. We see ensuring the right expertise in the managements of the portfolio companies as one of our key tasks. Also in work on company boards we see our representation as an expertise mandate rather than an owner mandate. Indirect transfer of knowledge also takes place through the meetings Hakon Invest arranges for the holdings.

ACTIVE OWNERSHIP IN ICA

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.

ICA's business model is based on professionalism at every level, 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 and its value-creating strength, 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 and its owners a good return. With the same motives we are actively involved in ICA's overall business development, for example structuring and organizing operations. (Read more about ICA on pages 28–37.)

Hakon Invest as owner


Susanne Eriksson and Charles Wade


Stein Petter Ski


Johan Junehed


Fredrik Hägglund


Mårten Beck-Friis


Birgitta Wahlberg and Marie-Louise Genschou

Financial stability as a starting point

Hakon Invest's long-term approach to entrepreneurship, growth and profitability within retail requires a stable financial foundation. A low debt/equity ratio and a high equity/assets ratio characterize both Hakon Invest and the core holding ICA AB.

Having a strong financial position is a shared basic philosophy for Hakon Invest and our "permanent" holding ICA AB. This guarantees that we can act for the long term even in weaker economic times with less favorable conditions for retailing.

FINANCIAL STABILITY AT HAKON INVEST

Hakon Invest aims to have an equity/assets ratio, i.e. equity in relation to total assets, that does not fall below 70%, and since the IPO we have been considerably above that level. In conjunction with the acquisition of Hemtex at the end of the first half of 2009, the Group's total assets increased and the equity/assets ratio therefore decreased. At year-end 2009 the equity/assets ratio amounted to 89.8% (94.9).

A significant portion of our assets have been cash and cash equivalents and short-term investments. These have decreased in pace with our acquisitions of portfolio companies but still amounted to SEK 1,049 M (1,495) at the end of 2009.

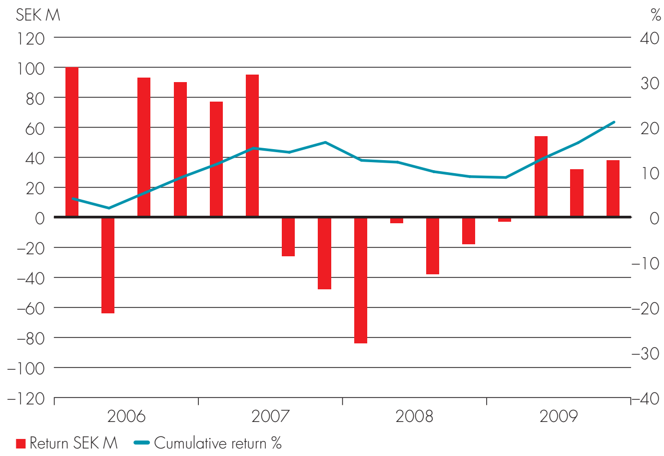
Our financial strength gives us good scope to take advantage of attractive business opportunities at the same time as enabling a high dividend to be paid to shareholders, regardless of the economic situation.

FINANCIAL STABILITY IN ICA

The 40% holding in ICA AB, one of the largest and most successful retail companies in the Nordic region, is the ultimate guarantee for continued financial stability in Hakon Invest. ICA's revenues and earnings are highly significant for Hakon Invest's profit trend, cash flow and financial position. The main focus on the food retail sector, where demand is relatively insensitive to economic fluctuations, stabilizes revenue and earnings development over the business cycle.

The ICA Group has built up a very strong financial position over the years. Cash flows have been reinvested in operations. ICA has, among other things, created its strong store network through major investments in attractive store locations over many years. ICA has also invested significant amounts in ultra-modern distribution centers in order to guarantee an effective, long-term logistics structure. The ICA model in Sweden includes the ICA retailers themselves making considerable investments in their stores every year. Both refurbishments and extensions are financed by the individual retailers.

Investment return per quarter and cumulative 2006–2009



Asset management for future investments

Financial assets and liquid assets account for a significant portion of Hakon Invest's assets. These funds will be used for future investments in both new and existing portfolio companies.

Hakon Invest creates shareholder value through value growth in both ICA and the portfolio companies, combined with a good yield. When Hakon Invest was listed at the end of 2005, the company had approximately SEK 3 billion in financial assets and a portfolio that comprised the 40% holding in ICA and the wholly owned media group Forma Publishing Group. Since then two-thirds of our financial assets have been used for investments in five retail companies with substantial growth potential.

BALANCE BETWEEN RETURN AND RISK

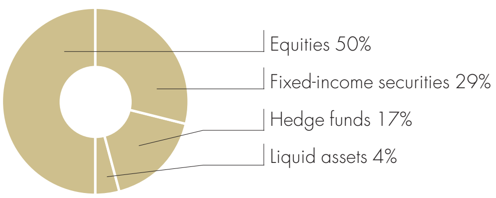
The starting-point for Hakon Invest's asset management is to ensure funds are available for future deals. This means that risk taking is limited in order not to jeopardize our ability to take advantage of new investment opportunities when they arise and to support the existing portfolio companies in their continued development.

Asset management is based on our financial and investment policy with accompanying guidelines. The target is an average return of at least the Consumer Price Index (CPI) plus four percentage points per year over rolling five-year periods. The allocation between equities, share-related instruments and fixed-income securities varies over time in order to maintain a good balance between return and level of risk.

In the second half of 2008 we reduced the proportion of equities under management, which was gradually increased in 2009.

During 2009 the return from asset management amounted to 12%.

Breakdown of assets under management (Parent Company)



EXISTING AND FUTURE INVESTMENTS

Between the IPO and the end of 2009, Hakon Invest has invested almost SEK 2 billion in five portfolio companies. At the end of 2009, the Group's liquid assets and short-term investments amounted to SEK 1,049 M (1,495).

Our future investments will be based on the same principles as before. We have a long-term approach and carefully analyze investment opportunities on the basis of a number of criteria. The aim is to build up a portfolio with up to ten companies and at the same time retain a satisfactory buffer of financial assets. Read more about our investment criteria on page 6.

The 40% holding in ICA has generated significant profit shares and dividends for Hakon Invest. ICA's food retail focused operations are relatively insensitive to the business environment and create stability in our earnings and cash flows over time, which replenishes our financial assets in the long term. This in turn creates a stable financial base for the portfolio companies.

Investments in portfolio companies until December 31, 2009

	Investment year	Amount (SEK M)
Forma Publishing Group	1999	200
Kjell & Company	2006	102
Hemma	2006	106
	2008	45
		Total: 151
Cervera	2006	87
	2009	153
		Total: 240
inkClub	2007	431
Hemtex	2008	423
	2009	504
		Total: 927
Total investment amount:		2,051

New window display for white goods

With personal stores, first-class service and a newly opened web shop, attitudes to white goods will change. During 2010 Hemma will take a step closer to customers when the chain enters city malls and shopping streets.

In spring 2010, Hemma will open three new stores: one in Stockholm, one in Västerås and one in Helsingborg. This will mark the start of the expansion planned by the chain. Hemma's aim is to double the number of owned stores over three years and to expand the chain with an additional ten retailer-owned stores annually during the same period. This represents an increase of approximately 50 stores, most of which are planned to be in areas close to city centers.

"It is a major challenge to gain access to the most attractive store sites. Many property owners and malls would rather lease to clothing chains. But our three new stores prove that it is possible," says Hemma's president Daniel Lindin.

30 years ago white goods retailers were located in industrial estates outside cities to which customers drove with a trailer or car. Demands for service were low, provided the products offered value-for-money. For a few years now customers have been taking themselves to shopping malls on the outskirts of cities in order to buy fridges, washing machines and cookers. Fewer and fewer wish to take the product directly home, at least in big city areas, they prefer home delivery and help with installation. Taking away the packaging and customers' old white goods have also become a competitive tool.

Hemma's future new flagship store in Stockholm marks a new trend in the white goods market. Right in the city center, a stone's throw from Stureplan, makes it a key part of efforts to change consumers' attitudes to white goods.

"Our aim is that it should be just as easy to buy a fridge as, say, a suit. Extended service such as home delivery and installation allow us to take the step from shopping malls in the suburbs to trendy premises on shopping streets or malls. White goods are just as much about fashion and design as other home furnishings and deserve a place in the city," Lindin continues.

New environments mean new target groups but also place higher demands on Hemma's communication and display. The fashion level has increased within all home furnishings in recent years, and white goods are no exception. For the most trend-sensitive customers a washing-up machine is no longer just a dishwasher. It is also a part of the interior design which must blend with the rest of the home.

As a base for the journey Hemma has started, both the store network and marketing strategy have been carefully analyzed and developed. The new store concept "Hemma Compact" will bring Hemma closer to customers in more ways than just geographically. The stores will be smaller, the level of service further increased and the offering communicated more clearly. Last but not least the recently inaugurated web store will be further developed and marketed.

"Selling our products via the net is a strategic necessity for us. We can hardly get any closer to customers than in their own homes. The web is also a very important window display. In November 2009 alone the web store had 20,000 unique visitors per week – and many of them then also visit our physical stores to see the products in reality and ask our employees for advice," says Lindin.

Awareness among consumers is not confined to function and design. Environmental aspects have become increasingly important and the store staff must also be able to advise about energy consumption, water consumption and eco-labeling.

"We must ensure that in response to customer needs we always have a broad range that follows both trends and environmental requirements as well as other guidelines in the market. And when we talk about knowledge, we mean both knowledge about what is happening around us and how it affects our customers," says Lindin.

New growth among white goods retailers has been weak throughout the industry in recent years. Daniel Lindin does not see this as any obstacle to success with the planned expansion of retailer-owned stores within Hemma.

"If no new retailers appear, we will have to recruit some from our competitors. During 2009 we have noticed considerable interest in Hemma as a partner and four new retailers joined the chain," Lindin concludes. ■

Risk management is a central part of the role of owner

Active and responsible ownership is Hakon Invest's core business. Management of opportunities and risks is an integrated part of this business.

The most obvious risk in Hakon Invest is the financial development of ICA and the portfolio companies. In the worst case scenario the risk is that we lose our entire investment in a company. The starting point for risk management is to minimize total risk exposure by continuously identifying possible threats to value creation and initiating action programs in the event a threat becomes a reality.

RISK MANAGEMENT STRUCTURE IN HAKON INVEST

Assessment and management of risks in ICA and the portfolio companies is a centrally important part of Hakon Invest's operations and risk management is an integrated part of the work process. Assessments are made from the basic principles established in the formal work plan for Hakon Invest's Board and Executive Management. The Board sets limits for Hakon Invest's risk management and within this framework Executive Management evaluates Hakon Invest's exposure to different risks, their probability and potential financial impact and the correlation between them. 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 business opportunities and risks.

VARYING SENSITIVITY TO BUSINESS CLIMATE

Macroeconomic development, real wages and political decisions are fundamental drivers in the retail sector. Retail contains many different segments, however, with varying sensitivity to macroeconomic fluctuations and political decisions. Sensitivity can also vary between different countries. The economic development in the Baltic countries was considerably weaker than in the Nordic region during 2009. This led, among other things, to high unemployment and reduced salaries which had a strong negative impact on retail trading in the Baltic countries.

The 40% holding in ICA, one of the largest retail companies in the Nordic region, implies significant exposure to Nordic and Baltic food retail. Development within the food retail sector is closely linked to GDP trends and real wages, but has historically been less cyclically sensitive than consumer durables. From a portfolio perspective the ICA holding can be regarded as risk reducing in a weaker economic climate.

At the end of 2009 Hakon Invest's holdings were operating in the following retail sectors:

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

Of these sectors, glassware, porcelain and homewares as well as white goods are the most cyclically sensitive. The sensitivity of the publishing industry depends on focus. The magazine market is often hit hard by economic downturns when advertising decreases, while the book market and contract publishing are affected to a lesser extent by the macroeconomic situation.

EVERYTHING STARTS AND ENDS WITH CUSTOMER CONFIDENCE

Customers' confidence in operations, products and services is a factor which has a major impact on the long-term development of retail companies. Without strong confidence in the brand it is very difficult, often impossible, for a retail company to gain market shares and grow.

Sound sustainability work increases the ability to win and retain the confidence of customers. One important part of Hakon Invest's role as owner is therefore to contribute to strategies and daily routines that are sustainable over time. Within ICA environmental and social responsibility issues have been an integrated part of the business for many years. The portfolio companies have made varied progress but are all working to further develop their environmental and social responsibility. Read more about initiatives for sustainable value creation at Hakon Invest, ICA and the portfolio companies on pages 19–21.

ICA – A SIGNIFICANT PART OF THE RISK PROFILE

The ICA holding is "permanent" and accounts for a significant portion of Hakon Invest's assets. This means that opportunities and risks that have a significant impact on ICA's short and long-term development are decisive for Hakon Invest's total risk exposure. Hakon Invest's risk management is conducted through active and relevant corporate governance together with the part owner Royal Ahold.

As in all retail business customer confidence is pivotal for ICA's development. ICA's brand is built and sustained primarily in the stores, and it is also there it is at risk. The private labels, which are developed centrally, also provide an image for ICA's values and at the same time show that they are put into practice. ICA is one of the very strongest brands in Sweden. In the Norwegian market, where ICA works with the ICA and Rimi brands, the position is not as strong. Although awareness of what ICA and Rimi represent has increased in recent years.

Hakon Invest's risk management

ASSET MANAGEMENT

RISKS

- Results of management are affected by:
  – General development in the stock market
  – Development for individual equities
  – Development in the fixed-income and currency markets

RISK MANAGEMENT

- Financial and investment policy
- Reporting
- Follow-up

INVESTMENT OPERATIONS

RISKS

- Dependent on key people
- Inadequacies in internal routines and systems at Hakon Invest and/or the investment
- Financing investments
- Counterparty and other transaction risks

RISK MANAGEMENT

- Nurturing the employer brand
- Investment policy
- Structural capital in the form of established processes and standardized documents (due diligence, shareholder agreements, etc.)
- Investment Committee

DIVESTMENTS

RISKS

- Unfavorable stock market climate (prices of listed companies affect prices of unlisted companies)
- Counterparty and other transaction risks

RISK MANAGEMENT

- Long-term investment horizon
- Cooperation and agreement with co-owners
- Several divestment alternatives

PORTFOLIO COMPANIES

RISKS

- 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
  – Inadequate responsibility for environmental and social aspects of the business

RISK MANAGEMENT

- Active and relevant corporate governance through:
  – Shareholder agreement
  – Board representation
  – Business plan
  – Sustainability policy
  – Crisis management
- Control and follow-up through:
  – Budgets
  – Reporting

ICA AB

RISKS

- A negative development of ICA's sales and earnings
- General and specific factors that affect ICA's development in the short- and long-term:
  – Macroeconomic factors
  – Conditions in the food retail markets in Sweden, Norway, Estonia, Latvia and Lithuania (competition, price pressure, political decisions, etc.)
  – Strategic and operational factors within ICA's operations that affect their respective brands
  – Inadequate responsibility for environmental and social aspects of the business

RISK MANAGEMENT

- Active and relevant corporate governance through:
  – Shareholder agreement
  – Board representation
  – Business plan
  – Sustainability policy
  – Crisis management
- Control and follow-up through:
  – Budgets
  – Reporting

ICA retailers in Sweden are free to choose their suppliers. On average every individual retailer in Sweden has some 50 different suppliers, many of whom are local producers within the assortment bread, vegetables and fresh products. These purchases account for approximately 30% of the retailers' total business volume.

RISK CONTROL IN THE PORTFOLIO COMPANIES

All investments have an inherent uncertainty. Ahead of an 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. After the investment has been made board and control work are key tools for achieving effective corporate governance and risk management.

LONG-TERM APPROACH CAN GIVE SHORT-TERM FLUCTUATIONS

Hakon Invest's investment horizon is longer than that of traditional venture capital companies. This allows us to implement measures and investments with major potential to create long-term added value in ICA and the portfolio companies, although in the shorter term these might have a negative earnings impact. One example is ICA's investment in a new and ultra-modern distribution center in Helsingborg in 2006, which over time will be very important for ICA Sweden's competitiveness.

This type of long-term investment may lead to short-term fluctuations in Hakon Invest's earnings.

ASSET MANAGEMENT WITH BALANCED RISK

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 financial and investment policy is the framework for our asset management and management of financial risks. The Board decides on the direction and risk level in asset management, which is conducted both internally and outside the company. The financial and investment policy is evaluated and revised annually by the Board.

Read more about asset management on page 14. More information about guidelines and risk management within asset management is provided in Note 2 on pages 75–76.

COMPETENCE IS A CRITICAL RESOURCE

Hakon Invest's operations require both retail and business expertise. Our 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. If Hakon Invest in such a case does not succeed in recruiting new, qualified employees this could have a negative effect on 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.

Strategies based on nurturing confidence

Customer confidence is about everything from a clear offering to accepting responsibility for environment, people and society. A key part of our role as owner is to contribute to strategies and routines that are economically, environmentally and socially sustainable.

The ability to win and retain consumer confidence is basic to all successful retailing. A good understanding of expectations for environmental and social responsibility among customers, employees, investors, and other stakeholders, improves the retail companies' control of business risks. This can at the same time provide new business opportunities.

SUSTAINABILITY FOR HAKON INVEST

Hakon Invest wishes to contribute to the sustainable development of society. Our main contribution is through work with the portfolio companies. We make every effort to be aware of new trends and business environment aspects that might affect the companies, and support them so that they can take effective action to meet the demands made by customers and other stakeholders.

In 2008, Hakon Invest's Board adopted a sustainability policy that clarifies what responsible ownership means to us. The policy is based on our business concept, vision and mission as well as our core values: responsibility, expertise, commitment, entrepreneurial spirit and partnership.

Other policies and guidelines are linked to the sustainability policy in order to clarify what this means in practice. The intention is to support both Hakon Invest's internal work and the portfolio companies' operations and to clarify aims ahead of future investments. Among other things Hakon Invest has adopted guidelines for responsible action in the portfolio companies. Through active board work we will encourage the portfolio companies to continually improve within sustainability. Both Hakon Invest and all the portfolio companies must comply with all rules, laws and international agreements where they operate. In addition, the portfolio companies are responsible, on the basis of their own businesses, for developing relevant policies, systems for control and follow-up as well as communication within sustainability. Each company must be able to show that they are continually improving their business with regard to sustainability issues. The board members appointed by Hakon Invest should regularly make sure that the portfolio companies are making sustainability improvements.

When there are aspects or questions of a similar nature in the different companies, we support and coordinate the sustainability work as far as possible with common documents, proposals for effective working methods and follow-up.

Descriptions of our policies are available at www.hakoninvest.se under Corporate Governance.

SUSTAINABILITY CRITERIA IN ASSET MANAGEMENT

Management of liquid assets, both internally and externally, is based on our financial and investment policy. This stipulates 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 the UN Global Compact's principles for human rights, labor law issues, environment and corruption, as well as the OECD guidelines for multinationals. The companies may not have a significant portion of their sales in the arms industry or pornography. Our external partners within asset management must comply with the financial and investment policy.

RESPONSIBILITY IN THE INVESTMENT PROCESS

Responsibility to Hakon Invest's shareholders starts in the investment process. We only invest in companies with operations that are acceptable on the basis of our investment and sustainability policies. This means we analyze a potential portfolio company's sustainability profile at an early stage. 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.

Many of the companies that suit Hakon Invest's investment criteria are relatively young and have therefore often not always managed to develop structured sustainability initiatives. This does not mean, however, that we reject 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. This involves, for example, drafting and introducing relevant policies and working methods that encompass the operations' most important sustainability aspects.

SUSTAINABILITY INITIATIVES IN THE HOLDINGS

ICA AB has been conducting extensive work on accepting environmental and social responsibility for many years, which Hakon Invest together with the other co-owner Royal Ahold has helped to develop. The smaller holdings have made varying progress and our contribution through active board work is therefore based on conditions in each company. We also encourage an exchange of knowledge within sustainability between the holdings.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY AT ICA

ICA's approach to ethics and social responsibility is summarized in the seven position statement known as "ICA's Good Business" (read more on page 31). These position statements are based, among other things, on the UN Global Compact which promotes social and environmental responsibility among international companies. Based on the Global Compact and ICA's Good Business, a number of policies and guidelines have been drawn up as guidance in day-to-day work.

The most important areas in ICA's sustainability work include:

- Reducing the Group's energy and material consumption and waste volumes.
- Reducing the Group's climate impact.
- Expanding the range of eco-friendly products.
- Checking that suppliers meet ICA's requirements for social responsibility.
- Controlling product safety throughout the chain, from primary producer to consumers.
- Inspiring customers to make healthy eating choices.

ICA further developed its climate strategy during 2009, where one target is to reduce the Group's known emissions of greenhouse gases by 30% by 2020 compared with 2006. The strategy was complemented with two sub-targets: to achieve one-third of the reduction by 2009 and two-thirds by 2012. Based on ICA's reporting of its management of the climate issue and its carbon dioxide emissions, in 2009 Hakon Invest was ranked as the second-best listed company in the Nordic region in the Carbon Disclosure Project's (CDP) annual review. This represented an improvement from the Nordic sixth place in 2008.

During the year ICA worked with several major issues relating to sustainable fishing. One of the biggest events was the decision to stop purchasing king prawns, which means that the Swedish central assortment is now totally free of species that are given a red light by WWF. Since 2004, all cod in ICA's main assortment is caught in the Barents Sea, where it is considered sustainable and has been given a green light in WWF's fish guide. ICA's plaice was MSC-labeled during the year and thus given a green light by the WWF. All mackerel sold under the ICA name also met MSC's requirements. Further, ICA decided to replace the yellowfin tuna in its products to Skipjack, which has more sustainable stocks.

In order to check and monitor that suppliers are taking social responsibility in production of goods, ICA works with third-party audits, and with its own inspections using the ICA Social Audit method. The company's own audits, which have the same requirements as third-party audits, means that ICA can help its suppliers to more quickly meet ICA's social responsibility requirements. In order to be in place closer to suppliers ICA established three Asian purchasing offices in 2008. During 2009 purchasing operations were also started in Jakarta, Indonesia. ICA also continued its survey of suppliers, the supplier landscape project, in order to further increase transparency in the supply chain.

Another focus area in 2009 was efforts to further improve product safety. The new quality standard for stores in Sweden, initiated by ICA, was approved by the Swedish Board for Accreditation and Conformity Assessment (SWEDAC). This is the world's first third-party standard for food safety in stores and will be part of ICA's ongoing quality work in Sweden in 2010.

Work on coordination of the Group's product safety work between countries and with other sustainability issues took a big step forward with the launch of the "I Care" project. This three-year project checks every stage of the product flow – from purchasing and logistics to store – in all markets in a coordinated manner.

For several years the ICA Group has reported its social and environmental responsibility in annual corporate responsibility reports. In recent years the report has been based on Global Reporting Initiative's (GRI) international framework for sustainability reporting. Read more about ICA's sustainability initiatives at www.ica.se.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY AT HEMTEX

Hemtex has a responsibility for sustainable development both in its own operations and in those conducted by companies with which Hemtex cooperates. All Hemtex's textiles and other products are purchased from 115 suppliers around the world. Examples of key sustainability aspects in supplier operations are working environment, salaries, use of water and use and handling of chemicals. Hemtex does not have direct control of its suppliers' operations and in order to make sure that manufacturing is carried out in a responsible manner contracts with supplier include requirements to comply with a code of conduct. The code of conduct takes up issues such as environment, discrimination, child labor, working hours, wages, working conditions and the right to form and be a member of a trade union. Compliance with these requirements is monitored through factory inspections and interviews with management and employees. In the largest purchasing markets, China and Bangladesh, Hemtex has purchasing offices in order to increase its presence at the suppliers and facilitate control.

Conventional cotton growing consumes large volumes of water and uses a lot of pesticides and chemicals. In order to influence cotton growing in a sustainable direction, Hemtex is a member of the Better Cotton Initiative (BCI) an international organization that works to reduce the impact on health and the environment of large-scale cultivation.

In order to create secure and pleasant workplaces for its own employees, Hemtex works systematically with working environment and safety. A combined working environment and safety training program is conducted twice a year for all store managers in order to update skills and ensure training of recently employed store managers.

More information about sustainability work at Hemtex can be accessed at www.hemtex.com.

SUSTAINABILITY INITIATIVES IN OTHER PORTFOLIO COMPANIES

The portfolio companies apart from ICA and Hemtex are at different phases of development and have therefore made varying progress in their sustainability work. At Forma Publishing Group, for example, sustainability issues have been an integrated part of business development for many years.

During 2008 the companies were asked to assess their biggest challenges related to sustainability in order to then draft relevant policies and implement these in 2009. Some of the companies already worked on the basis of one or more policies while others took their first steps in policy work. By the end of 2009 all companies had drafted policies but in some of them actual implementation will take place during 2010.

In 2009 each company also selected key performance indicators within working environment, environment, equal opportunities and quality, to the extent these were not already in place. These KPIs will be followed up from year to year and reported to Hakon Invest.

In order to facilitate and inspire sustainability work, since 2008 Hakon Invest has arranged seminars for the companies' management groups, boards, and employees who work with sustainability issues. In November 2009 a seminar was held on responsible ownership in a recession.

SUSTAINABILITY ASPECTS IN OUR OWN OPERATIONS

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 psychological work environment.

Employees are Hakon Invest's most important resource and this makes personnel welfare in the form of skills development and keep-fit activities prioritized areas. For example, all Hakon Invest's employees were invited to attend internal training in economy and rhetoric during the year. Employees are invited to participate in a wellness program and are also able to exercise during working hours.

