Hakon INVEST

ANNUAL REPORT 2011

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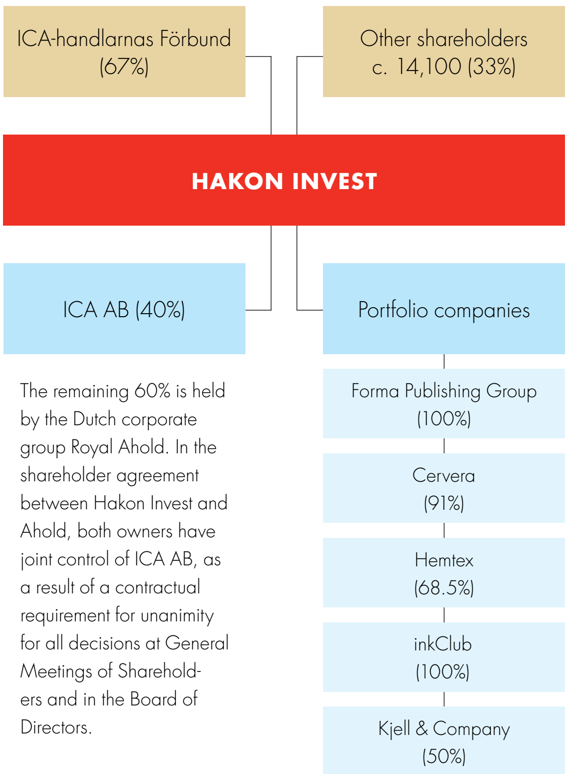
Photo: Eva Hildén Smith

Long-term approach and responsible ownership

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 14,100. The head office is in Solna, outside Stockholm.



The formal annual accounts and consolidated financial statements are provided on pages 73–112.

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Overview holdings

The ICA Group is one of northern Europe's leading food retail companies. The Group has a total of approximately 2,100 wholly owned and retailer-owned stores in Sweden, Norway and the Baltic countries. The company also offers its customers in Sweden financial services via ICA Bank. ICA Real Estate conducts property operations.

HAKON INVEST'S HOLDING 40%

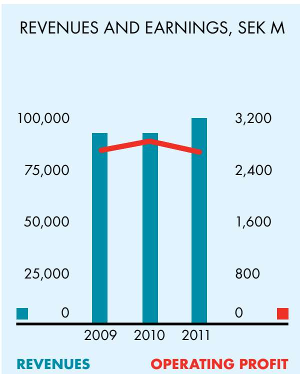
2011 in figures, SEK M

REVENUES

95,179

OPERATING PROFIT 2,505

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT 544



Forma Publishing Group is one of the Nordic region's largest media companies with a complete offering within magazines, books, web, television and contract journalism. Operations are organized in three business areas: Forma Magazines, Forma Books and Forma Contract. Forma has operations in Sweden, Finland and the Baltic countries.

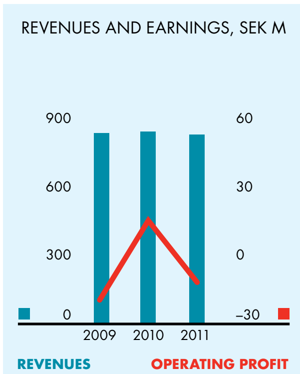
HAKON INVEST'S HOLDING 100%

REVENUES

847

OPERATING PROFIT –12

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT –12



Kjell & Company is one of Sweden's leading retailers of home electronics accessories. Kjell & Company owns and operates 57 stores in Sweden all of which carry a complete range of approximately 7,000 items. In addition to the stores, online sales are a key channel. A high level of service and product expertise characterize the company.

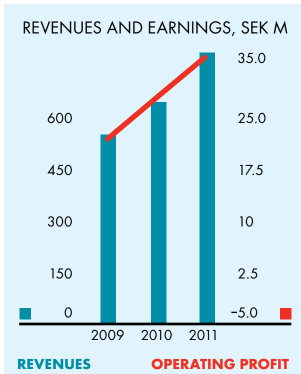
HAKON INVEST'S HOLDING 50%

REVENUES

684

OPERATING PROFIT 38

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT 14



Cervera

Cervera is Sweden's leading store chain within glass, porcelain and kitchen equipment with a broad range of well-known brands. The offering consists of high-quality and design products for food preparation, serving and decoration in an inspiring store environment. The Cervera chain has 77 stores, of which 55 are wholly owned stores and 22 are franchise stores.

HAKON INVEST'S HOLDING 91%

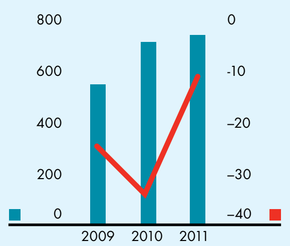
REVENUES

722

OPERATING PROFIT –12

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT –12

REVENUES AND EARNINGS, SEK M



REVENUES **OPERATING PROFIT**

inkClub

inkClub in a pure play online retailer which sells a range of consumables over the internet in 15 European countries. The core business is ink cartridges and other printer accessories, but inkClub also offers light bulbs, batteries, vacuum cleaner bags and beauty products. Customers are offered a broad product range at low prices, exclusive member offerings and fast deliveries.

HAKON INVEST'S HOLDING 100%

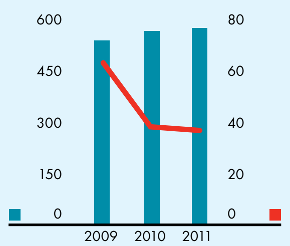
REVENUES

504

OPERATING PROFIT 34

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT –4

REVENUES AND EARNINGS, SEK M



REVENUES **OPERATING PROFIT**

Hemtex

Hemtex is a leading home textiles chain with stores in Sweden, Finland and Estonia. In addition to the stores, online sales are a key sales channel. Hemtex offers a value-for-money, inspiring and functional range of high quality textile products including towels, bed linen, curtains and other home furnishings. The number of stores totals 158, of which 140 are wholly owned and 18 are operated by franchisees.

HAKON INVEST'S HOLDING 68.5%

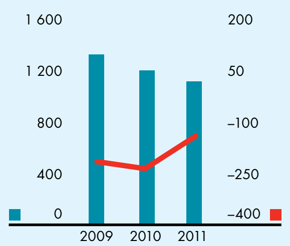
REVENUES

929

OPERATING PROFIT –116

CONTRIBUTION TO HAKON INVEST'S OPERATING PROFIT –116

REVENUES AND EARNINGS, SEK M



REVENUES **OPERATING PROFIT**

Well-prepared for less favorable market climate

A lack of major underlying growth places greater demands on our holdings to have clear, attractive offerings that tempt customers.

The year 2011 was in many ways a challenging year for retail. At the same time as the Swedish economy was running flat out due to strong exports, individual consumers were strongly affected by major uncertainty in their environment. The consequence was a sharp fall in consumer confidence during the autumn and negative development for retailing as a whole. The curve is very like the one noted during the 2008–2009 financial crisis, although the difference this time was a lack of stimulus measures such as reduced interest rates and lower taxes which helped to mitigate the previous crisis.

During the past year the work we started in 2010 to intensify our corporate governance continued with a review of the portfolio of companies. The sale of Hemma and the acquisition of the remaining shares in inkClub mean, together with the review of our ownership in Forma Publishing Group, that we are making an important rearrangement of our portfolio. We will acquire increased exposure to online retailing and examine our ownership in the media sector, which neither is nor has been our main focus. We must continually examine our owner role and in Forma we have reached a point where we are now ready to hand over the baton. Taken overall, we ended the year with a stronger and better equipped portfolio than the one with which we started the year.

MARKET 2011

The bright prospects held out for retail at the start of 2011 were replaced by considerably more gloomy tones as the year progressed. Less favorable growth outlooks in the global economy, an escalating debt crisis in Europe, stock market dives and a falling housing market – overall a number of factors which led to consumers becoming increasingly pessimistic about the future. The first clear signs of this were seen during late summer. This uncertainty continued in the autumn. Expectations that the problems with the euro would reach a solution have made the markets fluctuate between hope and despair. My opinion, however, is that we have a long period ahead of us in which we must get to grips with the debt crisis – both among nations and individual consumers. There is a bill that must be paid. Against this background, I anticipate fairly modest growth for retail in the years ahead.

ICA GROUP

The ICA Group had another good year in which most of its operations showed stable and positive development. The successes in the Swedish market continued and if anything strengthened further during the autumn due to an increased focus on price and a good control of costs. As before it is the hypermarket concepts Maxi ICA Stormarknad and ICA Kvantum that showed the best growth figures. Despite the fact that the grocery market as a whole has no major growth to boast about, ICA strengthened its market position during the year.

A new strategic business plan was launched for ICA Norway in 2011 which established direction and action for the next few years in order to achieve satisfactory profitability. This means that ICA will leave the hypermarket concept and sell its ICA Maxi stores in Norway in order to focus on the discount and supermarket segments. In addition, extensive cost savings and efficiency improvements are being carried out in the Norwegian operations as well as a review of the store network.

After the testing times experienced by the Baltic countries in conjunction with the financial crisis in 2008-2009, most curves are now pointing upwards. Rising commodity prices had a major impact during the year, however, and food inflation returned to levels around 10% during the autumn which put pressure on consumers whose salaries are not keeping pace. Competition in the market is razor-sharp and in some places Rimi Baltic is finding it difficult to defend its position, primarily in the discount segment. Rimi Baltic has trimmed its organization and improved is earnings due to a good

Claes-Göran Sylvén,
President and CEO

control of costs. As in Sweden, it is primarily the hypermarket concept that gave a strong performance.

Taken overall, 2011 was the best-ever year for ICA with an operating profit in excess of SEK 3 billion. But there is no lack of opportunities for improvements. On the contrary, on the cards for 2012 are growth ambitions for all parts of ICA, apart from Norway. For Per Strömberg, who succeeds Kenneth Bengtsson as CEO in spring 2012, the assignment is clear: a turnaround of operations in Norway and growth and stronger market positions in the rest of the group.

PORTFOLIO COMPANIES

Our portfolio companies, by which I mean the holdings we have in addition to ICA, emerged from 2011 with the wind in their sails after a weak start to the year. In the fourth quarter, like-for-like sales and earnings increased, with the exception of Forma. This feels very satisfactory, particularly in light of the tough situation for retail in many areas during the autumn. The fact that our holdings outperformed their competitors in a climate with a less favorable market, and even falling sales, can be ascribed to our intensified corporate governance. Retail is all about detail and clearer guidance of operations towards the right key figures is a key recipe for success in our industry. Among other things we focused during the year on improving the key ratios for average receipt and paying customers.

In order to be among tomorrow's winners, I am convinced that we must make more effective use of floor space in our stores. Many players today are sitting on spaces that are too large which makes it difficult to achieve good profitability. It is not possible to save to reach profitability if sales per square meter fall. Kjell & Company, which has relatively small units, is a good example of how with well-utilized square meters in the stores it is possible to achieve profitable sales growth. Our other companies have a lot to learn here from Kjell & Company.

> "The ICA Group had another good year in which most of its operations showed stable and positive development."
>
> Claes-Göran Sylvén, President and CEO

CHALLENGES AND OPPORTUNITIES

The years ahead will undoubtedly bring many challenges and opportunities. Regardless of what prospects we attribute to the future of the euro, it is highly probable that retail will face some tough years. Above all, the level of household debt combined with a weakened housing market will restrict willingness to consume. We also see changed consumption patterns round the corner while price will be an even more important factor but where increased demand for service will also dictate. We want to simplify our everyday lives as much as we are able and can afford. So simple things such as idleness and vanity will make us demand new types of services. One example of this is rising demand for ready-made food.

Greater mobility also affects how we use our money. Tablet computers and smart phones have changed our consumption behavior fundamentally, not just what we consume but how, when and in what way we consume. During the past year this development has become reality. This was particularly obvious during Christmas trading, which was topped by smart phones and their accessories.

But it is not only challenges that lie ahead, we also see many opportunities. A lack of major underlying growth makes greater demands on companies to have clear, attractive offerings that tempt customers. We believe that our holdings are well equipped for such a climate. The extensive efforts we made last year to sharpen our corporate governance mean that the operations to some extent have already adjusted for less favorable times, and that tools are in place for further adjustments if required.

DIVIDEND AND RETURNS

For someone who has been a shareholder in Hakon Invest since the IPO in 2005 the total return, i.e. share price development included reinvested dividends, amounts to 58.2%. This can be compared with the SIX Return Index which rose 30.4% during the same period. Roughly half of the return on Hakon Invest shares is related to dividends which means that every year we have given our shareholders a good dividend yield. Ahead of the 2012 annual general meeting, the Board proposed a dividend of SEK 6.25 per common share. This is an increase of SEK 0.25 over the previous year. A stable dividend level in Swedish kronor, which is sustainable over time, is our expressed ambition to Hakon Invest's shareholders. Our assessment is that this level is sustainable based on today's portfolio of holdings and anticipated cash flows.

OUTLOOK FOR 2012

The prospects for the coming year contain more uncertain variables than usual. My assessment, however, is that it will be a fairly tough year for many players and that the Swedish market as a whole in the best case will show growth of a few percent. Several sectors are also struggling with over-establishment which will probably lead to some eliminations. One example is the large number of shopping centers which have grown in both number and space over the past decade. Another is the sports sector which has started to feel increased competition from foreign players which have entered Sweden recently.

As far as the prospects for our holdings are concerned, I am still cautiously optimistic. We have a good position within most segments in which we operate today and clear plans for improvements where we are not as strong. In addition, we must not forget our strong financial position. Against this background, we now feel ready to add additional holdings to our portfolio which means that acquisitions may take place later this year.

Finally, I would like to extend a heartfelt thank-you to all employees at Hakon Invest and in our holdings who have contributed with strong commitment and valuable efforts during 2011

Claes-Göran Sylvén

From business concept to action

Hakon Invest's vision is to be the leading development partner for retail companies in the Nordic and Baltic regions.

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 idea. 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 idea, 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.

Sustainable strategies

GOALS

Goals for the Hakon Invest Group include operating and financial objectives and targets for Hakon Invest and ICA AB.

OPERATING OBJECTIVES FOR HAKON INVEST

READ MORE ON PAGE

- To establish and consolidate the position as a leading development partner for companies in the retail sector in Sweden, as a first step towards the vision of becoming a leading development partner in the Nordic and Baltic regions 46
- To gradually build a portfolio of holdings with a balanced risk... 20

FINANCIAL TARGETS HAKON INVEST

OUTCOME 2011

- To distribute at least 50% of the Parent Company's profit for the period 107%
- To seek an equity/assets ratio for the Group of not less than 70% over time 85.6%
- In each individual holding, the average total return on Hakon Invest's invested capital to be at least 15% during the ownership period .... n/a
- Average annual return from asset management of at least CPI plus four percentage points over rolling five-year periods 3%

OPERATING AND FINANCIAL TARGETS FOR ICA

OUTCOME 2011

- To increase sales father than the total market in each submarket .... See page 25
- To achieve an operating margin of 3-5–4.0%.......... 2.6%
- To achieve a return on equity of at least 14–16% over a business cycle 11.2%
- To have an equity/assets ratio of 30–35% over time..........27.7%
- Hakon Invest and Ahold have undertaken to work to ensure a dividend of at least 40% of profit for the period. .... See page 25

STRATEGIES

An active and responsible corporate governance permeates operations.

BALANCED PORTFOLIO BUILDUP

Hakon Invest works with a long-term approach to expand the investment portfolio, both with new investments and 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.

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.

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.

2011 HIGHLIGHTS

During 2011 active work in the holdings yielded results in the form of stronger positions.

ICA Sweden strengthened its market position in 2011. The focus on improving price and customer offering earned a good response during the year.

In order to reverse development in Norway and achieve good, long-term profitability, a new strategic business plan was formulated for **ICA Norway**. The plan means that ICA Norway will focus on the discount and supermarket segments and exit the hypermarket segment. A sales process for the Norwegian Maxi stores has started.

Per Strömberg has been appointed as the new CEO of the ICA Group and will take over in spring 2012. He will succeed Kenneth Bengtsson who is leaving his position after eleven years. Per Strömberg joins ICA from the position of CEO of Lantmännen.

Hakon Invest has decided to evaluate its ownership in **Forma Publishing Group** which may result in a sale of the company.

Hakon Invest increased its holding in **inkClub** to 100% of the share capital.

Hakon Invest sold **Hemma** to Elon Elkedjan Logistics AB. As a result the chains will achieve a critical mass and greater efficiency which will enable them to compete more effectively in the white goods market.

Hakon Invest subscribed to **Hemtex's** new issue with SEK 225 M. Intensive efforts to reverse development in Hemtex were ongoing throughout the year. The effect of these measures started to be seen at the end of 2011.

1 Hemtex in cooperation with the Carl Larsson House.
2 Per Stömberg, incoming CEO of ICA AB.
3 inkClub launched a "single basket" in 2011.
4 ICA's award-winning advertising film celebrated its ten-year anniversary.

A company with a long history

Although Hakon Invest's history as a company only goes back just over eleven years, the company's history actually stretches all the way back to 1917 when Hakon Swenson laid the foundation for today's ICA. Since 2005, Hakon Invest has gradually built up a portfolio of retail companies with a good spread of risk.

The name Hakon Invest, which was adopted at the company's 2005 annual meeting, comes from Hakon Swenson, who in 1917 started the wholesale firm AB Hakon Swenson (Hakonbolaget) which is the origin of today's ICA AB. Hakon Swenson's idea was to get individual retailers with their own stores to join forces and form purchasing centers, allowing them to achieve economies of scale through joint purchases, setting up stores and sharing their marketing costs. His aim was for cooperating, retailer-controlled purchasing centers to cover the whole of Sweden. Inköpscentralernas AB ICA was formed in 1938 and changed its name to ICA AB in 1972.

ICA-handlarnas Förbund, the non-profit membership association for Sweden's ICA retailers, was formed in 1940. As a result of an organizational change in 1972 the association became the principal owner of ICA AB. The key task for ICA-handlarnas Förbund was, and still is, to exercise owner influence in ICA AB and thereby secure the company's long-term growth by further development of The ICA idea. With ICA-handlarnas Förbund as its principal owner, ICA AB has developed into one of the Nordic countries' leading grocery retailers.

In 1999 ICA-handlarnas Förbund and the Dutch food retail group Ahold started discussions on ownership of ICA AB, which resulted in Ahold coming in as an owner of ICA AB in 2000. Prior to the major change of ownership in ICA AB, ICA-handlarnas Förbund formed an investment company called ICA Förbundet Invest AB. The company was assigned to exercise an active ownership role in ICA AB as well as strengthening and developing the ICA idea.

Since 2004, ICA AB has been owned to 60% by Ahold and 40% by Hakon Invest (the former ICA Förbundet Invest AB). In 2005 a decision was made to change the name of ICA Förbundet Invest to Hakon Invest AB and to broaden the company's operations, in addition to management and further development of the ICA idea, to also include long-term investments in unlisted retail companies in the Nordic and Baltic regions. Hakon Invest's shares were listed on the Stockholm Stock Exchange in December of the same year.

Hakon Invest was introduced on the Stockholm Stock Exchange on December 8, 2005. Seen here Nasdaq OMX's CEO at that time, Magnus Böcker, and Hakon Invest's CEO Claes-Göran Sylvén.

1917 Hakon Swenson starts AB Hakon Swenson, the origin of today's ICA.

1938 Formation of Inköpscentralernas AB, ICA.

1940 Formation of ICA-handlarnas Förbund.

1964 Today's ICA symbol introduced.

1966 ICA becomes market leader in Sweden.

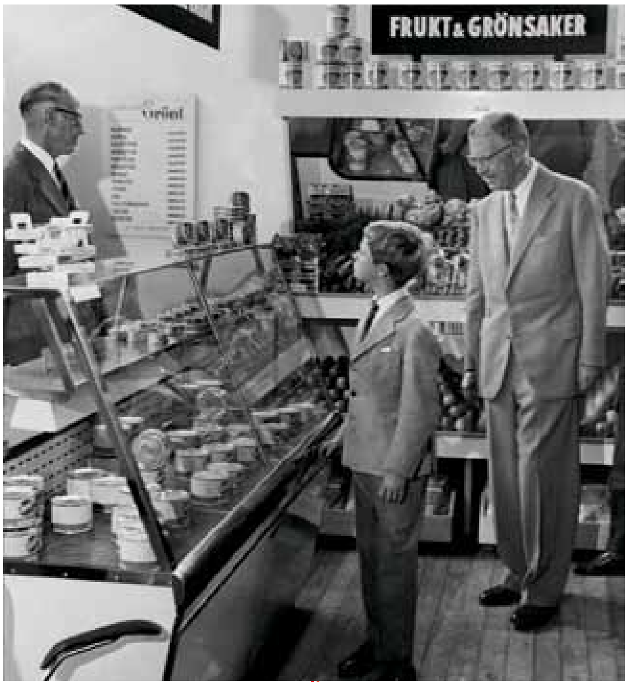
1972 Inköpscentralernas AB ICA changes name to ICA AB. ICA-handlarnas Förbund become principal owner of ICA AB.

1999 ICA-handlarnas Förbund acquires ICA Förlaget. The Association and Ahold start discussions on ownership of ICA AB.

2000 Hakon Invest is formed under the name ICA Förbundet Invest AB. Ahold becomes an owner in ICA AB.

1910 | 1960 | 1970 | 1980 | 1990 | 2000

In the 1950s the then king, Gustaf VI Adolf, and Crown Prince Carl XVI Gustaf, visit an ICA retailer.



HAKON INVEST TODAY

Hakon Invest's assignment, with its ownership in ICA AB and the successful ICA idea as a base, is to conduct active and long-term investment operations with a focus on retail companies in the Nordic and Baltic regions. The aim over time is to build up a portfolio of eight to ten companies, in order to create a platform that provides a high, long-term dividend level.

Since 2005 Hakon Invest has successively created a portfolio of retail companies which , in addition to the 40% holding in ICA and the wholly owned subsidiary Forma Publishing Group which originally made up the portfolio, today comprises an additional four holdings.

In 2006, Hakon Invest became a co-owner in the home electronics chain Kjell & Company, the white goods chain Hemma, and the glassware and porcelain chain Cervera. In 2007, Hakon Invest invested in the online retail company inkClub and became majority owner of Hemma by acquiring additional shares. In 2008–2009, Hakon Invest made successive acquisitions in the home textiles chain Hemtex. In 2010, Hakon Invest increased its holding in inkClub. In 2011, Hakon Invest acquired the remaining shares in inkClub and became the 100% owner of the company. In the same year, Hakon Invest sold its holding in Hemma to Elon Elkedjan Logistics AB.

Under the motto "active ownership every day" Hakon Invest seeks to ensure that the operations in which we invest are given the conditions and resources to develop and grow with profitability. By being an active, responsible and long-term owner with financial strength and deep knowledge of the retail business, we help to create growth in ICA and to develop the portfolio companies, all of which are independent companies with their own earnings and profit responsibility. Added value is created for Hakon Invest's shareholders through growth in the value of the investments combined with a good dividend yield.

THE ICA IDEA

The ICA idea is defined as "Individual retailers' voluntary cooperation between their part (the store) and whole (the ICA Group)". This means that the local business person operates his or her own store, but at the same time realizes that cooperation improves the opportunities to achieve short- and long-term profitability for both the stores and ICA AB. In this way diversity and local adaptation are combined with large-scale operations and efficiency. This idea has proved successful. Individual retailers in cooperation have built up substantial customer confidence, good profitability and a leading position in the Swedish market. The ICA model provides proximity to customers and a collective strength for the retailers. The model represents a clear offering under a common brand, adapted to meet local conditions.

ICA-handlarnas Förbund's ultimate assignment is to develop and adapt the ICA idea for future generations of retailers and the association's 100-year perspective permeates all operations. It is all about ensuring that ICA retailers can continue to operate their stores with a high level of customer confidence and good profitability in the future as well. There is a strong community of interests between ICA-handlarnas Förbund, Hakon Invest and ICA AB to strengthen and further develop The ICA idea.

2004 Canica sells its holding in ICA AB to Ahold, which sells half of the shares to ICA Förbundet Invest AB. ICA Förlaget changes name to Forma Publishing Group.

2005 Hakon Invest shares are listed on the Stockholm Stock Exchange. The company changes name from ICA Förbundet Invest AB to Hakon Invest AB and operations are broadened.

2006 Hakon Invest acquires 50% of the shares in Kjell & Company, 48% of the shares in Hemma and 45% of the shares in Cervera.

2007 Hakon Invest become majority owner of Hemma. Hakon Invest acquires 50% of the shares in inkClub.

2008–2009 Hakon Invest steadily increases its holding in Hemtex and acquired additional shares in Cervera.

2010 Hakon Invest acquires an additional 5% of the shares in inkClub.

2011 Hakon Invest sells the holding in Hemma to Elon Elkedjan Logistics AB. Hakon Invest increases its holding in inkClub to 100%.

2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011

Market and business environment

An unstable political environment, the sovereign debt crisis in the EU, anxiety in the world's financial markets and a subdued housing market made Swedish consumers cautious in 2011.

Swedish consumers were deeply affected by the economic anxiety in the world around them during 2011 and as the year progressed they became increasingly cautious with their expenditure. Households' confidence in both their own and Sweden's economy fell, a development which accelerated from the summer onwards. The lack of a long-term sustainable solution for the sovereign debt problems in Europe meant that 2011 saw the weakest development for Swedish retail for sixteen years.

While the Swedish economy remains relatively strong, it rests on shaky legs due to effects from the EU. The prospects for 2012 also indicate far more modest growth than has been seen in recent years. Total retail trade in Sweden increased by 0.8% in 2011, measured in current prices. In fixed and calendar-adjusted prices, the increase was 1.2%. Food retail grew by 1.3% in current prices with an unchanged (0) volume increase compared with the previous year. For consumer durables the increase in current prices was 0.3% in 2011, and the volume increase was 2.1%.

These figures indicate a clear restraint among consumers which above all had an impact on consumer durables. Compared with development in recent years this is a drastic change, even allowing for major variations between sectors. Comments from the Swedish Retail Institute (HUI) when summarizing 2011 are that it can be regarded as something of a lost year. A weakened Swedish economy and reduced belief in the future among households mean it is to be feared that retail as a whole will show weak development in 2012 as well.

SWEDISH ECONOMIC DEVELOPMENT

Following the recovery from the 2008–2009 financial crisis, which hit the Swedish economy relatively hard, it looked as if there could be good and stable growth for Sweden's GDP over the next few years. In pace with the spread of rising unease in the financial markets in the middle of 2011, however, these bright prospects were exchanged for considerably more gloomy tones. Falling stock markets combined with falling prices for both houses and tenant-owner apartments, meant that many households saw their wealth eroded. A more cautious attitude started to emerge, which led to increased savings and more restrained consumption. For the Swedish economy as a whole, the year ended on a weak note. During the fourth quarter GDP rose by 1.1% year-on-year which was considerably lower than most people had expected, including the Riksbank.

The slowdown in the economy is expected to continue in 2012. Forecasters expect a GDP growth of 0.5–1.0% year-on-year. Weaker exports and lower consumption mean that the economy will slow down. These forecasts are based on the European debt crisis petering out and demand and exports gathering speed again towards the end of the year. The forecast for 2013 is GDP growth of 2.5%.