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 company cars and other items.

Examples of key steps in holdings' sustainability work in 2009

ICA
- Project to improve energy efficiency at stores within ICA Sweden.
- Climate strategy complemented with two targets: to achieve one-third of the objective by 2009 and two-thirds by 2012. The CEO encouraged the Swedish ICA retailers to switch to renewable electricity to speed up achievement of the climate objective.
- Two-day training in Shanghai on the social responsibility of food suppliers.
- Start of the "I Care" project to coordinate the Group's product safety work.

Hemtex
- Continued checks of new factories and follow-up of areas identified for improvement in previous inspections.
- Examination of down suppliers and their subcontractors.
- Introduction of new environmental requirements for quality of wastewater at factories using wet processes.

Forma Publishing Group
- Continued work on integration of sustainability issues in business development, including clearer managerial responsibility.
- Maintenance of a high proportion of suppliers (printers) which comply with ISO 14001 and other environmental standards.
- Adoption of targets for the number of leasing cars that should be eco-cars.

Kjell & Company
- Two employees on site at the purchasing office in Shanghai to monitor, among other things, conditions at suppliers.
- Information about the company's sustainability initiatives added to the introduction file for new employees.
- Introduction course for new salespersons complemented with environmental awareness to help customers choose eco-efficient products.
- Monthly checks of the physical and psychological working environment in stores and warehouses.

Hemma
- Updating of Working Environment Policy as well as work with a Mobile Policy and Alcohol and Drugs Policy.
- Switch to green electricity in all own stores and review of total costs for electricity.
- Introduction course for new salespersons complemented with environmental awareness in order to increase sales of more eco-friendly and energy efficient products.

Cervera
- Started efficiency improvements to the logistics flow, including a reduced number of transports.
- Introduction of requirement for suppliers to sign a code of conduct.
- Review of total electricity costs.

inkClub
- Introduction of code of conduct for suppliers.
- Work started on evaluation of suppliers.
- Drafting of environmental policy and guidelines for operation and logistics.

Major variations in market conditions

In Sweden the retail year 2009 was a positive surprise and considering the business environment, development was strong. From a European perspective the trend was weaker, with the Baltic countries accounting for the biggest decline in sales.

In the retail market in Sweden the negative trend from autumn 2008 leveled out during the first half of 2009 and fears that retail would be hit as hard as at the start of the 1990s proved unfounded.

Although the Swedish retail trade as a whole developed well, there were regional and sector differences, where some geographic areas and segments were hit harder than others. The latter is reflected in the fact that a full 898 retail companies went bankrupt in 2009, an increase of 22% compared with 2008. Some of these bankruptcies resulted from the weak business climate and lower demand, but many are probably a natural and more structural elimination of unclear and unfashionable concepts that no longer attract customers.

From a European perspective 2009 was a weak retail year and in several countries the positive growth trend of recent years is now totally eradicated. In the Baltic region the major downturn that started at the end of 2008 continued and retail markets in the three Baltic countries showed the biggest sales decrease in Europe in 2009.

STRENGTHENED INTERNATIONAL ECONOMY

From an international perspective the recession is showing signs of leveling out and in some markets a gradual recovery has started. One important explanation for this development is the expansive financial and monetary policy that has been applied since the recession started. Low interest rates and reduced taxes have increased consumers' real disposable income, despite weak labor markets.

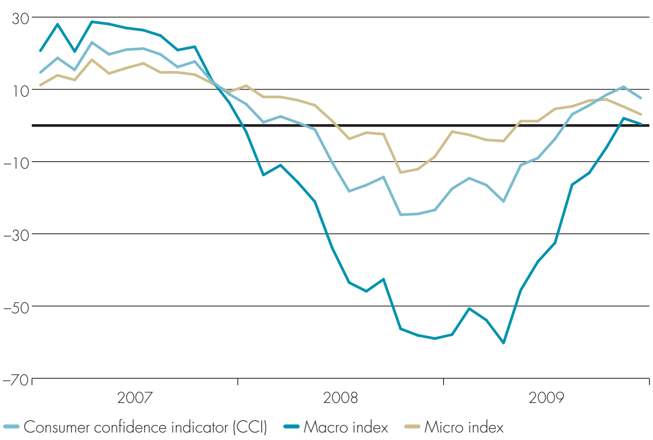
In many countries, however, it is expected to take time before the economy returns to levels prior to the financial crisis. GDP growth is forecast to be lower than in earlier economic upturns and the recovery phase may therefore take longer.

PURCHASING POWER AND CONSUMER CONFIDENCE IN SWEDEN

The present economic crisis, which in terms of Swedish GDP has been the deepest since the 1930s, has not yet had a full impact on Swedish households and consumers. The explanation is that the low rate of inflation, an historically low level of interest rates and implemented tax relief, have left Swedish consumers in work with more money than before in their wallets every month.

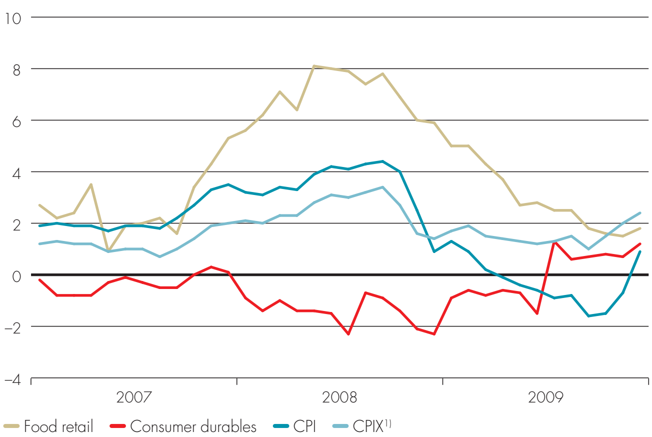
Anxiety about development in the labor market and economic development in general resulted, however, in a large part of the strong purchasing power being used for increased savings. At the same time consumers' increasingly positive view of the economic situation has gradually had an effect out in the stores. For the year as a whole this means that many consumers could both save and consume, which in its turn added up to a positive overall development for retail.

Consumer confidence indicator –
Consumer confidence in personal finances and Swedish economy



Source: National Institute of Economic Research, Consumer confidence indicator, at December 2009

Retail price trend in Sweden, %



1) CPI excluding mortgage costs.

Source: Statistics Sweden

CONSUMER BEHAVIOR IN THE WAKE OF THE RECESSION

Even though Swedish consumers have managed relatively well in the prevailing recession, interest in low-price products has risen. The extent to which this is due to consumers deliberately looking for products in lower price classes or whether it is rather explained by retail's swift response to consumer "needs" by launching many new items in this segment is difficult to say.

Perhaps the most interesting question for retail right now is whether consumers' increased price awareness will last. Are products in lower price classes regarded as having an accepted level of quality and thus offering an alternative to more expensive, quality products in future? There are a number of surveys which indicate that consumers have to some extent learnt to live without the more expensive products. If this is correct, consumers may adopt a more wait-and-see and scrutinizing attitude. Awareness and strict economy may be keywords in the future for consumers who think twice before making a purchase. Such a development of consumer behavior could slow the recovery rate within retail as a whole, since it will mean that less money is being spent.

At the same time interest in social responsibility and the environmental and climate impact of products continues to be comparatively great among many consumers. This in turn may lead to a generally increased interest in a more long-term and durable consumption.

Questions such as these create both challenges and opportunities for retail players.

DIFFERENCES AND INTERPLAY BETWEEN FOOD AND CONSUMER DURABLE RETAILING

At an overall level the retail year 2009 had a comparatively positive start in Sweden. Food retail was a driver, partly underpinned by price increases for food and partly due to the weaker Swedish krona. For consumer durables the start of the year was considerably tougher and it was clear that the recession had reached that part of the retail sector. Hardest hit were loan-financed sectors furniture, electronics, hardware and building materials, but income-financed retail also showed considerably weaker growth levels than before.

The fact that consumers were a little more restrictive with more capital-intensive consumer durables can indirectly have had a positive effect on food retail, since it to some extent received the capital not being spent on capital-intensive products.

Growth levels within consumer durables recovered as the year progressed and in the second half of 2009 some sectors reported really strong growth figures. The recoil from the weak development in autumn 2008 was naturally one explanation, but it was probably not solely about a recovery from low levels. The improvement probably also reflected increased optimism among consumers and sector-specific factors such as tax relief for repairs and renovations for the building-related sector.

Sports and electronics retail showed very strong development during the year. The upturn for sports retail in recent years is explained partly by the sector's increased clothing component, and partly by the strong health trend which received extra impetus in 2009. Electronics retail development was also divided in 2009 with a slight loss of growth in current prices but a very strong volume growth. The trend with strong price pressure explains this segment's problems in finding sustainable profitability.

In total, food retail increased in Sweden by 4.8% and consumer durables by 2.6% in current prices. Measured in current prices only two industry segments showed negative growth – electronics and jewelers. In fixed prices 6 out of 13 industry segments lost sales in 2009.

DEVELOPMENT IN THE NORDIC[1] AND BALTIC REGIONS

Retail development in the Nordic region in 2009 followed the trend from the previous year relatively well: Sweden and Norway showed similar growth rates and Danish consumers were the most abstemious.

On the other hand, the Finnish retail sector developed considerably less well compared with the previous year. Finland was the country that succeeded in maintaining growth figures longest in 2008, but in 2009 economic development caught up and Finnish retail showed a negative trend.

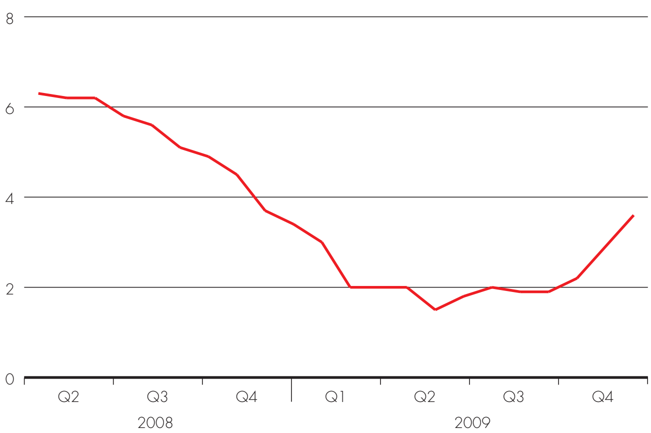
The Baltic countries are still characterized by budget consolidation, credit restrictions and political tensions. This means that the economic climate in the region is only starting to thaw at an extremely slow pace. Within retail the sales decreases were substantial and even though the fall slowed compared with the beginning of the year, all three countries report sales losses of over 20% on a monthly basis and are now below the 2005 level.

Development in Sweden

Swedish retail coped with the downturn considerably better than expected, despite the effects of the financial crisis and subsequent recession. Since autumn 2008, retail as a whole has only shown negative growth measured in current prices during two months – November 2008 and February 2009.

1) Excluding Iceland.

Retail trend in Sweden (12-month trend, current prices, %)



Source: Swedish Retail Institute, Retail trade index, rolling 12 months

The negative trend from autumn 2008 continued until early summer. Then came a turnaround and development was considerably stronger in the second half of the year. Due to the stronger close to the year, which culminated in a new record for Christmas trading, 2009 was a better year for the retail sector than 2008. This development is primarily due to continued strong growth for food retail. Consumer durables, on the other hand, had a considerably tougher time in 2009, particularly in the first half. In total, sales during the year amounted to SEK 602 billion, corresponding to growth of 3.6%, compared with 3.4% in 2008. The price effect was not as strong as in the previous year and excluding price and calendar effects the increase was 2.8% (1.3).

Forecasts for the important Christmas trading were exceeded. Retail's total sales during December ended at a full SEK 63.5 billion, an increase of 6.8% measured in current prices. As usual, consumer durables were the strongest driver in December and increased by a full 8.7%. The strongest growth on a full-year basis was shown by Systembolaget (the Swedish Alcohol Retail Monopoly) as well as sports and leisure retail, with increases of 9.7% and 9.6% respectively. The weakest development was shown by jewelry retail which fell 0.4%.

Development in Denmark

2009 did not bring any significant brighter trend for Danish retail. Development remained negative although at a slower rate. In December sales increased by 0.7%[1], which was the first month since May 2008 with positive year on year growth figures. Sales in the Danish market fell on an annual basis by 4.5%, which was the sharpest decline in the Nordic region.

Development in Norway

The Norwegian retail sector ended the year on a strong note with an upturn of a full 5.7% in December measured in current prices. This strong finish meant that growth was higher in 2009 than in 2008. In total, retail in Norway increased by 3.2%[1] in current prices.

As in Sweden, a strong health trend made a positive contribution to the sports sector's sales making it one of the year's winners in Norway. Electronics retail is showing signs similar to those in Sweden, in the form of clear price pressure and very strong volume increases. During December, the Norwegian electronics retail's sales volumes rose 12.7%.

Development in Finland

The Finnish retail market showed a very weak development in 2009. From previously being in line with or above Swedish growth levels, Finnish retail lost speed during the year. The end of the year was better with a sales increase in current prices of 3.3%[1] in December. On a full-year basis, however, the result was an overall decline of 2.6%.

Development in the Baltic region

Development in the Baltic countries is still characterized by budget consolidation, credit restrictions and political tensions.

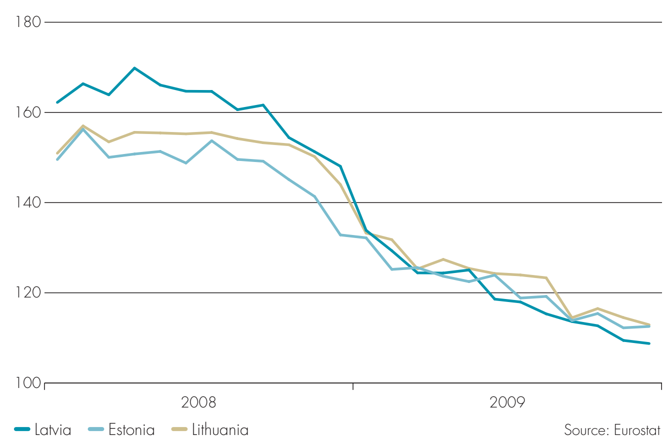
Following the record year 2008, the retail markets in the three countries saw sharp sales decreases in 2009. At the end of 2008, retail trade in the region was at levels that were approximately 20% above the 2005 sales level measured in volume. Sales are now below the 2005 level in all three countries.

The tough economic climate will probably continue during most of 2010. In order to restore lost competitiveness the restrictive economic policy will probably continue with further wage decreases. It is highly probable that it will be 2011 before the Baltic countries show positive growth within retail measured as an annual average.

Within Estonian retail, sales fell 15% measured in volume. Food retail fared slightly better and during the second half the monthly sales fall was about 9%.

1) Preliminary figures for 2009.

Retail trade development in Baltic countries (2005 = 100, season-adjusted prices)



Source: Eurostat

Consumer durables were far worse affected and the most exposed were electronics as well as hardware and building materials both of which showed sales falls of 25% in December.

Retail sales in Latvia fell by a full 28% during the year. Sales of food fell by 20.6% while sales in the consumer durables sector fell 31.5%. This means the Latvian food retail market is back at 2003 sales levels.

In Lithuania, the sharp downturn leveled out during the year, although with no signs of recovery. In total, retail sales fell 27.7%.

LOOKING AHEAD AT 2010

The Swedish Retail Institute (HUI) predicts lower growth figures in Sweden in the year ahead compared with growth levels during most of the 2000s.

Since mid-2009 the trend within retail has been clearly positive but this is not necessarily the start of a return to earlier strong growth levels. In all probability the recovery which has started will be more drawn out than many had hoped.

If consumers' more positive attitudes lead to reduced precautionary savings, a larger part of the strong purchasing power can find its way into retail. Higher unemployment and an early interest rate hike by Riksbanken could at the same time slow the recovery and possibly lead to a setback.

At the end of 2009, Swedish consumers had mortgages for approximately SEK 1,550 billion, which means an interest expense of SEK 15.5 billion per percentage point in interest. With interest 3 percentage points higher, SEK 46.5 billion would go to interest payments, which corresponds to almost a month's sales for total retail trade in Sweden.

If Riksbanken's future interest rate increases are not followed by a strong economy and lower unemployment, 2010 and 2011 can be tough retail years in Sweden.

Stein Petter Ski, SVP Investments & Portfolio Companies

Growth center stage

During 2009 we devoted a lot of attention to the portfolio companies' costs and working capital: factors that within retail play a major role in profitability. The companies worked with improvements within, among other things, logistics from suppliers and distribution centers to stores, management of store stocks, manning of stores at different times, employee training and a review of the store network and cost of premises.

A one-sided focus on costs and capital efficiency, however, makes no retail company successful over time. In the retail business it is extra important to always prioritize growth. Without a focus on growth the company will be overtaken sooner or later by more alert competitors. The focus of both management and store employees must always be on increasing sales, if not always with double digit percentages at least by a few percentage points. Working with the offering to and meeting with customers is an obvious part of this. Another is store network planning. A powerful expansion of new market places and changed consumer habits place increasingly high demands on the retailer to evaluate location, cost of premises and concept. Having the courage to act in time is important.

Kjell & Company opened eight new stores in 2009 and increased sales in comparable units by 8%. Total sales during the year rose by 25%. The high growth was combined with a number of activities designed to strengthen the supply chain and customer offering. During the year the company also established an office in China to strengthen the purchasing function. Kjell & Company develops its internal processes year after year and this insistent work guarantees future profitable expansion.

Hemma lost 18% in sales during 2009. The lower sales are explained partly by three stores being phased out during 2008, and partly by a negative sales trend in comparable stores of 15%. The latter was due in turn to both the challenging conditions in the white goods market and the fact that Hemma did not have a sufficiently sharp customer offering. Despite this, we view 2009 as a positive year when Hemma succeeded in putting things in order by adapting costs centrally and in stores as well as negotiating better purchasing terms. Operating profit improved by approximately SEK 50 M. During the year Hemma also prepared a plan for future growth. As part of this plan, a new store concept "Hemma Compact" will be launched in 2010. This concept is more city-oriented and stores will be located in shopping malls and city centers.

Development in the holdings

Key figures, SEK M	INCOME STATEMENTS: Revenues 2009	Revenues 2008	Operating profit 2009	Operating profit 2008	CASH FLOWS: From operating activities 2009	From investing activities 2009
ICA Group	94,651	90,963	2,713	2,117	3,768	–1,610
PORTFOLIO COMPANIES						
Forma Publishing Group	870	881	–20	12	4	–10
Kjell & Company	550	442	23	14	23	–4
Hemma	249	303	–4	–51	–26	0
Cervera	544	341	–25	–23	29	–75
inkClub	452	394	63	53	47	–1
Hemtex[4]	729	796	–120[5]	49	78	–7

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) Hemtex relates to the period July–December 2009. The shares in Hemtex were acquired in 2008 but ownership has risen steadily and the company has been reported as a subsidiary since June 30, 2009.
5) SEK 37 M of operating profit relates to impairment of goodwill, which did not affect the Hakon Invest Group's earnings.

In April 2009, Cervera announced its acquisition of 27 Duka stores as well as NK Glas, Porslin & Kök in Stockholm and Gothenburg. The acquisition almost doubled Cervera's operations and naturally made a major impression on the company's activities during the year. The stores were taken over at the end of June, and by mid-September all Duka stores had been rebranded as Cervera stores. Cervera's new market communication was also launched in September. The financial crisis affected Cervera to a considerable extent and hit sales hard from autumn 2008 onwards. Sales in comparable stores increased gradually in 2009. Sales for the full year were on a par with the previous year, despite a sales increase of approximately 13% during the important Christmas trading period. During 2010, Cervera will focus on sales-promotion activities.

The biggest change in the portfolio of companies was that we increased our holding in Hemtex from 26.4% to 68.5%. Fundamentally, Hemtex has many strengths and during the year we spent a lot of time evaluating the components of these operations. This resulted in a new business plan which is about changing brand identity, store network planning, store operation, stocks, purchasing and logistics. Hemtex's new energetic management has an exciting and tough job ahead of it.

inkClub has not been affected by the recession. 2009 was a very strong year with a sales increase of 15%. Profitability was enhanced through improved sales activities and a better sales mix. Two new web stores – batteryClub and dustClub – were started and inkClub's ability to further develop its business concept was rewarded with the Performance of the Year award at the Distance Selling Day.

For Forma Publishing Group focus areas were to some extent different than among the portfolio's retail companies. Magazine operations are among those most exposed to competition and the Forma Magazine business area had to work hard to handle the negative effects of an advertizing market that fell almost 30% in 2009. The business model was scrutinized and Forma turned every stone. The contract operations, Forma Contract, are not as sensitive to the business climate and complement the magazine operations well. Forma Books also developed well despite the tough economic climate, among other things due to success with the Twilight books.

BALANCE SHEETS			HAKON INVEST'S OWNERSHIP			
Assets	Equity	Interest-bearing net debt	Contribution to Hakon Invest's operating profit	Holding (%)	Investment	
2009	2009	2009	2009			
40,160	13,962	1,628[1)]	596	40%[2)]	–	ICA Group
						PORTFOLIO COMPANIES
595	99	236	–20	100%	200	Forma Publishing Group
183	63	–21	6	50%[3)]	102	Kjell & Company
302	138	82	–4	89%	151	Hemma
424	169	–48	–25	91.4%	240	Cervera
253	210	–169	9	50%[3)]	431	inkClub
789	392	83	–83	68.5%	927	Hemtex[4)]

Rapid response to customer needs and market conditions

The ICA Group increased both sales and profitability in 2009 despite the recession. The ability to always focus on customers and quickly adapt both the offering and costs are one key explanation.

OPERATIONS

The ICA Group is one of northern Europe's leading retail companies with approximately 2,200 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 in Sweden and ICA Real Estate which manages the property portfolio and leases.

Hakonbolaget, the origin of today's ICA, was formed by Hakon Swenson in 1917. Since then ICA has steadily developed to its present organizational and ownership structure.

The core of the ICA idea is to be best at being both small and large by combining entrepreneurship with economies of scale. Individual retailers join forces through joint purchasing, store establishments and marketing to achieve the same economies of scale as a chain.

ICA seeks to be a far-sighted and dynamic company with sound finances, aware environmental work, and strong social responsibility.

The aim is fixed on being the leading retailer with a focus on food and meals.

CUSTOMER OFFERING

ICA's vision is to make every day a little easier for its customers. Operations are developed all the time in response to external demands and conditions. ICA Bank and ICA Real Estate are assigned to support the core business of both the Group and the stores – retailing with a focus on food and meals – as well as customers in their everyday lives.

THE PAST YEAR AND FUTURE CHALLENGES

During 2009 ICA implemented major investments in attractively priced offerings in all markets. The product range continued to be expanded through development of both the existing assortment and new private label products.

A total of 29 new stores were opened in five countries during the year. Rebranding of the Norwegian stores to a new Rimi concept continued according to plan.

A new organization was put in place on January 1, 2009, to give ICA's operations better opportunities to adapt to their market conditions.

Cost-cutting programs were implemented in all countries to improve cost efficiency.

Growth-promoting activities continue to be important. During 2010 ICA Sweden will develop the "Mina Varor" discounted personal offering program. In Sweden, ICA will open its own pharmacy. ICA Norway will rebrand a further 85 stores to the new Rimi concept, and Rimi Baltic will work among other things with upgrading the Supermarket format and further improving store work.

More information about important events and future focus areas in each business is provided on pages 32–36.

REVENUES AND EARNINGS 2009

The ICA Group's net sales totaled SEK 94,651 M (90,963), an increase of 4.1% compared with 2008. In fixed exchange rates the increase was 1.8%.

Operating profit amounted to SEK 2,713 M (2,117), an increase of 28.2%. The operating margin was 2.9% compared with 2.3% in 2008. Operating profit includes capital gains from property sales of SEK 121 M (332) and the net of reversed and recognized impairment losses on non-current assets of SEK 9 M (–120). The improved operating profit was mainly explained by the operations in Sweden and Norway.

BUSINESS MODELS AND EARNINGS

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 on a mix between franchise and wholly owned stores, while the Baltic model is based on wholly owned stores.

The ICA Group's earnings come from four main sources: store operations, the supply chain, real estate and banking. 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 revenues through royalties and profit shares from the Swedish stores and through franchise fees from the Norwegian stores.

At ICA Norway, which owns approximately half of the stores, retail sales are an important source of revenue. The same applies to Rimi Baltic in Estonia, Latvia and Lithuania, where all stores are wholly owned.

ICA Sweden receives revenues from the end consumer through Maxi Special, a subsidiary that sells non-food items within Maxi ICA Stormarknad. ICA also receives revenues from stores where ICA Sweden, often during an interim period, owns more than 50% of the shares. As part of the ICA idea, ICA offers new retailers startup capital in the form of Group contributions during a subsidiary phase. During this phase the stores' sales and expenses are reported in ICA's income statement.


Koriander
OLIV
OLJA

Supply chain

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

Banking

ICA Bank's revenues mainly comprise net interest and commissions from the sale of financial products to customers in the Swedish market.

Breakdown of ICA's revenues 2009

Real estate

ICA owns a large number of properties. These generate current revenues to the Group in the form of market rent from retailers. If the property in the event of a sale has increased in value, this generates capital gains. Starting in 2009, ICA's real estate operations in Sweden and Norway are reported as a separate operating segment within the Group. The real estate operations in the Baltic countries continue to be reported in the Rimi Baltic operating segment.