CONSUMER CONFIDENCE FALLS

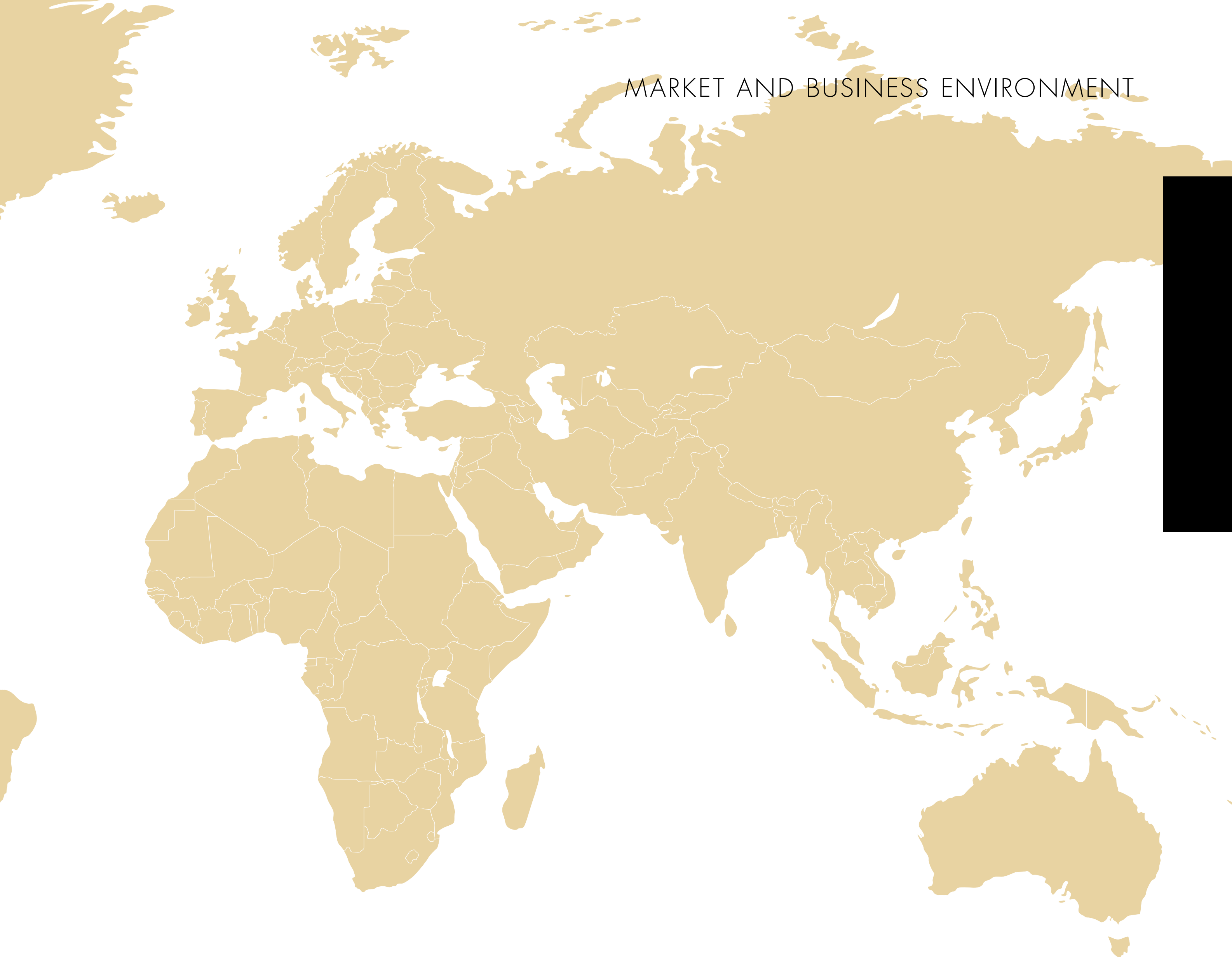
Swedish consumers' confidence in their own and Sweden's economy decreased sharply during the latter part of 2011. Confidence in the economy is strongly associated with private consumption and this fall means that a growing number of Swedes will be careful with their spending. While the micro index, which summarizes attitudes to personal finances, at the end of 2011 was still on a par with the historical average, the macro index, which measures households' attitudes to the Swedish economy, fell to levels below the historical average. This shows that consumers are far more pessimistic than normal about the prospects for the Swedish economy.

The rate of increase for private consumption in Sweden remained at 1.4% for the full year, a decline from 3.7% the year before. In 2012 the rate is expected to decline further and the forecast is growth of 1.0%. Growth is not expected to gather speed again until 2013 with a rate of increase of 3.7%.

In the currency market anxiety in the eurozone contributed to a strengthening of the Swedish krona against the euro. At the same time, the krona weakened slightly against the dollar. The reduced growth forecasts have forced down inflation expectations and the Swedish key interest rate was reduced by 25 points to 1.75% in December 2011. Prior to that the base rate had been raised on a total of six occasions between summer 2010 and summer 2011, from 0.25% to 2.00%. In February 2012, the base rate was reduced by a further 25 points to 1.50%.

EUROPE AND THE WORLD

The sovereign debt problems in several EU countries were exacerbated in 2011 and contributed to confidence in the euro



cooperation being undermined. This resulted in substantially increased interest rates for several EU countries which made debt restructuring even more difficult, since this became a negative spiral where the problem countries were forced to borrow to cover higher interest expenses. The economic unease and instability which prevails at present has had a negative impact on retail development throughout Europe. Above all, a weak development in the crisis countries Greece, Italy, Portugal and Spain has contributed to a weak trend in the region. In the eurozone, retail saw negative volume development during most of 2011. The decline in December 2011 was 1.6% in volume compared with December 2010.

RETAIL SECTOR IN SWEDEN

Eye-catching headlines about record Christmas trading when sales exceeded SEK 65 billion for the first time and broke the record for the sixteenth consecutive year, cannot hide the fact that 2011 was something of a lost year.

Taken overall, retail trading increased by 0.8% in current prices in 2011, and in fixed and calendar-adjusted prices this corresponds to an increase of 1.2%.

It was primarily consumer durables which suffered from consumer restraint. In 2011, the increase was 0.3% in current prices and 2.1% in fixed and calendar-adjusted prices. There are major variations between sectors but there are some which have clearly been affected by the headwind. These include footwear which saw a volume reduction of almost 7% and home furnishings which fell by over 3%. Sports retail, which saw a substantial upwards swing earlier, was affected by a fall in volumes although only by less than 1%. But there are also examples of increases in volume. Both paint and furniture retail reported volume increases although these were modest, while home electronics increased its volumes by 12% although sharp price reductions led to a decline in value in current prices of almost 6%.

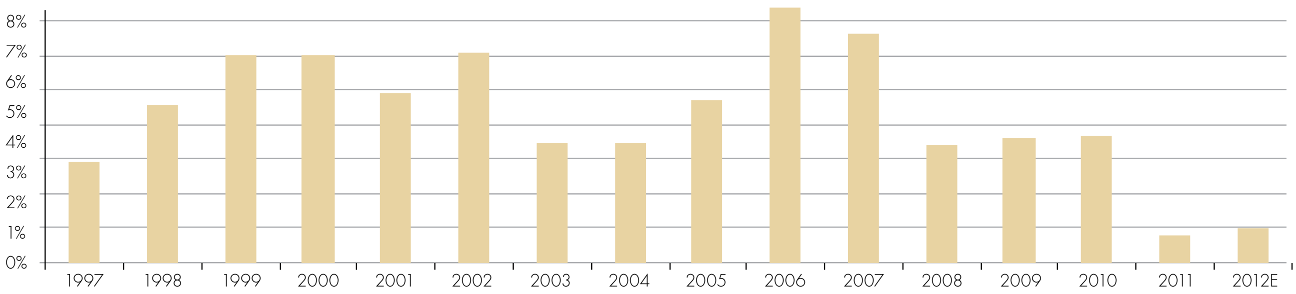
Food retail saw an increase of 1.3% in current prices in 2011 and zero growth in volume. A comparison with how things looked before indicates a clear slowdown within food retail.

In addition to the weak economic climate, increased competition put further pressure on retail companies' sales and margins. As a consequence, the number of bankruptcies in retail increased by 3% during 2011 compared with an average reduction of 4% for business in general.

Forecasts show retail trailing in rates of increase. The explanation is partly unusually high savings and that households to a much higher extent have chosen to spend money on other things that those they can obtain via retailers. This development has meant that the retail trade did not reach the one-third of total household consumption which is the normal situation when households allocate their disposable income. The forecast for retail development in 2012 is a modest 1.0% in current prices and the same in fixed prices, according to HUI. A somewhat better development is expected for food retail with 1.5% than for consumer durables with an increase of 1.0%. The increase in fixed prices is expected to be 0.5% and 1.5% respectively.

ANNUAL GROWTH IN SWEDISH RETAIL SALES 1997–2012E

Current prices



Source: SCB/HUI

DEVELOPMENT IN OTHER NORDIC COUNTRIES AND BALTIC REGION

Despite a favorable economic starting point the export-dependent countries in the Nordic and Baltic regions were affected by the less favorable global economy. The decline in exports, unwilling consumers who prioritize things other than consumption and companies which are becoming more cautious with new investments, had an effect in all countries. What differentiates them is the state resources which are available to mitigate the impact on the economy that comes with lower demand. Best equipped is Norway, while Denmark's economic development was already modest before the crisis due to a falling housing market. Finland, which like Sweden in an export-dependent country, expects fairly tough times ahead. The Baltic countries will also probably feel the effects of the decline in the world around them but are still expected to remain relatively strong after the testing times they recently suffered in conjunction with the previous financial crisis. Unemployment is high in the region however, and more stable economic development over time would require these figures to fall to more sustainable levels.

NORWAY

A less favorable global economy and increased debt pressure in Europe have also affected the Norwegian economy. The upturn in exports of non-oil related products until mid-2011 was as expected short-lived. What neutralizes the negative effects of global turbulence is the high investment growth rate in the oil sector. An increase of 20% is expected in the years 2011-2012. This also provides an important demand trigger for the domestic economy. Norway also has the muscle to introduce stimuli in the economy should the international decline be greater than expected. In 2011, Norway's GDP rose 2.4%. This good trend is expected to last with a rate of increase for Norwegian GDP of 2.6% in 2012.

Despite strong basic conditions, Norwegian private consumption has shown weak development since the middle of 2011. Low unemployment, low inflation and a substantial increase in real income is expected, however, to contribute to private consumption remaining at reasonable levels. During 2011, private consumption in Norway increased by 2.5% and the increase in 2012 is expected to be 2.7%.

DENMARK

Denmark is still feeling the after-effects from the 2009 recession, when GDP fell 4.5%. The country's economy came to a standstill and is now only moving extremely slowly. This wait-and-see attitude means that Denmark's GDP increased by a modest 1.1% in 2011. Forecasts are also restrictive with an anticipated GDP growth of 1.0% in 2012 and 1.4% in 2013. Among other things, this weak development is due to an extremely weak consumption trend which is explained by a falling housing market. Since the housing bubble was at its peak, house prices have fallen by 35%.

Taken overall a weak labor market, falling real incomes and a stagnated housing market have made Danish households more cautious. This contributed to a 0.5% fall in private consumption in 2011.

The economic crisis continued to make its mark on food retail in Denmark. The discount trend remains strong due to keen price awareness among Danish households and the pure-play discount players are taking a growing market share.

FINLAND

The recovery in the Finnish economy continued at the beginning of 2011. The GDP increase was 3.5% at the end of the first half, largely due to a strong result for exports but also due to high domestic demand. For an export-dependent country such as Finland, however, unease in the global economy is expected to affect future growth, although so far Finnish consumers have remained cheerful. For the full year 2011, GDP growth was 2.9% and GDP is expected to increase by 0.5% in 2012.

In 2011, Finnish households behaved as if there were no economic worries in the outside world or at home. Private consumption rose 3.3% in 2011. It was also full speed ahead in the Finnish retail sector which increased by 5.2% in 2011. The increase for food retail was a full 6.4%. Households' attitudes contributed to continued decent economic growth on the whole in Finland.

BALTIC COUNTRIES

Some of the economic problems in the three Baltic countries were replaced by growth in 2011 and GDP rose in all three. The measures implemented to improve finances appear to have mostly succeeded. Households started to believe in a brighter future once again. Companies were fully occupied with producing for flourishing exports. Estonia's exports, for example, increased strongly and manufacturing industry was working flat out. The Baltic countries, however, are also starting to feel the wobbly situation in Europe and they might be forced to revise their optimistic forecasts if the worst apprehensions become reality. A standstill in activity in Europe will put pressure on exports from the Baltic countries.

In parallel with the Baltic countries' drastic trimming process to make growth turn upwards, the retail trade was swept along. As incomes and the labor market improved, and optimism rose, households eventually started buying things which were more or less impossible to buy when the economic crisis was at its worst. Improved living standards have resulted in households being able to allow themselves things they previously had to go without. Food retail showed good growth figures in 2011. It remains to be seen how the problems in Europe will affect the strong recovery in the Baltic countries. So far optimism appears to reign which is badly needed after a period of considerable difficulties.

ESTONIA

Economic development in Estonia was very strong in 2011. GDP growth exceeded earlier assumptions, mainly due to major export successes but also to stronger domestic demand. The growth rate probably peaked in 2011 and reached 5.3%. GDP development is expected to slow, although it will remain at good levels. In 2012, GDP growth is expected to be 3.0% and 4.0% in 2013. Due to greater confidence in the economy, households have started to consume again and private consumption increased by 5.1% in 2011. In 2012 and 2013, private consumption in Estonia is expected to rise by 4.2% and 5.0% respectively.

LATVIA

Latvia showed signs of a relatively good recovery at the beginning of 2011 although neighboring countries recovered faster. Industrial production returned to the levels that prevailed before the 2008-2009 financial crisis due to strong exports which compensated for the decline in domestic demand. However, this growth rate slowed towards the end of 2011 and GDP increased by a total of 4.4%. In 2012, GDP growth is expected to remain at 3.5%. The forecast for 2013 is a GDP increase of 4.5%. Private consumption rose 4.0% in 2011. Despite favorable conditions for a real boost in private consumption, so far consumers have been fairly cautious. The outlook, however, is fairly bright. Falling global market prices for food and energy mean that inflation is expected to decrease and therefore strengthen household purchasing power. This means that private consumption is expected to rise at a good rate in 2012 as well.

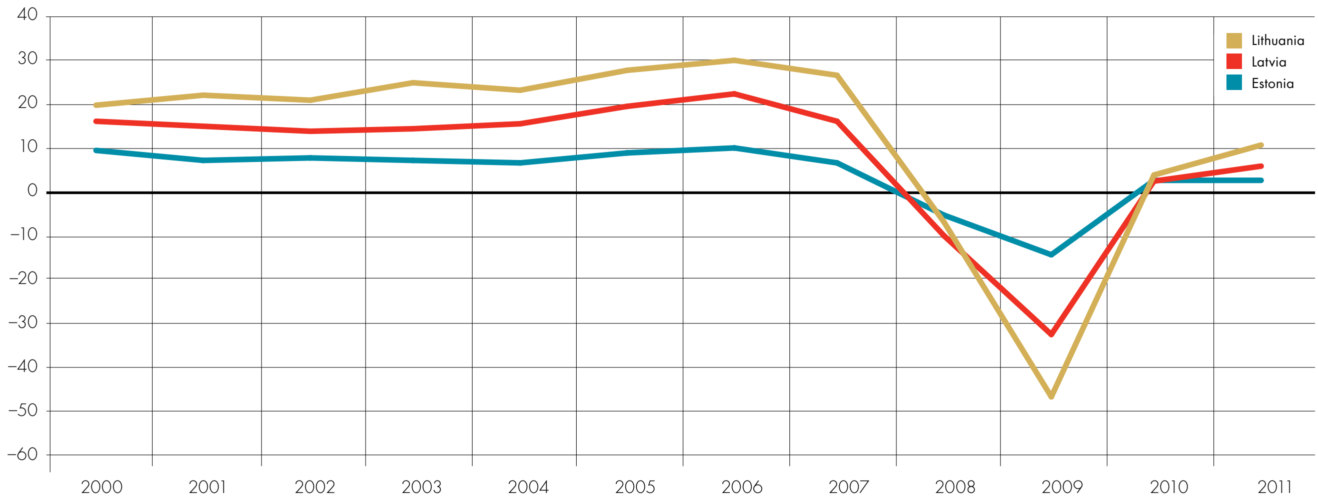
LITHUANIA

The economic recovery in 2011 was balanced and robust. Drivers have successfully shifted between exports and domestic demand. During the first half of the year the economy grew by 6.6% year-on-year. Among other things a strong increase in investments in the country and higher private consumption contributed to GDP growth taking off to increase by 6.5% in 2011. Lithuania has a considerably stronger economic position today than before the 2008-2009 crisis. There is no longer a housing bubble in the country and household debt in relation to disposable income has decreased. GDP rose 5.8% in 2011 and an increase of 2.2% is expected in 2012.

Households' private consumption increased by 6% in 2011 despite high inflation and at the same time relatively restrictive wage increases. Lower inflation, as a result of lower food and energy prices, is expected however to create scope for consumption going forward. Private consumption is expected to increase by 4.3% in 2012.

ECONOMIC GROWTH IN BALTIC COUNTRIES

Real GDP, annual growth, 2000–2011



Source: IMF World Economic Outlook

HOLDINGS

"Stable earnings in ICA"

Claes-Göran Sylvén, President and CEO of Hakon Invest and Chairman of ICA AB

How would you summarize 2011 for ICA?

"2011 was a good year for ICA in view of economic development and the increasingly tough market climate. ICA continues to deliver stable earnings in most of its operations. ICA Sweden is the engine and succeeded in strengthening its market position in the tougher climate, which was a show of strength. Rimi Baltic's recovery was the biggest cause for rejoicing. ICA Norway continues to present major challenges but the new strategic business plan which was launched in August means that we have laid a firm foundation from which ICA Norway can achieve satisfactory profitability over time," says Claes-Göran Sylvén.

What did you spend most time on during the year?

"The focus during the year was drawing up the new strategic plan for ICA Norway and recruitment of a new CEO for ICA AB," says Sylvén.

The new strategic plan for ICA Norway established direction and measures for the next few years in order to reach satisfactory profitability. The plan involves ICA exiting the hypermarket concept and selling its ICA Maxi stores in Norway in order to focus on the discount and supermarket segments. In addition, extensive cost-cutting measures and efficiency improvements are being implemented in the Norwegian operations as well as a review of the store network.

In spring 2012 there will be a CEO changeover in both the ICA Group and ICA Norway. After eleven years with Kenneth Bengtsson as CEO of the ICA Group, Per Strömberg will take over as head of ICA.

"We are pleased that Per Strömberg is joining us. He has sound experience of operating successful businesses within the food industry and is appreciated as a leader," says Sylvén.

ICA Norway will also see a change of CEO in 2012 when Antonio Soares retires and Thorbjørn Theie takes over.

"We are very pleased that Thorbjørn Theie has chosen to join ICA. He has the skills and experience of the Norwegian grocery market that we need," says Sylvén.

Where are the challenges in ICA Norway?

"Three questions are in focus with regard to Norway: achieving profitability, concentrating on fewer store formats, while reviewing logistics and store structure, and adapting the organization to fewer store formats. The new strategy provides opportunities for a simpler and more effective organization in Norway," says Sylvén.

What is the outlook for 2012?

"The focus is on a successful turnaround in Norway. Other key issues are creating organic growth within existing units in the Group. A continued and intensified focus on costs will be even more important when we probably face a period with limited growth in the markets," says Sylvén.

"The prospects for the ICA Group look good despite the less favorable market outlook. Operations within ICA are well prepared for a period of weaker market growth. ICA Sweden continues to show strength and has a good market position. Rimi Baltic has succeeded with a recovery, despite the tough business climate which the Baltic countries have experienced in recent years. ICA Norway, with its new strategic plan in place, has a firm foundation from which to reverse the negative development and achieve long-term profitability," concludes Sylvén.

DEVELOPMENT IN THE HOLDINGS

Key figures, SEK M	INCOME STATEMENTS				CASH FLOWS	
	Net sales		*Operating profit*		*From operating activities*	*From investing activities*
	2011	2010	**2011**	2010	**2011**	**2011**
ICA Group	95,179	93,860	2,505 [5)]	2,924	3,256 [4)]	−2,242
Portfolio companies						
Forma Publishing Group	847	875	–12	15	17	–31
Kjell & Company	684	644	38	23	21	–18
Cervera	722	707	–12	–33	56	– 7
InkClub	504	497	34	38	44	–3
Hemtex	929	1,081	–116	–233	–104	–2

"Active governance has an effect"

Stein Petter Ski, SVP Investments & Portfolio Companies

How would you summarize 2011?

"The work of strengthening our corporate governance, which was started in 2010, has continued in 2011. We are making tougher demands and have closer contact with the companies. This has resulted in better control, a more orderly approach, and a greater focus on detail. Despite a weak retail market we have strengthened our positions in almost all areas. We can see that more active corporate governance has an effect," says Stein Petter Ski.

Hakon Invest is also in the process of reviewing the composition of its portfolio of companies. The results of this review are the sale of Hemma to Elon Elkedjan Logistics AB, the evaluation of Hakon Invest's ownership in Forma Publishing Group, and the acquisition of the remaining shares in inkClub.

"During 2011 the portfolio companies focused on key factors such as customer offering and supply chain, which resulted in stronger margins. This is about ensuring that the cost level is adjusted to prevailing market conditions, which is extra important in tougher times. On the whole our holdings have strengthened their margins and improved product pressure in the stores," says Ski.

"Kjell & Company further developed its product range, a new web platform is in place and a new website has been launched. The company's new warehouse management system is in operation, which has made logistics and the supply chain more effective," cites Ski as an example.

"Within Hemtex the change program designed to reverse development continues and during the autumn we saw results from the cost-cutting program started in summer 2011. It is all about making the suit fit. We are starting to see an effect from our efforts to develop the product range in the form of improved sales," he continues.

What is the outlook for 2012?

"Our assessment is that the market will be challenging in 2012. The focus is on cost efficiency and transparency. This means that we are setting up clear KPIs which are easy to follow up, both within each company and between Hakon Invest and the company. Another key area is employee development," says Ski.

In your opinion what are the key factors to focus on ahead of 2012?

"In addition to the traditional key factors such as a clear customer offering and effective supply chain which will lead to profitable growth, it is important that the businesses are prepared for tougher market conditions and can take advantage of the business opportunities that arise," concludes Ski.

BALANCE SHEETS			HAKON INVEST'S OWNERSHIP			
Assets 2011	Equity 2011	Interest-bearing net debt 2011	Contribution to Hakon Invest's earnings 2011	Holding (%)	Investment	
40,961	11,359	1,143 [3]	544	40% [1]	–	ICA Group
						Portfolio companies
608	47	294	–12	100%	200	Forma Publishing Group
236	86	–26	14	50% [2]	102	Kjell & Company
408	124	–32	–12	91.4%	240	Cervera
146	60	27	–4	100%	666	InkClub
622	336	–1	–116	68.5%	1,152	Hemtex

1 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.
2 Hakon Invest and other principal owners have joint control of the company under an agreement.
3 Interest-bearing net debt for ICA excludes ICA Bank.
4 Cash flow contains a nonrecurring payment to the National Tax Agency of SEK 1,187 M.
5 Including impairment of goodwill of SEK 592 M.

Strong development despite weak market

Despite increasingly tough market conditions in 2011, ICA gave a strong performance. Strategic pricing and development of new services are two explanations.

ICA GROUP IN FIGURES

SEK M	2011	2010
Net sales	95,179	93,860
Operating profit	2,505 1)	2,924
Contribution to Hakon Invest's operating profit	544	204
Growth, %	1.4	–0.8
Operating margin, %	2.6	3.1
Gross margin, %	14.2	14.4
Number of employees	20,806	20,373

1) Including goodwill impairment of SEK 592 M.

OPERATIONS

The ICA Group is one of the Nordic region's leading retail companies with a focus on groceries. The group includes a total of approximately 2,100 wholly owned and retailer-owned stores in Sweden, Norway and the three Baltic countries. ICA also offers financial services to its customers in Sweden via the ICA Bank. Property operations are conducted in ICA Real Estate. ICA AB is a joint venture 40% owned by Hakon Invest AB and 60% by Royal Ahold N.V. of the Netherlands. According to a shareholder agreement, Royal Ahold and Hakon Invest jointly share control over ICA AB. Through Royal Ahold, ICA AB is part of an international retail network.

ICA does not operate in a single market, but in several, which means that every day the Group is affected by many local and sector-specific circumstances. The core is the grocery trade in Sweden, Norway and the Baltic countries. The ICA Group is also a niche player in the Swedish bank and financial services market with ICA Bank, and in the property market with ICA Real Estate.

DEVELOPMENT IN 2011

In light of the economic turbulence and weak development in its markets, ICA gave a strong performance. The reasons were a strong recovery by Rimi Baltic, a very successful year for ICA Bank and ICA Real Estate, and stable development for ICA Sweden. ICA Norway remained a major challenge, but a lower loss in the fourth quarter was a tentative sign of a recovery.

Net sales rose by 1.4% to SEK 95,179 M (93,860). At constant exchange rates net sales rose by 2.6%. Operating profit amounted to SEK 2,505 M (2,924), corresponding to an operating margin of 2.6% (3.1). Operating profit includes capital gains from property sales of SEK 32 M (27) and impairment of non-current assets of SEK 628 M (39). Excluding capital gains and impairments, the ICA Group delivered an operating profit of SEK 3,101 M (2,936), which is its highest-ever profit. Profit for the year amounted to SEK 1,395 M (547).

The focus in 2011 was on reversing development in ICA Norway. A new strategic plan for ICA Norway was adopted, which sets out direction and measures for the next few years in order to reach satisfactory profitability. The plan involves ICA Norway focusing on the discount and supermarket segments. As a result of this strategy the ICA Maxi hypermarket stores will be sold in 2012. This solution will provide opportunities for more effective operation and synergy effects.

During the year ICA implemented a number of long-term strategic price cuts on both ICA's private labels and on other products in Sweden and the Baltic countries. This resulted in increased sales and a stronger market position. The price cuts also contributed to higher sales of private label products. ICA Basic, which is replacing Euroshopper as a discount alternative among ICA's private labels, was launched during the year. Private labels had a positive sales trend during the year and accounted for an increased percentage of total sales.

"A new strategic plan for ICA Norway sets out direction and measures for the next few years in order to reach satisfactory profitability."

Groceries are the ICA Group's core business. ICA strengthened its market position in 2011 through strategic price cuts.

Development of new services to make every day a little easier for customers, such as ICA Grocery Bag, ICA Student, ICA To Go and the Cura pharmacies, continued with considerable success during the year. The ICA Grocery Bag, which was launched during the year, is becoming increasingly popular, ICA Student, launched during the year by ICA Sweden in cooperation with ICA Bank, was a major success. An additional 12 Cura pharmacies were opened during the year bringing the total to 42 at year-end.

Rimi Baltic reported very positive development and a strong recovery during the year, returning to the same profit level as before the financial crisis in 2008. This was thanks to a number of margin-improving measures and solid cost controls throughout its operations. ICA Bank's performance was very positive during the year, with increased revenue, improved earnings, more customers and higher loan volumes. ICA Real Estate has a successful year in 2011 with stable earnings and a high level of investment.

ICA

ICA's vision is to make every day a little easier for its customers. The vision guides ICA in the development of the different parts of its operations. Always listening to customers' needs and meeting them with clever new solutions is a key to ICA's way of doing business. ICA's strategies are based on three dimensions: customer, store and group. When these three dimensions work together in the best possible way, a positive value chain is created. Good stores lead to loyal customers, loyal customers lead to a stronger group, and a strong group can in turn reinvest to further improve the business.

ICA continuously develops its operations on the basis of external demands and conditions in order to become the leading retail company with a focus on food and meals.

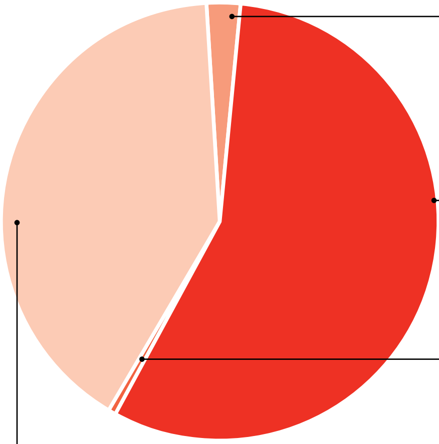
The core of the ICA idea is to be best at being both small and large by combining entrepreneurship with economies of scale. In this way diversity and local adjustment are combined with economies of scale and efficiency. Individual retailers in cooperation have helped ICA build up considerable customer confidence, good profitability and a leading position in the Swedish market.

Read more about ICA's history on pages 12–13.

ICA seeks to be a far-sighted and dynamic company with sound finances, aware environmental work and strong social responsibility. ICA's Good Business is the guide star for sustainability initiatives.

BREAKDOWN OF ICA'S REVENUE 2011

The ICA Group's revenue comes from four main sources: supply chain, store operations, real estate development and financial services.



REAL ESTATE DEVELOPMENT 2.4% (2.4%)
ICA owns and manages many store properties. Operations include development of new store locations as well as existing stores. ICA receives revenues in the form of market-rate rents from retailers. Property sales are also a part of operations. By the time it is sold, a property has often appreciated in value, which generates a gain for ICA.

SUPPLY CHAIN 56.5% (56.5%)
The ICA Group buys goods and resells them at a markup, to ICA stores in Sweden and franchises in Norway. ICA also acquires revenues through the sale of services to these stores such as marketing communications, logistics, training and retail technology.

FINANCIAL SERVICES 0.8% (0.7%)
ICA offers loyalty-building banking services through ICA Bank in Sweden and store transactions with its own cards. The stores act as agents. ICA Bank also provides infrastructure for other players for a fee, e.g., payment terminals and ATMs. Net interest income and commissions from the bank contribute to the Group's earning. Revenue also comes from other players who use the bank's infrastructure.

STORES 40.3% (40.4%)
Stores, which are central to ICA's operations and account for a large portion of earnings, are operated according to four different business models.

- "Independent retailers working in cooperation": The retailer owns and manages the store, but has a central agreement with ICA covering a number of areas. Used only in Sweden.
- Wholly owned stores: This model is applied in the Baltic countries and is the one that has so far dominated operations in Norway.
- Franchising: Used in Norway, where around 30% of the stores are franchises.
- Combination of "independent retailers"/integrated chain. Maxi ICA Hypermarket's food departments are managed by independent retailers, while non-foods are run by ICA Sweden's subsidiary Maxi Special.

ICA receives revenues from the store network in various ways. In Sweden, revenue comes from royalties and/or profit distribution from stores. In addition, ICA Sweden receives revenues from Maxi Special, the company that sells housewares and leisure products in Maxi ICA Hypermarkets, and from Cura pharmacies. In Norway, revenues are received from wholly owned stores and through fees from franchises. In Estonia, Latvia and Lithuania revenues consist of sales via wholly owned stores.

MARKET AND DRIVING FORCES

ICA's operations are affected by many factors in its business environment, from global trends to local behavior. Long-term global economic issues are just as important as understanding local consumer behavior. Economic, climate and health issues are overriding long-term driving forces which decide customer choices and therefore ICA's operations. Consumer trends and local market conditions must also be taken into account. Over the years, ICA has developed its operations on the basis of external demands and conditions, and ICA's success is based on its ability to make every day a little easier for its customers and has its foundation in a number of strategies and strengths.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY AT ICA

At ICA determined sustainability initiatives and a strong social responsibility go hand in hand with long-term profitability. ICA's customers and other partners must feel secure and have confidence in ICA and the operations ICA conducts.

ICA's approach to ethics and social responsibility is summarized in seven position statements known as ICA's Good Business. These standpoints are based, among other things, on the UN Global Compact which promotes social and environmental responsibility among companies with international companies.

More information about ICA's sustainability initiatives is provided on pages 55–56 and in ICA's annual and sustainability report for 2011. A more detailed description and facts are provided in ICA's GRI Report at www.ics.se/ar2011en.

ICA'S GOOD BUSINESS MEANS THAT 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 STRENGTHS

STRONG FINANCES
ICA's strong financial position is a key strength. It provides resources to invest for the future and weather tough times. It also ensures the freedom to act quickly when opportunities arise.

THE ICA IDEA
The Swedish ICA model with independent retailers working in cooperation is a cornerstone that has distinguished the Group in many positive ways. Every store in every country, regardless of format, has a strong local connection. Employees are committed and know their local markets and customers.

ABILITY TO QUICKLY ADAPT
ICA listens to its customers and the market. The ability to quickly adapt the offering is one of the most important assets.

COMMITTED EMPLOYEES
ICA is distinguished by personal commitment and values-based leadership. ICA strongly encourages job rotation and knowledge transfers between stores and the Group.

STRONG SOCIAL COMMITMENT
From being a meeting place in small communities to taking responsibility for purchasing on the other side of the globe, ICA tries to be a force for good in society at every level, which is reflected in everything the Group does.

THE ICA BRAND
ICA is one of Sweden's strongest brands. ICA receives high ratings in surveys on customer satisfaction and loyalty.

JOINT SOURCING
By coordinating its sourcing, ICA can obtain good prices and high quality. The Group has developed highly effective systems to ensure that the right products reach the store just in time.

ICA'S STRATEGIES

Customer strategies
- Listen to customers
- Offer good prices and a wide assortment
- Put quality first
- Create personal offerings

Store strategies
- Have the most inspiring stores
- Create common formats that can be adapted locally
- Remain active in opening and updating stores

Group strategies
- Work long term and sustainably
- Create growth on a stable foundation
- Always be cost effective
- Provide a workplace where people can grow

ICA GROUP'S OPERATING AND FINANCIAL TARGETS

Targets
- Increase sales faster than the total market in each sector
- Reach an operating margin of 3.5–4.0%
- Reach a return on equity of at least 14–16% over a business cycle
- Maintain an equity/assets ratio of 30–35% in the long term
- Hakon Invest and Ahold have undertaken in the shareholder agreement to work to ensure a dividend of at least 40% of profit for the period.

Target outcome 2011
- ICA strengthened its position in Sweden but market shares in Norway and the Baltic countries decreased slightly
- Operating margin in the Group amounted to 2.6%
- Return on equity was 11.2%
- Equity/assets ratio amounted to 27.7% at December 31, 2011
- ICA proposes a dividend of SEK 2,000 M for 2011, which is more than 40% of profit for the year

ICA GROUP'S SUSTAINABILITY TARGETS

- Reduce the Group's direct greenhouse gas emissions by 20% by 2012 compared with 2006
- Reduce the Group's direct greenhouse gas emissions by 30% by 2020 compared with 2006
- 100% of ICA's suppliers of corporate brands in high-risk countries* will be socially audited by 2012

* Countries with a high level of risk according to the UN's Human Development Index and Economic Security Index (UNDP).

Good year in a tough market

ICA Despite intense competition and a sluggish market, ICA Sweden and the ICA stores succeeded in strengthening their market position in 2011. Many new stores were opened and sales of ICA's private labels rose during the year.

OPERATIONS

ICA Sweden operates grocery stores throughout Sweden together with independent ICA retailers, who own and operate their own stores but have agreements with ICA Sweden within a number of areas. ICA Sweden has four different store formats in order to meet customer needs: ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Hypermarket. At year-end 2011, there were 1,334 (1,349) ICA stores in the country. During the year, another 12 pharmacies were opened as part of ICA's new Cura concept. At year-end 2011, there were a total of 42 Cura pharmacies. A new ICA To Go store was also opened in 2011 and another is scheduled to open in early 2012.

PERFORMANCE IN 2011

Despite tougher competition and a weak market, ICA increased its market share mainly due to major investments made in price reductions, marketing and development of the product range.

Major changes were made during the year to improve logistics efficiency by centralizing warehouses and closure of the warehouse units in Årsta and Umeå. Although this work took longer than expected, the investments are now starting to produce results in the form of more efficient operations and better service for stores.

ICA SWEDEN IN FIGURES

	2011	2010
Net sales, SEKm	62,500	60,596
Operating profit, SEKm	2,617	2,750
Number of employees	6,557	6,424

During the year ICA launched its own Grocery Bag concept, a service provided by individual stores. Several versions of the bag can be ordered, and they can either be delivered home or picked up from the local ICA retailer. Interest has been high since the start and at year-end 2011 over 230 ICA stores around the country were delivering grocery bags to their customers.

ICA's major investment in pharmacies continued during 2011. Cura is wholly owned by ICA Sweden and the pharmacies operate as a shop-in-shop in ICA stores. The trend in 2011 was generally positive, although the rapid growth in the number of pharmacies since deregulation had led to a shortage of pharmacists and intense competition for staff in Sweden. Growth was slower than expected and profitability remains under pressure throughout the industry. Cura pharmacies launched their first private labels during the year.

Tests of ICA's new convenience format, ICA To Go, which offers food and prepared meals for people on the go, with good and healthy as keywords, continued in 2011. A third store opened, this time in Kista outside Stockholm.

New stores were opened at a fast pace during the year. A total of 15 new stores were added, of which three were Maxi ICA Hypermarkets.

Share of sales for private labels increased to 19.2% (18.4) in Sweden during the year. At year-end ICA has a total of approximately 2,000 private labels. ICA Basic, ICA's new discount brand which is replacing Euroshopper, was launched during the year. ICA now has a broad range of private labels, from ICA Selection, which was relaunched during 2011, to ICA Basic.

MARKET

The Swedish food retail market did not perform up to expectations, largely due to household uncertainty about the economy. Total sales amounted to SEK 274 billion[1], an increase of 1.3% compared with 2010. This compares to 2010, when market growth was also weak at 1.7%.

Sweden is a mature food retail market that normally grows at a slow rate. The market has been dominated for several years by ICA, Axfood, Coop and Bergen-

1) Preliminary figures in February 2012.

MAJOR INTEREST IN ICA'S GROCERY BAG

In line with the vision to constantly think along new lines to make customers' lives a little easier, ICA Grocery Bag was launched in Sweden during 2011. The grocery bag can be ordered in several versions and can either be delivered to the home or picked up from the local ICA retailer. Interest was considerable from the start and at the end of 2011, more than 230 ICA stores around Sweden were delivering grocery bags to their customers.

dahls which together account for approximately 70% of the market. In addition to the major players, there are discount chains and various niche players. At year-end 2011, ICA had a market share of 36.7%[1] which is an improvement from the previous year.

Competition between market leaders has been tough for years. In 2011 competition further increased. For one thing, discount chains continued to expand, at the same time that practically every competitor was busy upgrading. Secondly, pressure increased from alternative channels such as restaurants and various home delivery services. As a whole, new players are growing faster than others.

Swedish consumers remain highly price conscious, but at the same time they prioritize healthy products as well as simple, convenient and time-saving solutions. Awareness of climate and environmental issues continues to grow and drive demand for organic, local and fair trade labeled products.

FUTURE PROSPECTS

Many indications point to a continued sluggish food retail market with intensifying competition in 2012. ICA's investments in private labels and the focus on fresh foods and price will continue. ICA will continue to develop services in line with Cura pharmacies, the ICA Grocery Bag and ICA Student. They create value-added for the customer and build loyalty. Health is an important priority area.

A growing number of customers are seeking solutions involving digital media. ICA has major potential to utilize digital media to a greater extent in its marketing and sales. In 2012, for example, ICA's website will be relaunched and work to develop apps that create customer value will continue.

Measures to reduce ICA's impact on the environment and climate change and to live up to ICA's Good Business values (see page 24) are always a priority.

1) Calculated on total food retail consumption regardless of channel according to Statistics Sweden.

		Number of stores Dec 31, 2011	Store sales in Sweden (SEK M)[1]	Number of items per store
ICA nära	Small, convenient stores, offering good service, a narrow product range and quality fresh foods.	704	14,564	5,000–8,000
ICA Supermarket	Wide assortment for everyday meals and special occasions. High level of personal service and wide range of fresh foods.	435	29,911	8,000–10,000
ICA KVANTUM	Designed to be the leading local supermarket, with foods for everyday and special occasions. Offers a wide variety of fresh foods.	117	22,487	10,000–30,000
MAXI ICA STORMARKNAD	Everything at good prices under one roof. Wide variety of foods and non-foods. Extended opening hours, convenient for families with children.	75	27,333	30,000–45,000
Total		1,334[2]	94,295	

1) Excluding VAT.
2) Including three ICA To Go-stores, Dec 31, 2011.

New concept well received by customers

ICA Norway made a strategic choice in 2011 and is now focusing more clearly on the discount and supermarket segments. The rebranded Rimi stores are gaining market shares.

ICA NORWAY IN FIGURES

	2011	2010
Net sales, SEK M	20,679	21,225
Operating profit, SEK M	–1,255[1)]	– 588
Number of employees	5,427	5,345

1) Including goodwill impairment of SEK 592 M

OPERATIONS

ICA Norway sells groceries in Norway, where two-thirds of the stores are operated by ICA Norway and the remainder are franchises. ICA works with the store formats: ICA Naer, ICA Supermarked, Rimi and ICA Maxi. In 2012, the store format for hypermarkets, ICA Maxi with a total of 24 stores, will be sold. At year-end 2011, there were 265 ICA stores and 285 Rimi stores. There are also a number of associated stores.

PERFORMANCE IN 2011

The challenges with the change program continued during the year. The loss increased, mainly due to the goodwill impairment recognized in the third quarter of SEK 592 M but also due to an increased number of unprofitable wholly owned stores.

A new strategic plan was adopted for ICA Norway during the year, which establishes direction and activities for the next few years in order to achieve satisfactory profitability. ICA Norway will exit the hypermarket segment in order to focus on the discount and supermarket segments. The sales process for the ICA Maxi stores has started with considerable interest from potential buyers.

The rebranding of stores to the new Rimi concept continued during the year and at December 31, 2011, the number of rebranded stores amounted to 266, including 6 Mini Rimi. The concept with fresh discount stores has been very well received by customers with a rapid increase in Rimi's market share. During the year, 76 rebranded stores were opened, 13 of which had been converted from the ICA Naer format. The new Rimi concept is now used around the country and has led to both higher sales and better cost controls. The new Mini Rimi stores, small ICA Naer stores which have been converted into small Rimi stores, have also been positively received. The new CEO after Antonia Soares who retires in 2012 will be Thorbjørn Theie, who will take over no later than June 2012.

MARKET

The Norwegian food retail market grew again in 2011 , by 3.8%[1)], compared with 3.2% in 2010. This compares with bigger increases in previous years: 6.2% in 2009 and 8% in 2008. Total sales amounted to NOK 143,717 M (138,505).

The discount segment has faced strong price pressure for several years. The quality segment has also been indirectly affected by price competition, by drawing away customers to the discount stores. During the year, price pressure waned and the situation stabilized.

Norwegian customers are interested in good prices and healthy food and often spread out their purchases to several times a week. For this reason stores should preferably be close to home. Local produce continues to attract customers. Even though there have traditionally been many small stores, the market is dominated by four chains. The largest is Norgesgruppen, followed by the Reitan Group (Rema 1000), Coop and ICA Norway. ICA Norway has a market share of 14.1% (14.8).

FUTURE PROSPECTS

During 2012 implementation will continue of ICA Norway's new streamlined strategy with Rimi in the discount segment and ICA Supermarked in the premium segment. The new strategy will enable further coordination of logistics and services which will lead to synergies. The plan is that the final phase of the Rimi conversions will be completed in 2012. Work on further efficiency improvements in the organization will continue.

[1] Source: Nielsen market research company.

		Number of stores Dec 31, 2011	Store sales in Norway (NOK M)[1)]	Number of items per store
ICA Naer / ICA Supermarked	Small convenience stores offering good service, a limited product range and local products. A passion for good food and diversity, personal service and a wide selection.	241	7,729	3,600–6,000
Rimi	Discount stores that make it easy and convenient for customers to do their daily shopping. Modern, airy stores, designed for families, with everyday products at low prices.	285	8,799	3,500–4,000
ICA MAXI	Everything in one location. A wide selection of foods combined with non-foods. Generous opening hours and convenient for families with children.	24	2,826	14,000–17,000
Total		550	19,354	

1) Excluding VAT.

Recovery in the Baltic countries

The food retail markets in the Baltic countries continued to strengthen in 2011 although purchasing power remains weak. Rimi Baltic implemented price cuts, continued to roll out the loyalty card and achieved earnings on a par with the record year 2008.

OPERATIONS

Rimi Baltic conducts food retailing operations in wholly owned stores in Estonia, Latvia and Lithuania. There were a total of 239 stores (235) at year-end 2011. In all three countries, Rimi operates hypermarkets and supermarkets that focus on fresh foods and good service. In the discount segment, Säästumarket operates in Estonia, and SuperNetto in Latvia and Lithuania.

PERFORMANCE IN 2011

A recovery took place within Rimi Baltic in 2011. The improved earnings are due to higher sales, better gross margins and a good control of costs.

Rimi Baltic's strategic price campaign continued in 2011. In this "New Era" campaign, Rimi Baltic cut prices on 1,000 products on several occasions which helped to strengthen Rimi's price image. The selection offered by the discount stores was expanded with 500-700 external brands. The loyalty card, which was launched in 2010 in Lithuania, was introduced in early 2011 in Estonia and Latvia as well and was very well received by customers.

Additional stores in the new Mini Hypermarket format, a small hypermarket with a sales space of about 2,000 square meters, were opened and converted during the year. The first store in the new format was opened in 2010. At year-end 2011 Rimi Baltic had a total of eight Mini Hypermarket stores. The format has proven successful, with more stores scheduled to open in 2012.

For a number of years Rimi Baltic has worked with an initiative where the company offers people with various physical disabilities opportunities to work in a store. This work has resulted in several prizes and awards. The number of employees with disabilities amounted to approximately 200 at the end of the year.

MARKET

The food retail markets in Estonia, Latvia and Lithuania differ considerably in terms of buying habits, market players and economic conditions. The common denominator, however, is that competition is intense. Many players are established in all three countries, including Maxima, IKI, Norfa, ETK, Selver, Elvi and Mego. In Estonia and Latvia, Rimi Baltic is competing for market leadership. In Lithuania, Rimi Baltic ranks fourth. In terms of all three countries, Rimi Baltic's total market share in 2011 was 21.8% (22.4). Another common denominator is that the Baltic countries were all hard hit by the financial crisis and recession in the last three years, causing lower salaries, high unemployment and a rise in emigration. Optimism returned to these countries in 2011, however. Purchasing power remains weak and there is considerable price awareness.

FUTURE PROSPECTS

For Rimi Baltic, 2011 was a year of consolidation in many ways. In 2012, the focus will be on growth. The rate of expansion and refurbishment of existing stores will increase. Rimi Baltic will continue to strengthen its image by offering good prices and quality. During the year, Rimi Baltic will continue to boost its CRM marketing and reward loyal customers in various ways. Since summer 2011, Rimi Baltic has been entirely responsible for its own purchasing and product range development, which will be further developed in 2012. The focus is on growth and good margin development for private labels as well as finding purchasing synergies between ICA and Ahold.

1) Source: Nielsen market research company. Sales of groceries excluding market and service trade.

RIMI BALTIC IN FIGURES

	2011	2010
Net sales, SEK M	10,089	10,352
Operating profit, SEK M	173[1]	–13
Number of employees	7,776	7,623

Store sales, EUR M[2]	2011	2010
Estonia	351	342
Latvia	545	526
Lithuania	215	213
Total	1,111	1,081

1) Including impairment of the Säästumarket brand, SEK 21 M.
2) Excluding VAT.

	Number of stores Dec. 31, 2011 Estonia	Latvia	Lithuania	Total	Number of items per store
Discount stores with a sharp price profile and wide selection of everyday items.	59	61	13	133	1,800
Wide selection for food lovers with a focus on fresh foods and good service for everyday needs.	12	33	18	63	15,000
Everything under one roof at good prices. Wide selection of competitively prices foods, combined with non-foods. Accessible by car and generous opening hours.	11	17	15	43	50,000
Total	82	111	46	239	

Success for ICA Student

A second place in the annual customer survey from the Swedish Quality Index and the lowest loan losses ever. 2011 was a good year for ICA Bank. It was also the year when all the bank's services were accessible by mobile phone and when the successful ICA Student was launched.

OPERATIONS

ICA Bank operates in Sweden and has agency agreements with almost 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. Low charges and clear, transparent terms are central to ICA Bank. ICA Bank has had a complete service offering since 2007 which includes current accounts, savings accounts, various forms of bank cards, unsecured loans, mortgages in cooperation with SBAB, and insurance in cooperation with Aon. ICA Bank also has a number of corporate customers, such as ICA retailers, Group companies and other organizations. ICA Bank also administers the ICA card which is ICA's loyalty card for Swedish customers.

PERFORMANCE IN 2011

ICA Bank continued to grow in 2011. Business volume rose by 8.7%. The number of issued bank cards increased by almost 47,000 to approximately 410,000 (363,000) by year-end. ICA Bank's loan losses, which corresponded to 0.53% of total lending, were the lowest ever. The reason is a financially sound customer base in the private segment due to the bank's restrictive credit assessments.

During the year ICA Bank focused on simplifying and speeding up the online user experience, for example with a completely new online solution. Immediate online quotations for home and car insurance are another new service. In 2011, all ICA's banking services became fully accessible by mobile phone. The bank's offering was expanded with a high-interest savings account. The focus on the corporate segment continued. The bank has had a new organization for business customers since 2011, at the same time as more payments services were added. ICA Student, the full-service solution with attractively priced food, banking and insurance, a joint development by ICA Sweden and ICA Bank designed to make everyday life simpler for students, was launched in autumn 2011 and was an immediate success.

The cooperation between ICA Bank and Nordnet was terminated in May 2011 and since then ICA Bank has worked with a new solution for offering savings services to its customers.

ICA Bank moved up from sixth to second place in the Swedish Quality Index's annual survey of customer satisfaction. In Sweden's largest brand survey, Sustainable Brands, in which consumers are asked to judge the most sustainable brands in the Swedish market, ICA Bank was ranked as the most sustainable company in the industry.

MARKET

The Swedish banking sector consists of major banks on the one hand, and a number of niche players on the other.

ICA BANK IN FIGURES

	2011	2010
Net sales, SEK M	764	612
Operating profit, SEK M	171	91
Business volume, SEK M	20,846	19,182
Bank card holders	410,000	363,000
Number of employees	283	273

ICA Bank has its own, stable position in the banking market since it focuses on ICA's existing and future customers. ICA's large store network also makes ICA Bank special. ICA Bank was not affected by the uncertain market situation.

FUTURE PROSPECTS

Further investments will be made in new customers to encourage more people to use ICA Bank's products. This will be done by continuing to refine the offering and remaining visible in the market. During 2012, ICA Bank will continue its marketing to get customers to use more of its services. Work on the development of a new mutual fund solution will continue and the plan is to launch this in 2012. In the second quarter of 2012, ICA Bank will launch its own online payment solution.

"The basic idea is to offer banking services as a loyalty-enhancing part of the relationship with ICA's customers."

Stable development

ICA Real Estate matched the ICA Group's performance in 2011 and managed well despite market unease. In Norway, the sales process for the ICA Maxi properties was started and interest from potential buyers has been considerable.

OPERATIONS

ICA Real Estate's mission is to satisfy the ICA Group's need for the right premises in the right locations in Sweden and Norway. This is done by owning, leasing and developing marketplaces. In terms of ownership, the portfolio currently consists of around 185 retail properties. Responsibilities also include buying properties with existing ICA stores to ensure access to strategic locations. In the leasing market, the company's role is to manage the Group's leases with other property owners. By maintaining control over the entire chain, from buying land, building, managing, selling and leasing real estate, ICA Real Estate can capitalize on opportunities at every level.

ICA Real Estate has owned Ancore Real Estate together with the pensions company Alecta since 2010. The company acquires, owns and manages ICA stores in strategic locations. In this way, ICA retains an influence over the marketplaces and is able to improve opportunities for ICA's core business.

Having an ICA store in a shopping center raises the property's value, which benefits ICA as well as others. The ICA store often serves as a magnet for shoppers. For this reason, ICA Real Estate develops retail parks with high-volume retailers near or directly beside large ICA stores. The concept is called "Good Neighbors," and the neighboring stores include both national chains and local retailers. Measured in number of square meters, a total of approximately 800,000 m^2 (Sweden 540,000 m^2 and Norway 260,000 m^2), ICA Real Estate is the largest player in the Swedish market for retail properties. ICA is also the largest single tenant of many Swedish and Norwegian real estate companies through its many leases for ICA and Rimi stores.

PERFORMANCE IN 2011

ICA Real Estate invested a total of SEK 830 M (825) in 2011 and carried out seven new construction and refurbishment projects in Sweden. A number of extensions and refurbishments were also carried out in Norway. Several acquisitions were also made during the year. Ancore Real Estate acquired a retail property in Mora with an underlying property value of SEK 145 M and with Maxi ICA as tenant. At the end of the year, ICA Real Estate sold two retail properties in Sweden to Ancore Real Estate. Maxi ICA Hypermarket is the largest tenant in the properties which have an underlying property value of approximately SEK 450 M.

Due to the change in strategic direction in Norway, ICA Real Estate started a sales process for eight ICA Maxi properties. The market has shown considerable interest in these properties.

MARKET

The real estate market in Sweden and Norway has not been significantly impacted by recent uncertainty. Attractive properties are maintaining a high price level, though less valuable properties are finding fewer buyers, which is affecting their prices. The market is expected to slow going forward, depending on how the sovereign debt crisis develops. Swedish retail properties typically generates considerable interest from financially strong foreign institutional investors.

"Having an ICA store in a shopping center raises the property's value, which benefits ICA as well as others."

ICA REAL ESTATE IN FIGURES

	2011	2010
Net sales, SEK M	2,202	2,135
Operating profit, SEK M	1,005	917
Number of employees	70	65

FUTURE PROSPECTS

ICA Real Estate will continue to acquire existing properties with ICA stores in order to ensure the development of strategic shopping centers. During 2012, a number of new property projects will begin. The development of Ancore Real Estate will continue. This focus provides a new platform to create good store locations. Together with the rest of the Group, ICA Real Estate will continue to invest in various energy-saving measures to contribute to the Group's environmental objectives for emissions and energy consumption. The sale of ICA Maxi properties in Norway will be completed in 2012.