ICA Group's earnings sources

	ICA Sweden	ICA Norway	Rimi Baltic	ICA Bank	ICA Real Estate
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.			
Banking				Sale of financial services. Other players' utilization of the bank's infrastructure.	
Real estate			Property management and property sales.		Property management and property sales.

ICA'S STRENGTHS

During the years ICA developed its operations in response to external demands and conditions and success is based on several strength factors.

The ICA idea is one of the key strengths. The Swedish ICA model with "independent retailers working in cooperation" is a cornerstone of the Group. All stores regardless of market and business model have a strong local connection, are highly committed and know their customers well.

The ICA brand is also a key strength factor. ICA is one of Sweden's strongest brands. This is a huge asset in its marketing. Customer confidence is very high in Sweden, and ICA's customers are more loyal than the competition's.

The efficient supply chain is another example of a strength. ICA has developed highly efficient systems to get the right products to get to the stores just in time in a cost-effective manner.

ICA's social commitment is strong, which is becoming increasingly important to maintain and improve the strength in the brand. This commitment is found both at Group level and out in the stores.

ICA Group's operating and financial goals

Long-term goals	Outcome 2009
Increase sales faster than the total market in each sector.	Sales rose 4.1% to SEK 94,651 M. Market shares are assessed as increased in Sweden and the Baltic countries, but decreased in Norway.
Reach an operating margin of 3.5–4.0%.	Operating margin amounted to 2.9%, an increase from 2.3% in 2008.
Reach a return on equity of at least 14–16% over a business cycle.	Return on equity was 11.3%, compared with 13.5% in 2008.
Maintain an equity/assets ratio of 30–35% in the long term.	Equity/assets ratio amounted to 34.8% at year-end 2009 compared with 32.0% at year-end 2008.

SUSTAINABILITY IN ICA'S BUSINESS

The ICA Group has been conducting extensive corporate responsibility work (CR work) for many years. This work is based on the conviction that good profitability goes hand in hand with major social responsibility and long-term environmental initiatives. Sustainability work is based on "ICA's Good Business" – seven position statements linked among other things to the UN Global Compact.

According to these position statements ICA will:

- Be driven by profitability and high ethical standards.
- Listen to customers and always base decisions on their needs.
- Nurture diversity and growth among its employees.
- Maintain an open dialogue internally and with the community.
- Ensure quality and safe products.
- Promote a healthy lifestyle.
- Adopt sound environment practices to promote sustainable development.

ICA's CR work entails both risks and opportunities. ICA must constantly adapt to demands for greater transparency, regulatory changes and increasing requirements placed on sustainability in every level of the supply chain. Unless ICA can satisfactorily meet the market's expectations and the goals of its CR work, there is a risk that the brand and ICA's position in the market will suffer. On the other hand, ICA's brand could be strengthened as a result of successful CR work. Moreover, ICA can operate more cost-effectively by reducing its consumption of energy and materials.

Sustainability goals

In order to be a long-term, vigorous group ICA, in addition to its operational and financial goals, has set up targets for environmental work and social responsibility, both for the Group and subsidiaries. The most important Group targets are:

- Reduce the Group's known greenhouse gas emissions by 30% by 2020 compared with 2006. One-third of this reduction to have been achieved by 2009 and two-thirds by 2012.
- 100% of ICA's corporate brand suppliers in high-risk countries will be socially audited by 2011.
- 80% of ICA's suppliers of corporate brand foods will be certified according to the Global Food Safety Initiative (GFSI) by 2010.

More information about ICA's sustainability work is provided on page 19 and in ICA's Annual Report and Corporate Responsibility Report for 2009. The Corporate Responsibility Report is prepared according to Global Reporting Initiative's guidelines (GRI G3) and is reviewed by ICA's external auditors.

Increased market share in intense competition

ICA continued to grow in the mature Swedish market in 2009. The advanced positions are explained by a greater focus on price, continued further improvement of the product range and the strong store network.

THIS IS ICA SWEDEN

ICA Sweden conducts food retail operations around the country in cooperation with independent retailers, who own and manage their stores. The number of stores totaled 1,359 (1,369) at year-end 2009.

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

MARKET

Sweden is a mature food retail market with relatively slow growth. There are a small number of players in the Swedish market but competition for consumers' food money is intensifying. ICA, Axfood, Coop and Bergendahls together account for approximately 70% of the market. Other players include the German discount chain Lidl and Netto from Denmark.

Swedish customers have placed a premium on a wide selection and high quality rather than just low prices for many years. There is also considerable awareness of climate and environmental issues. The recession increased consumers' price awareness, however. Despite this the strong sales development for organic and local products continued during 2009.

Total sales in the Swedish food retail market amounted to SEK 264.8[1)] billion, which was an increase of 4.2% compared with 2008.

THE PAST YEAR AND FUTURE CHALLENGES

Both revenues and earnings improved during the year. Food sales drove growth within all store profiles and with a particularly good development for ICA Maxi. The reasons for this trend include ICA's work on developing new customer offerings linked to price. In addition to the campaign called "A cheaper ICA" with price cuts on both suppliers' products and private label choices, ICA continued to develop the "Mina Varor" personal offerings.

Logistics costs per unit decreased as a result of ICA Sweden's efficiency measures. Reasons for this improvement include the central warehouse in Helsingborg which handles large volumes and became more effective.

In September 2009, Anders Svensson took over as the new CEO of ICA Sweden. Despite intensifying competition ICA continued to advance its positions in Sweden. At year-end the market share was approximately 36.5% (36). Ten new stores were opened during the year.

During the fourth quarter ICA decided to operate its own pharmacies in Sweden. The pharmacy is a strategically important investment and a good example of how the expertise and commitment within the ICA Group drives business forward. ICA's pharmacy will be called Cura pharmacy and the aim is to have about 100 full-scale pharmacies in operation in two to three years. In 2010 ICA will also open ICA To Go, a new store format to meet growing needs for accessibility and service.

Price will continue to be a central issue in 2010. In order to strengthen relationships with customers, ICA Sweden aims to develop the most well thought out loyal program with offers that suit all types of customer groups. In order to guarantee the right price without any loss of quality, the focus on private labels will intensify.

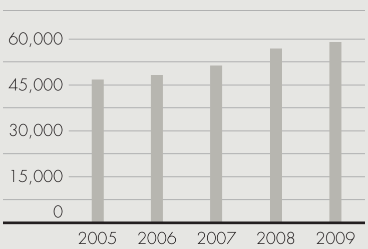
Ahead of 2010 CEO Kenneth Bengtsson is encouraging the Swedish ICA retailers to choose green electricity, which means that electricity suppliers must produce a corresponding amount from renewable energy sources. A big response would mean that the ICA Group can achieve its target for reduced greenhouse gas emissions earlier than planned.

REVENUES AND EARNINGS

ICA Sweden's revenues increased by 5.4% to SEK 59,003 M (55,969) in 2009. Operating profit amounted to SEK 2,320 M (1,709). The improvement is explained by higher sales, lower costs for administration, better earnings for non food and more effective logistics. Earnings were charged with SEK 88 M in estimated costs for the closure of the warehouses in Umeå and Årsta which will take place in 2011.

1) Preliminary figures for 2009.

Revenues, SEK M



		Number of stores Dec. 31, 2009	Store sales excl. VAT 2009, 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.	69	25,025	30 – 45,000
ICA KVANTUM	Large supermarkets with a broad and deep product range.	118	21,904	10 – 30,000
ICA Supermarket	Food enjoyment and diversity with a focus on fresh products and personal service.	444	29,588	8 – 10,000
ICA nära	Small and convenient stores with easy access and a high level of service.	728	14,155	5 – 8,000

Fast pace in change program

ICA Norway's change program was intensive during 2009. The ongoing rebranding of the Rimi stores was well received by customers.

THIS IS ICA NORWAY

ICA Norway conducts food retailing, where half the stores are operated by ICA and the remainder are franchise stores. There were a total of 612 stores (636) at year-end 2009. There are also a number of associated stores.

The stores have four formats: Rimi, ICA Naer, ICA Supermarked and ICA Maxi.

MARKET

The food retail market in Norway is relatively unconsolidated and characterized by a large number of small grocery stores. Compared with Sweden, the number of grocery stores per capita is considerably higher. Norwegian consumers shop several times a week and like stores close to home. The fact that the stores are closed in the evenings and at weekends makes it difficult for many customers to drive outside the cities for large purchases.

Norgesgruppen, which operates in all market segments, has the highest market share, followed by Coop, Rema 1000 and ICA, which ranks fourth with a 15.7% share of the grocery market.

Norwegian customers have been affected comparatively little by the global recession. The retail food market continued to grow during 2009, though at a slower pace than before. Growth was 6.2% compared with 7.7% in 2008 and sales totaled NOK 134.2 billion (126.4). The discount segment, which accounts for about half of market sales, grew slightly at the expense of the premium segment.

THE PAST YEAR AND FUTURE CHALLENGES

ICA Norway's change program was conducted at a fast pace and started to have positive impacts on revenues and earnings in 2009. One of the most important actions was the rebranding of the Rimi stores, in order to change customers' image of Rimi. At year-end 76 of the almost 250 Rimi stores had been rebranded to the new concept. The rebranding of the Rimi stores was well received by customers. The average sales increase in the rebranded stores was approximately 10% in 2009.

Another key measure was the introduction of new, improved standards in all stores. The aim was to improve the customer experience and gain better control over store costs and shrinkage.

Organizationally, four companies were merged and consolidated to create synergies and reduce bureaucracy.

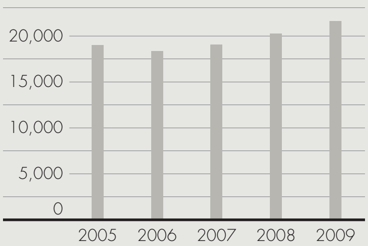
ICA Norway's change program will continue in 2010. This will include preparations for a franchise adjustment of the Rimi concept. Efforts to identify synergies and further improve cost controls will continue.

In early 2010, ICA Norway's business system will be ramped up at store level as well.

REVENUES AND EARNINGS

ICA Norway's revenues increased by 7.4% to SEK 21,666 M (20,164) in 2009. Operating loss was SEK 506 M (–719). The improvement was mainly due to an improved gross margin and lower costs for administration. Earnings were also charged with nonrecurring costs for two Maxi stores that were closed at the end of the summer.

Revenues, SEK M



		Number of stores Dec. 31, 2009	Store sales excl. VAT 2009, NOK M	No. of articles per store
ICA MAXI	Everything under one roof at good prices. Conveniently located hypermarkets for customers who drive to the store.	25	3,172	14–17,000
ICA nær / ICA Supermarked	Food enjoyment and diversity with a focus on fresh products and personal service.	340	9,475	3–6,000
RIMI	Discount stores for customers' daily shopping.	247	7,734	3–4,000

Stable foundation in harsh economic climate

The Baltic food retail market shrank in 2009 in the wake of the financial crisis and recession. Despite difficult market conditions Rimi Baltic managed to defend – and improve – its positions.

THIS IS RIMI BALTIC

Rimi Baltic conducts food retailing in wholly owned stores in Estonia, Latvia and Lithuania. There were a total of 246 stores (233) at the end of 2009.

Rimi Baltic has three store formats to meet customer needs. Rimi Hypermarket and Rimi Supermarket, which focus on fresh foods and good service, operate in all three markets. In the discount segment, SuperNetto operates in Latvia and Lithuania, while Estonia has the discount chain Säästumarket.

MARKET

Estonia, Latvia and Lithuania are three different markets, with different customer behavior and competition conditions. During 2009, however, all three were greatly affected by the recession, which caused high unemployment and big wage reductions for many people. This had a very negative impact on purchasing power.

The hardest hit was Latvia, which accounts for half of Rimi Baltic's operations. Latvia's GDP fell by a full 17.5%[1)] compared with 2008. Lithuania's GDP fell by 15.0%[1)], while Estonia was not so hard hit with a decline of 14.2%[1)]. In aggregate the Baltic food retail market decreased by 14.1% to a total value of EUR 7.1 billion. This can be compared with an increase of 13.9% and a value of almost EUR 8.0 billion in 2008.

Despite the dismal growth figures, most food retailers noted continued good customer traffic. The difference compared with the previous year is that customers were spending less. Discounted prices and campaigns more than doubled in volume compared with 2008.

The Baltic region is still characterized by strong competition and many players. In the total market, Maxima is the market leader and the main competitor to Rimi Baltic which is number two. Other players include ETK, IKI, Selver, Elvi, Mego and Norfa. Rimi Baltic is market leader in Latvia and Estonia but is number four in Lithuania. Rimi Baltic's total market share was 16.6% (16.1) at year-end 2009.

1) Preliminary figures for 2009.

THE PAST YEAR AND FUTURE CHALLENGES

During 2009, Rimi Baltic implemented substantial cost reductions to adapt operations to the shrinking market. The number of full-time employees was cut from 9,600 at the start of the year to 6,750 at year-end. At the same time, internal working methods were changed to improve efficiency and save money at every stage.

The substantial recession affected plans for a fast new establishment rate. On the other hand, new stores are being opened at lower costs. It is positive that Rimi Baltic succeeded in maintaining a good customer offering with good stores, a broader assortment and good prices. According to Nielsen Ratings, Rimi Baltic gained market share in 2009 in all three countries.

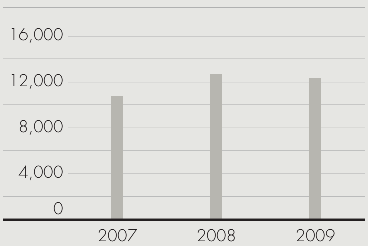
The focus going forward is on further increasing market share through measures in the stores. Leadership training will be provided for store managers. The supermarket formats will be refurbished gradually during 2010.

The emphasis will also be on further cost efficiencies, an expanded product range and higher private label sales.

REVENUES AND EARNINGS

Rimi Baltic's revenues decreased by 2.6% to SEK 12,329 M (12,661) during 2009. In local currency sales in 2009 decreased by 11.8%. Operating loss was SEK 109 M (+182), including impairment of non-current assets of SEK 24 M (80). The decline is explained by falling consumption and higher fixed costs due to a higher number of stores than in 2008. Margins were under pressure due to increased price competition.

Revenues, SEK M



Number of stores	Hypermarket	Supermarket	Discount	Total	Store sales excl. VAT 2009, EUR M
Estonia	10	10	58	78	358
Latvia	14	31	57	102	558
Lithuania	14	28	24	66	238
Total	38	69	139	246	1,154

Simple offering in turbulent market

The financial crisis and recession favored banks and financial players with transparent offerings and limited risk. ICA Bank's business volume increased by 7.7%.

THIS IS ICA BANK

ICA Bank operates in Sweden and has agency agreements with nearly all ICA stores in the country. The business concept is to offer banking services that build loyalty among ICA's customers, as well as to increase the share of store transactions executed with ICA's own cards.

In addition to the ICA Card, which celebrates its 20th anniversary in 2010, the complete offering includes current accounts, various forms of bank cards, unsecured loans, mortgages in cooperation with SBAB, accident, life and disability insurance in cooperation with Genworth Financial and savings products such as equities, mutual funds and pension savings in cooperation with Nordnet.

ICA Bank has been named Bank of the Year by the magazine Privata Affärer four times.

MARKET

The Swedish banking and financial sector is divided into two parts. One consists of the major banks with broad operations in both Sweden and other countries, and the other consists of Swedish and foreign niche players.

The financial crisis reshuffled positions in the Swedish banking market. Reduced confidence in several major banks favored smaller banks and niche players perceived as having transparent offerings, low charges and limited risk.

The internet makes it easier for bank customers to review both bank offerings and their personal finances. Bank customers have traditionally been reluctant to switch banks but being able to carry out banking transactions online, while cash withdrawals and credit applications can be made directly in the store, have contributed to greater mobility.

THE PAST YEAR AND FUTURE CHALLENGES

ICA Bank had a good year despite the turbulence in the financial market. Business volume rose by 7.7% and the number of bank cards issued increased by 24,000 and by the end of the year there were a total of 327,000 cards issued.

Product development continued and included home-owners insurance in cooperation with Moderna Försäkringar.

In Norway, where store terminals have already been prepared for banking services, work started on payment terminals for chip cards.

During the third quarter, ICA Bank launched a popular advertising campaign with an ICA retailer named Stig as its central character. This was followed up with activities in the stores in the fourth quarter.

ICA Bank also signed a contract with the National Debt Office to provide debit card solutions for authorities such as the Swedish Social Insurance Administration, the Prison and Probation Service, the Swedish Tax Agency and municipalities. The Swedish Migration Board already issues payments to about 30,000 households using the ICA Bank solution.

During 2010 the focus will remain on attracting more of ICA's customers. The goal is to continue to increase the number of card holders during 2010. ICA Bank is also preparing for the installation of payment terminals in all five countries in which the ICA Group operates.

REVENUES AND EARNINGS

ICA Bank's revenues increased by 8.9% to SEK 634 M (582). Operating profit rose to SEK 132 M (111), mainly due to improved net interest.

	2008	**2009**
Business volume (SEK M)[1]	16,363	17,625
Number of ATMs	136	190
Number of payment terminals, Sweden	6,300	6,300
Number of payment terminals, Norway	2,000	2,400

1) Deposits + lending including mortgages.

	2006	2007	2008	**2009**
Revenues (SEK M)	458[2]	517	582	634
Operating profit (SEK M)	11	83	111	132
Number of FTEs	174	196	234	253

2) Revenues include a SEK 6 M capital gain.

Strategic development of store locations

ICA Real Estate supports the Group's business development and most rental income is from ICA stores.

THIS IS ICA REAL ESTATE

ICA Real Estate's mission is to satisfy the Group's need for the right premises in the right locations in Sweden and Norway. This is done through a combination of owning and administration of leases that are then rented by ICA retailers. The Group owns approximately 180 store properties. These operations provide ICA with good control of the entire property chain – from buying land, building, managing, selling and renting real estate.

ICA Real Estate also develops Retail Parks, marketplaces with high-volume retailers near or directly beside large ICA stores. This concept is called "Good Neighbors", and the neighboring stores include both national chains and local retailers.

MARKET

The financial crisis affected ICA Real Estate to a limited extent since the operations are closely linked to ICA's development rather than that of the real estate market.

The role of partner in the ICA Group's business development means that ICA Real Estate cannot be fully compared with pure-play real estate players. ICA Real estate does not compete to manage and develop shopping centers or office buildings. Instead, it is fully focused on developing ICA's operations.

In terms of space, however, its 835,000 m^2 makes ICA Real Estate a major player in the Swedish and Norwegian retail property markets.

THE PAST YEAR AND FUTURE CHALLENGES

In 2009, ICA Real Estate deviated for the first time from the principle of only working with new marketplaces. A number of properties with existing ICA stores were acquired to ensure the development of strategic marketplaces. A total of SEK 515 M (472) was invested in properties in 2009. ICA Real Estate also worked with energy-conservation measures. A new ICA Kvantum store was built in Karlstad, Sweden, based on the EU's new Green Building standard, which is based on reducing energy consumption from the beginning. A pilot project with solar panels on the roofs of ICA's stores and warehouses was evaluated. In total, ICA has 1 million m^2 of roof that could be utilized for solar panels and the purpose of the project was to learn more. One thing that was learned was that more energy was generated than expected.

In Norway, a major divestment was completed in 2009. Kiellands Hus Eiendom AS, which is 51% owned by ICA Eiendom Norge AS, sold the shopping center Kiellands Hus to a German fund for NOK 222.5 M, which generated a capital gain of NOK 40 M.

In 2010, the focus will remain on developing good store locations and effective management, in order to support the ICA Group's development and at the same time generate a good yield.

ICA Real Estate will also acquire existing properties with ICA stores as tenants in order to ensure the development of strategic marketplaces. Environmental work will be developed together with other companies in the ICA Group in order to contribute to the Group-wide objectives for carbon dioxide emissions and energy consumption.

REVENUES AND EARNINGS

Since the start of 2009 the real estate operations in Sweden and Norway are reported in ICA Real Estate. Previously, they were reported in ICA Sweden and ICA Norway.

ICA Real Estate's revenues increased by 6.4% to SEK 2,095 M (1,969). Operating profit decreased to SEK 1,025 M (1,134). Operating profit includes capital gains from property sales of SEK 111 M (332) and the net of recognized and reversed impairment of non-current assets of SEK 33 M (0). The improvement is mainly due to increased rental income and lower personnel costs.

	2009
Number of owned properties	180
Average number of employees	67

	2008	2009
Total revenues (SEK M)	1,969	2,095
Operating profit (SEK M)	1,134	1,025

Five-year financial overview, ICA Group

SEK M	2005	2006	2007	2008	**2009**
Summary income statements					
Net sales	71,663	67,395	82,326	90,963	94,651
Operating profit before depreciation	3,248	3,545	4,080	3,753	4,272
Depreciation and impairment	–1,275	–1,248	–1,478	–1,636	–1,559
Operating profit before impairment of goodwill	1,973	2,297	2,602	2,117	2,713
Impairment of goodwill	–15	–	–	–	–
Operating profit	1,958	2,297	2,602	2,117	2,713
Financial items	–287	–251	–320	–323	–404
Profit after financial items	1,671	2,046	2,282	1,794	2,309
Tax	–148	–12	–116	–66	–722
Profit for the year from discontinued operations	–	367	–	–	–
Profit for the year	1,523	2,401	2,166	1,728	1,587
Summary balance sheets					
Intangible assets	1,914	3,447	3,599	3,742	3,940
Property, plant and equipment	12,441	13,232	14,959	15,544	15,755
Financial assets	4,914	3,959	3,368	3,772	3,701
Other non-current assets	49	181	276	424	515
Other current assets	10,493	10,938	11,637	13,464	12,827
Cash and cash equivalents	2,920	3,749	3,480	3,023	3,422
Total assets	32,731	35,506	37,319	39,969	40,160
Equity	8,386	10,216	12,073	12,796	13,962
Interest-bearing liabilities and provisions	15,774	15,563	14,475	15,161	14,490
Non-interest bearing liabilities and provisions	8,571	9,727	10,771	12,012	11,708
Total equity and liabilities	32,731	35,506	37,319	39,969	40,160
Key ratios					
Operating margin, %	2.7	3.4	3.2	2.3	2.9
Return on capital employed, %	12.2	12.9	13.8	11.4	13.5
Return on equity, %	20.4	25.7	19.1	13.5	11.3
Equity/assets ratio, %	25.6	28.8	32.4	32.0	34.8

Forms for effective communication

Forma's magazines, books and television productions are not only sources of knowledge and entertainment. They also comprise a strong offering to companies seeking effective marketing channels.

BUSINESS CONCEPT

Forma Publishing Group's business concept is to use creative and commercial editorial activities to provide people with knowledge, inspiration and entertainment through different media channels – in both their private and professional lives.

CUSTOMER OFFERING

Forma Publishing Group is a leading media group in the Nordic and Baltic markets. Operations are conducted in three business areas – Forma Books, Forma Magazine and Forma Contract.

Forma offers a large selection of book titles, within both non-fiction and fiction as well as magazines. Magazines in the Swedish market, which account for most of the Magazine business area, include Icakuriren, the most-read magazine in Sweden.

Forma Contract is the leader in editorial communication across all channels, such as television productions and live webcasts.

MARKET

During 2009 the recession hit the advertising market hard. The publishing and media sector is affected in the short term by the macroeconomic situation and in the longer term by structural changes in the market. The sector is also affected to a considerable extent by new technologies and trends. In recent years the substantial increase in the use of moving media and the web have given the entire sector both new business opportunities and challenges.

Demand for company magazines has increased as more and more companies realize the advantages of editorial communication as part of brand building work. At the same time, more titles and new players mean increasingly tough competition.

In the book market online sales have increased price competition in all sales channels which has resulted in lower average sales per book. The trend with a decrease in hardback books and translated literature in favor of Swedish best-sellers in paperback format is expected to continue.

THE PAST YEAR AND FUTURE CHALLENGES

During 2009 Forma focused both on cost effectiveness and aggressive activities. The latter included the launch of Kattis Ahlström's monthly magazine and talk show with the theme relationships and unexpected encounters. The Kattis & Company magazine was launched by Forma Magazine in spring 2009.

The television program with the same name is produced by OTW's recently started television production company within entertainment television which became well established during the year. Other productions during the year included "Svenska Hjältar" (Swedish Heroes), "Sommar med Ernst" (Summer with Ernst) and "Jul med Ernst" (Christmas with Ernst).

The decline in the advertising market had an impact on Forma Magazine and the sector at large during 2009. The prospects for 2010, however, look somewhat brighter with improved bookings and increased advertising sales. Within magazines, Forma strengthened its position in the consumer market through a clearer focus on health. The magazines "Leva" and "Hälsa" which were acquired in 2008 were integrated into the company's operations in 2009.

Forma Books launched a number of successful titles during the year. Stephenie Meyer topped the sales lists with her Twilight books and several Swedish fiction authors received good reviews as well as awards. In order to meet the restructuring in the book market, Forma is focusing on a higher proportion of Swedish titles and more effective marketing of authors.

Forma Contract with the OTW brand has been joined by several major magazine publishers who have complemented their offering with customer magazines. OTW has developed from a pure-play customer magazine company to one that works with channel-independent editorial communication. Forma has thus succeeded in creating both a broader and more unique position than its competitors within each media channel.

One of the challenges for Forma in future is to improve profitability. A new business and finance system was installed during the year to simplify both control and follow-up within the group.

REVENUES AND EARNINGS

In 2009, revenues amounted to SEK 870 M (881). This development was mainly due to lower advertising revenues within Magazine, which was offset by higher revenues in the Books and Contract business areas.