FIVE-YEAR FINANCIAL OVERVIEW, ICA GROUP

SEK M

INCOME STATEMENTS	**2011**	**2010**	**2009**	**2008**	**2007**
Net sales	95,179	93,860	94,651	90,963	82,326
Operating profit before depreciation	4,608	4,529	4,272	3,753	4,080
Depreciation and impairment	–1,511	–1,605	–1,559	–1,636	–1,478
Operating profit before goodwill impairment	3,098	2,924	2,713	2,117	2,602
Goodwill impairment	–592	–	–	–	–
Operating profit	2,505	2,924	2,713	2,117	2,602
Financial items	–349	–327	–404	–323	–320
Profit after financial items	2,156	2,597	2,309	1,794	2,282
Tax	–761	–2,050	–722	–66	–116
Profit for the year	**1,395**	**547**	**1,587**	**1,728**	**2,166**

FINANCIAL OVERVIEW, ICA GROUP

BALANCE SHEETS	**2011**	2010	2009	2008	2007
Intangible assets	2,967	3,590	3,940	3,742	3,599
Property, plant and equipment	14,638	15,364	15,755	15,544	14,959
Financial assets	5,327	5,368	3,701	3,772	3,368
Other non-current assets	41	7	515	424	276
Other current assets	13,570	12,246	12,813	13,461	11,534
Cash and cash equivalents	3,009	3,102	3,422	3,023	3,480
Assets held for sale	1,409	26	14	3	103
Total assets	**40,961**	**39,703**	**40,160**	**39,969**	**37,319**
Equity	11,359	11,913	13,962	12,796	12,073
Interest-bearing liabilities and provisions	16,865	15,147	14,490	15,161	14,475
Non-interest bearing liabilities and provisions	12,737	12,643	11,708	12,012	10,771
Total equity and liabilities	**40,961**	**39,703**	**40,160**	**39,969**	**37,319**

KEY RATIOS, %

Operating margin	2.6	3.1	2.9	2.3	3.2
Return on capital employed	12.5	15.5	13.5	11.4	13.8
Return on equity	11.2	3.9	11.3	13.5	19.1
Equity/assets ratio	27.7	30.0	34.8	32.0	32.4

Acquisitions and awards

Retro magazine was a success when it was published in April 2011. The TV program "Sommar med Ernst", which is produced by OTW, had a million viewers. A travel app for Kuoni won an award and Maria Montazami's book was a bestseller.

Performance for Forma Publishing Group's three businesses varied in strength during 2011. A tough year for Forma Books was counteracted to some extent by good development within Magazines and Contract.

OPERATIONS

Forma Publishing Group is one of the Nordic region's largest media companies with a complete offering within magazines, books, web, television and contract journalism. Operations are conducted in three business areas: Forma Magazines (trade and consumer magazines), Forma Books (publishing house) and Forma Contract (contracting operations). The group has operations in Sweden, Finland and the Baltic countries.

President Patrik Widlund.

Forma Books offers a large selection of book titles within both non-fiction and fiction as well as literature for children and young people. Forma Magazines has some of Sweden's leading magazines, including Icakuriren and Hus & Hem. Forma Contract, which in Sweden operates under the OTW brand, is a leader in editorial communication across all media channels, and activities include customer magazines, television productions and live webcasts.

FORMA MAGAZINES

Forma Magazines improved its earnings compared with 2010, mainly due to efficiency improvements. Forma Magazines strengthened its position within the crossword segment, and a number of special editions were published during the year with a good response. Icakuriren launched a Christmas magazine in the autumn entitled "Den goda julen" (the good Christmas) as an iPad app. The app, which is the magazine's first, contains a number of recipes, films and tips for Christmas, and was very well received. The advertising market showed strong development at the start of the year but slowed down in the second half in pace with the less favorable economic outlook.

FORMA BOOKS

Forma Books showed weak development during the year. Both sales and earnings declined compared with the previous year. Extensive restructuring is taking place in the book market which will lead to major challenges. Anders Kvarby took over as the new president in summer 2011. Since then a large number of activities have been set in motion within different parts of the business designed to both increase sales and reduce costs.

FORMA CONTRACT

Forma Contract enjoyed favorable growth in 2011 due to new assignments and acquisitions. The business area continues to report good profitability despite costs for growth being charged against earnings for the year. The Finnish TV production company Susamuru was acquired at the beginning of the year and marked the first step towards establishing OTW's offering in the Finnish market. Later in the year, Forma Contract was also commissioned to produce a customer magazine in Finland.

OTW was highly successful in the 2011 Pearl Awards, the world's big-

"Forma Publishing Group is one of the Nordic region's largest media companies with a complete offering within magazines, books, web, television and contract journalism."

BUSINESS CONCEPT

Forma Publishing Group's business concept is to use commercial editorial activities to provide people with knowledge, inspiration and entertainment.

FORMA IN FIGURES

	2011	2010
Net sales, SEK M	847	875
Operating profit/loss, SEK M	–12	18
Contribution to Hakon Invest's operating profit, SEK M	–12 [1)]	18 [1)]
Operating margin, %	–1.4	2.0
Gross margin, %	30.1	34.0
Hakon Invest's holding, %	100	100
Number of FTEs	360	371

1)Excluding IFRS recalculation of the PRI liability of SEK –45 M (–3). This item is recognized in comprehensive income in Forma's financial statements.

gest competition in editorial marketing, which were held in New York in November 2011. Of the more than 600 contributions sent in from all over the world, the best three in each class are nominated and OTW won a gold award in the class "Best web TV" with a film for Ikea and in the "Best mobile solution" class with an iPad app for the Kuoni travel group.

The markets in which Forma Contract operates developed well in 2011, although Forma Contract could detect somewhat greater caution among customers towards year-end.

REVENUES AND EARNINGS

Net sales decreased by 3% to SEK 847 M (875) in 2011. Operating loss amounted to SEK 12 M (+18), which was a deterioration compared with 2010. Operating result improved substantially within the Forma Magazines business area due to lower costs. Earnings for Forma Books were negatively affected by a weak sales trend. The operating result for Forma Contract was slightly lower due to costs for expansion.

FUTURE PROSPECTS

Forma will focus on profitability in 2012. The advertising market is expected to show weak development due to the uncertain economic situation. Competition for reader revenues in the magazine market is intensifying. Forma Magazines has a number of strong titles which are well placed to cope with the competition. Forma Magazines will focus on developing and improving its existing magazines prior to starting new ones. Among other things the magazine Hälsa has been relaunched. There are also high hopes that the Hus & Hem brand can be used to start new magazines.

Forma Contract will continue its work with establishment in the Finnish market. Implementation of OTW's business model and entire offering in Finland has started following the acquisition of Susamuru and provides major opportunities.

The major structural changes taking place in the book business mean major challenges for Forma Books. The measures initiated in 2011 to reverse the negative development are under way. There are clear strategies for how publications and profitability will improve.

Head office: Stockholm
www.formapg.se

Skilled employees have an impact

Kjell & Company's work, to sell a broad range of home electronics accessories and offer a high level of service, is successful. Earnings for 2011 are strong and the company is climbing in surveys which measure customer confidence in store brands in Sweden.

Skilled employees and good service are a successful concept for Kjell & Company.

OPERATIONS

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. The company owns and operates 57 stores in 30 locations in Sweden, all carrying a full product range of some 7,000 items. In addition to the stores, the online shop is a key sales channel. The company has its head office in Malmö and a purchasing office in Shanghai. A high level of service, a broad product range and employees with good product expertise are keywords.

President Mikael Dahnelius.

PERFORMANCE IN 2011

The year got off to a weak start for Kjell & Company, but a turnaround took place in May and subsequent development was highly positive. Sales in Kjell & Company's stores showed a substantial upswing in the second half and earnings improved, mainly due to a better gross margin. The company reported new record earnings in both the third and fourth quarters.

Kjell & Company continued to focus on offering a broad and updated range of home electronics accessories for which there is customer demand, with a high level of service and skilled employees. In the spring, the product range was expanded with a large number of items in order to meet demand.

A new warehouse management system went into operation in June. With the new system in place Kjell & Company is able to continue to expand in an efficient and profitable manner. A new web strategy has been developed and in December 2011 a completely new website was launched with a number of refinements such as better and more advanced search functions and the company's own instructional films. The new website has enjoyed a very positive response.

Four new stores were opened during the year. This is fewer than last year, mainly due to difficulties in finding good store locations. Kjell & Company's new establishment plan to broaden its focus and open stores in smaller places than previously, will widen the potential market and the number of potential sites. A weaker business climate may also be a more favorable situation in which to find premises.

Employee training continues to be a priority for Kjell & Company. The management program, which was started in 2010, continued in 2011. The biggest investment, however, is the training conducted in the company's own training concept, Kjell Academy, and which includes all store staff. Training programs here take place continuously.

The focus on a high level of service and skilled employees is demonstrably having an effect. In the magazine Market's annual survey of consumer confidence in different store brands in Sweden, Kjell & Company continued to climb in the rankings. In the survey presented in autumn 2011, Kjell & Company came in 19th place out of the total 250 best known brands in Swedish retail which were included in the survey.

"Good employees are pivotal for the company's success which places high demands on recruitment and skills development."

Kjell & Company's own book "Hur funkar det?" ("How does it work"), which in 400 pages covers most things about home electronics, continues to sell well. A total of 250,000 copies have been sold since the first edition, which was published in 2009. The second edition was published in September 2011.

BUSINESS CONCEPT

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

Kjell & Company also came first place in three categories in the home electronics sector. Mikael Dahnelius took over as acting president in the spring.

Net sales increased by 6% to SEK 684 M (644) in 2011. Like-for-like sales were unchanged. Operating profit rose to SEK 38 M (23) and the operating margin improved to 5.6% (3.6). The main reason for the higher operating profit is an improved gross margin. Kjell & Company reported new record earnings in both the third and fourth quarters of 2011.

MARKET

The Swedish home electronics market is in a deep depression. Intense competition has led to strong price pressure which in turn has reduced profitability in the industry.

Kjell & Company's operations are relatively insensitive to economic fluctuations. One explanation is that the company's products are not very expensive which means that most people can afford them even in less favorable times, as well as that purchases are needs-driven. A weaker business climate can even have a more positive impact on Kjell & Company since consumers often choose to upgrade their existing equipment instead of buying new items.

KJELL & COMPANY IN FIGURES

	2011	2010
Net sales, SEK M	684	644
Operating profit, SEK M	38	23
Contribution to Hakon Invest's operating profit, SEK M	14	8
Growth, %	6	17
Like-for-like growth, %	0	4
Operating margin, %	5.6	3.6
Gross margin, %	49.1	46.4
Hakon Invest's holding, %	50	50
Number of stores	57	53
Number of employees	352	331

FUTURE PROSPECTS

The main challenges for 2012 are to find the right employees, particularly when new stores are opened, and to find good locations for new stores. Kjell & Company's growth strategy is unchanged and the expansion rate will continue as well as the focus on skilled employees and a high level of service.

Good employees are pivotal for the company's success which places high demands on recruitment and skills development. Another challenge is to constantly keep up with market development in order to have an attractively priced and updated assortment of products customers want.

Even though the home electronics market is in a recession, a recovery is expected when the economy improves. This is a growing market over time. Home electronics are increasingly found in Swedish homes and this trend is expected to continue. Increasing complexity benefits Kjell & Company since customers then turn to where they can obtain the best service and help. Skilled employees are increasingly important, which is in line with Kjell & Company's focus.

Head office: Malmö
www.kjell.com

Success for customer club

2011 was a tough year for consumer durables but Cervera strengthened its position as one of Sweden's leading store chains within preparing food, serving food and decoration. There was also continued growing interest in Cervera's customer club, with a considerable increase in members during the year.

OPERATIONS

Cervera is Sweden's leading retailer of products with a focus on the kitchen and dining area. The chain offers a broad range of selected high-quality and design products for preparing food, serving food and decoration in an inspiring store environment. The stores sell brands from both well-known suppliers and under the Cervera private label. At December 31, 2011, Cervera had 53 wholly owned stores and 22 franchise stores. The group also includes NK Glas, Porslin & Kök with two stores.

President Yvonne Magnusson.

CERVERA IN FIGURES

	2011	2010
Net sales, SEK M	722	707
Operating profit/loss, SEK M	–12	–33
Contribution to Hakon Invest's operating profit, SEK M	–12	–33
Growth, %	2	30
Like-for-like growth, %	1	9
Operating margin, %	–1.7	–4.6
Gross margin, %	46.9	46.4
Hakon Invest's holding, %	91.4	91.4
Number of stores	77	80
Number of employees	331	357

PERFORMANCE IN 2011

The year was characterized by a focus on improving profitability and the efficiency of store operation. The streamlining of the product range continued. The aim is to create a more distinctive product range in order to meet customers' needs and reduce the company's tied-up capital. In 2011 this resulted in a reduction of the number of items and a redefinition of the product range strategy. Another prioritized area is skills development for store employees. During 2011 store managers attended a management training course.

Interest in Cervera's customer club, which grew rapidly in 2010, remained considerable in 2011. After the initial recruitment phase, in 2011 Cervera focused on creating a dialog with the customer club's members. Communication takes place via several different channels including Cervera's customer magazine. The number of members continued to rise sharply during the year and club activities yielded good results.

An effective and profitable store operation must be supported by an efficient supply chain. Cervera is reviewing all parts of the supply chain, including everything from the distribution center in Jönköping to logistics systems. The review of the store network is a constant activity and continued in 2011 with a number of new store openings and closures of existing units during the year. Yvonne Magnusson took over as the new president on May 1, 2011.

Cervera's private labels developed well during the year. Great and All in One, which were launched in 2010, have been well received and show fine sales increases. The Season product concept was launched in 2011 to cover the different seasons.

Net sales rose by 2% to SEK 722 M (707) in 2011. Like-for-like sales rose by 1%. Operating loss amounted to SEK 12 M (33), which represents a SEK 21 M improvement over 2010. The operating margin was –1.7% (–4.6) and the gross margin was 46.9% (46.4). The improved earnings were due to more efficient store operation and volume increases.

MARKET

2011 was a tough year for the cyclically-sensitive consumer durables market in Sweden. Sector overlap in the market has been clear in recent years and creates a fragmented competitive situation. Cer-

"Despite a tough year for the cyclically-sensitive consumer durables trade in Sweden, Cervera strengthened its market position."

BUSINESS CONCEPT

Cervera's business concept is to sell a selected range of products for food preparation, serving and decoration in an inspiring store environment, where service and expertise give customers added value.

Everything for the table setting is available at Cervera.
The company has a strong market position in its core business.

vera has a strong market position within the core business and is the only nationwide retail chain in its market segment.

Several consumer trends indicate continued favorable development for Cervera's concept. The major interest in cuisine and cooking are the drivers of demand for kitchen products and the considerable interest in home decoration drives demand for design.

FUTURE PROSPECTS

The tough market situation and sector overlap are expected to continue. Consumers are more cautious and selective in their purchasing which is partly due to the economic situation and partly to changed consumer behavior.

Cervera will continue to work for a more efficient and profitable store operation and to clarify and strengthen the customer offering where key factors are an attractive range and inspiring store environments.

Another challenge is that Cervera's sales and earnings show major seasonal variations, where a large share of revenues is related to Christmas trading. The potential in a seasonal build-up is considerable and several initiatives are being taken to increase the number of customers in the stores in periods other than the traditional high season.

The focus on the customer club, which is a strategically important area, will continue. In 2012, Cervera will continue to recruit new members and increase its dialog with members through various loyalty programs.

Head office: Täby
www.cervera.se

Single basket sharpens offering

www.inkClub.com Online retail is becoming an increasingly mature sector. In order to meet increased demands, in 2011 inkClub broadened its product range, worked with a new IT platform and launched a single basket for four of its clubs.

inkClub's core business is ink cartridges, but the company has added several new products in recent years.

OPERATIONS

inkClub is a pure-play online retailer which sells a range of consumables over the internet in 15 European countries.

President Fredrik Brandt.

The core business is ink cartridges and other printer accessories. In addition, inkClub's offering includes light bulbs, batteries, vacuum cleaner bags and beauty products. Customers are offered a broad product range at low prices, exclusive member offerings and fast deliveries. Each online store at inkClub is a specialist within its specific area.

PERFORMANCE IN 2011

The focus in 2011 was on continued analysis of inkClub's large customer database, the launch of a single shopping basket for four of inkClub's clubs, broadening the product range and evaluation of the IT platform.

During the spring inkClub launched a single basket for purchases of items from four of the company's online stores: ink-Club (ink and toner), battery-Club (batteries), lightClub (light bulbs) and dustClub (vacuum cleaner bags). This means that customers can buy products from all four clubs in a single order and receive all the items in a single delivery with one invoice and one delivery charge. This concept has exceeded expectations and cross selling increased more than anticipated. One single basket makes it possible to benefit from inkClub's large customer database in a cost-effective manner.

In recent years inkClub has had a growth strategy that involves adding new products and brands to its offering through acquisitions. This makes it possible to capitalize on the customer database and is a way of entering markets with growth potential. The acquired operations are showing positive development.

Work on compiling inkClub's large customer database of four million customers, which was started in 2010, continued in 2011. A CRM project was started during the year to create better understanding of customers and set a strategy for future marketing. inkClub has performed a thorough segmentation of the customer database and an inventory of customer's buying patterns. This will enable more customized and cost-effective marketing. The customer offering will be differentiated so that customers receive a personal and relevant offering at the right time.

In December Hakon Invest acquired the remaining 45% of the shares in inkClub, which is now owned to 100% by Hakon Invest.

inkClub's net sales increased by 1.4% to SEK 504 M (497) in 2011. Operating profit amounted to SEK 34 M (38), which is SEK 4 M lower than in 2010. Lower sales of ink and higher IT costs explain the lower earnings.

MARKET

The market for ink products decreased in 2011. The rapid increase in mobile telephones and tablets has reduced the need for print-outs by private individuals. Furthermore, sales of printers are negatively affected by more uncertain economic outlooks. inkClub's strategy of broadening the product offering through acquisitions is one way to enter markets with higher growth potential and therefore spread risks. In addition, the range of ink cartridges has been expanded with several low-price products and private labels. Even though inkClub is affected by the development of printer sales, inkClub can be said to be contra-cyclical since a less favorable business climate means that customers look for less expensive ways to purchase ink cartridges. This favors online shopping and private labels at

"The future focus for inkClub is development of a new IT platform and CRM system."

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.

In inkClub's modern warehouse employees can handle orders from many different product groups effectively.

low prices, which benefits inkClub.

Online shopping is becoming an increasingly mature market with rising entrance barriers and costs for customer acquisition and marketing.

FUTURE PROSPECTS

Technical development is one of the main future challenges for online retailers. Development within online shopping has been extremely rapid and customers are making considerably higher demands on the buying experience and function than before. inkClub's focus on more products and brands increases complexity and therefore technical requirements.

The future focus for inkClub is development of a new IT platform and CRM system, among other things so as to be better able to capitalize on the existing customer database, but also to create conditions for future growth.

With the single shopping basket in place, broadening of operations, the CRM investment, a new common warehouse and therefore more effective order management and logistics, and a better control of costs, inkClub is well prepared for future challenges.

Head office: Uppsala
www.inkclub.com

INKCLUB IN FIGURES

	2011	2010
Net sales, SEK M	504	497
Operating profit/loss, SEK M	34	38
Contribution to Hakon Invest's operating profit, SEK M	–4	–2
Growth, %	1	10
Operating margin, %	6.8	7.7
Gross margin, %	47.8	47.2
Hakon Invest's holding, %	100	55
Number of employees	80	80

Heading for success

HEMTEX An extensive renewal program has succeeded in reversing the negative trend in Hemtex. The focus on skills development and an attractive product range meant that Hemtex gained market shares in 2011.

OPERATIONS

Hemtex is a home textiles chain with stores in Sweden, Finland and Estonia. In addition to the stores, online shopping is a key sales channel. Hemtex offers an attractively priced, inspiring and functional range of textile products of good quality, including towels, bed linen, curtains and other home furnishings. The number of stores at December 31, 2011, totaled 158, of which 140 are owned by the group and 18 are franchise stores.

President Peder Larsson.

PERFORMANCE IN 2011

The extensive program of change and renewal started in 2010 and designed to reverse the negative trend for Hemtex continued in 2011. This work encompasses all operating areas and involves everything from a review of the product range, store operation, supply chain, inventories and logistics to market presence and organization.

The focus is to improve key figures, such as the proportion of customers who shop in the store and sold items per customer. By offering a more attractive product range and increased service in the stores, Hemtex will increase customer value and to ensure success, skills development is taking place for all store employees.

On the cost side, measures to improve earnings by approximately SEK 160 M continued as planned. These include phasing out the Hemtex stores in Denmark and Norway, organizational changes in the store operations and at the service office, improved efficiency in the supply chain and logistics and closure of unprofitable stores. Additional cost-cutting measures amounting to approximately SEK 20 M on an annual basis were initiated during the year. These include a more cohesive purchasing strategy, improved efficiency of store staff scheduling and general cost savings. Hemtex changed its logistics partner in the spring which contributed to significant efficiency, gains and cost savings.

In spring 2011, a new issue was carried out totaling SEK 329 M. Hakon Invest subscribed for its 68.5% holding. The new issue was fully subscribed and has strengthened Hemtex's equity/assets ratio. In the autumn, Hemtex negotiated a new credit agreement with the banks which guarantees the loan requirement for the next 12-month period. Peder Larsson became acting president during the year, a position he will hold until year-end 2012.

Net sales decreased by 14% to SEK 929 M (1,081) in 2011, which is a natural consequence of strategic decisions to close unprofitable markets and stores. Like-for-like sales decreased by 4% (–9). Operating loss amounted to SEK 116 M (233).

In February 2012, Hemtex announced that the company has concluded an agreement with ICA Global Sourcing relating to a partnership with-

HEMTEX IN FIGURES

	2011	2010
Net sales, SEK M	929	1 081
Operating profit/loss, SEK M	–116	–233
Contribution to Hakon Invest's operating profit, SEK M	–116	–233
Growth, %	–14	–17
Like-for-like growth, %	–4	–9
Operating margin, %	–12.5	–21.5
Gross margin, %	54.4	53.1
Hakon Invest's holding, %	68.5	68.5
Number of stores	158	179
Number of FTEs	609	719

Hemtex has been listed on Nasdaq OMX Stockholm since October 6, 2005.

"Despite intense competition in the market, Hemtex succeeded in increasing its market share during the year."

BUSINESS CONCEPT

Hemtex's business concept is to design and sell home textiles with inspiration, quality and service at a surprisingly attractive price.

Hemtex focuses on an attractively priced, inspiring and functional product range. In 2011, the company acquired the rights to Karin Larsson's (wife of Swedish artist Carl Larsson) textile treasure trove which has been carefully interpreted by the company's designers.

in purchasing from Asia. Hemtex thus gains access to more high-quality and purchasing offices in Asia.

MARKET

Home textile retailing, which is relatively cyclically sensitive, was negatively affected by the uncertain and difficult market situation and showed weak development in 2011. Despite intense competition in the market, Hemtex succeeded in increasing its market share during the year.

Like other players, Hemtex is highly seasonally dependent with the fourth quarter accounting for a large share of revenues and earnings for the year. Hemtex is making efforts to develop other seasons for which it sees opportunities.

FUTURE PROSPECTS

The greatest challenges for Hemtex going forward are ensuring the success of continued efforts to reverse the company's development, that the positive sales trend continues and action programs have an impact. In the second half of 2011 the effects of action programs could be seen in a number of key figures which is the first sign that the correct changes are being implemented. Although a lot of work remains to be done before Hemtex reaches its long-term profitability targets, it looks as if the negative trend in the company's development has been broken. Hemtex has a strong position with good potential, but there is a risk that the uncertain and difficult to assess market situation will continue to affect growth in this sector.

Head office: Borås
www.hemtex.se

OPERATIONS

Active responsibility

"Active ownership every day" is the motto at Hakon Invest. Against the background of a tougher market situation, we clarified our role as owner in 2011 through a greater focus on strategic initiatives in our companies and increased activity in the corporate governance process.

Hakon Invest makes long-term investments in retail companies with a geographic focus on the Nordic and Baltic regions. The vision, with ownership in ICA as a base, is to be the leading development partner for retail companies in the Nordic and Baltic regions.

The holding in ICA AB is the base of Hakon Invest's owner philosophy and operations. In addition, the aim over time is to build a portfolio of up to ten retail companies. The holding in ICA is "permanent", while the composition of the rest of the portfolio companies will change over time. Hakon Invest is a long-term owner with no predetermined timescale for ownership of the portfolio companies. Investments in these operations are made for value creation over time.

Hakon Invest's ownership is exercised through representation on the boards and under the motto "active ownership every day". In addition, there is a network of people who can assist the companies where necessary. Hakon Invest is an energetic owner and we support the companies and their representatives to the greatest possible extent.

By being an active, responsible and long-term owner with financial strength and in-depth retail expertise, we help to create growth in value in ICA and to develop the portfolio companies, all of which are independent companies with their own result and profitability responsibility. Added value is created for Hakon Invest's shareholders through growth in the value of the investments combined with a good dividend yield.

CORPORATE GOVERNANCE IN 2011

In view of an incipiently tougher market situation, in 2010 Hakon Invest saw a need to strengthen corporate governance and clarify our role as owner. This involves, among other things, a greater focus on strategic initiatives in our companies as well as increased activity in the corporate governance process. Extensive work was initiated in mid-2010 and has since continued at a fast pace in 2011. This work has resulted in a number of important decisions in our holdings designed to achieve long-term sustained growth and improved profitability. We have gradually seen signs that this work has started to bear fruit in the form of improved key ratios and in some cases trend reversals. This stronger corporate governance also means that we have further clarified responsibility and roles between owner, boards and portfolio companies' managements.

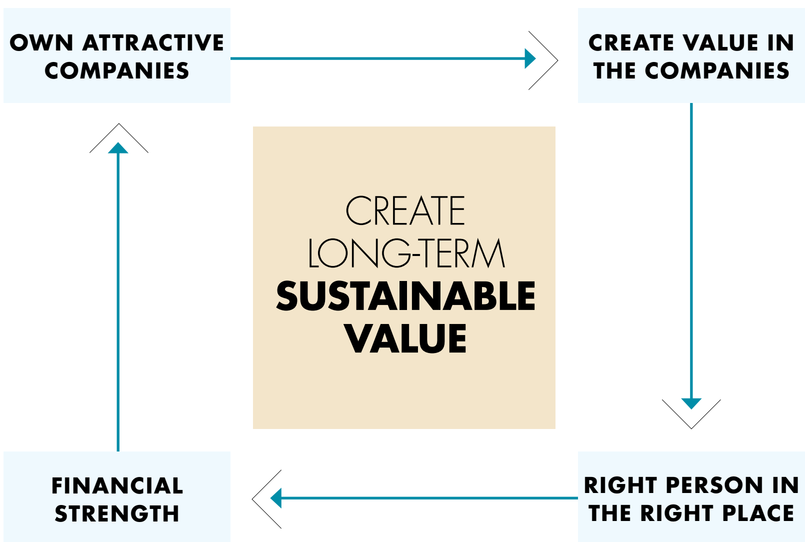
Hakon Invest's governance is based on an ownership plan. Together with the companies a long-term strategic plan is then drawn up and a business plan, of which risk analysis is a part. Integrated work creates a consensus between Hakon Invest and the company's board and management regarding overall issues. A review and follow-up of the strategic plan is performed annually and includes analyses of customers, markets and other factors. This work is conducted methodically in line with an annual plan and creates a clear division of responsibility at all levels.