Operating loss amounted to SEK 20 M (+12). Restructuring costs of SEK 29 M, lower advertising revenues and the launch of the magazine and television program Kattis & Company had a negative impact on earnings. At the same time, Books improved its operating profit.

3 QUESTIONS TO THE PRESIDENT, PATRIK WIDLUND

1) Which part of Forma's offering did best in 2009?

2) How will you further develop the customer offering in 2010?

3) Which part of the offering is your personal favorite?

1)) Forma Contract is the business area that did best. Other successes were Icakuriren and the Twilight books.

2) In order to strengthen relationships with our readers and increase the benefit of our advertisers, development of magazines with their own websites is a priority. On the book side we are looking forward to several interesting launches of first books by fiction authors. In the contract business we expect to be able to further strengthen Forma's position within editorial communication during 2010.

3) I have several favorites. Our fantastic cookery books, magazines within health and relationships and naturally all the sports programs we do for Canal Plus.


STEPHENIE MEYER
STEPHENIE MEYER
Ljudet av ditt hjärta
STEPHENIE MEYER
Så länge vi båda andas
STEPHENIE MEYER
Om jag kunde drömma

Accessories for everyone

At Kjell & Company customers find home electronics accessories with the right quality and price. The broadest product range in the Nordic region offers something for everyone.

BUSINESS CONCEPT

Kjell & Company's business concept is to offer consumers in the Nordic region the broadest range of home electronics accessories via a nationwide network of stores as well as a smooth-functioning online shop and with genuinely knowledgeable employees to provide a world-class service.

CUSTOMER OFFERING

Kjell & Company offers accessories for home electronics. The product range consists of over 7,000 items and includes both branded products and private labels. One key factor for success is proximity to customers. In addition to its nationwide store network, Kjell & Company offers online sales and mail order. At the end of 2009 the company had 46 stores. The aim is to increase to 54 stores during 2010.

The sales process is characterized by a high level of service and expertise. In the stores Kjell & Company's knowledgeable employees help customers to find their way among technical terminology and function. The website offers information in the "Fråga Kjell" (Ask Kjell) knowledge bank. The product catalog which is distributed twice a year is an important messenger in market communication combined with direct advertising and campaigns.

MARKET

Regardless of the business climate, computers and home electronics are a natural part of people's lives and this drives demand for attractively priced and easily available accessories. As a result of rapid global technical development the market for home electronics accessories is relatively insensitive to economic fluctuations.

The home electronics market contains a large number of products and brands. In Sweden, a large portion of accessory sales are made through retailers whose core business is home electronics. This creates good business opportunities for niche players with leading-edge expertise in accessories.

THE PAST YEAR AND FUTURE CHALLENGES

The establishment rate remained high in 2009 with eight new stores in attractive locations. This rapid growth makes demands on effective logistics. A logistics manager was recruited during the year and the next phase is a new inventory management system which will go into operation in 2010.

More effective IT is another prioritized issue. The company's IT systems were upgraded during the year and will be implemented throughout the organization in 2010.

The communication platform launched in 2009 resulted in higher sales during the first half of the year, which is historically a weak period for Kjell & Company. In brief, the new strategy means that products are linked to context rather than price.

In 2009, Market magazine named Kjell & Company as the fourth fastest-growing brand in Swedish retail. In the Home Electronics industry segment, Kjell & Company came top in terms of perceived level of service and expertise.

One challenge in future will be obtaining access to the most attractive store sites. Another will be preserving the corporate culture in pace with the company's growth. Kjell & Company also aims to even out sales over the year through increased investment in marketing.

REVENUES AND EARNINGS

During 2009, revenues increased by 24.4% to SEK 550 M (442). The increase is due, among other things, to a higher number of stores, larger own imported volumes and an increased marketing budget. Sales in comparable stores rose 8% compared with 2008. Operating profit amounted to SEK 23 M (14), which is an increase of 64.3%. The earnings trend is explained by an improved gross margin and good control of costs. Kjell & Company's size combined with effective systems and routines have created a stable foundation for continued expansion with good profitability.

3 QUESTIONS TO THE PRESIDENT, THOMAS KEIFER

1) Which product did best in Kjell & Company's range during 2009?

2) How will you further develop the customer offering in 2010?

3) Do you have a favorite product in your assortment?

1) Low-energy bulbs did fantastically well due to new regulations for light bulbs.

2) We will continue to develop our offering within the core business, accessories. New products will be added while others will be removed to meet market needs today and in the future.

3) Our new book "Hur funkar det?" (How does it work?). In 400 pages we describe in simple terms how electronic devices in the home work. Pure facts are interspersed with applications which makes the book just as interesting for people who understand the technology as it is for those with less knowledge. Naturally the book does not contain advertising and article numbers.

Service that goes home

Hemma offers a broad range of high-quality white goods and household appliances. Regardless of whether the purchase is made in the store or on the internet, Hemma has a high focus on service such as home delivery and help with installation.

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

With substantial knowledge of the products and a high level of service, Hemma offers white goods and household appliances that make life easier for its customers. Hemma sells products from leading brands that represent good functionality and high quality. In addition, in cooperation with prominent white goods suppliers, Hemma has collected a number of particularly attractively priced, high-quality products under the "Excellent Hemma" label.

In addition to the 18 wholly owned and 90 retailer-owned stores, customers are offered the same broad product range via Hemma's new online store which was launched in 2009. The prime purpose of the web effort is to support the physical store network. Regardless of whether the purchase is made in the store or on the internet, customers are always offered home delivery and help with installation.

MARKET

Interest in cooking, design and home furnishings has risen steadily in recent years, driving demand for household appliances and white goods. At the same time, increased global environmental awareness among customers has led to stricter demands on suppliers for more resource-efficient products. Greater interest in eco-labeled products has been noted within all categories. Another trend that is expected to continue is demand for household appliances that make everyday life more convenient.

Competition in the Swedish market has intensified due to a larger number of foreign players. It is mainly chains aiming to grow within both electronics and white goods that account for the biggest establishment rate.

THE PAST YEAR AND FUTURE CHALLENGES

Increasing the service component in the customer offering brought Hemma closer to its customers during 2009. This is about everything from giving advice in the store to home transport, installation and removal of the old product.

Hemma also set up online sales during the year. In addition to increasing customer throughput to the physical store network, the web store improves accessibility for customers and opens up opportunities to attract new target groups. At the end of 2009, the website had 20,000 unique visits per week.

Hemma has had a difficult journey but the 2009 investment in wholly owned stores means that the foundation for expansion has been laid. The greatest challenge in the years ahead will be to grow fast with profitability.

One key focus area for 2010 is to push development in white goods retailing. Hemma will be where its customers are. The goal is to double the number of wholly owned stores with no loss of aggregate sales space and to expand the chain by ten new franchise stores each year over a three-year period. The aim is that all new store openings will take place on their own merits, in the first place in urban locations. In order to also attract consumers in more central locations, a new store concept will be developed. Hemma's ambition is to change consumer attitudes to white goods – it should be just as easy to spontaneously buy a fridge as to buy a new suit.

REVENUES AND EARNINGS

In 2009, revenues in Hemma's owned stores amounted to SEK 249 M (303). This negative development is partly explained by the general downturn in the market due to the recession.

Operating loss was SEK 4 M (–51) for the fiscal year. The improved earnings are explained by a higher gross margin, lower central expenses and more efficient store operation.

3 QUESTIONS TO THE PRESIDENT, DANIEL LINDIN

1) Which product did best in Hemma's range in 2009?

2) How will you further develop the customer offering in 2010?

3) Do you have a favorite product in your assortment?

1) Washing machines. Since they are an essential part of people's everyday lives, regardless of the economic climate.

2) We will improve accessibility through more stores in locations where many consumers are on the move.

3) I am a devoted espresso drinker so our fully automatic espresso machines are very close to my heart.


Kallt
30°
40°
50°
60°
95°
800
1600
Tvättprogram
Kvick
Snabb kulör
Snabb vit
Syntet
Ylle/Handtvätt
Skölj
Centrifugering
Tömning
1:18
Klart
Start
Stop
Öppna

Well-assorted from kitchen to dining table

The acquisition of Duka's stores and NK Glas, Porslin & Kök strengthened Cervera's position as Sweden's nationwide chain for people interested in kitchens and design. There is something here for both the price-conscious and choosy consumer.

BUSINESS CONCEPT

Cervera's business concept is to offer a broad range of high-quality products for the kitchen and dining area in an inspiring environment, where service, expertise and exclusive gift-wrapping give our customers a stimulating shopping experience.

CUSTOMER OFFERING

Cervera's product range consists of approximately 5,000 items, most of which are for the kitchen and dining area. The stores sell goods both from well-known suppliers and under the Cervera private label. At Cervera, customers are offered inspiration and table setting suggestions throughout the year. The store network comprises 57 wholly and partly owned stores as well as 20 franchise stores throughout Sweden. NK Glas, Porslin & Kök with two stores is also part of the group.

MARKET

A growing interest in furnishings and cooking has increased demand for homewares, glass and porcelain in recent years. Historically these product groups have had relatively long life cycles but increased sensitivity to trends, particularly among consumers in the younger generation, have made these cycles shorter.

Sales show clear seasonal patterns with the highest proportion in December. Sector overlap in the glass and porcelain market has been clear in recent years. Many home furnishing and furniture stores, as well as the food retail players' hypermarket format, have added glassware and porcelain to their range. A clear offering that inspires customers all year round has become an increasingly important competitive advantage.

According to the market survey company GfK, Cervera has a market share of 16% after the acquisition of the Duka stores and NK Glas, Porslin & Kök.

THE PAST YEAR AND FUTURE CHALLENGES

2009 was a year of adjustment for Cervera. The acquisition of Duka's store locations and the work of adapting all stores to the new concept have required major resources. At the same time, as a result of the acquisition of the Duka stores, Cervera has significantly increased its presence throughout Sweden.

Logistics were a prioritized issue in 2009. The distribution center in Jönköping went into operation at the beginning of the year in order to improve the efficiency of and coordinate the logistics flow to Cervera's stores. This work will continue in 2010 when more suppliers will be connected to Cervera's logistics system. This investment is also a key part of Cervera's efforts to reduce environmental impact.

One major challenge in future is to increase the customer base and persuade customers to visit the stores on more occasions per year than they do today. The Christmas trade will remain a key sales period for Cervera, but this is about creating more such sales peaks during the year. A further development of the assortment and effective campaign work out in the stores are important prerequisites for achieving this aim. Cervera's product range requires to a considerable extent a high level of expertise and service. A continued focus on training for store staff is therefore high on the agenda. Another challenge is to reduce overheads, for example by relocating to more attractive sites with reduced store space.

REVENUES AND EARNINGS

In 2009, revenues increased by 59.5% to SEK 544 M (341). The sales increase is due to increased growth in the form of newly opened own stores and through the acquisition of the Duka stores. In comparable stores, sales were unchanged compared with 2008. Operating loss was SEK 25 M (–23). Earnings were charged with costs in conjunction with all stores being changed according to the new concept as well as the acquisition of the Duka stores. Cervera's capital structure changed through a new issue of SEK 120 M in conjunction with the Duka deal. The new issue was carried out to finance the acquisition but above all to strengthen Cervera's equity/assets ratio. The net debt of SEK 28 M at the start of 2009 was changed to net cash of SEK 48 M.

3 QUESTIONS TO THE PRESIDENT, HÅKAN FILIPSSON

1) Which product did best in Cervera's range in 2009?

2) How will you further develop the customer offering in 2010?

3) Do you have a favorite product in your assortment?

1) Our private label within household appliances, Anders Petter, did best during the year. The sales increase was almost 40% compared with 2008.

2) The range of design products will be complemented with a basic assortment of private label glassware and porcelain. We will also continue to work with our new store concept with a focus on inspiration and the pleasure of giving good service.

3) Instant Vacuum Marinader from Vacu Vin. A clever plastic box with a vacuum pump that produces perfectly marinated meat in just 10 minutes.

Simpler business on customers' terms

Regardless of whether the business relates to ink cartridges, batteries or vacuum cleaner bags, inkClub offers a broad range with both original brands and private labels on the net.

BUSINESS CONCEPT

inkClub offers simple, fast and secure online sales to consumers and small companies of attractively priced consumables and accessories. inkClub simplifies selection and ordering of products that are difficult to purchase via traditional sales channels.

CUSTOMER OFFERING

inkClub's offering has developed from ink cartridges to a broad range of printer accessories, special batteries and vacuum cleaner bags. inkClub works exclusively online where each product category has its own website: inkClub, batteryClub, Dammsugarpåsar.nu and the international arm dustClub. The hub of the company's operations is inkClub's online platform with its sophisticated follow-up system.

inkClub offers both original products and private labels and fast deliveries are a feature. The company has approximately 3 million customers in 15 countries. One key part of the offering, designed to increase customer satisfaction and therefore strengthen loyalty, is attractive campaign offers via targeted marketing mail shots.

MARKET

Online shopping is now an obvious sales channel within many parts of the European retail market. A growing number of consumers choose to combine shopping in stores and over the internet. So far the greatest success has been for companies that offer standard products or other items that do not need to be seen prior to purchase.

Competition on the internet is intense and small online retailers compete for consumers' attention on the same terms as companies with major and well-known brands. An online retailer must always be "top of mind". In recent years social media have therefore acquired an increasingly significant role in brand building, a trend that is expected to also apply to more standardized products in future. Companies with the best chances of success are those associated with credibility and a clear offering.

THE PAST YEAR AND FUTURE CHALLENGES

Despite the recession, 2009 was a successful year for inkClub. The company's investments in more effective marketing and analysis methods in order to quickly discontinue unprofitable campaigns are one explanation. Synergy effects within IT and logistics are another.

Two new online stores were developed by the company during the year. batteryClub adds special batteries for cameras, mobile telephones and cordless tools to the range. dustClub is a further development of Dammsugarpåsar.nu which was acquired in 2008. dustClub is mainly directed at the European market.

The new web stores and the expanded product range resulted in inkClub receiving the Performance of the Year award at the Distance Selling Day in November. The jury from the Swedish Distance Sellers emphasized how inkClub has made use of the original business concept – to sell ink cartridges on the net – for new online retail areas.

At the end of the first half of 2010 inkClub will open a new office and logistics center in Uppsala. The new 6,000 square meter premises are twice the size of the previous ones. This investment is a key part of inkClub's efficiency work and a prerequisite for being able to increase sales with no loss of profitability.

During 2010 inkClub will continue to focus on increased growth through more online stores and through acquisitions, customized marketing with CRM as a base as well as more effective IT support and logistics.

REVENUES AND EARNINGS

Revenues for 2009 rose 14.7% to SEK 452 M (394). Operating profit increased to SEK 63 M (53). Earnings were charged with expenses relating to marketing activities designed to increase new customer growth and strengthen relationships with existing customers.

3 QUESTIONS TO THE PRESIDENT, FREDRIK BRANDT

1) Which product did best in inkClub's range in 2009?

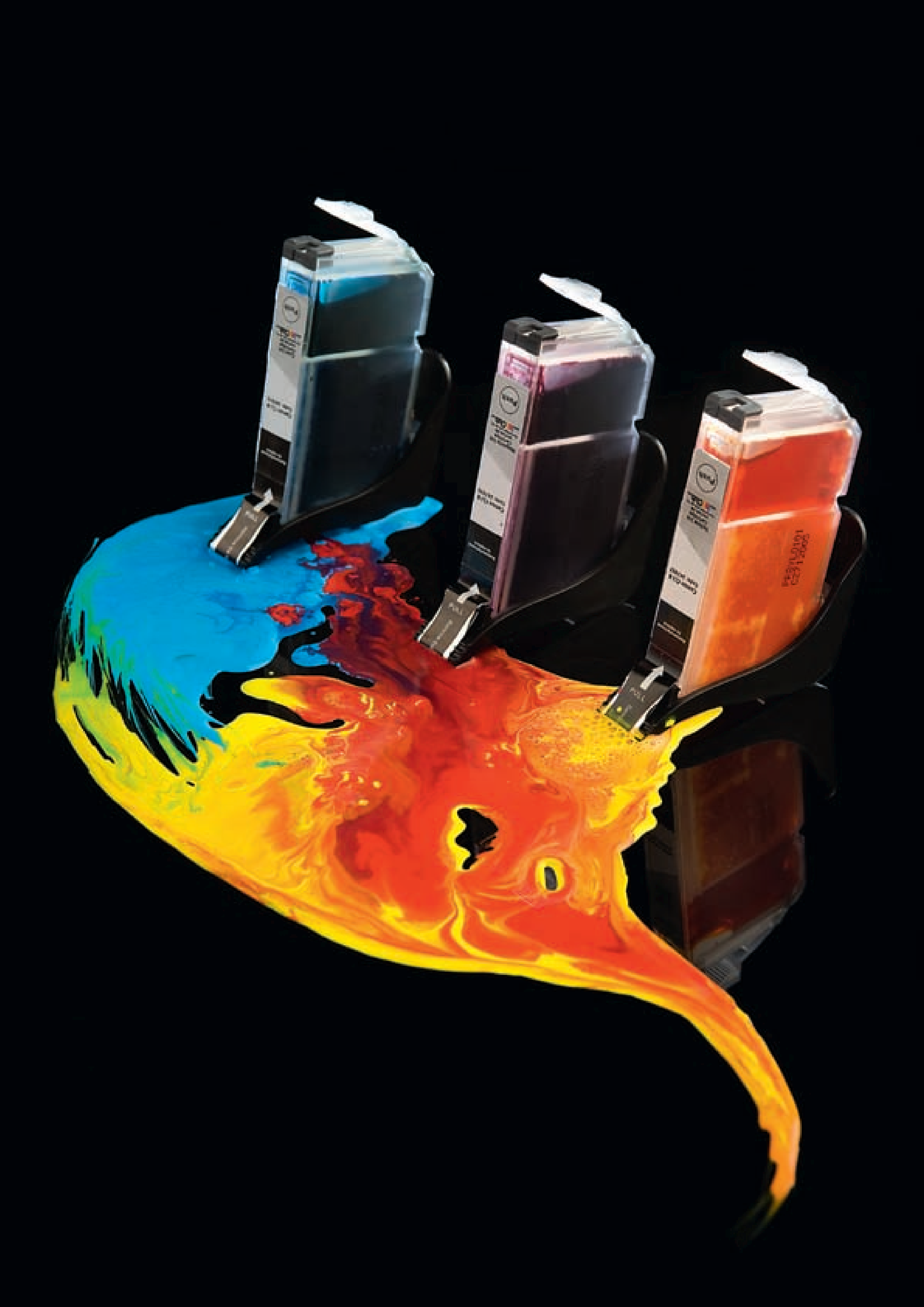
2) How will you further develop the customer offering in 2010?

3) Do you have a favorite product in your assortment?

1) Revenues from color cartridges for laser printers doubled compared with 2008. It is primarily corporate customers who account for this development, which is particularly gratifying since we have not focused on business-to-business marketing at all.

2) We will in all probability launch more "Clubs", ourselves or through acquisitions. The starting point for the assortment is of course the preferences of our three million customers. We will also focus more on sales to companies.

3) Vacuum cleaner bags. We use about ten bags a year at home and have a subscription via dammsugarpasar.nu. It feels really good!



Focus on change

Hemtex offers a broad range of home textiles with Nordic design. The stores are sources of inspiration and renewal, on a big and small scale. The philosophy is to make everyone feel at home.

BUSINESS CONCEPT

Hemtex offers a broad range of home textile products of good design and high quality, provided with expertise and genuine service.

CUSTOMER OFFERING

Hemtex offers a broad range of high-quality products with Nordic design within home textiles through 189 wholly owned and 25 franchise stores. Of the chain's total of 214 stores, 147 are in Sweden, 39 in Finland, 12 in Norway, 12 in Denmark, 2 in Poland and 2 in Estonia.

Hemtex aims to be an expert at providing attractive home environments and to inspire its customers to renew their homes.

MARKET

Increased interest in house and home in recent years has driven growth in the home textiles sector. At the same time a higher fashion level has made the industry more sensitive to economic fluctuations than before.

In 2009 competition increased particularly in the low-price segment due to the weaker global economy. The recession also led to a general increase in interest in home textiles, since the price tags mean that the home environment can be renewed at a comparatively low cost. This is also positive for players operating in the higher price segments.

THE PAST YEAR AND FUTURE CHALLENGES

During the past year Hemtex focused on gaining internal support for goals, priorities and offerings in order to be able to present a new Hemtex in 2010.

Earlier surveys have shown that Hemtex stores are associated with a sprawling assortment for a narrow customer base. In order to clarify the fact that home textiles are the core business, the business concept was reformulated during the year. The customer offering underwent a series of changes with home textiles as a base. In August 2010, Hemtex will open the doors of three flagship stores: one in Stockholm, one in Gothenburg and one in Malmö. At the same time a totally new product range will be presented with three different styles to attract a broader target group. This focus represents a strategically important step to strengthen Hemtex as a brand.

Prioritized issues for 2010 are more efficient logistics, purchasing routines, store operation and sales. Investments in employees are key to the success of the new Hemtex.

In November 2009, Erik Gumabon took over as the new president. The biggest challenges ahead are getting all the pieces of the jigsaw in place in the buildup of the new Hemtex. Clear leadership and a secure organization will play a pivotal role in this work.

REVENUES AND EARNINGS

Hemtex's fiscal year was previously from May through April, but the company has shortened its fiscal year in order to have the calendar year as its fiscal year. This shortened fiscal year covers the period May – December 2009. Hemtex has been reported as a subsidiary of Hakon Invest since June 30, 2009.

For the six-month period July – December 2009, when Hemtex is reported as a subsidiary in the Hakon Invest Group, net sales fell to SEK 729 M (796). The decline is explained by Hemtex's switchover from constant sales to attractive prices, combined with the effects of the recession on the industry and increased competition within the low-price segment. The less favorable business climate had a negative impact on willingness to consume in all Hemtex's markets. Operating loss for the six-month period July – December was SEK 120 M (+49) due to the weak sales trend. Nonrecurring items had a negative impact on the operating result of SEK 105 M.

3 QUESTIONS TO THE PRESIDENT, ERIK GUMABON

1) Which product did best in Hemtex's range in 2009?

2) How will you further develop the customer offering in 2010?

3) Do you have a favorite product in your assortment?

1) Decorative cushions did best with a sales increase of 30%.

2) In autumn 2010 we will launch a totally new Hemtex. There will be a fantastic product range with three different styles to attract new customer groups.

3) It is impossible to just choose one favorite. I love our warm, cozy woolen blankets and the wonderfully cool percale bed linen.


living

Share and ownership structure

Hakon Invest's share price rose 25% in 2009 and was quoted at year-end at SEK 111.75 per share. For the period from the IPO on December 8, 2005, until year-end 2009 the share price has risen 45% compared with the OMX Nordic 40-index which has fallen 17%. Hakon Invest's shares are listed on Nasdaq OMX Stockholm. At the turn of the month June/July 2009, the shares were moved to the Large Cap segment from the Mid Cap segment.

SHARE PRICE TREND

The share price rose 25% during 2009 while the OMX Nordic 40-index increased by 33%. The highest quotation for the year was on November 4 when the closing price was SEK 121.00. The lowest price was SEK 67.50 on March 18. The closing price for the year was SEK 111.75, corresponding to a market capitalization of approximately SEK 18 billion.

During 2009 the total return on the shares, i.e. Hakon Invest's share price development including invested dividend, was 33.6%. This can be compared with the SIX Return Index, which reflects price development on the Stockholm stock exchange taking dividends into account, which rose 52.5% in the same period.

DIVIDEND

Hakon Invest's Board has adopted a dividend policy, where the target is that at least 50% of the Parent Company's profit for the year should be distributed as a dividend. Since only common shares carry entitlement to a cash dividend, the total cash dividend is distributed among 49% of the shares.

For the 2009 fiscal year, the Board proposes a dividend of SEK 6.00 (5.00) per common share, or a total of SEK 472 M (393). This corresponds to 98.1% of the Parent Company's profit after tax. The shares will be traded excluding dividend with effect from Thursday, April 15. The settlement date for the dividend is expected to be Monday, April 19 and on Wednesday, April 21 dividends are expected to be sent out via Euroclear Sweden AB's system.

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 which carry entitlement to dividends.

All C shares are owned by ICA-handlarnas Förbund which as of 2011 is 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.

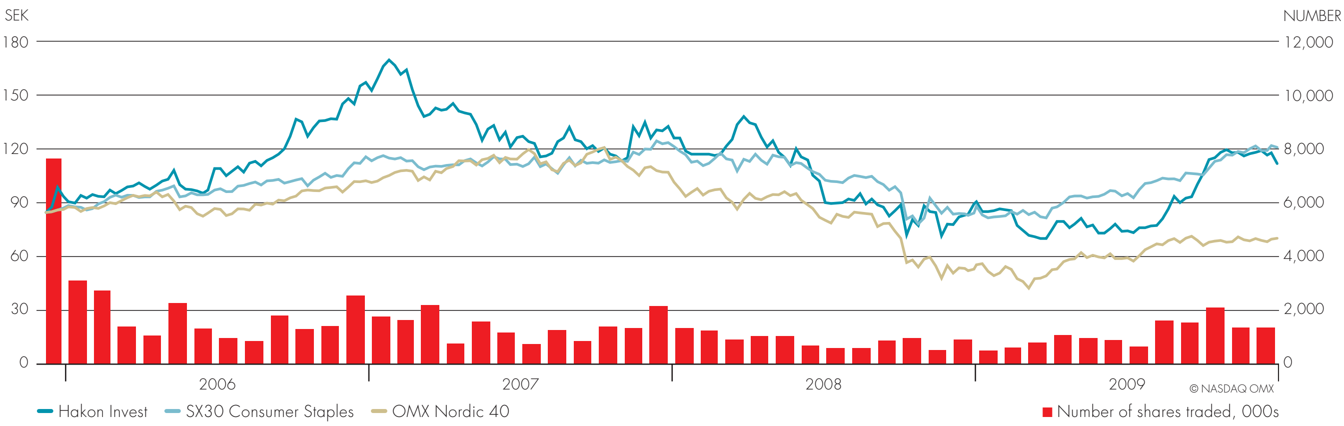
SHAREHOLDERS

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, 2009, the number of shareholders in Hakon Invest amounted to 13,319 (12,453).