At detailed level, the follow-up consists of a number of key ratios to measure and manage operations. This facilitates measurability and makes the work effective. Many small improvements, such as increasing the number of visitors, increasing the average receipt or the conversion factor (the number of visitors who shop) can have a significant effect on the end result.

During 2011 Hakon Invest also reviewed its portfolio. One result of this review is the sale of subsidiary Hemma to Elon Elkedjan Logistics AB (EEL), in a responsible manner for the Hemma retailers. As part of EEL, Hemma will have a stronger position in the highly competitive white goods market since the transaction will create a critical mass. Furthermore, Hakon Invest has utilized its option to increase its holding in inkClub by acquiring the remaining 45% of the shares. This investment increases Hakon Invest's exposure to online shopping which is a growing part of retail. In autumn 2011, Hakon Invest also decided to evaluate its holding in Forma Publishing Group which may result in a sale of the company. The goal is to create good conditions for the positive development of Forma's operations in the long term.

ACTIVE OWNERSHIP IN ICA

ICA has a special position among Hakon Invest's holdings since it is a "permanent"



holding. One key part of Hakon Invest's business mission is to safeguard the ICA idea over time and thus ICA's sustained competitiveness. The ICA idea's unique dynamics and ability to create values for all stakeholders serves as Hakon Invest's model and source of inspiration. ICA's business model is based on professionalism, flexibility and close contact with consumers. ICA endeavors to be best at being both small and big by combining entrepreneurship with economies of scale.

There is a strong community of interests between ICA-handlarnas Förbund, Hakon Invest and ICA AB to strengthen and further develop the ICA idea. The special dynamics which arise in the relationship between the three are a source of strength. The sound retail experience in Hakon Invest's organization enables us to react quickly to changes in customer preferences and behavior, which creates a dynamic dialog between ICA and Hakon Invest. The strength of Hakon Invest's corporate governance is that via the retailers we receive immediate signals about what is happening in the market.

Hakon Invest's influence as an owner of ICA is mainly exercised through work on the board where our representatives play an active part in ICA's board and committee work. We are involved in ICA's overall business development which can involve structuring and planning operations, budget work and decisions on acquisitions and investments. Reversing the trend in ICA Norway has been a prioritized issue during the year. A new strategic business plan for ICA Norway was drafted in August 2011 where direction and activities for the next few years were established so that satisfactory profitability can be achieved. The plan involves ICA Norway concentrating on the discount and supermarket segments and exiting the hypermarket segment. As a consequence, a sales process for the Norwegian ICA Maxi stores has started and interest from potential buyers is considerable. The new plan also involves extensive savings and efficiency improvements as well as a review of the store network. The work of rebranding stores to the new Rimi format continued during the year. (Read more about ICA on pages 22–33.)

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 sales • Dividends

HAKON INVEST'S **SHAREHOLDERS**

- High equity/assets ratio
- Dividend policy > **50%** of Parent Company's profit

ACTIVE OWNERSHIP IN THE PORTFOLIO COMPANIES

Hakon Invest's corporate governance is exercised through representation on the boards and under the motto "active ownership every day", which involves close contacts with the companies and continuous work on strategic and operational issues. The focus on details is important for success in retailing. We therefore work close to the companies often at a detailed level. As owner we help the companies to ensure that they have the right focus, for example in their customer offering, concept and supply chain. Another key issue is to ensure recruitment of people to key positions in the portfolio companies.

At least one board member in each holding must be attached to Hakon Invest and we make efforts to ensure the chair-

man has a thorough knowledge of the industry. Representation on the boards ensures that reporting and internal control are handled in a satisfactory manner and according to applicable laws and regulations. Hakon Invest's finance function has an ongoing dialog with the people responsible for finance at all the holdings and issues instructions and advice for the preparation of the companies' financial reports, which in turn provide the basis for Hakon Invest's financial reporting.

In addition to the portfolio companies having access to the knowledge and expertise within retailing that exists at Hakon Invest and our extensive network, the companies can increasingly exchange knowledge and experience with each other. Sustainability for example is a key area where the companies share ideas and experiences. The exchange of knowledge, which takes place on market terms, also creates synergies between the companies. Read more about the portfolio companies on pages 34–43.

PORTFOLIO WITH A BALANCED RISK PROFILE

In addition to ensuring the development of ICA AB and the ICA idea, Hakon Invest's assignment is to create a portfolio of companies with eight to ten holdings. The portfolio should have a balanced risk profile and consist of retail companies in the Nordic and Baltic regions. Since the IPO in 2005, Hakon Invest has built up a portfolio with a good spread in terms of the companies' size and focus. Since acquisitions have been carried out in stages, we have also created risk diversification over time. The portfolio, which originally consisted of ICA AB and Forma Publishing Group, has been filled with five companies from different parts of the retail sector, of which one (Hemma) was sold in 2011. Since Hakon Invest became an owner, the portfolio companies themselves have in turn made several acquisitions.

Hakon Invest invests in companies which have made some progress in their development but need a financially strong partner with retail expertise in order to advance further. The company must have a clear concept, or good opportunities to chisel out a clear position in the market, a strong business model, motivated management/owners, a positive cash flow and good growth opportunities. Hakon Invest's main strategy is an ownership stake of at least 50%. We are happy for the founder and previous owners to remain as owners in order to take advantage of the entrepreneurial spirit which we regard as a key factor for success. This also creates common interests between Hakon Invest and the company.

Hakon Invest is a long-term and responsible owner and has no predetermined timescale for ownership. Our long-term approach to ownership is based on our experience that retailing often needs time to be 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. Our ambition is to find the best solution for the company at the same time as providing our shareholders with maximum value.

HAKON INVEST AS OWNER

SHAREHOLDER AGREEMENT

OWNERSHIP PLAN

BOARD REPRESENTATION

BUSINESS PLAN

STRATEGIC PLAN

DIALOG WITH MANAGEMENT, BOARD AND OWNERS

- Identify strategic issues
- Ensure right priorities
- Be an instigator
- Act as sounding board
- Arrange contacts
- Follow up/control

CREATE CONDITIONS FOR **SUCCESS**

Low risk in long-term management

Hakon Invest's low risk exposure in asset management paid off in the turbulent year 2011.

Hakon Invest's asset management is characterized by a long-term perspective and a low level of risk exposure, an approach which permeates Hakon Invest's operations in general.

Hakon Invest creates shareholder value through growth in value in ICA and in the portfolio companies combined with a good dividend yield. When Hakon Invest was listed on Nasdaq OMX Stockholm at the end of 2005, the company has 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 and until year-end 2011, Hakon Invest has invested a total of approximately SEK 2 billion in five portfolio companies, one of which was sold at the end of 2011. The aim over time is to build a portfolio with eight to ten retail companies, at the same time as we retain a satisfactory buffer of financial assets. Read more about investments and corporate governance on page 46.

FINANCIAL STABILITY IN HAKON INVEST

A strong financial position is a prerequisite for Hakon Invest's ability to be a long-term, stable and secure owner of ICA and the other portfolio companies and to be able to support the companies in their continued development. This financial strength ensures that we can take a long-term approach even in weaker economic climates and less favorable conditions for retail business. This also provides scope to take advantage of attractive business opportunities at the same time as we can retain a stable dividend level to shareholders, regardless of the economic situation.

One of Hakon Invest's financial targets is to have an equity/assets ratio, i.e. equity in relation to total assets, that exceeds 70%. Hakon Invest's equity/assets ratio has been considerably above this level each year since the 2005 IPO. At year-end 2011 the equity/assets ratio in the Group amounted to 85.6% (85.0).

"A solid capital base means we can offer good support to our existing and future holdings."

ASSET MANAGEMENT IN A TURBULENT MARKET

The main purpose of Hakon Invest's asset management, which is characterized by a long-term approach and a low level of risk, is to ensure that funds are available for future investments in both existing and new companies. We limit risk so as not to jeopardize our ability to take advantage of new investment opportunities which arise and to support the existing portfolio companies in their continued development.

Asset management in based on the company's financial and investment policy with accompanying guidelines. The target for asset management is to generate 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-based instruments and fixed-income securities varies over time in order to maintain a good balance between return and risk levels.

A significant portion of Hakon Invest's assets have comprised cash and cash equivalents and short-term investments. As portfolio companies have been acquired, these assets have decreased. At December 31, 2011, cash and cash equivalents and the current value of short-term investments amounted to SEK 1,001 M (1,223).

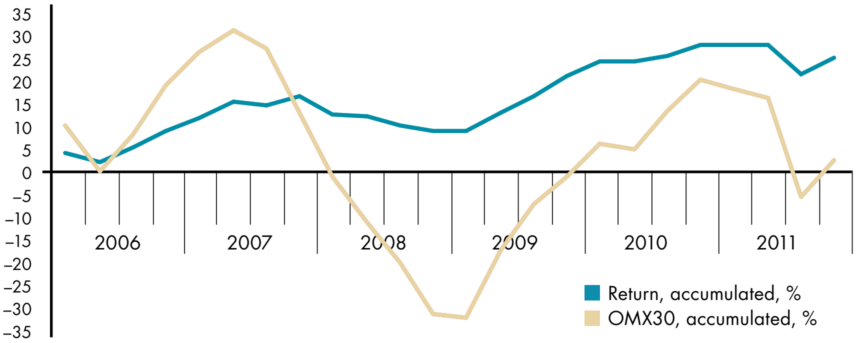
The turbulent development in the global financial markets and more gloomy economic outlooks during 2011 had a negative effect on the return from Hakon Invest's asset management. The low exposure to risk, however, limited this decline.

At year-end 2011 the allocation of assets under management was as follows: 31% equities, 35% fixed-income securities, 28% hedge funds and 6% cash and cash equivalents. In 2011 the return from asset management amounted to SEK –35 M (69).

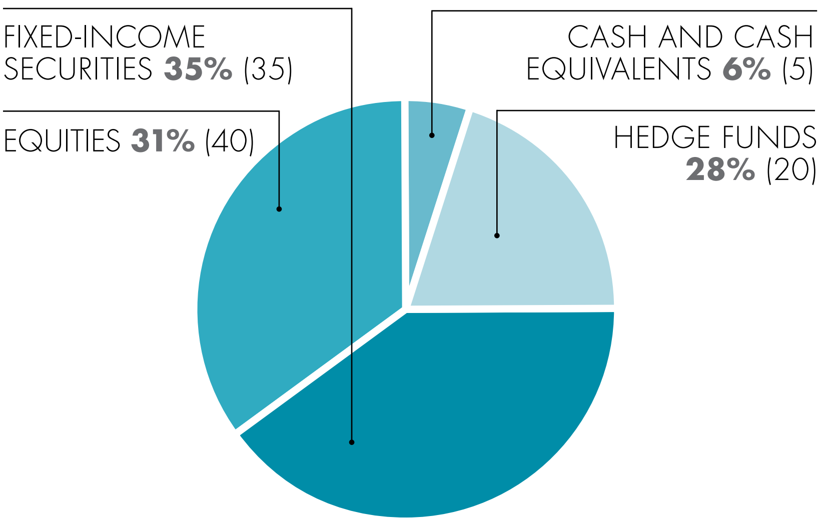
STRONG FINANCIAL POSITION IN ICA

The 40% holding in ICA AB, is the ultimate guarantee for continued financial stability in Hakon Invest. ICA's revenues and earnings are highly significant for Hakon Invest's earnings development, cash flow and financial position. The holding in ICA has generated significant profit shares and dividends to Hakon Invest over the years. ICA's operations are relatively cyclically insensitive and create stability in Hakon Invest's earnings and cash flows over time, which fills up the financial assets over time.

RETURN WITHIN ASSET MANAGEMENT, %



BREAKDOWN OF ASSETS UNDER MANAGEMENT 2011 (Parent Company)



"A defensive approach"

Göran Blomberg,
CFO Hakon Invest

How did the anxiety on the financial markets and the more gloomy financial outlook in 2011 affect Hakon Invest's asset management?

"2011 was a difficult year for asset management due to falling long-term interest rates and stock markets characterized by falling share prices and substantial price fluctuations. The sovereign debt crisis in Southern Europe and the euro crisis are contributory factors to market unease. The special problems in debt-laden countries in Europe and the problems with the euro meant that there are still risks for disturbances in the financial systems. As a consequence of market unease we reduced the equities portion in the portfolio slightly and have adopted a defensive approach to our ownership. Naturally, the fall on the stock market in 2011 had a negative impact on our asset management."

Hakon Invest has an expressed policy to have a strong financial position and low level of risk in asset management. Have you benefited from this policy now?

"Our parent company is unleveraged, which means we are not affected by the banks' higher margins. Our strong financial position has been a help to our portfolio companies in their discussions with various financial players. We believe that it will be more difficult in future for companies to finance themselves within the banking system and obtain credit. This means they will have to go to the bond market in order to borrow money.

"There will be a lack of capital for loans of this type. It therefore feels good that we have a solid capital base so that we can offer good support to our existing and future holdings."

How do you see market development in 2012?

"We will probably see a continued very uneasy financial market with substantial price fluctuations. We will adjust our management to market conditions and try to keep down the risk level. Due to market prospects we will review our focus. As investors we must be highly attentive to development in both the equities and fixed-income markets."

Risk management

Hakon Invest continuously identifies and evaluates potential risks. A robust risk management model and clear routines reduce the probability that unforeseen risks will arise and means we are well prepared should anything happen.

Risk management is a central part of Hakon Invest's corporate governance and an integrated part of the business. The starting point for risk management is to minimize total risk exposure by continuously identifying possible threats, and initiating action programs so as to be prepared if any threat becomes a reality.

A robust risk management model and clear routines for risk management reduce the probability that unforeseen risks will arise and means we are well prepared should anything happen. In addition to improved risk management, this also leads to increased efficiency and risk awareness in the organization.

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.

RISK ANALYSIS LEADS TO GOOD CONTROL

Hakon Invest continuously identifies and evaluates potential risks both on the basis of the degree of probability that the risks will arise, and on the impact they would have on Hakon Invest's operations and ability to achieve set targets. This in turn decides that measures are required. We draw up action plans to reduce identified risks and action plans for how different situations will be managed. The status of risk management work is reported on an ongoing basis.

The risks to which the Hakon Invest Group is exposed can be divided into four categories: financial, operational, strategic and regulatory risks.

RISKS RELATED TO THE HOLDINGS

The holdings' results have a major impact on Hakon Invest's earnings. Factors which have a negative impact on the holdings' operations, financial position and earnings can have a negative impact on Hakon Invest.

In order to reduce risks the basic principle in the creation of a portfolio of companies is that it should be well diversified, with a good spread in terms of size and exposure to retail markets. The fact that the investments are made in stages also creates a risk spread over time.

ICA

The ICA holding is "permanent" and accounts for a significant portion of Hakon Invest's assets. This means that factors that have a significant impact on ICA's development in the short and long term are decisive for Hakon Invest's total risk exposure. Risk management is conducted through active corporate governance together with co-owner Ahold. Read more about ICA's risk management in ICA's annual report at http://reports.ica.se/ar2011en.

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.

Before making an acquisition due diligence is performed. This includes an analysis of everything from the company's business concept, mission, operations, brands, employees and customer relations to administrative, legal, environmental and ethical aspects. During the holding period work on the board and financial control are key tools to achieve effective corporate governance and risk management.

MARKET RISKS

Development of the retail market is of major significance for development of the holdings and therefore for Hakon Invest. The retail market in turn is affected by economic development, macroeconomic factors, wage development, political decisions and consumer behavior. Retail contains many different segments, however, with varying sensitivity to these factors. Sensitivity can also vary between countries.

The holding in ICA implies significant exposure to the Nordic and Baltic food retail sector. Historically the food retail sector has 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.

In 2011, Hakon Invest's holdings were exposed to the following segments of the retail sector:

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

CUSTOMER CONFIDENCE

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

SUSTAINABILITY

Sound sustainability work increases the ability to win and retain the confidence of customers. A key part of Hakon Invest's role as owner is therefore to contribute to strategies and daily routines that are sustainable over time. Read more about sustainability initiatives at Hakon Invest, ICA and the other portfolio companies on pages 54–57.

STOCK MARKET DEVELOPMENT AND INTEREST RATES

Stock market development and interest rates affect the value of Hakon Invest's listed and unlisted holding.

The interest rate situation also affects the holdings' operations since interest rate levels affect people's consumption and therefore development in the retail market. The interest rate level also affects Hakon Invest's borrowing costs.

LONG-TERM APPROACH – SHORT-TERM FLUCTUATIONS

Hakon Invest's long investment horizon means that we can implement measures and investments with major potential to create long-term added value in the holdings, although in the shorter term these may have a negative impact on earnings and cause short-term fluctuations in the share price.

SKILLS – A CRITICAL RESOURCE

Hakon Invest's operations require both retail and business expertise. The company's development is affected by the knowledge, experience and motivation of management and other key people. Operations could be negatively affected if one or more such key people leave the group and Hakon Invest. In order to reduce the risk of negative events of this nature, it is important that we safeguard our brand as an employer and have effective recruitment routines.

It is also important to nurture Hakon Invest's broad network of people with knowledge and skills within retail, which is significant for the strength and competitiveness of Hakon Invest.

RISKS IN ASSET MANAGEMENT

Financial assets and liquid assets account for a significant portion of Hakon Invest's assets. The value of assets under management at Hakon Invest at year-end 2011 amounted to SEK 1,001 M (1,223). Changes in the return level for these assets can have a significant impact on profit after net financial items. The main financial risks are currency risk, interest rate risk, liquidity risk, credit risk and share price risk.

The financial and investment policy is the framework for Hakon Invest's asset management and management of financial risks, both in day-to-day activities and in asset management. The policy is adopted annually by the Board and compliance is monitored by the Audit Committee. The Board decides on the direction and risk level in asset management, which is conducted both internally and outside the company.

> "From a portfolio perspective, the ICA holding can be regarded as risk-reducing."

Management of Hakon Invest's financial assets is characterized by a long-term approach and low risk in order not to jeopardize our ability to make investments and support the holdings in their development.

Read more about asset management on page 49–50. More information about guidelines and risk management within asset management is provided in Note 2 on pages 88–89.

RISKS IN FINANCIAL REPORTING

Hakon Invest works continuously with risk analyses and control activities in order to identify possible sources of error in its reporting. The audit committee is responsible for ensuring that significant financial risks and risks of error in financial reporting are identified and managed.

Hakon Invest's internal control structure is based on reporting to the Board, adopted policies and guidelines and on employees compliance with policies and guidelines so that we can maintain good control over financial reporting. Risk assessment can lead to control activities. Hakon Invest puts special emphasis in control on preventing, identifying and correcting deficiencies in the income statement and balance sheet items that might be associated with increased risk. Normal control activities include account reconciliation and random checks.

Effects of new and changed accounting standards and interpretations of IFRS are examined in the audit committee.

HAKON INVEST'S RISK MANAGEMENT

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

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

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

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

- Finance and investment policy
- Reporting
- Follow-up

Sustainable strategies for increased confidence

The foundation for Hakon Invest's work as a development partner within retail is responsible and long-term ownership. We regard sound sustainability initiatives as essential in order to earn the confidence of consumers and other stakeholders.

The ability to win and retain consumer confidence is the foundation of all successful retailing.

Customer confidence is about everything from a clear offering to accepting responsibility for the 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.

A good understanding of expectations for environmental and social responsibility among customers, employees, investors and other stakeholders, improves retail companies' control of business risks. This can also 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. In 2011 the policy was revised and re-adopted by the Board in January 2012. The sustainability policy now also comprises Hakon Invest's Code of Conduct. The complete document is available at www.hakoninvest.se. 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.

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 portfolio company must be able to show that they are continually improving their business with regard to sustainability issues and sustainability issues must be included in each company's business and strategic plan so that they can be followed up by Hakon Invest. 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.

During 2010 we set new objectives and targets in order to develop our sustainability work. Our aim is an additional focus on follow-up of the supply chain in

the portfolio companies. During 2011 we took action so that we can report our sustainability work in accordance with GRI's level C guidelines by 2013 at the latest.

SUSTAINABILITY ASPECTS 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, HR 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 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.

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 supports. 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, including regular seminars within relevant areas.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY AT ICA

At ICA, good profitability and responsibility go hand in hand. With the help of strong common values and the belief that every link in the chain is important, from supplier to employee and customer, ICA has integrated sustainability work in every aspect of the Group's operations. ICA is a long-term, vital company with sound finances, a commitment to the environment and a strong sense of social responsibility. ICA is convinced that taking responsibility for both the environment and people goes hand in hand with good profitability. ICA works systematically and deliberately every day to contribute to a sustainable society that will also benefit future generations.

ICA has three keywords that guide the company's work with sustainability.

Transparency is the first. ICA wants the world to be able to review its sustainability initiatives.

Credibility is the second. ICA wants to constantly reflect over its responsibility and discuss its strengths and weaknesses.

Traceability in the third. ICA must know where its products come from and under what conditions our suppliers operate.

ICA has been a participant in the UN Global Compact for several years. This means that ICA accepts active responsibility for the Global Compact's ten international principles on human rights, labor law, the environment and anti-corruption. Through ICA's Good Business, the seven position statements for sustainability work, the company lives up to the principles of the Global Compact.

ICA's Good Business includes ensuring that the company has safe products every day. Suppliers and products must meet the company's requirements for quality, environment and social responsibility. ICA works to reduce the company's impact on climate and the environment. Other key issues are diversity, health and the company's role in society.

ICA'S GOOD BUSINESS MEANS THAT THE COMPANY 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.*

For several years now ICA has reported its social and environmental responsibility in an annual corporate responsibility report.

In recent years the reports have been based on Global Reporting Initiative's (GRI) international guidelines. This year's corporate responsibility report includes a description of ICA's objectives and initiatives during the year and there is also additional information in an I care project.

I Care is a project designed to ensure that ICA's Good Business is linked to quality, environment and social responsibility. The goal of this initiative is quality assurance for ICA's entire supply chain in Sweden, Norway, Estonia, Latvia, Lithuania and Asia.

ICA analyses the supply chain and all suppliers of ICA's private labels in order to ensure that production takes place in accordance with ICA's requirements and policies. Sometimes existing routines are sharpened, sometimes new ones are introduced. The project was launched in 2009 and will continue until all parts and companies have been quality assured. This work is supported by several training initiatives.

During 2011, ICA Sweden's purchasing and logistics have adjusted their quality routines, which has resulted in quality certification for two warehouses. ICA Norway and Rimi Baltic have also started this work. The survey of product range, suppliers and production facilities was also intensified during the year. The ICA stores in Sweden continued to work with quality standards for stores, according to the Swedish standard for food quality. ICA now has 324 certified stores in Sweden and a total of approximately 1,000 ICA stores apply the standard. ICA's Norwegian and Baltic stores are working to introduce the quality standard for food quality in the stores. In order to achieve certification in these countries, ICA is also drafting an international standard. This work is taking place as a project for the Swedish Grocers' Federation.

More information about ICA's sustainability work is provided at http://reports.ica.se/ar2011en.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY AT HEMTEX

Hemtex has also been conducting extensive sustainability initiatives for many years. Among other things all suppliers have signed a framework agreement with delivery, quality, environment and ethical requirements as well as requirements for copyright protection.

IMPORTANT CODE OF CONDUCT

In order to ensure that products are manufactured under good working conditions and in a correct manner, Hemtex has drawn up guidelines for suppliers in the code of conduct. The code of conduct is based, among other things on the UN Child Convention and conventions which the UN agency the International Labour Organization, ILO, has set out for working conditions and rights in working life. The code of conduct takes up issues such as discrimination, child labor, working hours, wages, working conditions, the right to form and belong to trade unions and environmental requirements.

ENVIRONMENTAL REQUIREMENTS IN PRODUCTION AND TRANSPORT

Hemtex's operations have their greatest environmental impact in conjunction

SUSTAINABILITY POLICY

Hakon Invest seeks to contribute to the sustainable development of society. Hakon Invest shall, with its ownership of ICA AB as a foundation, be the leading development company for retail companies in the Nordic and Baltic regions. We carry out long-term investments and are an active and responsible owner.

- We wish to encourage and be a driving force for entrepreneurship within retail. We want to utilize and spread knowledge and develop retail and entrepreneurial skills for our employees and the companies in which we invest. We invest in companies with operations that can be accepted on the basis of our core values. In cooperation we develop the business operations of the acquired companies in a sustainable manner based on the needs and situation of each company. With their own operations as a starting point, within two years from acquisition the companies shall have in place relevant policies, systems for control and follow-up and communication within sustainability. Hakon Invest monitors the portfolio companies' continual improvements within sustainability through active work on the boards.
- We reduce our environmental impact.
- We seek to ensure that the portfolio companies' supply chains develop in accordance with our core values and internationally adopted norms.

with manufacturing and transports. This is why environmental work at Hemtex focuses on reducing the use of hazardous chemicals in manufacturing, through work with a chemical restrictions list and limits for certain chemicals. The chemical restrictions list is included in Hemtex's framework agreements which are signed by all suppliers before purchases are made.

The environmental requirements in Hemtex's code of conduct include treatment of emissions to air and water, certificates from authorities, lists and safety datasheets for all chemicals and requirements on chemicals handling and waste.

Hemtex has strict chemicals requirements which apply to all products and conducts regular chemical tests at its suppliers.

Suppliers with ambitions to be leaders within environmentally sustainable transport and logistics are engaged for logistics services.

Incoming transport of Hemtex's products is mostly by sea and to a very small extent by air.

SYSTEMATIC CONTROLS OF SUPPLIERS

Hemtex conducts systematic controls of working conditions and environmental work at suppliers through its own inspections.

The first inspection at a supplier is always notified in advance but subsequently both notified and unannounced inspections are made. An inspection includes both control of the factory and interviews with management and workers. In the first instance, suppliers with which Hemtex has placed orders are inspected but sub-contractors are also inspected in some cases.

CAREFUL CONTROL OF DOWN AND FEATHERS

All down and feathers used in Hemtex's products must come from birds raised for meat production.

Hemtex does not permit down and feathers to be plucked from living birds.

COMMITMENT TO BETTER COTTON PRODUCTION AND SUSTAINABLE WATER CONSUMPTION

If cotton growing is to have a sustainable future, today's cultivation methods must change. Since 2007 Hemtex has been an member of the Better Cotton Initiative (BCI), a long-term initiative which aims to improve the large-scale and conventional cotton growing. WWF, textile chains including Hemtex, cotton farmers and cotton traders are members of BCI. Read more about BCI at www.bettercotton.org.

Hemtex is also a member of the Sweden Textile Water Initiative (STWI), a project and meeting place for innovative thinking about water-related issues, exchange of knowledge and policy development. Read more about STWI at www.swedishwater-house.se/en/STWI/index.html.

Further information about Hemtex's sustainability work and the sustainability report are available at www.hemtex.se.

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 other portfolio 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 took place during 2010.