SHARE CAPITAL

Hakon Invest's share capital at December 31, 2009, amounted to SEK 402,293,590 distributed among 160,652,516 shares plus 264,920 treasury

Share price trend and trading December 8, 2005–December 31, 2009



shares held by Hakon Invest, each with a quota value of SEK 2.50. All shares carry equal voting rights.

BUYBACKS

Hakon Invest's holding of treasury shares amounts to 264,920, corresponding to 0.2% of capital and voting rights. The shares were repurchased over Nasdaq OMX in Stockholm to cover allocations in the 2006 and 2007 option programs as well as the 2009 incentive program. More information about the incentive program and remuneration to senior executives is provided in the Board of Directors' report, page 65, and in Note 7 on pages 80–81 of the annual report.

Analysts who monitor Hakon Invest

Bank	Name
ABG Sundal Collier	Anna-Karin Enwall
Danske Bank	Anders Hansson
Handelsbanken Capital Markets	Andreas Lundberg
Nordea	Stellan Hellström
Ålandsbanken	Erik Sandstedt

Share information

Stock exchange Nasdaq OMX Stockholm, Large Cap segment	
Ticker	HAKN
ID	SSE32443
ISIN code	SE0000652216
Trading lot	1
Market cap at Dec. 31, 2009, SEK M[1]	17,953
Price at Dec. 31, 2009, SEK	111.75
Change during the year, %	+25
Highest price during the year, SEK	121.00
Lowest price during the year, SEK	67.50

1) Share price at December 31, 2009, multiplied by the total number of shares in accordance with Nasdaq OMX's calculations.

Shareholder range analysis

Holding, number of shares	Number of shareholders	Proportion of shareholders, %	Capital and voting rights, %
1–500	8,831	66.3	1.0
501–1,000	1,421	10.7	0.8
1,001–5,000	1,771	13.3	2.8
5,001–10,000	527	4.0	2.5
10,001–15,000	215	1.6	1.7
15,001–20,000	124	0.9	1.4
20,001–	430	3.2	89.8
Total	**13,319**	**100.0**	**100.0**

Source: Euroclear Sweden AB at December 31, 2009.

Share data[1]	2008	**2009**
Earnings per common share, SEK	1.17	4.52
Earnings per C share, SEK	1.17	4.52
Cash flow per share, SEK	–0.69	0.33
Equity per share, SEK	59.21	62.44
Dividend per common share, SEK	5.00	6.00[2]
Dividend ratio, %	n/a	98.1
Market price at year-end, SEK	89.25	111.75
Dividend yield, %	5.6	5.4
P/E ratio, multiple	76.3	24.7
Share price/Equity, multiple	1.5	1.8
Number of common shares at year-end	78,624,244	78,584,624
Number of C shares at year-end	82,067,892	82,067,892
Total number of shares at year-end	160,692,136	160,652,516
Average number of shares	160,713,190	160,670,707

1) For definitions, see page 104.
2) Proposed dividend.

Ten largest shareholders	Number of shares	Capital and voting rights, %
ICA-handlarnas Förbund	108,385,227	67.35
Handelsbanken Funds incl. XACT	2,072,312	1.29
SEB Investment Management	1,397,610	0.87
Swedbank Robur Funds	1,139,134	0.71
Fourth Swedish National Pension Fund	1,080,802	0.67
Jönsson, Leif	923,280	0.57
Robur Insurance	861,145	0.54
Nordea Investment Funds	833,647	0.52
SEB Trygg Försäkring	780,600	0.49
Second Swedish National Pension Fund	684,337	0.43
Ten largest shareholders total:	118,158,094	73.44
Other shareholders	42,759,342	26.56
Total	**160,917,436**	**100.00**

Source: Euroclear Sweden AB at December 31, 2009.

Five-year financial summary, Hakon Invest

SEK M	2005	2006	2007	2008	**2009**
Income statements					
Revenues	611	660	1,075	1,184	2,392
Operating profit (EBIT)	568	885	768	612	423
Profit after financial items	940	1,104	982	163	671
Profit for the year	854	1,054	1,326	170	701
Balance sheets					
Non-current assets	5,142	6,172	7,636	8,068	9,391
Cash and cash equivalents and short-term investments	3,046	2,717	2,292	1,495	1,049
Other current assets	151	198	451	458	943
Total assets	8,339	9,087	10,379	10,021	11,383
Equity	7,925	8,650	9,796	9,515	10,218
Non-current liabilities	172	212	210	191	303
Current liabilities	242	225	373	315	862
Total equity and liabilities	8,339	9,087	10,379	10,021	11,383
Cash flow					
From operating activities	281	166	633	468	486
From investing activities	94	–17	–204	–62	47
From financing activities	–325	–355	–498	–517	–479
Cash flow for the year	50	–206	–69	–111	54
Key ratios					
Gross margin, %	51.1	48.8	38.3	35.7	41.3
Operating margin, %	92.8	134.0	71.4	51.7	17.7
Net margin, %	139.7	159.6	123.3	14.4	29.3
Return on equity, %	11.3	12.7	14.5	1.9	7.4
Return on capital employed, %	12.4	13.2	10.6	1.8	6.8
Equity/assets ratio, %	95.0	95.2	94.4	94.9	89.8
Data per share					
Earnings per share, SEK	5.31	6.55	8.30	1.17	4.52
Equity per share, SEK	49.25	53.75	60.92	59.21	62.44
Cash flow per share, SEK	0.31	–1.28	–0.43	–0.69	0.33
Dividend per common share, SEK	4.50	5.50	6.00	5.00	6.00
Dividend common shares, SEK M	355	433	472	393	472
Market price at December 31, SEK	93.50	157.00	132.50	89.25	111.75
Dividend yield, %	4.8	3.5	4.5	5.6	5.4
Total return, %		75.1	–12.3	–29.3	33.6
Number of shares					
Number of common shares after buybacks at year-end	78,849,544	78,849,544	78,721,344	78,624,244	78,584,624
Number of C shares at year-end	82,067,892	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	160,789,236	160,692,136	160,652,516
Average number of shares (total) after buybacks[1]	160,917,436	160,917,436	160,813,095	160,713,190	160,670,707

1) Before and after dilution.

Definitions, see page 104.

A few words from Hakon Invest's Chairman, Lars Otterbeck

The work of the Board is characterized by what it is that makes Hakon Invest special in some respects: the links to ICA and the buildup of a retail-focused portfolio of holdings with future potential. One focus area in 2009 was the increased holding in Hemtex.

Hakon Invest has a small and highly effective organization with extensive retail and financial expertise. It also has access to a large network of retail specialists. Governance of Hakon Invest's holdings is exercised through board representation. We in Hakon Invest's Board rely to a considerable extent on the ability of these representatives, who come both from our own organization and from the network, to handle matters relating to strategic development, control and follow-up of day-to-day operations in the holdings. At the same time, our control of Hakon Invest's holdings accounts for an increasingly large part of the work of the Board where ICA, due to its size in the portfolio, carries considerable weight. How the work of the Board was conducted during 2009 is described in the corporate governance report on the following pages.

The fact that the portfolio of holdings is being built up makes business intelligence a key part of our board work. As in previous years, we decided on a number of proposals during 2009, both internal and external, about acquisitions and structural deals. And, exactly as before, we have been highly restrictive in our assessments of the potential of these deals to create long-term value for Hakon Invest's shareholders.

One of the most important events during the year was the decision to increase the holding in Hemtex from 26.4% to 68.5% which gave us considerably greater influence over the future for Hemtex. The acquisition of Hemtex shares marked a detour from our policy that Hakon Invest invests in unlisted companies. It is one of the privileges of the Board, or duties one might say, to deviate from adopted policies in special cases and provided this benefits shareholders. In this case the motive was Hemtex's substantial intrinsic potential and values which with the aid of Hakon Invest's expertise and experience have very good chances of being realized.

Hakon Invest took advantage of the opportunities on offer in 2009, through a number of large and small activities. With continued close cooperation with Hakon Invest's president and management, and a balance sheet that remains strong, I look forward to meeting the opportunities and challenges that will undoubtedly arise during 2010.

Lars Otterbeck

Governance of Hakon Invest

During 2009 the Board of Directors of Hakon Invest focused in particular on matters related to ICA, above all the rebranding of ICA Norway's operations. Other matters examined included strategic considerations in conjunction with the decision to increase ownership in Hemtex and Cervera.

Hakon Invest is a public company with its registered office in Stockholm, Sweden, which has shares listed on Nasdaq OMX Stockholm. The Swedish Companies Act, Nasdaq OMX Stockholm's rules for issuers and the Swedish Code of Corporate Governance (the Code) provide the basis for governance of the company. In addition, Hakon Invest has a number of internal rules and control tools.

DEVIATIONS FROM THE CODE

Hakon Invest has deviated from the part of the Code's rule 7.3 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 two representatives, the company has decided that two members is a suitable size for Hakon Invest's Audit Committee.

GOVERNANCE FOR VALUE CREATION

Corporate governance is about how companies, that are not managed by their owners, should be operated so that owners' interests are safeguarded. The overall goal is to create shareholder value and in this way meet the requirements owners have on their invested capital.

The internal framework for Hakon Invest's corporate governance comprises the Articles of Association adopted by the General Meeting, the Board's formal work plan, instructions for the Board's three working committees, the instructions to the President and guiding policies adopted by the Board. In addition, there are guidelines linked to the policies that guide Hakon Invest's employees in their work. The Articles of Association and 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.

SHAREHOLDERS

Hakon Invest has a share structure with two classes of shares, common shares and C shares. C shares, which comprise 51% of the total number of shares, are unlisted and do not carry entitlement to cash dividends. The remaining 49% are listed common shares with dividend entitlement.

All C shares and 16.4% of the common shares are owned by ICA-handlarnas Förbund, which is currently Hakon Invest's largest shareholder. The other common shares are owned by approximately 13,300 shareholders.

More information about Hakon Invest's shares and ownership structure is provided on pages 50–51 of this annual report.

Annual General Meeting

The 2009 Annual General Meeting was held at Grand Hôtel in Stockholm on April 22, 2009. 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 as Chairman of the Board, and Cecilia Daun Wennborg, Anders Fredriksson, Jan-Olle Folkesson, Magnus Moberg, Thomas Strindeborn and Jan Olofsson as members of the Board.
- A dividend for 2008 of SEK 5 per common share should be paid.

The 2010 Annual General Meeting will be held on Wednesday, April 14 at Grand Hôtel, Stockholm. Shareholders who are registered in the share register as at April 8, 2010, 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 3, 2010.

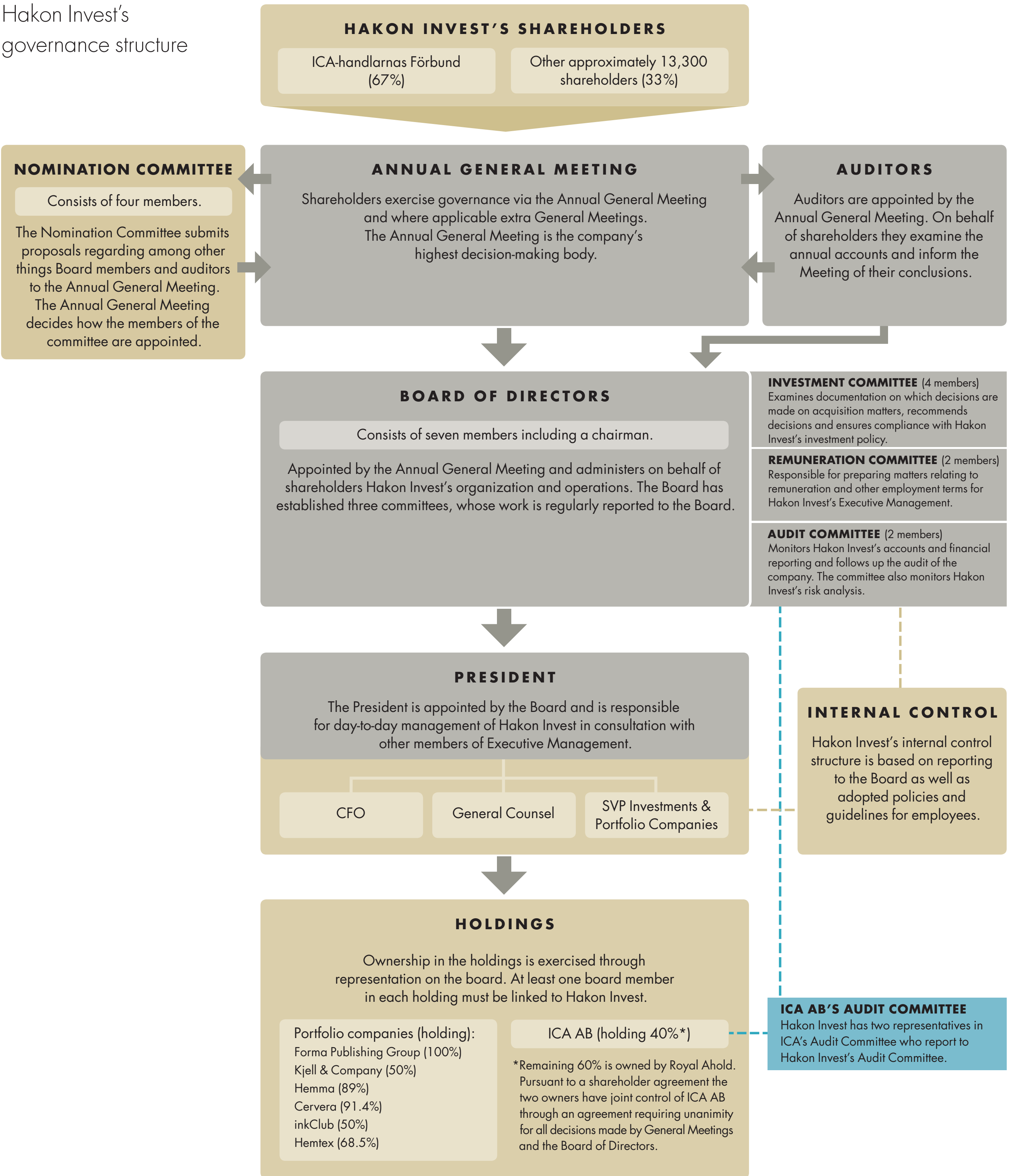
NOMINATION COMMITTEE

The rules for Hakon Invest's Nomination Committee were adopted at the 2009 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 11, 2009, were SEB Fonder and Handelsbanken Fonder. The composition of the Nomination Committee was announced on October 13, 2009.

The work of the Nomination Committee

The Nomination Committee held four meetings ahead of the 2010 Annual General Meeting. All members were present at these meetings with the exception of Håkan Olofsson, representative for ICA-handlarnas Förbund, and Hans EK, representative for SEB Fonder, each of

Hakon Invest's governance structure



whom 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, Board work and future focus areas. The Chairman of the Board also presented the 2009 evaluation of the Board. In addition, Cecilia Daun Wennborg, chairman of the Audit Committee, and CFO Göran Blomberg, gave an account of audit work and Hakon Invest's finance function.

The Nomination Committee discussed the Board's need of additional expertise and agreed that the Board should be complemented with one member with sound retail expertise and a background in economics. The Nomination Committee also agreed to endeavor to achieve a higher proportion of women Board members in the proposal for a new member. In its search for a well-qualified candidate the Nomination Committee, among other things, used the management development and mentor program Ruter Dam's CV bank and the principal owners' network of candidates. The Nomination Committee subsequently agreed on proposals to the Annual General Meting and prepared a report of 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. The Nomination Committee's proposals ahead of the 2010 Annual General Meeting are specified in the notice of the meeting and on the website.

BOARD OF DIRECTORS

The Board is responsible for administration of Hakon Invest's affairs in the interests of the company and all shareholders. The duties of the Board include establishing operating goals and strategies, appointing, evaluating and where necessary dismissing the president, ensuring that systems for follow-up and control of operations are effective, ensuring that there is satisfactory control of compliance with applicable laws and regulations, ensuring that ethical rules for employee conduct are adopted and approving significant assignments held by the president outside the company. The Board shall also ensure that the provision of information is correct, relevant, reliable and transparent.

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 Hakon Invest and its management and the company's major shareholders. Together 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 the President and for its three committees, as well as other policy documents as guidelines for Hakon Invest's employees. Each year the Board reviews the adopted formal work plans. The present formal work plans and instructions were examined and formally adopted at the Board meeting on September 16, 2009.

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

During 2009 a total of 17 Board meetings were held, of which nine were telephone meetings. Twelve of the Board meetings were held by the present Board elected on April 22, 2009.

Auditor in charge, Erik Åström, attended one Board meeting to present Ernst & Young's audit process in Hakon Invest and to give Board members an opportunity to ask questions without management being present.

Significant issues dealt with during the year included:

- Strategic considerations in conjunction with increased ownership in Hemtex which was partly effected through a mandatory offer for the shares in Hemtex.
- Cervera's acquisition of Duka which resulted in a new issue in Cervera.
- ICA AB's operations with a special focus on rebranding of ICA Norway's operations.
- Capital structure in the portfolio companies.

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 Audit Committee also monitors compliance with the company's financial and investment policy and 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's main tasks are to examine the decision-making basis with regard to acquisition matters, recommend decisions and ensure 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 examined. Additional meetings are called by the committee chairman when required.

The Audit Committee held five meetings during 2009. Four of the meetings were held after the 2009 Annual General Meeting. Erik Åström (the company's external auditor) was present at all meetings. The Remuneration Committee held two meetings during the year. The Investment Committee met twice during the year. In addition, investment matters were examined in the Board as a whole. The members of each committee attended all committee meetings.

Evaluation of the Board

An evaluation of the Board is carried out every year in order to develop the work of the Board and provide a basis for the Nomination Committee's evaluation of the composition of the Board. Each member of the Board was asked to complete an extensive survey of the work of the Board which was then discussed openly at a Board meeting.

The evaluation of the Board shows that the work of the Board functioned well and that the Board is a group with a good composition and great commitment. Each one of the members has broad expertise and many years of experience from different sectors, particularly from operations within the ICA Group, which is the largest holding in Hakon Invest's portfolio, and from investment operations.

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

Board members elected at the 2009 Annual General Meeting

Name	Elected	Function in Board	Attendance Board meetings	Committee work	Attendance committee meetings	Remuneration for Board work/ committee work (SEK 000s)
Lars Otterbeck	2005	Chairman	15 of 17	Investment Committee Remuneration Committee	2 of 2 2 of 2	550/25/25
Anders Fredriksson	1997	Deputy Chairman	17 of 17	Investment Committee Remuneration Committee	2 of 2 2 of 2	330/25/25
Cecilia Daun Wennborg	2005	Member	14 of 17	Audit Committee (Chairman)	5 of 5	220/75
Jan-Olle Folkesson	2005	Member	15 of 17	Investment Committee	2 of 2	220/25
Magnus Moberg	2008	Member	16 of 17	Audit Committee	5 of 5	220/25
Jan Olofsson	2005	Member	17 of 17	Investment Committee	2 of 2	220/25
Thomas Strindeborn	2006	Member	15 of 17	–	–	220/–

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 Stein Petter Ski, SVP Investments and Portfolio Companies, CFO Göran Blomberg and General Counsel Fredrik Hägglund. Executive Management meets 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. The investment function works 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 three people headed by the CFO Göran Blomberg, and is responsible for the Group's financial statements as well as handling 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 the General Counsel. The General Counsel is responsible for legal issues, both internal and external, for example in conjunction with company acquisitions. The unit assists closely related companies when required with legal services on market terms.

Work on auditing and accounting

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

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 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.

BOARD'S DESCRIPTION OF INTERNAL CONTROL

The Board is responsible for ensuring that Hakon Invest has good internal control and routines which guarantee compliance with adopted principles for financial reporting and internal control. The Board is also responsible for ensuring that financial reporting conforms with the Swedish Companies Act, applicable accounting standards and other requirements on a listed company.

Internal control and risk management are part of the Board's and management's governance and follow-up of operations and are designed to ensure that the operations are conducted appropriately and effectively. This description of internal control is provided by Hakon Invest's Board and is prepared in accordance with the Code. Like the rest of the corporate governance report, the Board's description of internal control has not been examined by the company's auditors.

Control environment

A good control environment provides the basis for the effectiveness of a company's internal control system. It is based on an organization with clear decision-making paths and where authority and responsibility have been allocated through guidelines and a corporate culture with shared values. The control environment is also affected by the individual employee's awareness of his or her role in the maintenance of good internal control.

The Board has adopted a number of basic guidelines of significance for financial reporting in order to ensure an effective control environment. The Board's formal work plan and instructions for the President ensure a clear division of roles and responsibilities designed for effective management of operational risks. The Board has also adopted a number of basic guidelines and policies of significance for internal control, such as the financial and investment policy, sustainability policy and communications policy.

Risk assessment and control activities

Hakon Invest works continuously with risk analyses and control activities in order to identify potential sources of error in the financial reporting. The Audit Committee within the Board is responsible for ensuring identification and management of significant financial risks and risks of error in financial reporting.

The Board is of the opinion that there is good understanding among employees of the need for good control of financial reporting. Hakon Invest's internal control structure is based on reporting to the Board, adopted policies and guidelines and that employees comply with policies and guidelines so that a good control of financial reporting can be maintained.

Risk assessment can result in control activities. Hakon Invest places particular emphasis on checks designed to prevent, identify and correct inadequacies in the income statement and balance sheet items that might be associated with increased risk. Normal control activities include account reconciliation and support checks.

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. 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 audit 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 two people. These two 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. 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 fully satisfactory manner and in compliance with applicable laws and regulations.

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.

An assessment is made of internal control in each individual holding. The assessment is 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 Audit Committee and the Board.

This Corporate Governance report has not been examined by the company´s auditors, but it has been examined and approved by the Board.

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: 3,000 shares.

Anders Fredriksson
Born 1954, Deputy Chairman

Anders Fredriksson was elected to the Board at the Annual General Meeting in 1997. Anders Fredriksson is a Board member of ICA AB and 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 together with related parties.

Cecilia Daun Wennborg
Born 1963

Cecilia Daun Wennborg was elected to the Board at the 2005 Annual General Meeting. She is Vice President of Ambea AB, with responsibility for strategy and corporate governance. Until October 2009 she was President of Carema Vård och Omsorg AB. She has also been acting CEO 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. 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: 1,600 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 Supermarket Köpet 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 Annual General Meeting 2005. Jan Olofsson was during the period 1992–2009 operating within Handelsbanken Markets including Head of Mergers and Acquisitions and Deputy Head of Corporate Finance. Prior to that he held several senior executive positions at Esselte AB, most recently as Vice President / Deputy CEO in 1985–1991. Jan Olofsson is Chairman of Bindomatic AB, Init AB, Printley AB and a Board member of a number of family companies. He holds an MBA from Stockholm School of Economics.
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. He has been Chairman of the Board of ICA-handlarnas Förbund since 2006. 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.
Shareholding: 67,140 shares.

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, Hemtex AB and Hemmabutikerna. Stein Petter Ski has an M.Sc. in Economics.

Shareholding:
Shares: 19,500
Call options (2010): 10,000
Call options I (2011): 15,000
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 of RNB Retail and Brands AB, Portwear AB and Pronyx AB. He is a member of the Board of ICA AB and Rindi Energi AB. Göran Blomberg has an M.Sc. in Economics.

Shareholding:
Shares: 6,000
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. He is a Member of the Board of Directors of Eurocommerce and Institutet Mot Mutor (Anti-bribery Institute).

Shareholding:
Shares: 4,700
Call options (2010): 15,000
Call options I (2011): 15,000
Call options II (2011): 5,000

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 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: 435,196
Call options (2010): 60,000
Call options I (2011): 34,000
Call options II (2011): 5,000

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 2009. 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.

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

- On April 28, 2009, Hakon Invest announced a cash offer to Hemtex shareholders, in accordance with the rules on mandatory offers. The acceptance period for the offer of SEK 27 per share expired on July 6, 2009. Hemtex carried out a SEK 164 M new issue in May 2009. Hakon Invest subscribed for 24.6% of the shares and votes in Hemtex. Hakon Invest then purchased a small number of shares via the stock exchange. On December 31, 2009, Hakon Invest's holding in Hemtex amounted to 68.5% of the shares and voting rights.
- In January 2009 Hakon Invest acquired an additional 33% in the portfolio company Cervera for SEK 33 M. In October 2009, a new issue was carried out in Cervera which provided the company with SEK 120 M. After these transactions, Hakon Invest owned 91.4% of Cervera at December 31, 2009.
- Cervera acquired 27 Duka stores in Sweden as well as NK Glas, Porslin & Kök during the summer 2009. At the end of September 2009, all the acquired Duka stores had been rebranded to Cervera's new concept.
- In January 2009 the Swedish Tax Agency decided not to grant ICA respite for the payment of SEK 747 M pursuant to the County Administrative Court's decision in December 2008 not to approve interest deductions in ICA Finans AB for the period 2001–2003. ICA has appealed against this decision to the Swedish Administrative Court of Appeal, but paid the amount in February 2009. The payment is booked as a receivable from the Swedish Tax Agency. The matter will be reviewed in the Swedish Administrative Court of Appeal in April 2010.
- In another tax case, the Swedish Tax Agency also decided not to approve interest deductions made in 2004–2008 to a Dutch Group company. The Swedish Tax Agency's claim amounts to SEK 1,333 M (including penalties and interest). ICA is of the opinion that the deductions made complied with tax laws and has appealed the Swedish Tax Agency's decision to the County Administrative Court.
- In May 2009, ICA sold the Norwegian property Kiellands Hus. The sale provided ICA with a capital gain of NOK 40 M.