Since 2009 each company has reported key performance indicators within working environment, environment, equal opportunities and quality to Hakon Invest. During 2011 Hakon Invest worked to harmonize these KPIs to adapt them ahead of a future sustainability report according to GRI's guidelines. 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. Two such seminars were held in 2011 with a focus on the supply chain.

SUSTAINABILITY ASPECTS IN HAKON INVEST

The Parent Company's own 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. All Hakon Invest's employees are offered an annual performance review where among other things any further training needs are discussed. 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 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.

- We invest our liquid assets in a way that can be accepted on the basis of our core values.
- We seek to achieve a good physical and mental working environment that promotes good health and contributes to the development of employees and the company's operations. We promote diversity and equal opportunities and we do not accept invidious discrimination.
- We have open and honest communication internally and with our business environment.
- We act correctly and according to good practice in terms of competition and insider issues.
- We may not – directly or indirectly – offer, ask for or accept bribes or other improper benefits.
- We comply with all legislation where we have operations. We also comply with our own policies.
- Employees who discover circumstances they perceive contravene legislation and/or Hakon Invest's core values and policies must inform their immediate manager or the company's general counsel without any repercussions whatsoever for the person making the report. Such notifications may also be made anonymously to the general counsel (for example by mail or internal mail).

Hakon Invest's shares

Since the IPO in December 2005 until year-end 2011, Hakon Invest's shares have seen a total return of 58.2%, which is considerably better than the benchmark SIX Return Index which rose 30.4% during the same period. The share price fell by 18.3% during 2011.

Hakon Invest's shares have been listed on Nasdaq OMX Stockholm since December 8, 2005, and are quoted on the Large Cap list. The shares belong to the Consumer Staples sector index, according to Nasdaq OMX classification.

SHARE PRICE TREND

During 2011, Hakon Invest's share price fell by 18.3%, which is in line with the fall for the Stockholm stock exchange OMX Index which backed by 18.3%. The highest quotation for the year was SEK 119.00 on January 3, 2011. The lowest price was SEK 76.55 on August 5. The closing price for the year was SEK 96.05, which corresponds to a market capitalization of approximately SEK 15,456 M. An average of 56,675 shares were traded per day on Nasdaq OMX Stockholm in 2011.

During 2011 the total return on the shares, i.e. Hakon Invest's share price development including invested dividend, was negative with 13.5%. This can be compared with the SIX Return Index which reflects price development on Nasdaq OMX Stockholm taking dividends into account, which fell 13.5% during the same period. Since the IPO in 2005 the shares have generated a total return of 58.2% compared with 30.4% for the SIX Return Index.

Shares in Hakon invest are not only traded on Nasdaq OMX Stockholm but also on other marketplaces such as Burgundy, Chi-X, etc. A total of 16,397,261 Hakon Invest shares were traded in 2011, of which trading on Nasdaq OMX Stockholm accounted for 87%. The average daily turnover in the shares on Nasdaq OMX Stockholm was 56,675 shares. Since only 32.7% of outstanding shares are available for trading, the liquidity in the shares is comparatively low.

DIVIDEND

Hakon Invest's Board proposes a dividend of SEK 6.25 (6.00) per common share for the 2011 fiscal year, or a total of SEK 491 M (472). The settlement date for the dividend is April 24, 2012, and dividends are expected to be sent out via Euroclear Sweden's system on April 27, 2012.

The dividend for 2011 corresponds to 107% of profit for the year in the Parent Company. According to the dividend policy adopted by Hakon Invest's Board, the target is that at least 50% of the Parent Company's profit for the year should be distributed as a dividend. Only common shares, which account for 49% of the number of shares outstanding in Hakon Invest, carry entitlement to a cash dividend.

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 comprise 51% of the total number of shares, are not listed and do not carry entitlement to cash dividend. All C shares are owned by ICA-handlarnas Förbund. On January 1, 2016, C shares will be converted into common shares, which means that Hakon Invest will only have one class of share, common shares. Starting in the fiscal year which begins on January 1, 2015, on which the dividend to be paid in spring 2016 will be based, dividends in Hakon Invest will be allocated on 100% of the shares compared with the former 49%.

SHAREHOLDERS

ICA-handlarnas Förbund's shareholding in Hakon Invest amounts to 67.3% 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, 2011, the number of shareholders in Hakon Invest amounted to 14,053 (14,535).

SHARE CAPITAL

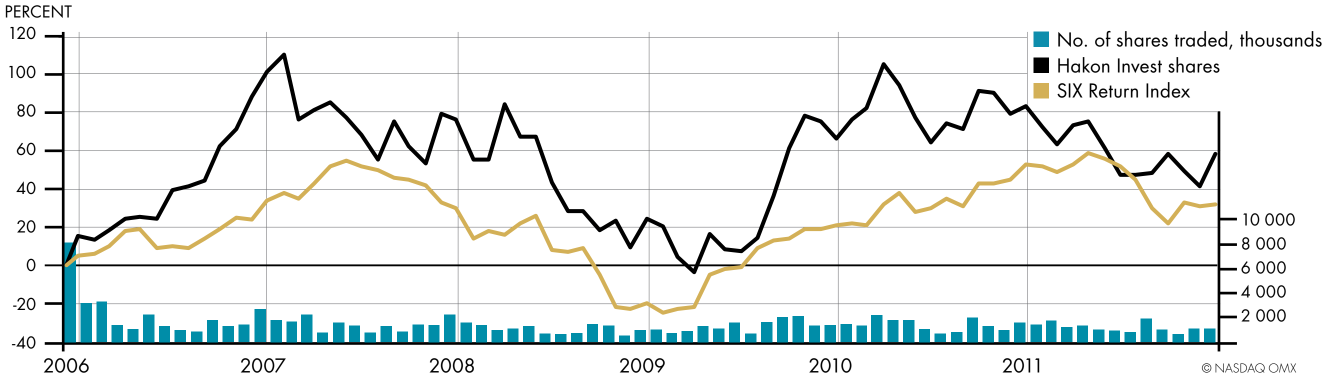
Hakon Invest's share capital at December 31, 2011, amounted to SEK 402,293,590 distributed among 160,917,436 shares, each with a quota value of SEK 2.50. All shares carry equal voting rights.

BUYBACKS

Hakon Invest's holding of treasury shares at December 31, 2011, amounted to 252,130, corresponding to 0.16% of capital and voting rights. The shares were repurchased over Nasdaq OMX in Stockholm to cover allocations in incentive programs for previous years. No shares were repurchased in 2011. More information about remuneration to senior executives is provided in the Board of Directors' report, pages 74–78, and in Note 7 on pages 91–92 of the annual report.

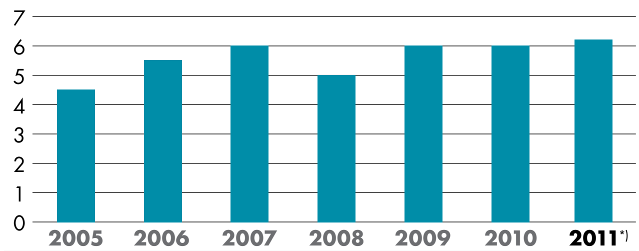
TOTAL RETURN HAKON INVEST SHARES

COMPARED WITH SIX RETURN INDEX 2005–2011 (DEC. 8, 2005 – DEC. 31, 2011)



DIVIDEND PER COMMON SHARE 2005–2011

SEK



*) Board's proposed dividend for 2011.

ANALYSTS WHO MONITOR HAKON INVEST

Bank	*Name*
ABG Sundal Collier	Anna-Karin Enwall
ABG Sundal Collier	Andreas Lundberg
ABG Sundal Collier	Richard Henze
Danske Bank	Anders Hansson
Handelsbanken Capital Markets	Erik Sandstedt
Nordea	Stellan Hellström
Swedbank	Christian Andersson

LARGEST SHAREHOLDERS

Largest shareholders	*Number of shares*	*Capital and voting rights, %*
ICA-handlarnas Förbund	108,349,745	67.3
Swedbank Robur Funds	1,589,334	1.0
Handelsbanken Funds	1,562,946	1.0
SEB Investment Management	1,524,927	0.9
AP4	1,261,646	0.8
Robur försäkring	1,168,203	0.7
Leif Jönsson	1,003,721	0.6
AP2	831,324	0.5
Försäkrings AB Skandia	738,734	0.5
SEB Gamla Trygg Liv	640,600	0.4
Ten largest shareholders total:	118,671,180	73.7
Other shareholders	42,246,256	26.3
Total	**160,917,436**	**100.0**

Source: Euroclear Sweden, at Dec. 31, 2011.

SHARE DATA[1]

	2011	*2010*
Earnings per common share, SEK[2]	1.97	–1.65
Earnings per C share, SEK[2]	1.97	–1.65
Cash flow per share, SEK	0.63	–0.48
Equity per share, SEK	52.63	55.11
Dividend per common share, SEK[3]	6.25	6.00
Dividend ratio, %	107	82.2
Market price at year-end, SEK	96.05	117.60
Dividend yield, %	6.5	5.1
P/E ratio, multiple	48.8	n/a
Share price/Equity, multiple	1.8	2.1
Number of common shares at year-end	78,597,414	78,586,624
Number of C shares at year-end	82,067,892	82,067,892
Total number of shares at year-end	160,665,306	160,652,516
Average number of shares	160,658,964	160,652,516

1) For definitions of key ratios, see page 115. 2) Earnings per share for continuing operations.
3) Board's proposed dividend for 2011.

OWNERSHIP STRUCTURE

Holding, number of shares	*Number of shareholders*	*Capital and voting rights, %*
1–500	9,328	1.0
501–1,000	1,556	0.8
1,001–5,000	1,910	2.9
5,001–10,000	508	2.4
10,001–15,000	210	1.6
15,001–20,000	128	1.4
20,001–	413	89.8
Total	**14,053**	**100.0**

Source: Euroclear Sweden AB at December 31, 2011.

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, 2011, SEK M	15,456
Price at Dec. 31, 2011, SEK	96.05
Change during the year, %	–18.3
Highest price during the year, SEK	119.00
Lowest price during the year, SEK	76.55

FIVE-YEAR FINANCIAL SUMMARY, HAKON INVEST

SEK M	2011	2010	2009	2008	2007
INCOME STATEMENTS					
Revenues	2,498	2,663	2,392	1,184	1,075
Operating profit/loss (EBIT)	302	–387	423	612	768
Profit/loss after financial items	252	–341	671	163	982
Profit/loss for the year	**59**	**–391**	**701**	**170**	**1,326**
BALANCE SHEETS					
Non-current assets	8,232	8,362	9,391	8,068	7,636
Cash and cash equivalents and short-term investments	1,001	1,223	1,049	1,495	2,292
Other current assets	827	931	943	458	451
Total assets	**10,060**	**10,516**	**11,383**	**10,021**	**10,379**
Equity	8,613	8,944	10,218	9,515	9,796
Non-current liabilities	517	399	303	191	210
Current liabilities	930	1,173	862	315	373
Total equity and liabilities	**10,060**	**10,516**	**11,383**	**10,021**	**10,379**
CASH FLOW					
From operating activities	669	534	486	468	633
From investing activities	9	–311	47	–62	–204
From financing activities	–577	–300	–479	–517	–498
Cash flow for the year	**101**	**–77**	**54**	**–111**	**–69**
KEY RATIOS					
Gross margin, %	44.0	45.1	41.3	35.7	38.3
Operating margin, %	12.1	–14.5	17.7	51.7	71.4
Net margin, %	2.4	–14.7	29.3	14.4	123.3
Return on equity, %	3.0	–3.0	7.4	1.9	14.5
Return on capital employed, %	1.1	–3.2	6.8	1.8	10.6
Equity/assets ratio, %	85.6	85.0	89.8	94.9	94.4
DATA PER SHARE					
Earnings per share, SEK	1.97	–1.65	4.52	1.17	8.30
Equity per share, SEK	52.63	55.11	62.44	59.21	60.92
Cash flow per share, SEK	0.63	–0.48	0.33	–0.69	–0.43
Dividend per common share, SEK	6.25	6.00	6.00	5.00	6.00
Dividend common shares, SEK M	491	472	472	393	472
Market price at December 31, SEK	96.05	117.60	111.75	89.25	132.50
Dividend yield, %	6.5	5.1	5.4	5.6	4.5
Total return, %	–13.5	9.9	33.6	–29.3	–12.3
NUMBER OF SHARES					
Number of common shares after buybacks	78,597,414	78,584,624	78,584,624	78,624,244	78,721,344
C shares	82,067,892	82,067,892	82,067,892	82,067,892	82,067,892
Total number of shares	160,665,306	160,652,516	160,652,516	160,692,136	160,789,236
Average number of shares (total) after buybacks	160,658,964	160,652,516	160,670,707	160,713,190	160,813,095
Average number of shares (total) after buybacks and after dilution	160,745,311	160,732,156	160,692,136	160,713,190	160,813,095

For definitions of key ratios, see page 115.

Lars Otterbeck.

Chairman's comments

The expression corporate governance, like so many other things in the corporate sector, originated in the U.K. Ten to fifteen years ago people were talking about corporate governance more and more. In Sweden it was the Swedish Shareholders' Association that fought to sort out matters relating to corporate governance. Since their main purpose was to strengthen the influence of small shareholders, the expression was translated into Swedish as "ägarstyrning" [owner governance], thus emphasizing that it is the owners who bear ultimate responsibility. The clear decision-making hierarchy between the company bodies the general meeting, the board and CEO with the auditor alongside became a little less clear.

According to the Swedish Companies Act, shareholders exercise their influence at the general meeting. The meeting appoints the board and auditors and decides on dividends and any new issues. The Swedish interpretation of corporate governance means that the general meeting through its agency the nomination committee has also taken over nominations to the board, which were previously handled by the board itself. The reward system and remuneration to senior executives have also increasingly become matters for the general meeting, in accordance with law and practice via the codes. This has increased transparency and been a good thing on the whole.

Hakon Invest is one of many companies on the Swedish stock exchange which has a clear principal owner. In our case ICA-handlarnas Förbund. Our principal owner holds more than 50% of both capital and voting rights. There are many principal owners who "only" have a voting majority via shares with different voting rights or principal owners that do not even have a majority of the votes but are still completely dominant.

The principal owner has of course a legitimate right by virtue of his ownership to dominate the company's operations and ensure that it works in the interests of the principal owner, but the principal owner may not impinge on the rights of the minority owners. For this reason both the law and the Code contain protection for minority owners, designed to ensure that the principal owner does not exercise power at the minority's expense.

In Hakon Invest the majority of the board, including the chairman, is independent of ICA-handlarnas Förbund and we are careful to handle correctly issues where there is a risk that attention is not paid to the rights of minority shareholders. This is particularly important when there is also a personal connection between ICA-handlarnas Förbund and Hakon Invest and many individual ICA retailers are also shareholders in Hakon Invest.

2011 was characterized in business terms by low growth throughout Europe. Despite this, ICA achieved a good result, apart from the write-down of goodwill relating to ICA Norway. Hakon Invest made no new acquisitions but consolidated its portfolio. This led among other things to the sale of Hemma, the takeover of the whole of inkClub, a decision to sell parts of ICA Norway, and otherwise a strong focus on efficiency and improved profitability in all companies. Ahead of 2012, I strongly believe that we will further strengthen profitability in Hakon Invest and that the delicate balance between the principal owner and minority owners will harmonize well with Hakon Invest's profitability ambitions.

Solna, January 28, 2012
Lars Otterbeck

Governance of Hakon Invest

During 2011 the Board of Directors of Hakon Invest examined matters relating to corporate governance which resulted from a rearrangement of the portfolio of company. One key issue was the new strategic business plan for ICA Norway.

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

In 2011, 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 one representative, the assessment is that two members is a suitable size for Hakon Invest's Audit Committee.

GOVERNANCE FOR VALUE CREATION

Corporate governance is about how companies 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 CEO and guiding policies adopted by the Board.

The Articles of Association and extracts from the policies are available on Hakon Invest's website (www.hakoninvest.se). The Articles of Association do not regulate how changes to the Articles of Association should be made.

Hakon Invest's President and CEO, 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 CEO 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 CEO also ensures that Board members receive information about Hakon Invest's development so that they can reach well-founded decisions.

SHAREHOLDERS, SHARES AND VOTING RIGHTS

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, i.e. a total

"An effective organizational structure"

Fredrik Hägglund, General Counsel Hakon Invest

"Confidence in Hakon Invest is decisive for the creation of a good return. Good governance of Hakon Invest and the holdings creates confidence and this has therefore always been a central and prioritized issue. Governance is characterized by transparency, reliability and ethical values. As part of its governance, the company has put in place an effective organizational structure, transparency and systems for sustainable development, internal control and risk management. Hakon Invest works to ensure that our standard permeates the structure of the holding companies and results in companies capable of meeting listing requirements. This provides us with the security that the holdings will give us a return on invested capital and guarantees that Hakon Invest and its holdings together earning the confidence of the market."

HAKON INVEST'S GOVERNANCE STRUCTURE

SHAREHOLDERS

ICA-HANDLARNAS FÖRBUND
(67%)

OTHER SHAREHOLDERS
C. 14,100 (33%)

NOMINATION COMMITTEE

Consists of four members. The Nomination Committee submits proposals to the Annual General Meeting relating among other things to the Board and auditors. The Annual General Meeting decides how the members of the committee are appointed.

ANNUAL GENERAL MEETING

Shareholders exercise governance via the Annual General Meeting and where applicable extra general meetings. The Annual General Meeting is the company's highest decision-making body.

AUDITORS

Auditors are appointed by the Annual General Meeting. On behalf of shareholders they examine the annual accounts and inform the Meeting of their conclusions.

BOARD OF DIRECTORS

Consists of seven members including a chairman. Appointed by the Annual General Meeting and administers on behalf of shareholders Hakon Invest's organization and operations. The Board has established three committees, whose work is regularly reported to the Board.

INVESTMENT COMMITTEE
(3 members)
Examines documentation on which decisions are made on acquisition matters, recommends decisions and ensures compliance with Hakon Invest's investment policy.

REMUNERATION COMMITTEE
(2 members)
Responsible for preparing matters relating to remuneration and other employment terms for Hakon Invest's Executive Management.

AUDIT COMMITTEE
(2 members)
Monitors Hakon Invest's accounts and financial reporting an follows up the audit of the company. The committee also monitors Hakon Invest's risk analysis.

CEO

The CEO is appointed by the Board and is responsible for day-to-day management of Hakon Invest in consultation with other members of Executive Management.

CFO

General Counsel

SVP Investments & Portfolio Companies

INTERNAL CONTROL

Hakon Invest's internal control structure is based on reporting to the Board as well as adopted policies and guidelines for employees.

HOLDINGS

Ownership in the holdings is exercised through representation on the board. At least one board member in each holding must be linked to Hakon Invest.

Kjell & Company (50%)

Cervera (91%)

ICA AB (40%*)

Forma Publishing Group (100%)

inkClub (100%)

Hemtex (68.5%)

ICA AB'S AUDIT COMMITTEE
Hakon Invest has two representatives in ICA's Audit Committee who report to Hakon Invest's Audit Committee.

*Remaining 60% of ICA AB is owned by Royal Ahold. Pursuant to a shareholder agreement the two owners have joint control of ICA AB through an agreement requiring unanimity for all decisions made by general meetings and the Board of Directors.

Jan Olofsson, Anders Fredriksson and Andrea Gisle Joosen.

of 67.3%, are owned by ICA-handlarnas Förbund, which is Hakon Invest's largest shareholder.

The other common shares are owned by approximately 14,100 shareholders. None of these shareholders own, directly or indirectly, more than 10% of the shares in the company.

In voting at general meetings each share carries entitlement to one vote and each person entitled to vote may vote for the full number of shares represented by him.

On December 9, 2010, ICA-handlarnas Förbund announced that they have decided to convert their holding of non-dividend paying C shares in Hakon Invest to dividend-paying common shares. On January 1, 2011, ICA-handlarnas Förbund therefore lodged a request with the Board of Hakon Invest for conversion of all C shares to common shares. The share structure in Hakon Invest will therefore with effect from 2016, only comprise common shares that carry dividend entitlement. The number of shares after conversion will be unchanged at 160,917,436.

More information about Hakon Invest's shares and ownership structure is provided on pages 58–59 of the annual report.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting was held at Näringslivets Hus in Stockholm. 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.*
- *To re-elect Cecilia Daun Wennborg, Anders Fredriksson, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson as members of the Board.*
- *To elect Peter Berlin as a new member of the Board.*
- *To pay a dividend for 2010 of SEK 6.00 per common share.*

The 2012 Annual General Meeting will be held on Thursday, April 19 at Näringslivets Hus in Stockholm. Shareholders who are registered in the share register as at April 13, 2012, 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 2, 2012.

SHARES AND TREASURY SHARES

Hakon Invest owns 252,130 treasury common shares corresponding to 0.16% of capital and votes. The number of outstanding shares is thus 160,665,306 of which the number of C shares amounts to 82,067,892 and the number of common shares 78,597,414. The total number of votes thus amounts to 160,665,306. There are no outstanding mandates from the general meeting to the Board to issue new shares or acquire additional shares.

NOMINATION COMMITTEE

The rules for Hakon Invest's Nomination Committee were adopted at the 2011 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 which at September 9, 2011, was ICA-handlarnas Förbund and two members are thereafter appointed by the next largest owners, which at September 9, 2011, were SEB Fonder and Swedbank Robur Fonder. The composition of the Nomination Committee was announced on October 12, 2011. ICA-handlarnas Förbund is represented by Claes Ottosson and Håkan Olofsson. SEB Fonder is represented by Hans Ek and Swedbank Robur Fonder is represented by Evert Carlsson.

THE WORK OF THE NOMINATION COMMITTEE

The Nomination Committee held four meetings ahead of the 2012 Annual General Meeting. All members were present at these meetings. Hakon Invest's General Counsel, Fredrik

BOARD AND COMMITTEE MEETINGS IN 2011

Name	Elected	Function in Board	Attendance Board meetings	Committee work	Attendance committee meetings	Remuneration for Board work/ committee work (SEK 000s) [1]
Lars Otterbeck	2005	Chairman	16 of 16	Remuneration Committee (Chairman)	4 of 4	550/25
Anders Fredriksson	1997	Deputy Chairman	14 of 16	Remuneration Committee	4 of 4	330/25
Peter Berlin	2011	Member	11 of 11 [2]	Investment Committee	3 of 4	220/25
Cecilia Daun Wennborg	2005	Member	14 of 16	Audit Committee (Chairman)	7 of 7	220/75
Andrea Gisle Joosen	2010	Member	16 of 16	Investment Committee	4 of 4	220/25
Magnus Moberg	2008	Member	14 of 16	Audit Committee	7 of 7	220/25
Jan Olofsson	2005	Member	13 of 16	Investment Committee (Chairman)	4 of 4	220/25
Thomas Strindeborn	2006	Member	5 of 5 [3]	–	–	–

1) Remuneration decided at AGM April 14, 2011. 2) Elected at AGM April 14, 2011. 3) Member since the AGM April 14, 2011.

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 CEO, 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 2011 evaluation of the Board and gave his views on how the work of the Board had functioned. 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 members of the Nomination Committee have also had individual interviews with members of the Board in order to gain deeper insight into how the work of the Board has functioned.

On the basis of the information provided above which the Nomination Committee has examined, the Nomination Committee obtained a good basis to assess whether the composition of the Board is satisfactory and whether there is a need for additional expertise and experience on the Board. The Nomination Committee finds that cooperation in the Board functions well and that the Board possesses the requisite expertise and experience. The Nomination Committee thereafter agreed on proposals to the Annual General Meeting and wrote a report on their work. The Nomination Committee's report is available on Hakon Invest's website. The Nomination Committee's proposals ahead of the 2012 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 CEO, ensuring that systems for follow-up and control of operations are effective, ensuring that there is satisfactory control

Board members and management of Hakon Invest.

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. Otherwise there is no regulation in the Articles of Association regarding appointment or dismissal of Board members. The present Board consists of seven members. At the 2011 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.

Further information about Hakon Invest's Board is provided on page 70–71 of the annual report.

BOARD'S INDEPENDENCE CRITERIA

Four members of the Board: Lars Otterbeck, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen, 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, Peter Berlin and Magnus Moberg, are ICA retailers. Anders Fredriksson is a member of the board of ICA AB. Peter Berlin and Magnus Moberg are members of the Board of ICA-handlarnas Förbund (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 and instructions. The present formal work plans and instructions were examined and formally adopted at the Board meeting on September 21, 2011.

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 2011 a total of 16 Board meetings were held, of which nine were telephone meetings.

Eleven of the Board meetings were held by the present Board elected on April 14, 2011.

Significant issues handled during the year included:

- *Succession processes in the ICA Group.*
- *Increased ownership in inkClub to 100% of the share capital.*
- *Evaluation of ownership in Forma Publishing Group.*
- *Sale of Hemma to Elon Elkedjan Logistics AB.*
- *New strategic business plan for ICA Norway, including sale of ICA Maxi stores in Norway.*
- *Subscription of SEK 225 M in Hemtex new issue.*
- *Strengthened work with internal control and financial governance.*

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.

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 committees are to be regarded as working committees to the Board and do not assume the responsibility that rests with the Board as a whole.

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. The Audit Committee also identifies and manages risks in operations and follows up internal control. The Audit Committee shall hold at least five 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 evaluated. Additional meetings are called by the committee chairman when required.

The Audit Committee held seven meetings during 2011. Four of the meetings were held after the 2011 Annual General Meeting. The company's external auditors were present at all meetings. The Remuneration Committee and the Investment Committee held four meetings during the year.

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. Evaluation of the Board in 2011 took the form of each member having a private conversation with the Board Chairman who then summarized all points in a discussion at the Board meeting.

The evaluation of the Board showed 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, from investment operations and operating management work.

CEO AND EXECUTIVE MANAGEMENT

Hakon Invest's CEO, Claes-Göran Sylvén, is responsible for the day-to-day administration of the company. The Board has approved President Claes-Göran Sylvén's significant assignments and financial involvement outside the company, for example in ICA-handlarnas Förbund. An assessment of him has also been carried out without management being present. The Board's formal work plan and work instructions for the CEO 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 CEO, 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, two controllers and one analyst 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, which also includes IR/communication, comprises four 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. He is also responsible for corporate governance in Hakon Invest. The unit assists closely related companies when required with legal services on market terms.

Further information about Hakon Invest's CEO and Executive Management is provided on pages 70–71 of the annual report.

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 CEO and Audit Committee in order to maintain good internal control of Hakon Invest and the holdings as well as 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 2010 Annual General Meeting Ernst & Young AB was appointed as auditor for a mandate period of four years until the 2014 Annual General Meeting. Authorized public accountant Erik Åström was appointed as auditor in charge until the 2012 Annual General Meeting.

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.

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 CEO 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 employees 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 audits 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. Hakon Invest is represented with two people on ICA AB's Board, one of whom is a member of ICA AB's Audit Committee. Hakon Invest's representative on ICA AB's Audit Committee reports in turn to Hakon Invest's Audit Committee. The Board has decided that these follow-up routines are 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 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.

Assessments made of internal control in each individual holding. These are made both ahead of an acquisition and during the ownership period.

Ahead of an acquisition due diligence of the company is carried out where the accounting, legal and operational consequences are analyzed.

In addition, a general survey of the company's position regarding environment, supply chain control, HR issues, business ethics and other non-financial aspects is carried out. Hakon Invest's information and communication channels are designed to promote complete and accurate financial reporting. The extent of control within the holding is then decided separately for each company according to need.