GROUP

Revenues and earnings

Consolidated revenues in 2009 amounted to SEK 2,392 M (1,184), of which revenues from Forma comprised SEK 870 M (881), Hemma´s revenues SEK 249 M (303), Cervera´s revenues SEK 544 M (0) and revenue from Hemtex 729 M (0). The increase in revenues is mainly due to the fact that Cervera has been reported as a subsidiary since January 1, 2009, and Hemtex has been reported as a subsidiary since June 30, 2009.

Operating profit in the Hakon Invest Group amounted to SEK 423 M (612), of which share of profits of ICA AB, after amortization of surplus values, amounted to SEK 596 M (697). The decline in operating profit has several explanations. The share of profits of ICA AB decreased due to increased tax costs. Cervera affected the consolidated operating profit by SEK –25 M (0) and Hemtex by SEK –83 M (0). Cervera and Hemtex were reported as associates in 2008 when they affected operating profit by SEK –9 M via the equity method and SEK 0 M respectively. Change in value of the shares in Hemtex was reported in net financial income in 2008 and the first half of 2009.

Net financial items amounted to SEK 248 M (–449), of which change in value of shares in Hemtex, until Hemtex became a subsidiary, amounted to SEK 145 M (–291) and results from investment management to SEK 123 M (–142). Profit after net financial items amounted to SEK 671 M (163). Positive tax was reported for the full year of SEK 30 M (7). Profit for the year amounted to SEK 701 M (170). Earnings per share amounted to SEK 4.52 (1.17).

FINANCIAL POSITION

At December 31, 2009, the Group's cash and cash equivalents and the current value of short-term investments amounted to SEK 1,049 M compared with SEK 1,495 M at December 31, 2008. The decrease is mainly due to completed investments.

The Hakon Invest Group's interest-bearing liabilities amounted to SEK 421 M at year-end 2009 compared with SEK 189 M at December 31, 2008.

The equity/assets ratio at the end of the year amounted to 89.8% compared with 94.9% at December 31, 2008. The lower equity/assets ratio is mainly attributable to the acquisition of Hemtex.

CASH FLOW

Cash flow from operating activities amounted to SEK 486 M (468). Dividend received from ICA AB amounted to SEK 347 M (434). Cash flow from investing activities amounted to SEK 47 M (–62). Changes in short-term investments are included with SEK 637 M (417), while acquisition of shares in Hemtex, Cervera and Duka as well as investments and sales of non-current assets are included with SEK –590 M (–479). Cash and cash equivalents amounted to SEK 226 M at December 31, 2009, compared with SEK 172 M at December 31, 2008.

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 2,200 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, as well as ICA Bank which offers financial services in Sweden, and ICA Real Estate which manages the Group's property portfolio and leases.

The ICA Group's net sales increased by 4.1% to SEK 94,651 M (90,963) during 2009. In fixed exchange rates revenues rose 1.8%.

The ICA Group's operating profit increased to SEK 2,713 M (2,117) during the fiscal year. Operating profit includes capital gains from property sales of SEK 121 M (332) and net reversed and recognized impairment of non-current assets of SEK 9 M (–120).

In January 2009 the Swedish Tax Agency decided not to grant ICA respite for the payment of SEK 747 M attributable to the County Administrative Court's decision in December 2008 not to approve interest deductions in ICA Finans AB for the period 2001–2003. ICA has appealed against this decision to the Swedish Administrative Court of Appeal, but paid the amount in February 2009. The payment is booked as a receivable from the Swedish Tax Agency. The matter will be reviewed in the Swedish Administrative Court of Appeal in April 2010.

In another tax case, the Swedish Tax Agency decided not to approve interest deductions made in 2004–2008 to a Dutch Group company. The Swedish Tax Agency's claim amounts to SEK 1,333 M (including penalties and interest). ICA is convinced that the deductions made complied with tax laws and has appealed the Swedish Tax Agency's decision to the County Administrative Court.

Taken together the Swedish Tax Agency's claim for the two tax cases amounts to SEK 2,080 M, of which SEK 747 M has been paid and is booked as a receivable from the Swedish Tax Agency. The Swedish Tax Agency's claim is recognized as a contingent liability.

ICA Sweden
ICA Sweden conducts food retail operations throughout the country together with independent retailers who own their stores and are responsible for operations. There were a total of 1,359 stores (1,369) at the end of 2009.

ICA Sweden's net sales rose 5.4% to SEK 59,003 M (55,969) in 2009. ICA Sweden's operating profit rose to SEK 2,320 M (1,709). Earnings improved due to increased sales, lower costs for administration and logistics and improved margins for ICA Special. At the end of the year earnings were charged with SEK 88 M in estimated costs for the closure of the distribution units in Umeå and Årsta which will take place in 2011.

ICA Norway
ICA Norway conducts food retail operations, where half of the stores are operated by the company and the remainder are franchises. The number of stores at the end of 2009 totaled 612 (636). In addition there are a number of associated stores.

ICA Norway's net sales increased by 7.4% to SEK 21,666 M (20,164) in 2009. Operating loss amounted to SEK 506 M (–719). The improved earnings are mainly due to a better gross margin and lower costs for administration. Earnings were charged with costs for closure of a number of stores, including two Maxi stores in August 2009.

Rimi Baltic
Rimi Baltic conducts food retail operations in wholly owned stores in Estonia, Latvia and Lithuania. The number of stores totaled 246 (233) at year-end 2009.

Rimi Baltic's net sales decreased by 2.6% to SEK 12,329 M (12,661) in 2009. In local currency the decrease was 11.8%. Operating loss amounted to SEK 109 M (+182). The operating result includes impairment of non-current assets of SEK 24 M (80). The decline in earnings is mainly due to lower sales due to falling consumption in the Baltic countries as well as higher costs due to a larger number of stores than in the same period last year. Margins were also under pressure from increased price competition. Rimi Baltic implemented substantial cost savings within stores and administration during the year, which mitigated the decline in earnings.

ICA Bank
ICA Bank operates in Sweden and has agency agreements with almost all ICA stores in the country. As well as the ICA Card, the offering includes banking services such as current accounts and various types of bank cards, unsecured loans, mortgages in cooperation with SBAB, insurance in cooperation with Genworth Financial and savings products in cooperation with Nordnet.

ICA Bank's revenues rose 8.9% to SEK 634 M (582) during 2009. Operating profit rose to SEK 132 M (111), mainly due to improved net interest.

ICA Real Estate
The real estate operations in Sweden and Norway have been reported in the segment ICA Real Estate since January 1, 2009. ICA Real Estate currently owns some 180 properties and manages ICA's leases for properties in Sweden and Norway.

ICA Real Estate's revenues increased by 6.4% to SEK 2,095 M (1,969) in 2009. Operating profit amounted to SEK 1,025 M (1,134). This result includes capital gains from property sales of SEK 111 M (332) and impairment of non-current assets of SEK 33 M (0). The improved operating profit excluding capital gains is due to higher rental revenue and lower personnel costs.

ICA Group Functions
ICA Group Functions reports an operating loss of SEK 149 M (–300). The operating result includes a capital gain from property sales of SEK 10 M (0). There are no remaining properties in ICA Group Functions following the sale. The improvement compared with the previous year is due to lower pension costs and cost savings.

Forma Publishing Group
Forma Publishing Group is a media group, which is a wholly owned subsidiary of Hakon Invest. Forma is the parent company of a group of wholly and partly owned subsidiaries in Sweden, Finland and Estonia. The group also includes associates in Sweden and Norway. The group's media operations include magazines, contract activities and books. Forma's revenues for the fiscal year 2009 amounted to SEK 870 M (881). Operating loss amounted to SEK 20 M (+12). Operating result was negatively affected by restructuring costs of SEK 29 M (15), lower advertising revenues and the launch of the "Kattis" magazine and television program. The Books business area reports improved earnings.

Kjell & Company
Kjell & Company, which is 50% owned by Hakon Invest, is one of Sweden's largest retailers of home electronics accessories. During the 2009 fiscal year Kjell & Company's revenues amounted to SEK 550 M (442), corresponding to a sales increase of 24%. Sales in comparable stores rose 8%. Eight new stores were opened during the year and at year-end 2009 Kjell & Company had 46 stores in Sweden. Operating profit amounted to SEK 23 M (14). The improved earnings are based on increased sales in comparable stores, a stronger gross margin and more efficient store operation.

Hemma
The white goods chain Hemma, which is 89% owned by Hakon Invest, is a specialist chain within white goods and household appliances. Hemma reported revenues of SEK 249 M (303) for the 2009 fiscal year. Operating loss amounted to SEK 4 M (–51). Sales in comparable units decreased during the year by 15%, which is mainly explained by a generally weak white goods market. The improved earnings are due to a higher gross margin, reduced central costs and more efficient store operation.

Cervera
Cervera is a well-established chain in Sweden within high-quality products for the kitchen and dining area. Cervera is owned to 91.4% by Hakon Invest following an add-on acquisition at the beginning of 2009 of SEK 33 M and a new issue in October 2009 of SEK 120 M. During the year, Cervera acquired Duka's Swedish stores as well as NK Glas, Porslin & Kök. At the end of 2009, Cervera had 61 own stores and 19 franchise stores in Sweden. In autumn 2009, Cervera launched a new store concept in all stores. Cervera's revenues amounted to SEK 544 M (341) in the fiscal year 2009 and the increase is mainly due to the acquired Duka stores. Sales in comparable units were unchanged during the year. Operating loss amounted to SEK 25 M (–23). Earnings were charged with costs in conjunction with rebranding of all stores according to the new concept and the acquisition of the Duka stores.

inkClub
Online retailer inkClub, which is 50% owned by Hakon Invest, sells ink cartridges and other printer accessories over the internet. The company's operations also include sales of vacuum cleaner bags, batteries and photo accessories. inkClub's revenues for the 2009 fiscal year amounted to SEK 452 M (394) and operating profit was SEK 63 M (53). The improved earnings are mainly attributable to growth.

Hemtex

Hemtex is one of the largest home textiles retail chains in the Nordic region. At the end of the fiscal year, Hakon Invest owned 68.5% of the shares and votes in Hemtex. Hemtex has been reported as a subsidiary in the Hakon Invest Group since June 30, 2009. During the period July 1 – December 31, 2009, Hemtex's revenues amounted to SEK 729 M, and operating loss amounted to SEK 120 M. Nonrecurring costs were charged against earnings of SEK 105 M. An extensive action program is under way within Hemtex to clarify the customer offering and make the supply chain more efficient.

PARENT COMPANY

The Parent Company's revenues amounted to SEK 0 M (0) in 2009. Operating loss amounted to SEK 56 M (–52). Net financial items amounted to SEK 547 M (1), of which a dividend from ICA AB accounted for SEK 347 M (434). Changes in value and reversed impairment of the value of the shares in Hemtex during the period had a positive impact on net financial items of SEK 145 M (–291) while impairment of shares in subsidiaries had a negative effect on net financial items of SEK 70 M (0). The return on investment management amounted to SEK 123 M (–142). Income tax of SEK 10 M (6) is reported for the period. Profit for the year amounted to SEK 481 M (–57).

The Parent Company's cash and cash equivalents and the current value of short-term investments at December 31, 2009, amounted to SEK 857 M compared with SEK 1,465 M at December 31, 2008. The decrease is mainly attributable to the acquisition of Hemtex. Financial investments at year-end 2009 were allocated as follows: 50% equities, 29% fixed-income securities, 17% hedge funds and 4% cash and cash equivalents.

FUTURE OUTLOOK

The Swedish Retail Institute (HUI) predicts lower growth figures in Sweden in the year ahead compared with growth levels during most of the 2000s. Since mid-2009 the trend within retail in Sweden has been clearly positive, but this does not necessarily mark the start of a return to earlier strong growth levels. In all probability the recovery that has now started will be more drawn out than many had hoped.

If consumers' more positive attitude leads to reduced precautionary savings, a large part of the strengthened purchasing power may find its way into retail. Higher unemployment and an early interest rate hike from Riksbanken could at the same time slow the recovery and possibly lead to a setback. If Riksbanken's future interest rate increases are not followed by a strong economy and lower unemployment, 2010 and 2011 can be tough retail years in Sweden.

From an international perspective the recession is showing signs of leveling out and in some markets a gradual recovery has started. One important explanation for this development is the expansive financial and monetary policy that has been applied since the recession started. Low interest rates and reduced taxes have increased consumers' real disposable income, despite weak labor markets. In many countries, however, it is expected to take time before the economy returns to levels prior to the financial crisis. GDP growth is forecast to be lower than in earlier economic upturns and the recovery phase may therefore take longer.

Development in the Baltic countries, where retail markets showed the biggest sales decreases in Europe during 2009, remain characterized by budget consolidation, credit restrictions and political tensions. The tough economic climate will probably continue during most of 2010. In all probability it will not be until 2011 that the Baltic countries will once again show positive growth measured as an annual average.

SHARE INFORMATION

Ownership structure

At December 31, 2009, Hakon Invest is owned to 67.4% by ICA-handlarnas Förbund, which is thus the Parent Company of Hakon Invest. The remaining 32.6% is owned by approximately 13,300 shareholders. The company's common shares are listed on Nasdaq OMX Stockholm in the Large Cap segment.

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. At year-end, the number of C shares amounted to 82,067,892 and the number of common shares after repurchases was 78,584,624. In addition, Hakon Invest owns 264,920 treasury shares. 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. 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 and voting rights.

Purchase of treasury shares

During 2009, 39,620 shares in Hakon Invest were repurchased to cover allocations in the 2009 share-based incentive program. The shares were repurchased at a market price over the Nasdaq OMX Stockholm exchange. A total of SEK 3 M was paid for the shares. In total, Hakon Invest's holding of treasury shares, after repurchases, amounted to 264,920 common shares, corresponding to 0.2% of the share capital and votes.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The President and other senior executives in the company are subject to the guidelines approved by the 2009 Annual General Meeting. The Board proposes that the same guidelines apply for the next fiscal year with the difference that the two-year vesting period for the share-based incentive program is extended to three years and allocated Matching and Performance shares are received free of charge.

The company's remuneration for senior executives shall be on market terms, be long-term and quantifiable, and promote Group unity. 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, share-based incentive program and other benefits. The basic salary shall be market adjusted and based on expertise, responsibility and performance.

A bonus becomes payable if the company's earnings per share increase by at least 15% and a maximum payout requires the company's earnings per share to increase by at least 22%. The bonus may amount to a maximum of six monthly salaries for the President and four monthly salaries for other senior executives.

The share-based incentive program for 2009 includes the President and other senior executives. The program requires own investment with a two-year vesting period and a one-year redemption period. The program means that participants actively purchase new shares (Saving shares) at a market price and lock their Saving shares during a two-year period. Provided the participant is still employed and is still in possession of his or her Saving shares, a number of rights can be exercised to redeem Matching shares at an exercise price of SEK 10 per share. If some clearly defined performance requirements are met, additional rights can be exercised to redeem Performance shares at an exercise price of SEK 10 per share. The total number of Matching and Performance shares may amount to a maximum of 32,500 with regard to the President and other senior executives. The total cost for the program relating to the President and other senior executives is estimated at SEK 1.4 M including social security contributions.

For other senior executives a defined contribution pension plan shall be applied which means that a maximum of 35% of pensionable salary can relate to pension premiums which will be paid during the employment period. Senior executives with contracts entered into prior to the 2006 Annual General Meeting, are entitled to retire at the age of 62 with a defined benefit pension during the period until normal retirement age at 65. The President has a gross salary limit, where he may decide the size of the pension provision.

A mutual notice period of six months shall be applied for senior executives. Severance pay shall be paid to senior executives with up to 18 months fixed cash salary if employment is terminated by the company. The severance pay shall be deductible. Senior executives with contracts dated prior to 2005 are in some cases entitled to a non-deductible severance pay. The President is subject to a mutual notice period of six months. The President is not entitled to severance pay.

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 Invest 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 75–76 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 6.00 (5.00) per common share. The dividend amounts to a total of SEK 472 M (393), which can be placed in relation to the Parent Company's profit after tax which amounted to SEK 481 M. The proposed dividend will reduce the Parent Company's equity/assets ratio from 99.1% to 91.3% and the Group's equity/assets ratio from 89.8% to 85.6%. 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	2,294,360
Profit for the year	480,682
Total	2,775,042

The Board of Directors and the President propose that the profits be distributed as follows:	
to holders of common shares a dividend of SEK 6.00 per share	471,508
to be carried forward	2,303,534
Total	2,775,042

Consolidated statement of comprehensive income

SEK M	Note	2009	2008
Revenues	4	2,392	1,184
Cost of goods sold	5,7	–1,404	–761
Gross profit		988	423
Other operating income		56	17
Cost of sales	5,7	–929	–326
Administrative expenses	5,6,7	–299	–206
Other operating expenses		–5	–
Share of profit of companies accounted for using the equity method	8	612	704
Operating profit	4	423	612
Financial income	10	47	85
Financial expenses	11	–31	–16
Change in fair value of financial instruments	12	232	–518
Net financial items		248	–449
Profit before tax	4	671	163
Tax	13	30	7
Profit for the year	4	701	170
Other comprehensive income for the year			
Change in fair value reserve, net after tax[1]		–9	–
Change in translation reserve, net after tax[1]		208	13
Change in hedging reserve, net after tax[1]		–12	–
Reversed earlier changes in value[2]		29	20
Step acquisition[2]		–21	–
Total other comprehensive income		195	33
Comprehensive income for the year		896	203
Profit for the year attributable to owners of the parent		726	187
Profit for the year attributable to minority interests		–25	–17
Comprehensive income for the year attributable to owners of the parent		921	220
Comprehensive income for the year attributable to minority interests		–25	–17
Earnings per share, before and after dilution, SEK	14		
Common share		4.52	1.17
C share		4.52	1.17

1) Change attributable to holding recognized according to equity method.
2) No tax effect.

Consolidated statement of financial position

ASSETS

SEK M	Note	Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Goodwill	15	712	304
Trademarks	15	694	112
Other intangible assets	15	88	17
Equipment	16	152	32
Interests in companies accounted for using the equity method	8	7,678	7,306
Interests in associates recognized at fair value	9	–	113
Other non-current receivables		9	–
Deferred tax assets	13	58	184
Total non-current assets		9,391	8,068
Current assets	18		
Inventories	17	563	158
Trade and other receivables	18, 19	197	181
Receivables from companies accounted for using the equity method	20	7	10
Tax assets		9	20
Other current receivables		36	60
Prepaid expenses	21	131	29
Short-term investments	22	823	1,323
Cash and cash equivalents	23	226	172
Total current assets		1,992	1,953
TOTAL ASSETS	4	11,383	10,021

EQUITY AND LIABILITIES

SEK M	Note	**Dec. 31, 2009**	Dec. 31, 2008
Equity	24		
Share capital		402	402
Other paid-in capital		2,778	2,778
Reserves	24	713	497
Retained earnings including profit for the year		6,147	5,838
Equity attributable to owners of the parent		10,040	9,515
Minority interests		178	–
Total equity		10,218	9,515
Non-current liabilities	18		
Provisions for pension and similar commitment	25	147	139
Interest-bearing loan	27	142	39
Other non-current liabilities		14	13
Total non-current liabilities		303	191
Current liabilities	18		
Advance payments from customers		111	73
Trade and other payables	26	522	180
Tax liabilities		–	1
Interest-bearing loan	27	124	5
Other current liabilities		96	47
Deferred income		2	3
Current provisions	25	7	6
Total current liabilities		862	315
TOTAL EQUITY AND LIABILITIES		11,383	10,021
Pledged assets	28	27	40
Contingent liabilities	28	13	6

Consolidated statement of changes in equity

SEK M	Equity attributable to owners of the parent company: Share capital	Other paid-in capital	Reserves	Retained earnings incl. profit for the year	Minority interests	Total equity
Opening equity, January 1, 2008	402	2,776	464	6,154	0	9,796
Comprehensive income for the year	–	–	33	187	–17	203
Payment for call options	–	2	–	–	–	2
Purchase of treasury shares	–	–	–	–13	–	–13
Acquisitions	–	–	–	–18	17	–1
Dividend	–	–	–	–472	–	–472
Closing equity, December 31, 2008	402	2,778	497	5,838	0	9,515
Comprehensive income for the year	–	–	216	705	–25	896
Purchase of treasury shares	–	–	–	–3	–	–3
Acquisitions	–	–	–	–	203	203
Dividend	–	–	–	–393	–	–393
Closing equity, December 31, 2009	402	2,778	713	6,147	178	10,218

Consolidated statement of cash flows

SEK M	Note	2009	2008
Operating activities			
Profit before tax		671	163
Adjustment for non-cash items	29	–761	–151
		–90	12
Dividends from companies accounted for using the equity method	8	347	451
Income tax paid		17	–5
Cash flow from operating activities before change in working capital		274	458
Change in working capital			
Inventories		31	25
Current receivables		49	26
Current liabilities		132	–41
Cash flow from operating activities		486	468
Investing activities			
Investments in non-current assets		–77	–14
Acquisition of subsidiaries	3	–515	–32
Acquisition of associates/joint ventures	3	–	–440
Divestment of non-current assets		2	7
Change in short-term investments		637	417
Cash flow from investing activities		47	–62
Financing activities			
Shareholder contribution		–	1
Purchase of treasury shares		–3	–12
Amortization of loans		–83	–34
Dividends paid		–393	–472
Cash flow from financing activities		–479	–517
Cash flow for the year		54	–111
Cash and cash equivalents at beginning of the year		172	281
Exchange differences in cash and cash equivalents		–	2
Cash and cash equivalents at the end of the year	23	226	172

Disclosures about interest paid
Interest paid during the year amounted to SEK 13 M (15)
Interest received during the year amounted to SEK 27 M (18)

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 and is owned to 67.4% by ICA-handlarnas Förbund (reg. no. 802001-5577).

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 on April 14, 2010, and were approved for publication according to a Board decision on March 11, 2010.

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 including associates and joint ventures, but several of the principles are only significant for accounting for the holding in ICA AB.

The Swedish Financial Reporting Board's recommendation RFR 1.2 Complementary Accounting Standards for Groups is also applied. All principles applied are unchanged compared with the previous year, except as specified in the following section.

CHANGED ACCOUNTING PRINCIPLES AND DISCLOSURE REQUIREMENTS 2009

IASB has issued a number of new or changed standards as well as interpretations issued by IFRIC to be applied with effect from 2009. An account of the new standards that can be applicable for Hakon Invest and the effect on the accounts is provided below.

IFRS 7, Financial Instruments: Disclosures. This standard has changed which means that additional disclosures must be made regarding financial instruments recognized at fair value in the balance sheet. These disclosures shall indicate among other things the extent to which fair value is based on observable inputs according to a hierarchy with levels 1–3. Disclosures shall also be provided regarding reciprocal changes between hierarchy levels for financial instruments recognized at fair value. The requirements for disclosures on liquidity risks have been extended. The changes in IFRS 7 mean that additional disclosures are provided about financial instruments. The financial instruments that Hakon Invest recognizes at fair value in the balance sheet are classified in levels one and two.

IFRS 8, Operating Segments. This standard contains disclosure requirements for operating segments and replaces the requirement to define and present primary and secondary segments based on business segments and geographic areas according to the recommendations applying so far IAS 14. The new standard requires instead that segment information is presented from a management perspective, which means it is presented in the manner used in internal reporting. Hakon Invest's segment allocation based on IFRS 8 corresponds to the earlier primary segment reporting.

IAS 1, Presentation of Financial Statements. The revised standard makes a clearer difference between what are owner transactions and non-owner transactions. The standard means that the equity calculation only recognizes owner transactions. Other transactions previously recognized in equity are recognized as other comprehensive income in a statement of comprehensive income for the year. Comprehensive income for the year shall either be presented in a separate statement in close conjunction to the income statement or as an extension of the earlier income statement. Hakon Invest has chosen to present comprehensive income as an extension of the former income statement.

IFRIC 13, Customer Loyalty Programmes. This interpretation requires rewards from customer loyalty programs to be recognized as a separate component in the sales transaction to which they are allocated and that the part of remuneration received, which is calculated at fair value, is recognized initially as a liability and recognized as income in the periods the commitment is fulfilled. Application of IFRIC 13 has not had any effect on Hakon Invest.

KEY ESTIMATES, ASSUMPTIONS AND ASSESSMENTS

In applying the accounting principles, the Board of Directors and the President make a number of estimates, assumptions and assessments. Actual results may differ from these estimates, assumptions and assessments 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 (see Note 8 and 15). For the holding in ICA, the most significant estimates and assessments concern sale and leaseback, impairment of non-current assets, reporting of pensions as well as claims and provisions.

The assessments which have a material effect on the consolidated financial statements, in addition to the above, are mainly recognition of step acquisition of the shares in Hemtex as well as classification of shareholdings as joint ventures.

Hemtex is reported as a subsidiary with effect from June 30, 2009. Prior to that the shareholding was recognized at fair value through profit or loss. In accordance with the rule for step acquisitions according to IFRS, earlier changes in value were reversed via other comprehensive income when Hemtex became a subsidiary. When applying the rules for step acquisitions, the assessment was made that the reversal should be made in an amount that takes into account that impairment of goodwill will not arise due to the reversal.

Investments in joint ventures are reported according to the equity method. 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. At classification of a shareholding as a joint venture an assessment is made of the contractual relationship and other circumstances in order to determine whether or not joint control exists.

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. The Parent Company's functional currency is Swedish kronor, which also comprises the presentation currency for the Parent Company and the Group. All amounts in the financial statements are stated in SEK millions (SEK M) until otherwise indicated.

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. Step acquisitions, where the holding was previously recognized at fair value through profit or loss for the period, earlier changes in value are reversed via other comprehensive income on the date the company becomes a subsidiary. Reversal is effected at an amount that takes into account that impairment will not arise due to the reversal.

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 was recognized at fair value in the consolidated financial statements until Hemtex became a subsidiary. 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. 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 in profit or loss for the period.

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 profit or loss for the period as part of 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 profit or loss for the period.

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 included in profit or loss for the period.

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 DETERMINABLE USEFUL LIFE

Intangible assets with a determinable 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 determinable 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.

Classification of financial instruments is provided in Note 18.

Note 1, cont.

Short-term investments and long-term securities holdings
Hakon Invest's short-term investments and other equities are recognized at fair value through profit or loss for the period, 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.

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.

Trade and other receivables
Receivables are reported in the amounts in 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 profit or loss for the period.

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.

PROVISIONS
Provisions are reported in the balance sheet when the Group has a contractual or constructive obligation as the result of events that have 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 almost certain 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 statement of comprehensive income.

SHARE-BASED PAYMENTS
Hakon Invest has a combined share matching and performance based incentive program directed to the company's President and other senior executives. The program requires own investment with a two-year vesting period and a one-year redemption period. The program means that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a two-year period. Provided the participant is still employed and still in possession of the Saving shares, a number of rights can be exercised to redeem so-called Matching shares at an exercise price of SEK 10 per share. If some clearly defined Performance requirements are met, additional rights can be exercised to redeem so-called Performance shares at an exercise price of SEK 10 per share. The total number of Matching and Performance shares may amount to a maximum of 32,500 for the President and other senior executives. The share-based incentive program also includes other employees. The total number of Matching and Performance shares may amount to a maximum of 7,120 for other employees. Share-based payments are recognized as an expense which is accrued during the vesting period. Purchases of treasury shares in order to fulfill the commitment under this program are recognized directly in equity.

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 a property is sold that is then leased back an overall assessment is made of who bears the essential risks and rewards in the property and whether the Group still has a significant interest in the sold property. 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.

A significant interest exists, for example, if the leased back property is rented out to an independent ICA retailer. If the risks and rewards remain in ICA, alternatively ICA has a continued interest in the property, the ICA Group continues to recognize the property 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.

CONTINGENT LIABILITIES
A contingent liability exists 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. 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. The current tax rate in Sweden is 26.3%, in Finland 26%, in Norway 28%, in Denmark 25%, in Estonia 0% and in Latvia 15%.

FUTURE 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 2010 and subsequently are described below.

IFRS 3R, Business Combinations. This standard introduces a number of changes in accounting for business combinations, which will affect the size of recognized goodwill, profit or loss in the period the acquisition is made and future recognized profit or loss.

IAS 27R, Consolidated and Separate Financial Statements. This standard requires changes in owner interests in a subsidiary, where the majority owner does not lose control, be recognized as equity transactions. This principle is already used by Hakon Invest today. In addition, IAS 27R changes reporting of losses that arise in subsidiaries and reporting when control in a subsidiary no longer exists.

IFRS 9, Financial Instruments. This standard is a first step in a complete revision of the present standard IAS 39. The standard will lead to a reduction in the number of measurement categories for financial assets. The first part of the standard will be complemented with rules on impairment, hedge accounting and measurement of liabilities. IFRS 9 must be applied for fiscal years that start on January 1, 2013, or later. The EU has not approved the standard and at present there is no timetable for approval. Pending completion of all parts of the standard, Hakon Invest has not evaluated the effects of the new standard.

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 2009 amounted to SEK 857 M (1,465). Carlson Investment Management handles most of asset management. The other assets under management comprise Ahold shares, hedge/investment funds and cash and cash equivalents.

The financial and investment 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.

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 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 2009, Hakon Invest's exposure to foreign currency amounted to EUR 7.4 M (7.1) through shareholdings (Ahold), which corresponded to 9% of the assets in the portfolio. An exchange rate fluctuation of 10% against EUR would affect Hakon Invest's earnings and equity by approximately SEK 7 M (7) before tax.

Note 2, cont.

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 2009, Hakon Invest's Parent Company had no interest-bearing financial liabilities and the Group had SEK 421 M (189) in interest-bearing liabilities. A 1 percentage point change in interest rate would have no effect on the 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 2009 the duration was 2.3 years (2.6) and it averaged 2.3 years during the year. If interest rates were to change by one percentage point, the Parent Company's and the Group's earnings and equity would be affected by SEK 5.7 M (19) before tax.

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 2009, payment capacity was good and most of the short-term investments could be released within three days. The Board has decided that the company's limit for the debt/equity ratio should be 70%. At year-end 2009, the debt/equity ratio was 4.1% (5.1) for the Group.

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 at least 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: securities 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, according to the financial and investment policy, are Swedish banks, securities institutions or other 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 Riksbanken keeps inflation around its target of 2%. During 2009 the equities portion in the investment management portfolio was initially considerably lower. At the end of 2009, the equities portion amounted to 50%. If share prices were to change by 10 percentage points, the Group's earnings and equity would be affected by approximately SEK 40 M (19) before tax.

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 2009 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 857 M (1,465) at December 31, 2009, 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 the 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 Business combinations

BUSINESS COMBINATIONS 2009

Subsidiaries

In January 2009, Hakon Invest acquired an additional 33% of the shares in the portfolio company Cervera AB. As a result the holding rose from 48% to 81% of the capital and votes in Cervera AB. Hakon Invest made a cash payment of SEK 33 M for the additional shares. In October 2009, Hakon Invest provided Cervera AB with SEK 120 M via a new issue. Following the new issue, Hakon Invest owns 91.4% of the shares and votes in Cervera AB.

On April 28, 2009, Hakon Invest announced a cash offering to shareholders in Hemtex AB in accordance with the rules on mandatory offers. The acceptance period expired on July 6, 2009. Hakon Invest subsequently purchased a small number of shares over the stock exchange. In May 2009, Hemtex effected a SEK 164 M new issue. Hakon Invest subscribed for 24.6% of the shares and votes in conjunction with the new issue. At December 31, 2009, Hakon Invest's holding in Hemtex AB amounted to 68.5% of the shares and votes. Hemtex is reported as a subsidiary with effect from June 30, 2009. Prior to that date the shareholding was recognized at fair value through profit or loss. In accordance with the rules for step acquisitions according to IFRS, earlier changes in value were reversed via other comprehensive income on the date Hemtex became a subsidiary. The reversal was made at an amount that takes into account that impairment of goodwill will not arise as a result of the reversal. The reversed amount is SEK 28 M.

In addition to the above acquisitions, in June 2009 Cervera completed the acquisition of the net assets in Duka as well as NK Glas, Porslin & Kök (Northern Classic AB). The acquisition included 27 store locations, store fixtures and fittings, existing external inventories and the Duka store brand in the Swedish market.

The assets and liabilities included in the acquisitions of Cervera AB and Hemtex AB are as follows:

	Cervera AB		Hemtex AB	
	Carrying amount in acquired company[1]	Value according to PPA	Carrying amount in acquired company[1]	Value according to PPA
Brands	–	77	–	500
Goodwill	–	–	284	–
Other intangible assets	8	5	50	50
Property, plant and equipment	21	21	121	121
Financial assets	5	5	7	7
Inventories	131	131	291	291
Current receivables	36	36	39	39
Prepaid expenses and accrued income	22	22	9	9
Cash and bank balances	10	10	31	31
Deferred tax liabilities	–	–20	–25	–157
Non-current liabilities	–38	–38	–90	–90
Current liabilities	–127	–127	–233	–233
Acquired identifiable net assets	68	122	484	568
Less minority		–24		–179
Goodwill		12		385
Acquired net assets incl. goodwill		110		774
Change in interest in associates during the holding period		10		–
Step acquisition		–		21
Unreversed change in value		–		132
		120		927
Purchase price for shares in subsidiary		118		918
Acquisition costs		2		9
Total acquisition cost		120		927
Acquisition cost for acquisitions in 2009		33		504
Cash and cash equivalents in acquired subsidiary		–10		–31
Change in the Group's cash and cash equivalents at acquisitions in 2009[2]		23		473

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

2) Change in cash and cash equivalents from other acquisitions amounts to SEK 19 M.

Note 3, cont.

How the acquisition of Hemtex during the year would have affected Hakon Invest's sales and earnings if the company had been acquired at January 1, 2009.

	Hakon Invest Group	Hemtex before acquisition date	Hakon Invest Group pro forma
Net sales	729	566	1,295
Profit/loss for the year	–56	–94	–150

Cervera, which is reported as subsidiary with effect from January 1, 2009, affected sales in the Group by SEK 544 M and consolidated profit for the period by SEK –20 M for the 2009 fiscal year.

BUSINESS COMBINATIONS 2008

Subsidiaries

In June 2008, 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 2008, 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 2008, 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
Inventories	3	3
Current receivables	2	2
Prepaid expenses and accrued revenues	1	1
Cash and bank balances	3	3
Deferred tax liabilities	–	–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 year	–1	0	–1

Note 4 Segment information

Hakon Invest has three segments: publishing operations, white goods operations and home furnishing operations. Internal accounting and follow-up is based on business segments which are the primary format for segment accounting.

The largest part of operations are conducted in Sweden. Some operations are conducted in the Nordic and Baltic regions. In addition there are asset management operations in Hakon Invest AB and the holding in ICA AB and other associates and joint ventures. The risks and opportunities facing the joint venture ICA AB have been identified in the following operating segments: ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate and ICA Bank. The first three refer to retail operations in each geographic area. ICA Real Estate conducts property management and ICA Bank conducts banking operations.

	Publishing operations		White goods operations		Home furnishings operations		Other incl. eliminations		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
External revenues	870	881	249	303	1,273	–	–	–	2,392	1,184
Operating profit/loss	–20	12	–4	–51	–145	–	592	651	423	612
Profit/loss after financial items	–32	1	–6	–57	–153	–	862	219	671	163
Profit/loss for the year	–30	0	–6	–44	–107	–	844	214	701	170
Assets	595	597	302	297	1,213	–	9,273	9,127	11,383	10,021
Liabilities	496	475	164	152	652	–	–147	–121	1,165	506
Investments	10	45	–	–	82	–	499	441	591	486
Depreciation	13	13	2	3	86	–	–37	–	64	16

Note 5 Depreciation

	Dec. 31, 2009	Dec. 31, 2008
Cost of goods sold	13	13
Selling costs	48	3
Administrative expenses	3	–
Total	64	16

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

	2009	2008
Ernst & Young, audit assignments	4	3
Ernst & Young, other assignments	1	–
Total	5	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	**2009**	2008
Sweden		
Women	929	256
Men	307	260
	1,236	**516**
Denmark		
Women	38	–
Men	11	–
	49	**–**
Norway		
Women	35	–
Men	4	–
	39	**–**
Finland		
Women	183	42
Men	14	15
	197	**57**
Estonia		
Women	29	20
Men	1	1
	30	**21**
Latvia		
Women	–	10
Men	–	1
	–	**11**

Note 7, cont.

Average number of employees in the Group, total	**2009**	2008
Women	1,214	328
Men	337	277
Average number of employees in the Group, total	1,551	605

Salaries and remuneration amounted to (SEK M):		
Board of Directors and Presidents		
Sweden	26	13
Finland	3	2
	29	15
Other employees		
Sweden	380	209
Denmark	7	–
Norway	10	–
Finland	47	27
Estonia	3	2
	447	238
Total salaries and remuneration in the Group	476	253
Social security contributions, statutory and contractual	139	78
Pension costs	56	55
Total social security contributions and pension costs	195	133
Total salaries, remuneration, social security contributions and pension costs	671	386

REMUNERATION TO THE BOARD OF DIRECTORS

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 2009

SEK 000s1)	Board fee	Committee work	Total fee **2009**	Total fee 2008
Lars Otterbeck	550	75	625	600
Anders Fredriksson	330	50	380	365
Cecilia Daun Wennborg	220	50	270	260
Jan Olofsson	220	25	245	235
Jan-Olle Folkesson	220	25	245	235
Magnus Moberg	220	25	245	123
Thomas Strindeborn	220	–	220	210
Olof Nyberg	–	–	–	112
	1,980	250	2,230	2,140

1) Remuneration excluding social security contributions.

REMUNERATION TO THE PRESIDENT AND OTHER SENIOR EXECUTIVES

Remuneration to the President and other senior executives consists of a basic salary, pension benefits, severance pay, bonus, share-based incentive program and other benefits. 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). A bonus is paid if the company's earnings per share increase by at least 15% and for a maximum payment the company's earnings per share must increase by 22%. Bonus can amount to a maximum of six monthly salaries for the President and four monthly salaries for other senior executives. For 2009, the maximum bonus is payable and SEK 1.5 M has been allocated to a reserve for bonus to the President, and SEK 1.8 M for bonus for other senior executives.

2009, SEK 000s1)	Basic annual salary	Benefits	Pension cost	Bonus/ incentive	Total
President2)	1,181	130	3,253	1,560	6,124
Other senior executives3)	5,491	420	1,683	1,800	9,394
	6,672	550	4,936	3,360	15,518

1) Remuneration excluding social security contributions.
2) Total remuneration package of SEK 5.7 M includes salary, vacation pay, social security contributions, pension costs and other costs in the form of company car, etc.
3) Other senior executives in 2009 comprised 3 people, all of whom are men.

TERMS AND CONDITIONS FOR THE PRESIDENT

A total remuneration package of SEK 5.7 M has been agreed with the President. The package includes salary, 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 up to18 monthly basic salaries. Severance pay is deductible. Senior executives whose contracts were signed prior to 2005 have in some cases the right to a non-deductible severance pay. 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. This means that a maximum of 35% of pensionable salary can be used for pension premiums, which are paid during the service period. Senior executives with contracts signed prior to the 2006 Annual General Meeting are entitled to retire at 62 with a defined benefit pension for the period until normal retirement age at 65.

INCENTIVE PROGRAMS

Share-based incentive program 2009

The President and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a two-year vesting period and a one-year redemption period. The program means that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a two-year period. Provided the participant is still employed and still in possession of the Saving shares, a number of rights can be exercised to redeem so-called Matching shares at an exercise price of SEK 10 per share. If some clearly defined performance requirements are met, additional rights can be exercised to redeem so-called Performance shares at an exercise price of SEK 10 per share. The total number of Matching and Performance shares may amount to a maximum of 32,500 for the President and other senior executives. The total cost of the program for the President and other senior executives is estimated at SEK 1.4 M including social security contributions. During 2009, SEK 0.5 M has been placed in a reserve for the built up costs. The share-based incentive program also includes other employees. The total number of Matching and Performance shares can amount to a maximum of 7,120 for other employees.

STOCK OPTIONS 2006, 2007 AND 2008

The President, other members of Executive Management and some employees are covered by performance-related incentive program for 2006 and 2007 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.

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.

For 2008 there was no payment in the bonus program and no options were subscribed for.

Stock options 2007

The number of purchased stock options based on the 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%

The 2007 option program expires on March 31, 2011.

Stock options 2006

The number of 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%

The 2006 option program expires on March 31, 2010.

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. When the program expired on December 31, 2008, it was renewed on the same terms. The exercise period is from September 1, 2010, through March 31, 2011. 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.

Allocated stock options	
Number of outstanding options	75,000

Personnel costs recognized in the 2008 income statement	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[1]	SEK 82.80
Exercise price	SEK 97.50
Option price	SEK 5.90
Options term	2.25 years
Risk-free interest	1.89%

1) Value of shares, based on volume-weighted average price paid during the period December 9–15, 2008.

Note 7, cont.

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 of 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, 2009	Dec. 31, 2008
Opening balance	7,306	7,016
Changes for the year		
– Acquisitions	–	5
– Dividends	–347	–451
– Sales[1]	–80	–
– Profit from interests accounted for using the equity method	612	704
– Items recognized directly in equity	187	32
Total	7,678	7,306

1) Relates to Cervera, which was reported as a subsidiary in 2009.

	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
Cervera AB	556701-1209	Stockholm
inkClub Development AB	556712-3772	Uppsala

	Number	Share, %[2]	Book value **Dec. 31, 2009** SEK M	Book value Dec. 31, 2008 SEK M	Share of profit **2009** SEK M	Share of profit 2008 SEK M
Group						
ICA AB	2,000,000	40.0	7,110	6,673	596	697
Bra Förlag AB	250	50.0	7	7	–	1
Trade Press AS	40	40.0	10	10	1	1
Kjell & Co Elektronik AB	5,600	50.0	114	108	6	4
Cervera AB[1]	9,571,990	47.9	–	80	–	–9
inkClub Development AB	50,000	50.0	437	428	9	10
Total			7,678	7,306	612	704

1) Information relating to Cervera AB applies for 2008 when the company was an associate. With effect from January 1, 2009, the holding is 81% and the company is thus included as a subsidiary. In November 2009, a new issue was effected in Cervera AB after which the holding is 91.4%.
2) The ownership interest above indicates the share of voting rights, which matches share of equity in every case.

JOINT VENTURES

ICA AB is a joint venture of which Hakon Invest owns 40% and 60% is owned by the Dutch company Royal Ahold. 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.

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 was during 2008 a joint venture 48% owned by the Hakon Invest Group and the remainder owned mostly by the Kopsch family and others. In January 2009, an additional 33% of the shares was acquired, whereby Cervera is reported as a subsidiary with effect from January 1, 2009. In October 2009, a new issue was made in Cervera AB following which the holding was 91.4%.

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

Balance sheet

	ICA Group		Kjell & Co Elektronik AB		inkClub Development AB		Cervera AB	
	Dec. 31, 2009	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Intangible non-current assets	3,940	3,742	22	24	5	4	–	10
Property, plant and equipment	15,755	15,544	8	8	–	1	–	21
Financial assets	3,701	3,772	–	–	–	–	–	5
Deferred tax	515	424	–	–	–	–	–	–
Inventories	4,446	4,461	105	87	37	37	–	131
Current receivables	8,367	6,921	19	19	35	40	–	59
Cash and cash equivalents	3,422	5,102	29	13	176	131	–	10
Non-current assets held for sale	14	3	–	–	–	–	–	–
Total assets	40,160	39,969	183	151	253	213	–	236
Equity	13,962	12,796	63	45	210	163	–	70
Non-current liabilities	4,807	5,032	12	14	–	5	–	38
Current liabilities	21,391	22,141	108	92	43	45	–	128
Total equity and liabilities	40,160	39,969	183	151	253	213	–	236

Income statement

	ICA Group		Kjell & Co Elektronik AB		inkClub Development AB		Cervera AB	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Revenues	94,651	90,963	550	442	452	394	–	341
Cost of goods sold	–81,494	–78,825	–296	–245	–228	–193	–	–193
Selling and administrative expenses	–10,696	–10,474	–233	–183	–172	–159	–	–202
Other operating income	252	461	1	–	11	11	–	31
Profit from associates	–	–8	–	–	–	–	–	–
Operating profit/loss	2,713	2,117	22	14	63	53	–	–23
Net financial items	–404	–323	–	–2	1	4	–	–4
Income tax	–722	–66	–6	–3	–17	–17	–	7
Profit/loss for the year	1,587	1,728	16	9	47	40	–	–20

Associates

The Hakon Invest Group had two associates at year-end 2009: Bra Förlag AB and Trade Press AS which are reported according to the equity method. During the first quarter of 2009, there was an additional associate: Hemtex AB, which was recognized at fair value through profit or loss. Since June 30, 2009, Hemtex has been reported as a subsidiary.

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

	Associates	
	2009	2008
Hakon Invest's share of net assets:		
Non-current assets	1	1
Current assets	14	15
Non-current liabilities and provisions	–1	–1
Current liabilities	–3	–3
	11	12
Goodwill	6	5
Share in associates	17	17
Hakon Invest's share of revenues and profits of associates:		
Revenues	36	33
Profit for the year	2	2

Note 9 Interests in associates recognized at fair value

	Dec. 31, 2009	Dec. 31, 2008
Opening book value	113	–
– Hemtex, fair value at classification as associate	–	287
– Change in fair value	145	–174
– Hemtex reclassified as a subsidiary	–258	–
Closing book value	0	113

During 2009, additional shares in Hemtex AB were acquired and with effect from June 30, 2009, Hemtex is reported as a subsidiary since the holding amounts to 68.5% of the shares and votes. In the first half of 2009, the shareholding in Hemtex was recognized at fair value through profit or loss. In accordance with the rules for step acquisitions according to IFRS, earlier changes in value were reversed on the date Hemtex became a subsidiary. The reversal was made in an amount that takes into account that impairment of goodwill will not arise due to the reversal. See also Note 3.

Note 10 Financial income

	2009	2008
Dividends	11	39
Interest income	19	35
Exchange differences	10	11
Other financial income	7	–
Total	47	85

Note 11 Financial expenses

	2009	2008
Interest expenses	–17	–15
Exchange differences	–14	–1
Total	–31	–16

Note 12 Change in fair value of financial instruments

	2009	2008
Impairment/reversal of impairment Hemtex	145	–174
Other securities held as non-current assets	–	–117
Short-term investments	87	–227
Total	232	–518

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

Note 13 Tax

	2009	2008
Items included in tax expenses are shown below:		
Consolidated income statement		
Current income tax		
Tax attributable to previous years	–5	–
Deferred income tax		
Deferred tax attributable to loss carry forwards	35	12
Deferred tax attributable to reduced tax rate	–	–10
Deferred tax pertaining to change in temporary differences	–	5
Tax expense recognized in the income statement	30	7
Reconciliation of effective tax expense:		
Profit before tax	671	163
Tax based on applicable tax rate in Sweden 26.3%	–176	–46
Tax effect of:		
Shares of profit accounted for using the equity method	161	197
Reversal change in value Hemtex	38	–
Recognized loss carry forwards from previous years	5	–
Effect of reduction in tax rate	–	–11
Non-capitalized loss carry forwards	–	–129
Other non-taxable revenues	4	–
Non-deductible expenses	–2	–4
Company's effective tax expense 4.47% (4.55%)	30	7
Deferred tax at December 31 pertains to the following:		
Deferred tax liabilities		
Non-current assets	–190	–33
Untaxed reserves	–10	–
Deferred tax liabilities, gross	–200	–33
Deferred tax assets		
Pension provisions	10	13
Share in partnership	3	3
Loss carry forwards	245	201
Deferred tax assets, gross	258	217
Net deferred tax assets	58	184

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, 2009, amounted to SEK 1,157 M (1,036). A deferred tax asset of SEK 245 M (201) is recognized in the balance sheet relating to a loss carry forward of SEK 930 M (759). The Group has no other unrecognized deferred tax assets and liabilities on temporary differences. Loss carry forwards in Sweden are perpetual.

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 39,620 common shares to cover the 2008 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 2009.

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

	2009	2008
Net profit that accrues to holders of common shares and C shares, SEK M	726	187
Weighted average of number of shares before dilution, thousands	160,671	160,713
Weighted average of number of shares after dilution, thousands	160,671	160,713

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		Tenancy rights		Other intangible assets	
	Dec. 31, 2009	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Opening cost	304	279	112	102	–	–	26	22
Changes during the year								
– Investments	12	24	–	10	1	–	10	4
– Sales and disposals	–	–	–	–	–1	–	–4	–
– Translation differences	–1	–	–	–	–	–	–	–
– Reclassification	–	–	–	–	–	–	7	–
– Business combinations	397	1	582	–	83	–	29	–
Closing accumulated cost	712	304	694	112	83	–	68	26
Opening amortization	–	–	–	–	–	–	–9	–5
Changes for the year								
– Amortization	–	–	–	–	–5	–	–8	–4
– Sales and disposals	–	–	–	–	1	–	1	–
– Business combinations	–	–	–	–	–33	–	–10	–
Closing accumulated amortization	–	–	–	–	–37	–	–26	–9
Closing book value	712	304	694	112	46	–	42	17

Acquired goodwill and trademarks with an indefinite useful life were allocated to four different cash-generating units. Every year, and in the event of any indication of a decline in value, an impairment test is performed for goodwill and trademarks with indefinite useful lives.

Carrying amount of goodwill and trademarks allocated to cash-generating units

	Goodwill		Trademarks	
	Dec. 31, 2009	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Publishing operations, Forma	214	214	70	70
White goods operations, Hemma	90	90	42	42
Home furnishings operations, Hemtex	385	–	500	–
Home furnishings operations, Cervera	23	–	82	–
	712	304	694	112

Note 15, cont.

Publishing operations
Hakon Invest owns 100% of the shares and votes in the subsidiary Forma Publishing Group 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.

White goods operations
Hakon Invest's wholly owned subsidiary Hemmabutikerna Intressenter AB owns 89% of the shares and votes in Hemmabutikerna i Sverige Utveckling AB (HUAB).