As part of Hakon Invest's corporate governance, the company has ongoing work designed to improve the portfolio companies' internal control and risk management. The areas evaluated are control environment, risk management, control activities, and information and communication.

Where risks relating to internal control are identified these are managed by Hakon Invest's finance and legal affairs function and in each holding's board in consultation with the auditors. In addition, the CFO and Hakon Invest's board member in each holding keep Hakon Invest's Executive Management continuously informed. Hakon Invest's CFO reports in turn to the Audit Committee and the Board.

This Corporate Governance report has been examined by the company´s auditors.

Stockholm, March 13, 2012

Lars Otterbeck
Chairman

Anders Fredriksson
Deputy Chairman

Peter Berlin
Board member

Cecilia Daun Wennborg
Board member

Andrea Gisle Joosen
Board member

Magnus Moberg
Board member

Jan Olofsson
Board member

Claes-Göran Sylvén
President & CEO

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE REPORT

TO THE ANNUAL MEETING OF THE SHAREHOLDERS IN HAKON INVEST AB, CORPORATE IDENTITY NUMBER 556048-2837

It is the Board of Directors who is responsible for the corporate governance report for the year 2011 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance report and assessed its statutory content based on our knowledge of the company.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 13, 2012
Ernst & Young AB

Erik Åström
Authorized Public Accountant

HAKON INVEST'S BOARD OF DIRECTORS

LARS OTTERBECK Chairman

Born 1942
Shareholding 3,000 shares

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). He is also a member of the Boards of Old Mutual Plc and Försäkrings AB Skandia.

Independent in relation to the company, management and the company's principal owner.

ANDERS FREDRIKSSON

Deputy Chairman

Born 1954
Shareholding 362,800 shares (including related parties)

Anders Fredriksson was elected to the Board at the Annual General Meeting in 1997. He was a Board member of ICA-handlarnas Förbund during the period 1997-2006. He was also Chairman of the Board 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.

Independent in relation to the company, management but not in relation to the company's principal owner.

PETER BERLIN

Born 1960
Shareholding 102,144 shares

Peter Berlin is an ICA retailer with many years of experience in store operations. He has managed Anderssons ICA Kvantum in Södra Sandby outside Lund since 1992. He has been Chairman of ICA-handlarnas Förbund since 2011 where he has been a member of the Board since 1997. Peter Berlin was also been a Board member of ICA AB in 2005-2011. He holds a graduate business degree from the University of Lund.

Independent in relation to the company, management but not in relation to the company's principal owner.

HAKON INVEST'S MANAGEMENT

CLAES-GÖRAN SYLVÉN CEO

Born 1959
Shareholding 491,096 shares

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. Claes-Göran Sylvén was originally an ICA retailer, and together with his family he owns ICA Kvantum Flygfyren in Norrtälje.

GÖRAN BLOMBERG CFO

Born 1959
Shareholding 9,000 shares

Göran Blomberg has been employed at Hakon Invest since 2009. Göran Blomberg was previously CFO of RNB Retail and Brands AB in 2001-2009, of Portwear AB in 1998-2001 and of Pronyx AB in 1994-1998. He is a member of the Board of ICA AB, Retail Finance AB and Rindi Energi AB. Göran Blomberg has an M.Sc. in Economics.

CECILIA DAUN WENNBORG

Born 1963
Shareholding 2,500 shares

Cecilia Daun Wennborg was elected to the Board at the 2005 Annual General Meeting. She has been Vice President at Ambea AB, with responsibility for strategy and corporate governance, and President of Carema Vård och Omsorg AB. She was previously acting CEO of Skandiabanken and in charge of Skandia's Swedish operations, President of SkandiaLink Livförsäkrings AB and Financial and Administrative Director of SkandiaLink Livförsäkrings AB. Cecilia Daun Wennborg is a member of the Boards of Getinge AB, Proffice AB, Carnegiefonder AB, Ikanobanken SE, Eniro AB and Sophiahemmet. She holds a degree in economics, with supplementary studies in journalism and languages.

Independent in relation to the company, management and the company's principal owner.

MAGNUS MOBERG

Born 1966
Shareholding 35,000 shares

Magnus Moberg was elected to the Board at the 2008 Annual General Meeting. Magnus Moberg is an ICA retailer in ICA Supermarket Alingsås. 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.

Independent in relation to the company, management but not in relation to the company's principal owner.

ANDREA GISLE JOOSEN

Born 1964
Shareholding 660 shares

Andrea Gisle Joosen was elected to the Board at the 2010 Annual General Meeting. She is President of Boxer Access TV AB. She was Nordic President of Panasonic Nordic AB in 2006-2011. She was previously Managing Director of Chantelle AB and Twentieth Century Fox AB. Prior to that she held a number of senior positions within Johnson & Johnson AB, Procter & Gamble AB and Mars Inc. She has an MSc in Economics and Business Administration from Copenhagen Business School.

Independent in relation to the company, management and the company's principal owner.

JAN OLOFSSON

Born 1948
Shareholding 2,400 shares

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 positions in Esselte AB, most recently as Vice President / Deputy CEO 1985-1991. Jan Olofsson is Chairman of Init AB and a director of a small family company. He has an MBA from Stockholm School of Economics.

Independent in relation to the company, management and the company's principal owner.

FREDRIK HÄGGLUND General Counsel

Born 1967
Shareholding 8,400 shares
(included related parties)

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 ICA AB, Eurocommerce and UGAL.

STEIN PETTER SKI

SVP, Investments and Portfolio Companies

Born 1967
Shareholding 19,500 shares
(including related parties)

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 and Cervera Holding AB and Chairman of Hemtex AB.

FINANCIAL REPORT

Board of Directors' report

The Board of Directors and the CEO of Hakon Invest AB (publ) hereby submit their annual accounts and consolidated accounts for the fiscal year 2011. The company's registered office is in Stockholm municipality and the registered number is 556048-2837. All amounts are in SEK million unless otherwise stated.

OPERATIONS

Hakon Invest makes long-term investments in retail-oriented companies with a geographic focus on the Nordic and Baltic regions. The 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 the ownership philosophy and operations. Through active and responsible ownership Hakon Invest will contribute to create value growth in ICA and develop the 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

• December 2011 – holding in inkClub increased to 100%

Hakon Invest acquired the remaining 45% of the shares in inkClub for a cash payment of SEK 199 M from the company's founder Lennart Nyberg. inkClub is now owned to 100% by Hakon Invest.

• December 2011 – Hakon Invest completed sale of Hemma

Hakon Invest sold its subsidiary Hemmabutikerna Sverige AB ("Hemma") to Elon Elkedjan Logistics AB ("EEL") in December 2011. Hemma was 89% owned by Hakon Invest and 11% by independent Hemma retailers. The purchase price for 100% of the shares in Hemma amounted to SEK 1,000.

• November 2011 – Hakon Invest evaluates ownership in Forma

Hakon Invest has decided to evaluate its ownership of the wholly owned subsidiary Forma Publishing Group, which may result in a sale of the company. The aim is to create good conditions for a positive development for Forma's businesses over time. The evaluation is expected to be completed before summer 2012.

• October 2011 – Per Strömberg appointed new CEO of the ICA Group

Per Strömberg has been appointed as the new President and CEO of the ICA Group. He will assume his duties on April 16, 2012, at the latest and succeeds Kenneth Bengtsson, who will then leave the company after eleven years as CEO. Per Strömberg will join ICA from the position of CEO of Lantmännen.

• August 2011 – ICA decides to sell ICA Maxi stores in Norway

The Board of ICA AB, as a part of efforts to reverse the company's development in the Norwegian market, has decided to initiate a sales process for the Norwegian ICA Maxi stores.

• April 2011 – Hakon Invest subscribes for its share in the Hemtex new issue

Hakon Invest participated in the Hemtex new issue with SEK 225 M, corresponding to its 68.5% holding in the company.

• April 2011 – Hemtex President Erik Gumabon leaves the company

In April 2011, Peder Larsson took over as acting President of Hemtex after Erik Gumabon left his position.

• January 2011 – ICA pays tax claim

In January 2011, ICA paid SEK 1,187 M to the Swedish Tax Agency as a consequence of the decision by the Administrative Court in December 2010, when ICA was disallowed a SEK 3,358 M tax deduction on interest for the period 2004-2008. The payment was made when ICA's application for deferral of payment was disallowed. ICA is of the opinion that the tax deduction was made in accordance with tax legislation and has lodged an appeal against the Administrative Court's decision to the Administrative Court of Appeal. The amount is booked as a receivable from the Swedish Tax Agency and the tax claim constitutes a contingent liability.

SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

• January 2012 – Thorbjørn Theie appointed new CEO of ICA Norway

Thorbjørn Theie will be the new CEO of ICA Norway. He will assume his duties in June 2012 at the latest and succeeds Antonio Soares who is retiring. Thorbjørn Theie has thorough experience of the Norwegian food retail market, most recently as President of Köpmanhuset, which is part of Norgesgruppen.

• February 2012 – ICA proposes a dividend of SEK 2 billion

The Board of Directors of ICA proposes a dividend of SEK 2 billion, of which Hakon Invest's share amounts to SEK 800 M (760). The dividend will be paid in the second quarter of 2012.

GROUP

REVENUES AND EARNINGS

Consolidated net sales amounted to SEK 2,498 M (2,663) in 2011.

Operating profit in the Hakon Invest Group amounted to SEK 302 M (-387), of which share of profits of ICA AB, after amortization of surplus values, amounted to SEK 544 M (204). The share of profits of ICA for the fiscal year 2011 was negatively affected by goodwill impairment related to ICA

Norway amounting to SEK 236 M. Share of profits for the 2010 fiscal year was negatively affected by SEK 299 M relating to a tax case and by SEK 253 M relating to reversed deferred tax in ICA Norway. Operating result in 2010 was also affected by a SEK 284 M goodwill impairment in Hemtex. Net financial items amounted to SEK -50 M (46), of which return from the Parent Company's investment management amounted to SEK -35 M (69). Investment management generated a return of -3.3% in 2011. Loss from discontinued operations amounted to SEK 216 M (38), of which SEK 60 M relates to a capital loss from the sale of Hemma. A tax income of SEK 23 M (-12) is reported for the full year. Profit for the year amounted to SEK 59 M (-391). Earnings per share for continuing operations amounted to SEK 1.97 (-1.65).

FINANCIAL POSITION

At December 31, 2011, the Group's cash and cash equivalents and the current value of short-term investments amounted to SEK 1,001 M, compared with SEK 1,223 M at December 31, 2010.

The Hakon Invest Group's interest-bearing liabilities amounted to SEK 438 M at December 31, 2011, compared with SEK 596 M at December 31, 2010.

The equity/assets ratio at the end of the period was 85.6%, compared with 85.0% at December 31, 2010.

CASH FLOW

Cash flow from operating activities amounted to SEK 615 M (534). Dividend received from ICA AB amounted to SEK 760 M (626). Cash flow from investing activities amounted to SEK 9 M (-311). Changes in short-term investments are included with SEK 250 M (-210), while acquisitions of non-current assets are included with SEK -241 M (-101), of which SEK -193 M relates to the acquisition of 45% of inkClub. Cash and cash equivalents increased to SEK 248 M at December 31, 2011, compared with SEK 147 M at December 31, 2010.

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 2,150 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 for 2011 amounted to SEK 95,179 M (93,860), an increase of 1.4%. At constant exchange rates, net sales rose 2.6%.

The ICA Group's operating profit decreased to SEK 2,505 M (2,924) during the fiscal year. Operating profit included capital gains from property sales of SEK 32 M (27) and impairment of non-current assets of SEK 628 M (39).

The Swedish Tax Agency has decided to disallow interest deductions made during the period 2004-2008, relating to interest payments to a Dutch group company. In December 2010 the Administrative Court upheld the Swedish Tax Agency's decision to disallow ICA interest deductions of SEK 3,358 M. The Tax Agency's claim amounts to SEK 1,187 M (including tax surcharge and interest). ICA is of the opinion that the deductions made were in compliance with tax legislation. External parties, who have assessed the legal position and analyzed the Swedish Tax Agency's submissions and the Administrative Court's grounds for decision, share ICA's assessment. ICA has lodged an appeal against the Administrative Court's decision to the Administrative Court of Appeal. The Swedish Tax Agency did not allow ICA deferral of payment, so SEK 1,187 M was paid in January 2011. The amount is recognized as a receivable from the Swedish Tax Agency in conjunction with the payment in 2011. The amount is recognized as a contingent liability.

ICA SWEDEN

ICA Sweden operates grocery stores throughout Sweden together with independent retailers who own their stores and are responsible for operations. There were a total of 1,334 stores (1,349) at the end of 2011.

ICA Sweden's net sales rose by 3.1% to SEK 62,500 M (60,596) in 2011. Operating profit decreased to SEK 2,617 M (2,750). The lower earnings were mainly due to temporarily high logistics costs in conjunction with structural changes as well as lower margins due to price reductions.

ICA NORWAY

ICA Norway sells groceries in Norway, where 70% of the stores are wholly owned and the remainder are franchises. The total number of stores at December 31, 2011, was 550 (578). In addition there are a number of associated stores. ICA Norway's net sales decreased by 2.6% to SEK 20,679 M (21,225) in 2011. Net sales in local currency rose 0.2%. Operating loss amounted to SEK 1,255 M (588), of which SEK 592 M relates to goodwill impairment in ICA Norway. The increased loss is mainly due to a higher number of unprofitable wholly owned stores.

RIMI BALTIC

Operates a chain of wholly owned grocery stores in Estonia, Latvia and Lithuania. The number of stores totaled 239 (235) at December 31, 2011.

Rimi Baltic's net sales decreased by 2.5% to SEK 10,089 M (10,352) in 2011. Sales in local currency rose 2.9%. Operating profit amounted to SEK 173 M (-13). Operating profit was charged with impairment of the Säästumarket brand of SEK 21 M. In 2010 the operating result was charged with a SEK 37 M impairment and discontinuation costs for employees and premises of SEK 33 M for the closure of unprofitable stores in Lithuania. The improvement in earnings is due to higher sales, improved gross margins and a good control of costs.

ICA BANK

ICA Bank operates in Sweden and has agency agreements with almost all ICA stores in the country. In addition to the ICA card, the bank's services include banking services such as current accounts, 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 Bank.

ICA Bank's revenues increased by 24.8% to SEK 764 M (612) in 2011. Operating profit amounted to SEK 171 M (91), mainly due to improved net interest income.

ICA REAL ESTATE

ICA Real Estate's revenues increased by 3.1% to SEK 2,202 M (2,135) in 2011. Operating profit amounted to SEK 1,005 M (917). Operating profit includes capital gains from property sales of SEK 30 M (30) and reversed impairment losses on non-current assets of SEK 3 M (-9). The improved operating profit was mainly due to lower overheads and higher rental revenue.

FORMA PUBLISHING GROUP

Forma Publishing Group is a wholly owned subsidiary of Hakon Invest. Forma is the parent company in 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 2011 fiscal year amounted to SEK 847 M (875). Operating result amounted to SEK- 57 M (+15), of which SEK -45 M (-3) relates to IFRS recalculation of the Forma Group's PRI liability.

KJELL & COMPANY

Kjell & Company, which is 50% owned by Hakon Invest, is one of Sweden's largest retailers of home electronics accessories. During the 2011 fiscal year Kjell & Company's revenues amounted to SEK 684 M (644). This corresponds to a sales increase of 6%. Like-for-like sales were unchanged. At year-end 2011 Kjell & Company had 57 stores in Sweden. Operating profit amounted to SEK 38 M (23) for the full year 2011.

CERVERA

Cervera is a well-established retail chain in Sweden for high-quality products for the kitchen and dining area. Cervera is owned to 91.4% by Hakon Invest. Cervera's revenues amounted to SEK 722 M (707) in the 2011 fiscal year. Like-for-like sales increased by 1%. Operating loss amounted to SEK 12 M (33).

INKCLUB

Online retailer inkClub sells ink cartridges and other printer accessories over the internet. The company's operations also includes sales of beauty products, light bulbs, vacuum cleaner bags, batteries and photo accessories. Hakon Invest acquired the remaining 45% of inkClub on December 29, 2011. inkClub's revenues for the 2011 fiscal year amounted to SEK 504 M (497) and operating profit was SEK 34 M (38).

HEMTEX

Hemtex is a home textiles company with operations in Sweden and Finland. Hakon Invest owns 68.5% of the shares in Hemtex, which is listed on Nasdaq OMX Stockholm. Hemtex's net sales in 2011 amounted to SEK 929 M (1,081) and operating loss was SEK 116 M (233).

PARENT COMPANY

The Parent Company's revenues in 2011 amounted to SEK 0 M (0). Operating loss amounted to SEK 64 M (63). Net financial items amounted to SEK 522 M (637), of which dividend from ICA AB accounted for SEK 760 M (626) and impairment of participations in group companies is included with SEK 203 M (146). Return on investment management amounted to SEK -35 M (69). A tax income of SEK 2 M (0) is recognized for the period. Profit for the year amounted to SEK 460 M (574).

The Parent Company's cash and cash equivalents and the current value of short-term investments at December 31, 2011, amounted to SEK 797 M, compared with SEK 1,136 M at December 31, 2010. At the end of December 2011 financial investments were as follows: 31% equities (40), 35% fixed-income securities (35), 28% hedge funds (20) and 6% cash and cash equivalents (5).

FUTURE OUTLOOK

Anxiety in the global financial markets, sovereign debt crises in several countries and falling stock market prices made Swedish consumers cautious in 2011. The total retail trade in Sweden measured in current prices increased by 0.8% in 2011, of which consumer durables decreased by 1.1% and food retail increased by 1.0%. Growth in 2011 was the lowest since 1996.

The outlook for the coming year also contains more uncertain variables than usual. It will probably be a tough year for retail which will result in many players being eliminated.

SHARE INFORMATION

At December 31, 2011, Hakon Invest is owned to 67.3% by ICA -handlarnas Förbund, which is thus the Parent Company of Hakon Invest. The remaining 32.7% is owned by approximately 14,100 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 78,584,414. In addition, Hakon Invest owns 252,130 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. 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 67.3% of the shares and voting rights. ICA-handlarnas Förbund has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement. This decision means that ICA-handlarnas Förbund has lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016, will only comprise common shares which carry dividend entitlement.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

For the CEO and other senior executives in the company, the guidelines approved by the 2011 Annual General Meeting have been applied with some adjustments regarding bonuses. Earnings per share for continuing operations exceeded average earnings per share in 2008, 2009 and 2010 by more than 22%. The Board is of the opinion, however, that earnings attributable to discontinued operations should also be taken into account when calculating earnings per share. The Board has decided that 50% of the maximum bonus shall be paid.

The Board proposes that essentially the same guidelines apply for the next fiscal year.

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.

The targets for the bonus program shall be decided by the Board for each fiscal year. The targets shall be both quantitative and qualitative and based on factors that support the company's long-term strategy. The bonus may amount to a maximum of six monthly salaries for the CEO and four monthly salaries for other senior executives.

The share-based incentive program for 2012 includes the CEO and other senior executives. The program requires own investment with a three-year vesting period. The program means that participants actively purchase new shares (Saving shares) at a market price and lock their Saving shares during a three-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. If some clearly defined performance requirements are met, additional rights can be exercised to redeem Performance shares. Allocation of shares based on these rights takes place after three years. The total number of Matching and Performance shares may amount to a maximum of 34,800 with regard to the CEO and other senior executives.

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 CEO 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 CEO 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 the holdings. 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.

RISKS AND UNCERTAINTIES

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 CEO 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 AB , 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 88–89 of this 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 6.25 per common share (6.00). The dividend amounts to a total of SEK 491 M (472), which is 107% of the Parent Company's profit. The proposed dividend will reduce the Parent Company's equity/assets ratio from 98.8% to 98.7% and the Group's equity/assets ratio from 85.6% to 84.9%. 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. 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	2,408,314
Profit for the year	459,530
Total	**2,867,844**

The Board of Directors proposes that profits be distributed as follows:	
to holders of common shares a dividend of SEK 6.25 per share	491,234
to be carried forward	2,376,610
Total	**2,867,844**

Consolidated statement of comprehensive income

SEK M	Note	**2011**	2010
Revenues	4	2,498	2,663
Cost of goods sold	5,7	–1,399	–1,462
Gross profit		**1,099**	**1,201**
Other operating income		67	64
Cost of sales	5,7	–1,056	–1,267
Administrative expenses	5,6,7	–361	–297
Other operating expenses		–	–16
Share of profit of companies accounted for using the equity method	8	553	212
Goodwill impairment	14	–	–284
Operating profit	4	**302**	**–387**
Financial income	9	45	31
Financial expenses	10	–31	–34
Profit/loss from participations in group companies		9	–
Change in fair value of financial instruments	11	–73	49
Net financial items		**–50**	**46**
Profit/loss before tax	4	**252**	**–341**
Profit/loss from discontinued operations	29	–216	–38
Tax	12	23	–12
Profit/loss for the year	4	**59**	**–391**
Other comprehensive income for the year			
Change in fair value reserve, net after tax [1]		1	–8
Change in translation reserve, net after tax [1]		–9	–395
Change in hedging reserve, net after tax [1]		–8	–8
Total other comprehensive income		**–16**	**–411**
Comprehensive income for the year		**43**	**–802**
Profit/loss for the year attributable to owners of the parent		99	–303
Profit/loss for the year attributable to non-controlling interests		–40	–88
Comprehensive income for the year attributable to owners of the parent		83	–714
Comprehensive income for the year attributable to non-controlling interests		–40	–88
Earnings per share, before and after dilution, SEK	13		
Common share, continuing operations		1.97	–1.65
C share, continuing operations		1.97	–1.65
Common share, discontinued operations		–1.35	–0.24
C share, discontinued operations		–1.35	–0.24
Common share, total operations		0.62	–1.89
C share, total operations		0.62	–1.89

[1] Change attributable to holding recognized according to equity method.

Consolidated statement of financial position

ASSETS

SEK M	Note	**Dec. 31, 2011**	Dec. 31, 2010
Non-current assets			
Goodwill	14	687	431
Trademarks	14	967	694
Other intangible assets	14	90	85
Equipment	15	66	103
Interests in companies recognized according to the equity method	8	6,185	6,818
Other non-current receivables		0	6
Deferred tax assets	12	237	225
Total non-current assets		**8,232**	**8,362**
Current assets			
Inventories	16	496	550
Trade and other receivables	17,18	155	190
Receivables from companies recognized according to the equity method	17	17	10
Tax assets		8	–
Other current receivables		37	40
Prepaid expenses	20	114	141
Short-term investments	21	753	1,076
Cash and cash equivalents	22	248	147
Total current assets		**1,828**	**2,154**
TOTAL ASSETS	4	**10,060**	**10,516**

EQUITY AND LIABILITIES

SEK M	Note	Dec. 31, 2011	Dec. 31, 2010
Equity	23		
Share capital		402	402
Other paid-in capital		2,778	2,778
Reserves		286	302
Retained earnings including profit for the year		4,990	5,372
Equity attributable to owners of the parent		**8,456**	**8,854**
Non-controlling interests		157	90
Total equity		**8,613**	**8,944**
Non-current liabilities	17		
Provisions for pensions and similar commitments	24	198	155
Deferred tax liabilities	12	259	180
Interest-bearing loan	26	33	49
Other non-current liabilities		27	15
Total non-current liabilities		**517**	**399**
Current liabilities	17		
Advance payments from customers		132	122
Trade and other payables	25	483	562
Interest-bearing loan	26	198	387
Current tax liabilities		–	2
Other current liabilities		106	87
Deferred income		3	6
Current provisions	24	8	7
Total current liabilities		**930**	**1,173**
TOTAL EQUITY AND LIABILITIES		**10,060**	**10,516**
Pledged assets	27	468	444
Contingent liabilities	27	16	16

Consolidated statement of changes in equity

SEK M	Share capital	Other paid-in capital	Reserves companies recognized according to equity method	Other reserves	Retained earnings incl. profit for the year	Non-controlling interests	Total equity
	Equity attributable to owners of the parent						
Opening equity, January 1, 2010	**402**	**2,778**	**713**	**0**	**6,147**	**178**	**10,218**
Profit/loss for the year	–	–	–	–	–303	–88	–391
Other comprehensive income	–	–	–411	–	–	–	–411
Comprehensive income for the year	–	–	–411	0	–303	–88	–802
Dividend	–	–	–	–	–472	–	–472
Closing equity, December 31, 2010	**402**	**2,778**	**302**	**0**	**5,372**	**90**	**8,944**
Profit/loss for the year	–	–	–	–	99	–40	59
Other comprehensive income	–	–	–16	–	–	–	–16
Comprehensive income for the year	–	–	–16	0	99	–40	43
New issue Hemtex	–	–	–	–	–4	102	98
Adjustment	–	–	–	–	–5	5	0
Dividend	–	–	–	–	–472	–	–472
Closing equity, December 31, 2011	**402**	**2,778**	**286**	**0**	**4,990**	**157**	**8,613**

Consolidated statement of cash flows

SEK M	Note	**2011**	2010
Operating activities			
Profit/loss before tax		37	–378
Adjustment for non-cash items	28	–214	146
		–177	–232
Dividends from companies recognized according to the equity method	8	802	696
Income tax paid		–8	9
Cash flow from operating activities before change in working capital		**617**	**473**
Change in working capital			
Inventories		45	13
Current receivables		37	0
Current liabilities		–30	48
Cash flow from operating activities		**669**	**534**
Investing activities			
Investments in non-current assets		–24	–65
Acquisition of subsidiaries	3	–217	–
Acquisition of interests in joint ventures	8	–	–36
Change in short-term investments		250	–210
Cash flow from investing activities		**9**	**–311**
Financing activities			
Borrowing		15	200
Amortization of loans		–222	–28
New issue Hemtex		102	–
Dividends paid		–472	–472
Cash flow from financing activities		**–577**	**–300**
Cash flow for the year		101	–77
Cash and cash equivalents at beginning of the year		147	226
Exchange differences in cash and cash equivalents		0	–2
Cash and cash equivalents at the end of the year	22	**248**	**147**

Disclosures about interest paid

Interest paid during the year amounted to SEK 28 M (15)
Interest received during the year amounted to SEK 15 M (15)

Disclosures about cash flow from discontinued operations

Hemma's cash flow is included with SEK -30 M (-19) in the item Cash flow from operating activities, with SEK -8 M (-5) in the item Cash flow from investing activities and with SEK +35 M (+25) in the item Cash flow from financing activities.

Notes

NOT 1 **ACCOUNTING PRINCIPLES**

COMPANY'S REGISTERED OFFICE, ETC.

The company Hakon Invest AB (corporate registration number 556048-2837) has its registered office in the municipality of Stockholm. Hakon Invest is a public company and is owned to 67.3% by ICA -handlarnas Förbund. 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 consolidated financial statements will be presented to the Annual General Meeting for approval on April 19, 2012, and were approved for publication according to a Board decision on March 13, 2012. 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 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 2011

New or changed IFRS standards and interpretations issued by IFRIC to be applied with effect from 2011 are of limited extent and have not had any effect on Hakon Invest's financial statements with the exception of recognition of group contributions in the parent company (see Parent Company's accounting principles).