Home furnishings operations (Hemtex AB)
Hakon Invest owns 68.5% of the shares and votes in Hemtex AB.

Home furnishings operations (Cervera AB)
Hakon Invest's wholly owned subsidiary Cervera Intressenter AB owns 91.4% of the shares and votes in Cervera AB.

Impairment test
The recoverable amount for intangible assets is assessed on the basis of value in use which exceeded book values. Present value is calculated on the future cash flow from each cash-generating unit. The future cash flow is calculated on the basis of Executive Management's forecasts for a five-year period. The most important assumptions in five-year plans and the methods used to estimate values are as follows.

Key variables	Method for estimating values
Growth	Growth is assessed on the basis of business plans and market trends during the forecast period. After the forecast period a long-term growth of 2–3% is assessed.
Gross profit	Assessment of gross profit takes into account pricing, purchasing processes and assortment mix.
Other expenses	An assessment is made of the level for fixed and variable costs as well as costs associated with expansion.
Investments	Investments include an assessment of maintenance investments.
Working capital	The change in working capital is affected by the demands set for other variables.
Discount rate	10.0–13.4% before tax.

The method for determining market required rate of return (WACC) was refined during 2009. The required rate of return has been determined separately for each company, whereby each portfolio company had its own benchmark group of listed companies from which the market's required rate of return could be determined. An average was used as a starting point for the return requirement on equity for the company. At discounting WACC is used where among other things the assumption on the company's long-term debt is included. Adjustments were made in cases where companies were judged to have a different risk from the benchmark group.

In the previous year long-term growth was estimated at 2% for publishing operations and 3% for white goods operations. The discount rate amounted to 13% before tax.

The recoverable amount for all operations exceeds the carrying amount.

Executive Management is of the opinion that possible changes in growth, cost development, investments and changes in working capital, although key variables in these calculations, would not have such major effects that the recoverable amount will be reduced to a value that is lower than the carrying amount.

Note 16 Equipment

	Dec. 31, 2009	Dec. 31, 2008
Opening balance	104	103
– Purchases	53	14
– Business combinations	352	–
– Sales and disposals	–59	–14
– Reclassification	–7	–
– Exchange rate differences	–3	1
Closing accumulated cost	440	104
Opening accumulated depreciation	–72	–70
– Business combinations	–206	–
– Sales and disposals	41	11
– Exchange rate differences	1	–
– Depreciation	–52	–13
Closing accumulated depreciation	–288	–72
Closing book value	152	32

Note 17 Inventories

	Dec. 31, 2009	Dec. 31, 2008
Finished goods	563	158
Total	563	158

Inventories consist of white goods SEK 53 M (53), books SEK 117 M (105) and home furnishings SEK 393 M (0). Inventories are measured at cost minus assessed obsolescence.

Note 18 Financial assets and liabilities by category

2009	Financial assets at fair value through profit or loss	Loans and trade receivables	Financial liabilities	Total carrying amount
Trade and other receivables	–	204		204
Other current receivables	–	36		36
Short-term investments	823	–		823
Cash and cash equivalents	–	226		226
Total financial assets	823	466		1,289
Non-current interest-bearing loans			142	142
Trade and other payables			283	283
Current interest-bearing loans			124	124
Other current liabilities			96	96
Total financial liabilities			645	645

SEK 310 M of short-term investments are classified according to level 2. The remaining SEK 513 M is classified according to level 1. Measurement level 1 relates to financial assets for which quoted prices for identical instruments are readable in an active market. Measurement level 2 relates to financial assets for which measurement is carried out using a model based on observable market inputs.

2008	Financial assets at fair value through profit or loss	Loans and trade receivables	Financial liabilities	Total carrying amount
Interests in associates 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 payables			88	88
Current interest-bearing loans			5	5
Other current liabilities			47	47
Total financial liabilities			179	179

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 is assessed as corresponding to carrying amount. Since the loans carry floating interest, the carrying amount of the loans corresponds to fair value.

Note 19 Trade receivables

	Dec. 31, 2009	Dec. 31, 2008
Trade receivables not past due	144	113
Trade receivables past due 0–90 days	8	9
Trade receivables past due 90–180 days	1	2
Trade receivables past due >180 days	7	1
Reserve for bad debts	–7	–1
Total trade receivables	153	124

Note 20 Related party transactions

Forma Publishing Group during 2009 sold goods to ICA AB for SEK 69 M (90). Forma's receivable from ICA AB at December 31, 2009, amounted to SEK 7 M (10). In 2009, Hakon Invest purchased services from ICA AB for SEK 1 M (5).

Note 21 Prepaid expenses

	Dec. 31, 2009	Dec. 31, 2008
Production and distribution costs	42	9
Rental costs	64	9
Other prepaid expenses	25	11
Total	131	29

Note 22 Short-term investments

	Dec. 31, 2009	Dec. 31, 2008
Breakdown of short-term investments:		
Equities	355	179
Hedge funds	144	353
Fixed-income securities	247	714
Ahold shares	77	77
Book value	823	1,323
Cash and cash equivalents	226	172
Total short-term investments and cash and cash equivalents	1,049	1,495

Financial investments under external management amounted to SEK 721 M at December 31, 2009, and investments under own management totaled SEK 102 M. At year-end 2009 the Parent Company's investments were allocated as follows: 50% equities, 29% fixed-income securities, 17% hedge funds and 4% cash and cash equivalents. Of the total equities holdings the holding of Ahold shares (800,000 shares) comprised SEK 77 M at December 31, 2009. 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 23 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances totaling SEK 226 M (172).

Unutilized bank overdraft facilities as of December 31, 2009, amounted to SEK 192 M (160).

Note 24 Equity

Share capital, number of shares, 000s	Dec. 31, 2009	Dec. 31, 2008
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 thousand.

During the year Hakon Invest repurchased 39,620 common shares to cover the 2008 option program. The total holding of treasury shares amounts to 264,920 common shares (225,300) after buybacks. For information on incentive programs, see Note 7.

Reserves	Dec. 31, 2009	Dec. 31, 2008
Hedging reserve	14	26
Revaluation reserve	219	199
Translation reserve	480	272
Total	713	497

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 step acquisitions, the revaluation of an already owned share of the assets is recognized in a revaluation reserve.

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	SEK M
Dividend on common shares:	
Dividend for 2008: SEK 5.00/share	393
Dividend proposal to the 2010 Annual General Meeting:	
Dividend on common shares:	
Dividend for 2009, SEK 6.00/share	472

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 14, 2010, an ordinary dividend of SEK 6.00. See also Note 14, Earnings per share regarding dividend rules in the Articles of Association.

Note 25 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, 2009**	Dec. 31, 2008
ITP Plan		
Defined benefit plans:		
Current service cost	3	4
Actuarial gains/losses	3	11
Interest expense	7	7
Total cost for defined benefit plans	13	22
Cost of defined contribution plans	33	33
Total pension costs	46	55

Change in pension obligations		
Present value of obligations, opening balance	151	134
Benefits earned during the period	3	4
Early retirement pensions	1	1
Pension payments	–5	–5
Transferred benefits	–	–1
Interest	7	8
Actuarial gains(–)/losses(+)	3	10
Present value of pension obligations, closing balance	160	151

Change in plan assets		
Opening plan assets	6	6
Contributions paid by employer	1	2
Transferred plan assets	–1	–1
Actuarial gains(–)/losses(+)	–	–1
Closing balance, plan assets	6	6
Actual return on plan assets	0	0

Assumptions for actuarial calculations:		
Discount rate	5%	5%
Future annual salary increases	3%	3%
Future annual pension increases	2%	2%
Anticipated return on plan assets	0%	0%

Provisions recognized in the balance sheet	**2009**	2008	2007
Present value of defined benefit obligations	160	151	134
Plan assets	–6	–6	–6
Provisions at year-end	154	145	128
Of which:			
Long-term component	147	139	123
Short-term component	7	6	5
Experience-based adjustments for obligations	3	–	2
Experience-based adjustments for plan assets	–	–	–

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 27 M (40) at December 31, 2009, thus corresponding to the value of the endowment insurance.

Note 26 Trade and other payables

	Dec. 31, 2009	Dec. 31, 2008
Trade payables	283	88
Accrued salaries and vacation pay	96	32
Accrued social security contributions	33	11
Accrued members bonus	20	18
Accrued rental costs	2	5
Other accrued expenses	88	26
Total	522	180

Note 27 Interest-bearing loans

	Dec. 31, 2009	Dec. 31, 2008
Non-current liabilities		
Bank loan	142	39
Total	142	39
Current liabilities		
Current portion of bank loan	66	5
Bank overdraft facility	58	–
Total	124	5

The Group has five loans from credit institutions. The loans carry floating interest and have the following terms:

Loan amount Dec. 31, 2009	Interest rate **Dec. 31, 2009**	Amortization per year (SEK M)
SEK 50 M	2.38	5
SEK 12 M	5.45	5
SEK 98 M	2.00	30
SEK 25 M	2.03	25
SEK 23 M	2.65	6

Note 28 Contingent liabilities and pledged assets

Contingent liabilities	Dec. 31, 2009	Dec. 31, 2008
Försäkringsbolaget Pensionsgaranti/guarantee	3	3
Other guarantees	10	3
Total	13	6

OPERATING LEASES – GROUP AS LESSEE

The Group has signed leases relating to stores and offices with the following commitments.

Cost for the year	**215**

Future minimum lease payment according to operating leases amount to:

Payments due	
2010	301
2011	230
2012	146
2013	81
2014 or later	84
Total	842

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 92 M (136). Hakon Invest and the other holdings have no significant investment commitments at the closing date. ICA's contingent liabilities amount to SEK 2,333 M (2,049).

Pledged assets	Dec. 31, 2009	Dec. 31, 2008
Endowment insurance pledged as collateral for pension obligation	27	40
Total	27	40

Note 29 Adjustment for non-cash items

	Dec. 31, 2009	Dec. 31, 2008
Depreciation and impairment of non-current assets	64	18
Measurement at fair value	–223	532
Unpaid interest income	–5	–12
Change in provisions	–3	16
Unrealized exchange differences	5	–
Interests accounted for using the equity method	–612	–704
Other	13	–1
Total	–761	–151

Parent company income statement

SEK M	Note	2009	2008
Revenues		–	–
Operating expenses			
Administrative expenses	3,4,5	–56	–52
Operating profit/loss		**–56**	**–52**
Result from financial investments			
Result from interests in joint ventures	6	347	434
Result from interests in associates	13	145	–174
Result from interests in subsidiaries	11	–70	–
Financial income	7	52	101
Financial expenses	8	–14	–1
Change in fair value of financial instruments	9	87	–359
Total result from financial investments		**547**	**1**
Profit/loss after financial items		**491**	**–51**
Tax	10	–10	–6
Profit/loss for the year		**481**	**–57**

Parent company balance sheet

ASSETS

SEK M	Note	Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Financial assets			
Interests in group companies	11	1,093	206
Interests in joint ventures	12	2,960	2,960
Interests in associates	13	–	113
Deferred tax asset	10	192	196
Other non-current receivables	14	27	40
Non-current receivables group companies	15	824	864
Total financial assets		5,096	4,379
Total non-current assets		5,096	4,379
Current assets	22		
Current receivables			
Receivables from group companies		40	41
Other current receivables		1	51
Prepaid expenses and accrued income		9	2
Total current receivables		50	94
Short-term investments	22		
Securities under separate management	16	746	1,246
Other shares	17	77	77
Total short-term investments		823	1,323
Cash and bank balances		34	142
Total current assets		907	1,559
TOTAL ASSETS		6,003	5,938

EQUITY AND LIABILITIES

SEK M	Note	Dec. 31, 2009	Dec. 31, 2008
Equity			
Restricted equity			
Share capital		402	402
Statutory reserve		2,772	2,772
Total restricted equity		3,174	3,174
Unrestricted equity			
Retained earnings		2,295	2,755
Profit/loss for the year		481	–57
Total unrestricted equity		2,776	2,698
Total equity		5,950	5,872
Provisions			
Provisions for pensions and similar commitments	18	30	43
Total provisions		30	43
Current liabilities	22		
Trade payables		2	5
Other current liabilities		11	13
Accrued expenses and deferred income	19	10	5
Total current liabilities		23	23
TOTAL EQUITY AND LIABILITIES		6,003	5,938
Pledged assets	20	27	40
Contingent liabilities	21	226	218

Parent company statement of changes in equity

SEK M	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening equity at 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
Closing equity December 31, 2008	402	2,772	2,755	–57	5,872
Disposition of earnings for previous year	–	–	–57	57	0
Dividend	–	–	–393	–	–393
Purchase of treasury shares	–	–	–3	–	–3
Group contribution	–	–	–10	–	–10
Tax effect of group contribution	–	–	3	–	3
Profit/loss for the year	–	–	–	481	481
Closing equity December 31, 2009	402	2,772	2,295	481	5,950

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 264,920 common shares (225,300) after repurchases carried out.

Parent company cash flow statement

SEK M	Note	2009	2008
Operating activities			
Profit/loss before tax		491	–51
Adjustment for non-cash items	23	–165	522
		326	471
Income tax paid		–7	–
Cash flow from operating activities before change in working capital		319	471
Change in working capital			
Receivables		51	–6
Liabilities		–	–3
Cash flow from operating activities		370	462
Investing activities			
Shareholder contribution provided		–190	–
Acquisition of property, plant and equipment		–1	–
Investments in financial assets		–509	–481
Divestment/reduction of financial assets		618	417
Cash flow from investing activities		–82	–64
Financing activities			
Shareholder contribution received		–	1
Repurchase of treasury shares		–3	–12
Dividends paid		–393	–472
Cash flow from financing activities		–396	–483
Cash flow for the year		–108	–85
Cash and cash equivalents at beginning of the year		142	227
Cash and cash equivalents at end of the year		34	142

Parent company's notes

Note 1 Accounting principles

The Parent Company's annual accounts are prepared in accordance with Swedish law and applying RFR 2.2 (Reporting of Legal Entities) from the Swedish Financial Reporting Board. 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) unless stated otherwise.

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 CONTRIBUTION AND SHAREHOLDER CONTRIBUTIONS
The company reports Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board. 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, liquidity 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

	2009	2008
Average number of employees, broken down by gender amounted to:		
Women	6	6
Men	7	8
Total	13	14

SEK M	**2009**	2008
Salaries and remuneration paid to		
Board and President	5	3
Other employees	15	13
Total salaries and remuneration	20	16
Social security contributions, statutory and contractual	9	7
Pension costs	7	10
Total social security contributions and pension costs	16	17
Total salaries, remuneration, social security contributions and pension costs	36	33

During the year, a fee of SEK 625 thousand (600) was paid to the Chairman of the Board. Of the pension amount, SEK 3,253 thousand (2,528) pertains to the group Board of Directors and President. Salary paid to the company's President during the year amounted to SEK 1,312 thousand (1,235). A total remuneration package of SEK 5.7 M (5.2) has been agreed with the President. The package includes salary, 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. A bonus is paid if the company's earnings per share increase by at least 15% and for a maximum payment the company's earnings per share must increase by 22%. The bonus may amount to a maximum of six monthly salaries for the President. A maximum bonus will be paid for 2009 and SEK 1,560 thousand has been reserved for the President.

Board members and senior executives

	Number on **Dec. 31, 2009**	Of whom men, %	Number on Dec. 31, 2008	Of whom men, %
Board members	7	86	7	86
President and other senior executives	4	100	4	100

ABSENCE DUE TO ILLNESS
Total absence due to illness is 0.73% (0.82%). 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 215 thousand (184).

Note 5 Fees to auditors

	2009	2008
Ernst & Young, audit assignments	1	1
Total	1	1

Note 6 Result from interests in joint ventures

	2009	2008
Dividend	347	434
Total	347	434

Note 7 Financial income

	2009	2008
Dividends	11	55
Interest income	18	30
Interest income from group companies	6	4
Exchange differences	10	12
Other financial income	7	–
Total	52	101

Note 8 Financial expenses

	2009	2008
Exchange differences	–14	–1
Total	–14	–1

Note 9 Change in fair value of financial instruments

	2009	2008
Securities held as non-current assets	–	–132
Short-term investments	87	–227
Total	87	–359

Note 10 Tax

	2009	2008
Items included in the tax expense are specified below:		
Income statement		
Current income tax		
Tax attributable to previous years	–5	–
Deferred income tax		
Deferred tax attributable to provisions	–3	–
Deferred tax attributable to reduction in tax rate	–	–13
Tax effect Group contribution	–2	7
Tax expense/income (–/+) recognized in the income statement	–10	–6
Reconciliation of effective tax expense		
Profit/loss before tax	491	–51
Tax according to current tax rate in Sweden, 26.3%	–129	14
Tax effect of:		
Effect of reduction in tax rate	–	–13
Non-capitalized loss carry forward	–	–126
Change in taxation 2007	5	–
Dividend	91	121
Reversed impairment of interests in associates	38	–
Impairment of shares in subsidiary	–18	–
Other items	3	–2
Company's effective tax cost –2.0% (–11.7)	–10	–6
Deferred tax at December 31 pertains to the following:		
Deferred tax assets		
Loss carry forwards	185	185
Pension provisions	7	11
Deferred tax assets	192	196

The Parent Company's loss carry forwards at December 31, 2009, amounted to SEK 798 M (981). A deferred tax asset of SEK 185 M (185) is recognized in the balance sheet relating to a loss carry forward of SEK 704 M (704).

Note 11 Participations in Group companies

	Corp. reg. no.	Reg. office	Number of shares	Equity and voting rights, %	Book value **Dec. 31, 2009**	Book value Dec. 31, 2008
Forma Publishing Group AB	556045-0297	Västerås	30,000	100	200	200
Kjell & Co Intressenter AB	556703-2924	Solna	1,000	100	1	1
Hemmabutikerna Intressenter AB	556720-3210	Solna	1,000	100	0	0
Cervera Intressenter AB	556720-9563	Solna	1,000	100	120	0
inkClub Intressenter AB	556720-3467	Solna	1,000	100	5	5
Hemtex AB	556132-7056	Borås	28,141,798	68.5	767	–
					1,093	206

Note 11, cont.

	Corp. reg. no.	Reg. office	Equity and voting rights, %
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 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
Forma Publishing Group OY	0503546-4	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 Utbildning AB	556515-8705	Solna	89
Dala Hemma AB	556103-7929	Täby	89
Hemmabutikerna i Syd AB	556544-2455	Stockholm	89
Subsidiaries of Hemtex AB			
Hemtex Oy, Finland	1650-251-5	Helsinki	100
Hemtex A/S, Denmark	21 48 12 46	Kongens Lyngby	100
Hemtex AS, Norway	989384015	Oslo	100
Hemtex Shanghai Ltd	66938216	Shanghai	100
Hemtex Finans AB	556732-7050	Borås	100
Subsidiaries of Cervera AB			
Cervera Butiks AB	556565-8977	Strängnäs	100
Northern Classic AB	556590-7465	Stockholm	100
Deco Trade Sweden AB	556556-2435	Strängnäs	100
Cervera Jönköping AB	556492-3588	Jönköping	100
Cervera Burlöv AB	556659-3918	Burlöv	100
Cervera Lund AB	556703-4680	Strängnäs	100
Cervera Backaplan AB	556674-8256	Strängnäs	100
Cervera Malmö Downtown AB	556498-4903	Malmö	100
Cervera Inköps o Försäljning AB	556331-3732	Strängnäs	100
Cervera Retail AB	556457-7071	Täby	100
Glas & Porslin i Valbo AB	556659-4536	Gävle	91
Cervera Halmstad AB	556697-8648	Strängnäs	91
Cervera Gumsbacken AB	556727-8097	Nyköping	91
Cervera Marieberg AB	556696-7005	Örebro	91
Cervera Örebro AB	556553-1281	Örebro	91
Cervera Östersund AB	556730-6245	Strängnäs	91
Cervera i Falkenberg AB	556583-5781	Strängnäs	91
Cervera i Gävle AB	556614-1494	Gävle	51

Note 11, cont.

SEK M	Dec. 31, 2009	Dec. 31, 2008
Opening cost	206	206
– Acquisitions for the year	509	–
– Reclassification from associate	258	
– Impairment of shares in subsidiary	–70	
– Shareholder contribution	190	–
Closing cost	1,093	206

Note 12 Interests in joint ventures

	Dec. 31, 2009	Dec. 31, 2008
Opening cost	2,960	2,960
Closing cost	2,960	2,960

	Number	Par value	Share, %	Book value Dec. 31, 2009	Book value Dec. 31,2008
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.

	Corporate reg. no.	Reg. office
ICA AB	556582-1559	Stockholm

Note 13 Interests in associates

	Dec. 31, 2009	Dec. 31, 2008
Opening accumulated cost	287	–
– Hemtex, fair value at classification as associate	–	287
– Hemtex, reclassification as subsidiary	–287	–
Closing accumulated cost	0	287
Opening accumulated impairment	–174	–
– Impairment for the year / reversed impairment	145	–174
– Hemtex, reclassification as subsidiary	29	–
Closing accumulated impairment	0	–174
Closing book value	0	113

Note 14 Other non-current receivables

	Dec. 31, 2009	Dec. 31, 2008
Opening accumulated cost	40	41
– Investment	–13	–1
Closing accumulated cost	27	40
Closing book value	27	40

Of which pledged endowment insurance of SEK 27 M (40).

Note 15 Non-current receivables from Group companies

	Dec. 31, 2009	Dec. 31, 2008
Kjell & Co Intressenter AB	102	102
Hemmabutikernas Intressenter AB	82	152
Cervera Intressenter AB	120	90
Forma Publishing Group AB	90	90
inkClub Intressenter AB	430	430
Total	824	864

Note 16 Securities under separate management

	Dec. 31, 2009	Dec. 31, 2008
Equities	355	179
Hedge funds	144	353
Fixed-income securities	247	714
Book value	746	1,246
Market value	746	1,246

For more information about securities under separate management, see section Consolidated financial statements Notes 2 and 22.

Note 17 Other shares

Other shares refers to 800,000 shares in Royal Ahold at a price of EUR 9.26 (8.85). The amount is translated into SEK at exchange rate 10.35 (10.94).

Note 18 Provisions for pensions and similar commitments

	Dec. 31, 2009	Dec. 31, 2008
Provision PRI pensions	3	3
Provision other pensions	27	40
Total	30	43

Note 19 Accrued expenses and deferred income

	Dec. 31, 2009	Dec. 31, 2008
Accrued vacation pay	1	1
Other accrued costs	9	4
Total	10	5

Note 20 Pledged assets

	Dec. 31, 2009	Dec. 31, 2008
Endowment insurance pledged as collateral for pension obligations	27	40
Total	27	40

Note 21 Contingent liabilities

	Dec. 31, 2009	Dec. 31, 2008
Guarantee to subsidiaries	226	218
Total	226	218

Note 22 Financial assets and liabilities by category

2009	Financial assets at fair value through profit or loss	Loans and trade receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	–	824		824
Receivables from group companies	–	40		40
Other current receivables	–	1		1
Short-term investments	823	–		823
Cash and cash equivalents	–	34		34
Total financial assets	823	899		1,722
Trade and other payables			2	2
Other current liabilities			11	11
Total financial liabilities			13	13

2008	Financial assets at fair value through profit or loss	Loans and trade 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

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 23 Other non-cash items

	Dec. 31, 2009	Dec. 31, 2008
Change in provisions	–12	1
Measurement at fair value	–223	533
Impairment of shares in subsidiary	70	–
Unpaid interest expenses	–	–12
Total	–165	522

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 11, 2010

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 11, 2010

Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit Report

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF HAKON INVEST AB
Corporate identity number 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 2009. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 63–101. 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 IFRSs 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 reasonable 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 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 the international financial reporting standards IFRSs 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 statement of comprehensive income and the statement of financial position for 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 11, 2010
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Annual General Meeting and financial calendar

ANNUAL GENERAL MEETING, 2010

The Annual General Meeting of shareholders in Hakon Invest AB will be held on Wednesday, April 14, 2010, at 16.00 CET at Grand Hôtel, Stockholm. 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.

Attendance

Shareholders who are listed in the shareholder register maintained by Euroclear Sweden AB no later than Thursday, April 8, 2010, are entitled to attend the Annual General Meeting. In addition, notification shall be made in good time prior to Thursday, April 8, 2010 via the company's website www.hakoninvest.se, or in writing to Hakon Invest AB, Annual General Meeting 2010, Box 1508, SE-171 29 Solna, or by telephoning during office hours to +46 8 518 01 553 or by fax to +46 8 55 33 99 33.

Nominee-registered shares

In order to be entitled to attend the Annual General Meeting, shareholders whose shares are registered with a nominee must temporarily register the shares in their own name with Euroclear Sweden AB. Shareholders who wish to effect such registration must inform the nominee in good time, although no later than Thursday, April 8, 2010.

Dividend

For the 2009 fiscal year, the Board proposes to the Annual General Meeting a dividend of SEK 6.00 per common share, or a total of SEK 472 M.

FINANCIAL CALENDAR, 2010

Interim report, January–March	May 5, 2010
Interim report, January–June	August 18, 2010
Interim report, January–September	November 10, 2010
Year-end report 2010	February 16, 2011

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.

CONTACTS

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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.

Debt/equity ratio Interest-bearing liabilities in relation to equity.

Dividend ratio Dividend as a percentage of the profit for the period in the Parent Company.

Earnings per common share Profit for the period excluding minority divided by the total average number of shares outstanding.

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.

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 shares outstanding.

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.

Total return Share price development including reinvested dividend. Dividend is counted as reinvested the day the shares are traded excluding rights to receive a dividend.

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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