KEY ESTIMATES, ASSUMPTIONS AND ASSESSMENTS

In applying the accounting principles, the Board of Directors and the CEO 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, other intangible assets with an indefinite useful life (see Note 14), interests in companies recognized according to the equity method (see Note 8).

Interests in joint ventures are recognized 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.

At the acquisition of the remaining 45% of the shares in inkClub the holding was transferred from investments in joint ventures recognized according to the equity method to interests in subsidiaries. The previously owned interests were remeasured at an estimated fair value of SEK 374 M on the basis of an external valuation, with an earnings impact of SEK +9 M.

The remeasurement provides the basis for determining the cost of the previously owned interests and has a direct impact on the carrying amount for goodwill.

For preparation of ICA's own financial statements, the most significant estimates and assessments concern taxes, sale and leaseback, impairment of non-current assets, reporting of pensions as well as claims and provisions.

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 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.

For step acquisitions previous equity interests in the acquired company are remeasured at fair value on the acquisition date. Any gain or loss arising at remeasurement is recognized in profit or loss.

The financial statements 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.

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 NON-CONTROLLING INTERESTS

In the event of acquisition of additional interests, after control is acquired, the entire difference between the consideration transferred and the carrying amount of the non-controlling 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.

Use of the equity method means that investments in associates are recognized in the statement of financial position at cost, with the addition of changes in the Group's share of the associate's net assets and minus any impairment and dividend. Profit for the year in the statement of comprehensive income reflects the Group's share of associates' profit after tax. The financial statements for associates which are used at application of the equity method relate to the same period and are prepared according to the accounting principles that apply to the Group.

The Group's investments in associates include goodwill items treated in accordance with the accounting principles for goodwill stated below. The carrying amounts of interests in associates are tested for possible 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 statement of financial position, 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 statement of financial position 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 statement of financial position translated into SEK according to the closing rate. Income and expenses are reported in the consolidated statement of comprehensive income 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 sold the accumulated exchange differences are recognized in profit or loss for the period as part of the gain or loss on the disposal.

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 year.

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 year.

The goodwill amount calculated at a business combination 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 statement of financial position 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 when it can be shown that it will generate financial rewards. The asset is amortized during the period in which it is used. In other cases development costs are recognized as an expense when incurred.

The carrying amount of development costs recognized as an asset 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 statement of financial position when the Group becomes a party to the contractual conditions of the instrument. Financial assets are derecognized from the statement of financial position when the contractual rights to cash flows from the asset cease to exist. Financial liabilities are derecognized from the statement of financial position when the commitment is fulfilled, annulled or ceases to exist.

Classification of financial instruments is provided in Note 17. This note also specifies the measurement level in the fair value hierarchy to which Hakon Invest's financial instruments belong if measurement is at fair value in the statement of financial position. Level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market. Level 2 relates to financial assets for which measurement is performed using a model based on observable market inputs.

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 and disposals of financial assets are recognized on the settlement date, i.e. the date on which delivery takes place. Normal acquisitions or disposals 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

Derivatives of financial instruments such as currency forward contracts and interest swaps are used to a limited extent to reduce the risks involved in interest and exchange rate fluctuations. These derivatives are recognized 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 year.

FINANCIAL INSTRUMENTS IN ICA'S FINANCIAL STATEMENTS

In ICA 's financial statements which provide the basis for Hakon Invest's accounts, financial assets are primarily classified as loans and receivables as well as available-for-sale financial assets. Loans and receivables are recognized at amortized cost while available-for-sale assets are recognized at fair value with changes in value recognized in other comprehensive income until the asset is derecognized from the statement of financial position whereby previously recognized change is value is recognized through profit or loss. Financial liabilities are mainly classified as other financial liabilities which are recognized at amortized cost.

In addition derivatives are used to hedge currency flows from import of goods and to hedge interest rate payments. Derivatives for these cash flow hedges are recognized at fair value whereby changes in value are recognized in other comprehensive income pending the hedged items recognition in profit or loss or as an initial cost in the statement of financial position. The ineffective portion of changes in value is recognized through profit or loss.

ICA Bank's lending in the form of unsecured and card credits to consumers belongs to the category loans and receivables. They are recognized at amortized costs taking into account confirmed and probable loan losses. ICA Bank's borrowing belongs to the category other financial liabilities. Investments of ICA Bank's surplus liquidity is included in the category available-for-sale financial assets.

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 statement of financial position 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 statement of financial position.

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 two combined share matching and performance based incentive programs directed to all employees in the Parent Company. The programs require own investment with a vesting period and a redemption period in the 2009 program. The programs mean that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a period. Provided the participant is still employed and still in possession of the Savings shares, a number of rights can be exercised to redeem so-called Matching shares. If some clearly defined Performance requirements are met, additional rights can be exercised to redeem so-called Performance shares. Share-based payments which are settled with equity instruments where a charge is accrued and recognized during the vesting period. The cost is based on an initially identified value per share as well as an assessment made on every closing date of how many shares will finally be issued taking into account the earnings and performance terms. During the vesting period a provision is made for the social security costs that are paid. Purchase of treasury shares in order to meet commitments according to the program are recognized directly in equity.

In the portfolio companies there are in some cases option programs for board chairmen and senior executives. The option programs consist of synthetic options and in some cases call options. These programs are cash-settled and changes in the value of the options are included in profit or loss for the year.

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 seller still has a significant interest in the sold property. If the assessment is that the essential risks and rewards taken as a whole remain with the seller no income is recognized from the sale on the transaction date, and not until the interest ceases and these risks and rewards are transferred to the purchaser.

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 OPERATING INCOME

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

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 statement of financial position.

Deferred tax liabilities are recognized in the statement of financial position for all temporary differences except when they are related to goodwill or an asset or liability in a transaction that is not a business combination 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 or amended IFRS standards or interpretations of these which have been published but not yet come into effect are not applies. New and amended accounting standards and interpretations which apply from 2012 are of very limited extent and not assessed as having any impact on Hakon Invest's financial statements.

The following new and changed standards (except for IFRS 9) will be applied starting in 2013. Hakon Invest is currently analyzing the effects of application of these new and amended standards.

IFRS 10 Consolidated Financial Statements. The standard contains uniform rules of which entities are consolidated and will replace IAS 27 Consolidated Financial Statements and SIC 12 which deals with Special Purpose Entities.

IFRS 11 Joint Arrangements. This standard replaces IAS 31 Interests in Joint Ventures and prescribes accounting treatment for joint arrangements. Such jointly controlled investments are divided into two categories, joint venture and joint operation, for which different accounting rules will apply.

IFRS 12 Disclosures of Interests in Other Entities. Extended disclosure requirements for subsidiaries, joint arrangements and associates have been placed in one standard.

IFRS 13 Fair Value Measurement. This standard contains uniform rules for calculation of fair value where other standards require recognition at or disclosures on fair values. New types of disclosures will be provided to clarify which valuation models are applied and which data is used in them.

Amendments to IAS 1 Presentation of Financial Statements. Requires grouping of items within other comprehensive income. Items which may later be reclassified to the income statement must be reported separately. The proposal does not change the actual content of other comprehensive income but only presentation.

Amendments to IAS 19 Employee Benefits. Significant changes primarily relating to accounting for defined benefit pension plans. Vesting for the year of defined benefit pensions, gains and losses which arise on settlement of a pension liability and financial items relating to the defined benefit plan are recognized in profit or loss. Actuarial gains and losses, which are currently recognized in profit or loss on a current basis, will instead be recognized in Other comprehensive income.

IFRS 9, Financial Instruments. This standard is part of 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, an unchanged number of categories for financial liabilities and rules for how changes in own credit spread should be disclosed when own liabilities are measured at fair value. The standard will be complemented with rules on impairment, hedge accounting and derecognition from the statement of financial position. IFRS 9 must be applied for fiscal years that start on January 1, 2015, or later. The EU has not approved the standard and at present there is no timetable for approval.

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 2011 amounted to SEK 753 M (1,136). DNB 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 management policy provides a framework for how financial risks are managed, both in the day-to-day operations and in asset management. The policy is adopted annually by the Board and compliance is monitored by the Audit Committee. Work based on the policy is ongoing with a quarterly more in-depth follow-up and measurement of risks.

CURRENCY RISK

Currency risk comprises the risks that arise in conjunction with transactions made in foreign currency and when assets and liabilities are held in foreign currency. Hakon Invest's financial and investment management policy stipulates that speculative position-taking designed to create revenue from exchange rate fluctuations may not take place. Foreign currency flows are not normally hedged but Hakon Invest can decide to make an exception. In cases where Hakon Invest holds net assets or liabilities in foreign currency these should be hedged if they comprise more than 2% of consolidated equity. According to the financial and investment management policy, no hedging needs to be effected within management of assets in foreign currency. Hakon Invest has chosen to accept the earnings impact that might arise from these currency fluctuations. At year-end 2011, Hakon Invest's exposure to foreign currency amounted to EUR 5.8 M (7.9) through shareholdings (Ahold), which corresponded to 8% 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 6 M (7) before tax.

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 2011, the Parent Company had no interest-bearing financial liabilities and the Group had SEK 438 M (596) in interest-bearing liabilities. A 1% 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 2011 the duration was 1.2 years (2.4) and it also averaged 1.4 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 4 M (9) 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 2011, 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 2011, the debt/equity ratio was 5.1% (6.7) 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 over a five-year period. In order to achieve this target, the assessment is that Hakon Invest needs to have, based on the historical return in the financial markets, an equities portion of approximately 50% in the portfolio provided the Riksbank keeps inflation around its target of 2%. At the end of 2011, the equities portion amounted to 31%. If share prices were to change by 10 percentage points, the Group's earnings and equity would be affected by approximately SEK 25 M (38) 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 2011 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 ASSET MANAGEMENT PORTFOLIO AND SHAREHOLDERS

For the asset management portfolio which at December 31, 2011, amounted to SEK 753 M (1,136), 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**

In December 2011, Hakon Invest acquired, via its subsidiary inkClub Intressenter AB, the remaining 45% of the shares in inkClub Development AB for a cash consideration of SEK 199 M, whereupon inkClub Development AB is owned to 100%. This acquisition leads to additional exposure to online retail, which is a growing part of the retail sector and makes it possible to increase the rate of investment in inkClub in order to be able to develop the business towards new growth areas and markets.

On the acquisition date, the former holding was remeasured to a fair value of SEK 374 M on the basis of an external valuation, which provides a total cost of SEK 573 M. The remeasurement resulted in a profit of SEK 9 M which is reported on the line "Profit from participations in group companies".

The purchase price allocation provided a carrying amount for intangible assets of SEK 658 M, of which brands accounted for SEK 315 M, customer relations SEK 21 M and goodwill SEK 322 M. Goodwill is related to inkClub's organization, employees and other technical factors which provide strategic advantages for development of businesses towards new growth areas and markets. Of the goodwill amount, nothing is expected to be deductible for tax purposes. Brands and goodwill are assessed as having indefinite useful lives and are not amortized. Customer relations will be amortized over a five-year period.

Fair value of acquired current receivables amounted to SEK 35 M and gross agreed value SEK 50 M. Fair value is estimated to correspond to the amount that will be received.

inkClub is reported as a subsidiary with effect from December 31, 2011. How inkClub would have affected Hakon Invest's sales and earnings if the acquisition has been made on January 1, 2011, is shown below.

	Hakon Invest Group	Acquisition inkClub	Hakon Invest Group pro forma
Net sales	2,498	504	3,002
Profit for the year	59	13	72

PURCHASE PRICE ALLOCATION	inkClub Development AB	
	Carrying amount in acquired company	Value according to PPA
Brands	7	315
Goodwill	46	0
Other intangible assets	8	21
Property, plant and equipment	5	5
Inventories	38	38
Current receivables	35	35
Cash and bank balances	6	6
Deferred tax liabilities	–2	–86
Non-current liabilities	–34	–34
Current liabilities	–49	–49
Acquired identifiable net assets	**60**	**251**
Goodwill		322
Acquired net assets incl. goodwill		**573**
Cost		573
Acquisition cost for acquisitions for the year		199
Cash and cash equivalents in acquired subsidiary		–6
Change in the Group's cash and cash equivalents at acquisitions in 2011		**193**

BUSINESS COMBINATIONS 2010

In July 2010, Hakon Invest acquired an additional 5% in the portfolio company inkClub Development AB. As a result the holding rose from 50% to 55%.

In March 2010, portfolio company inkClub acquired the online retail company Beauty Planet, which sells beauty products on the internet. In July 2010, inkClub acquired the online retailer ink112, which sells ink products online.

NOTE 4 **SEGMENT INFORMATION**

Hakon Invest reports four segments in 2011: Forma, Cervera, Hemtex and inkClub. The segment Hemma was sold as of December 1, 2011, and is reported on the line Discontinued operations. inkClub is reported as a separate segment with effect from December 31, 2011. Holdings recognized according to the equity method are included in the item Other including eliminations.

Internal accounting and follow-up is based on subsidiaries 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, which are recognized under Other including eliminations.

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.

	External revenues		Operating profit/loss		Profit/loss after financial items		Profit/loss for the year	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Forma	847	875	–57 [1]	15	–69	3	–52	1
Cervera	722	707	–12	–33	–17	–37	–13	–31
Hemtex	929	1,081	–116	–233	–125	–240	–125	–256
Discontinued operations	–	–	–	–	–	–	–216	–38
Other including eliminations	–	–	487	–136	463	–67	465	–67
Total	**2,498**	**2,663**	**302**	**–387**	**252**	**–341**	**59**	**–391**

	Assets		Liabilities		Investments		Depreciation and impairment	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Forma	608	586	561	488	31	12	9	13
Hemma	–	353	–	205	8	5	92	2
Cervera	408	397	284	259	7	17	18	16
Hemtex	622	623	286	485	3	19	36	45
inkClub	146	–	86	–	–	–	–	–
Other including eliminations	8,276	8,557	230	135	199	36	–	284
Total	**10,060**	**10,516**	**1,447**	**1,572**	**248**	**89**	**155**	**360**

[1] Including IFRS recalculation of PRI liability with SEK -45 M. The item is recognized in comprehensive income in Forma's financial statements.

Of 2011 net sales, SEK 2,336 M (2,582) came from Sweden, SEK 147 M (269) from Finland and SEK 15 M (80) from other countries.

NOTE 5 **DEPRECIATION**

	Dec. 31, 2011	Dec. 31, 2010
Cost of goods sold	9	12
Selling costs	48	62
Administrative expenses	6	2
Total	**63**	**76**

Hemma's (discontinued operations) depreciation amounted to SEK 3 M (2). Goodwill impairment of SEK 89 M was effected relating to the Hemma stores.

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**

	Dec. 31, 2011	Dec. 31, 2010
Ernst & Young, audit assignment	5	5
Ernst & Young, tax assignment	0	0
Ernst & Young, other services	1	3
Total	**6**	**8**

Hemma's (discontinued operations) fees to auditors amounted to SEK 0.3 M (0.5) for audit assignment and SEK 0.2 M (0.5) for other services.

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	**2011**	2010
Women	951	1,003
Men	185	324
Average number of employees in the Group, total	**1,136**	**1,327**

Salaries and remuneration amounted to (SEK M):	**2011**	2010
Board of Directors and Presidents	32	28
Other employees	502	590
Social security contributions, statutory and contractual	153	173
Pension costs	48	64
Total salaries, remuneration, social security contributions and pension costs	**735**	**855**

Hemma's (discontinued operations) salaries, remuneration, pensions and social security contributions amounted to SEK 69 M.

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

SEK 000s [1]	Board fee	Committee work	**Total fee 2011**	Total fee 2010
Lars Otterbeck	550	50	646 [2]	600
Anders Fredriksson	330	50	380	380
Cecilia Daun Wennborg	220	50	270	295
Jan Olofsson	220	25	245	245
Andrea Gisle Joosen	220	25	245	110
Magnus Moberg	220	50	270	245
Thomas Strindeborn	110	25	135	220
Peter Berlin	110	50	160	0
Jan-Olle Folkesson	0	0	0	135
	1,980	**325**	**2,351**	**2,230**

[1] Remuneration excluding social security contributions.
[2] Including an amount which corresponds to statutory social security costs and non-deductible VAT, when fee invoiced via a company.

REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

Remuneration to the CEO 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 CEO, form Executive Management. The Company's Remuneration Committee determines compensation and other terms of employment for Executive Management. A bonus is payable if the company's earnings per share increase 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 CEO and four monthly salaries for other senior executives. For 2011, a bonus of SEK 1.0 M has been reserved for the CEO and SEK 1.1 M for other senior executives.

2011, SEK 000s [1]	Salary	Benefits	Pension cost	Bonus/ incentive	Total
CEO	1,233	361	4,389	1,014	6,997
Other senior executives [2]	6,432	961	2,104	1,066	10,563
	7,665	**1,322**	**6,493**	**2,080**	**17,560**

[1] Remuneration excluding social security contributions.
[2] Other senior executives in 2011 comprised 3 people, all of whom are men.

2010, SEK 000s [1]	Salary	Benefits	Pension cost	Bonus/ incentive	Total
CEO	1,200	121	4,446	0	5,767
Other senior executives [2]	6,233	533	2,056	0	8,822
	7,433	654	6,502	0	14,589

[1] Remuneration excluding social security contributions.
[2] Other senior executives in 2010 comprised 3 people, all of whom are men.

NOTE 7 **cont.**

TERMS AND CONDITIONS FOR THE CEO

A total remuneration package of SEK 7.4 M (7.4) has been agreed with the CEO. The package includes salary, vacation pay, social security contributions, pension costs and other costs in the form of company car, etc. The CEO can make free use of the package in a manner that is cost neutral for the company. Remuneration for the year was paid in accordance with the total remuneration package. The notice period is six months, during which time the total remuneration package is available at 1/12 per month. The CEO is not entitled to any severance pay. The company and the CEO are both entitled to require the CEO to retire at the age of 65. Within the total remuneration package described above, the CEO decides the size of the pension provisions to be made.

NOTICE PERIODS 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 to 18 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 2011

The CEO and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a three-year vesting 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 three-year period. For each Savings share acquired by the participant, the participant is allocated a right which carries entitlement, free of charge on a date decided by the Board, approximately three years after the allocation, to receive one common share in Hakon Invest (so-called Matching shares) as well as additional rights that entitle the participant, free of charge and on a date decided by the Board, approximately three years after allocation, provided special performance requirements are met, to receive additional common shares in Hakon Invest (so-called Performance shares).

The total number of Matching and Performance shares may amount to a maximum of 32,500 for the CEO and other senior executives. The total cost of the program for the CEO and other senior executives is estimated at SEK 3.0 M excluding social security contributions.

The share-based incentive program also includes other employees on the same terms as for senior executives. The total number of Matching and Performance Shares can amount to 6,600 for other employees.

The number of purchased savings shares amounts to 2,000 for the CEO, 4,500 for other senior executives and 3,300 for other employees. During 2011, SEK 0.6 M was placed in a reserve for the built up costs for the 2011 incentive program.

The participants' maximum gain is limited to SEK 346 per Matching or Performance share (three times the average closing price for Hakon Invest shares in January 2011). If the value of the allocation of Matching and Performance Shares exceeds SEK 346, the number of shares the employee is entitled to will be reduced by a corresponding amount.

Share-based incentive program 2010

The CEO and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a three-year vesting 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 three-year period. For each Savings share acquired by the participant, the participant is allocated a right which carries entitlement, free of charge on a date decided by the Board, approximately three years after the allocation, to receive one common share in Hakon Invest (so-called Matching shares) as well as additional rights that entitle the participant, free of charge and on a date decided by the Board, approximately three years after allocation, provided special performance requirements are met, to receive additional common shares in Hakon Invest (so-called Performance shares).

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 CEO and other senior executives is estimated at SEK 2.6 M excluding social security contributions.

The share-based incentive program also includes other employees on the same terms as for senior executives. The total number of Matching and Performance Shares can amount to 7,520 for other employees.

The number of purchased savings shares amounts to 2,000 for the CEO, 4,500 for other senior executives and 3,760 for other employees. During 2011 SEK 1 M was placed in a reserve for built up costs for the 2010 incentive program. A total of SEK 1.6 M has been placed in a reserve for the built up costs for the 2010 incentive program.

The participants' maximum gain is limited to SEK 343 per Matching or Performance share (three times the average closing price for Hakon Invest shares in January 2010). If the value of the allocation of Matching and Performance Shares exceeds SEK 343, the number of shares the employee is entitled to will be reduced by a corresponding amount.

NOTE 8 INTERESTS IN COMPANIES RECOGNIZED ACCORDING TO THE EQUITY METHOD

	Dec. 31, 2011	Dec. 31, 2010
Opening balance	6,818	7,678
Changes for the year		
– Acquisitions	–	36
– Dividends	–802	–696
– Profit from interests recognized according to equity method	553	212
– Reclassification to subsidiary	–366	–
– Items recognized in other comprehensive income	–18	–412
Total	**6,185**	**6,818**

	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

	Number	Share, % [1]	Book value **Dec. 31, 2011** SEK M	Book value Dec. 31, 2010 SEK M	Share of profit **2011** SEK M	Share of profit 2010 SEK M
ICA AB	2,000,000	40.0	6,041	6,275	544	204
Bra Förlag AB	500	50.0	9	9	0	2
Trade Press AS	50	40.0	9	10	–1	–
Kjell & Co Elektronik AB	5,600	50.0	126	123	14	8
inkClub Development AB	100,000	100.0	–	401	–4	–2
Total			**6,185**	**6,818**	**553**	**212**

[1] 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 N.V. Through the shareholder agreement between Hakon Invest and Ahold, the owners have joint control of ICA AB through a contractual requirement for unanimity in all decisions at General Meetings of shareholders and in the Board of Directors. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement.

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.

The following tables show summary income statements and balance sheets for the ICA Group and Kjell & Co Elektronik AB.

BALANCE SHEET

	ICA Group		Kjell & Co Elektronik AB	
	Dec. 31, 2011	Dec. 31, 2010	**Dec. 31, 2011**	Dec. 31, 2010
Intangible non-current assets	2,967	3,590	26	22
Property, plant and equipment	14,638	15,364	12	7
Financial assets	5,327	5,368	–	–
Deferred tax	41	7	–	–
Inventories	4,520	4,495	147	130
Current receivables	9,050	7,751	21	21
Cash and cash equivalents	3,009	3,102	30	48
Non-current assets held for sale	1,409	26	–	–
Total assets	**40,961**	**39,703**	**236**	**228**
Equity	11,359	11,913	86	79
Non-current liabilities	7,277	5,884	12	12
Current liabilities	22,325	21,906	138	137
Total equity and liabilities	**40,961**	**39,703**	**236**	**228**

NOTE 8 cont.

INCOME STATEMENT

	ICA Group		Kjell & Co Elektronik AB	
	2011	2010	**2011**	2010
Revenues	95,179	93,860	684	644
Cost of goods sold	–81,702	–80,387	–348	–346
Selling and administrative expenses	–11,244	–10,772	–299	–278
Other operating income	272	223	–	1
Operating profit	**2,505**	**2,924**	**37**	**21**
Net financial items	–349	–327	0	0
Income tax	–761	–2,050	–10	–4
Profit for the year	**1,395**	**547**	**27**	**17**

ASSOCIATES

The Hakon Invest Group had two associates at year-end 2011: Bra Förlag AB and Trade Press AS which are recognized according to the equity method. The table on the right shows a summary of Hakon Invest's share of the assets and liabilities, revenues and profits of the associates.

IMPAIRMENT TEST IN THE ICA GROUP

The ICA Group has goodwill relating to ICA Norway of SEK 869 M (1,584) and Rimi Baltic SEK 986 M (993). Impairment testing of goodwill is performed annually or more often if there is an indication of impairment. For Rimi Baltic, impairment testing was based on estimated future cash flows in budgets and forecasts for the next five years. Cash flows beyond this period are extrapolated with a percentage based on anticipated inflation. Growth in Rimi Baltic is estimated at 2% and the discount rate before tax amounts to 11.6% (9.0). The test did not result in any recognition of impairment. For ICA Norway testing of goodwill is based on the business plan prepared for the remaining operations after the sale of the Maxi stores. The business plan runs until 2015. Thereafter growth corresponding to inflation of 2.5% is assumed. The discount rate before tax amounts to 13.1% (10.2). The test resulted in an impairment of SEK 592 M.

Associates	**2011**	2010
Hakon Invest's share of net assets:		
Non-current assets	2	2
Current assets	15	15
Non-current liabilities and provisions	–1	–1
Current liabilities	–4	–3
Summa	**12**	**13**
Goodwill	6	6
Share in associates	**18**	**19**
Hakon Invest's share of revenues and profits of associates:		
Revenues	35	35
Profit for the year	–1	2

NOTE 9 FINANCIAL INCOME

	2011	2010
Dividends	23	11
Interest income	6	15
Exchange differences	15	5
Other financial income	1	–
Total	**45**	**31**

NOTE 10 FINANCIAL EXPENSES

	2011	2010
Interest expenses	–24	–19
Exchange differences	–7	–15
Total	**–31**	**–34**

Hemma's (discontinued operations) interest expenses amounted to SEK 4 M (4).

NOTE 11 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2011	2010
Short-term investments	–73	49
Total	**–73**	**49**

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

NOTE 12 **TAX**

	2011	2010
Items included in tax expenses are shown below		
Current income tax		
Tax attributable to previous years	–	–
Deferred income tax		
Deferred tax attributable to loss carry forwards	23	–18
Deferred tax pertaining to temporary differences	–	5
Tax expense recognized in the income statement	23	–13
Reconciliation of effective tax expense		
Profit before tax	36	–378
Tax based on applicable tax rate in Sweden 26.3%	–9	99
Tax effect of:		
Shares of profit according to the equity method	145	56
Goodwill impairment	–23	–74
Capital gain/loss	–16	–
Non-capitalized loss carry forwards	–65	–94
Other non-taxable revenues	1	7
Non-deductible expenses	–10	–15
Other	–	8
Company's effective tax expense 9.2% (3.4%)	**23**	**–13**
Deferred tax at December 31 pertains to the following:		
Deferred tax liabilities		
Non-current assets	–259	–184
Deferred tax liabilities	**–259**	**–184**
Deferred tax assets		
Pension provisions	22	11
Loss carry forwards	214	218
Deferred tax assets	**236**	**229**

The Group's loss carry forwards in Sweden at December 31, 2011, amounted to SEK 1,488 M (1,373). A deferred tax asset of SEK 214 M (218) is recognized in the balance sheet relating to a loss carry forward of SEK 814 M (829) which it is expected can be utilized.

The Group has no unrecognized deferred tax assets and liabilities on temporary differences. Loss carry forwards in Sweden are perpetual.

NOTE 13 **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. 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 Group or in companies that could take over operations that are operated or which could be operated within the ICA Group. The C shares, which comprise 51% of the total number of shares, are held by ICA -handlarnas Förbund.

Common shares and C shares have an equal share in earnings per share.

ICA-handlarnas Förbund has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement.

This decision means that ICA-handlarnas Förbund has lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016 will only comprise common shares which carry dividend entitlement.

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.

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

	2011	2010
Net profit that accrues to holders of common shares and C shares, SEK M	99	–303
Weighted average of number of shares before dilution, thousands	160,665	160,653
Weighted average of number of shares after dilution, thousands	160,745	160,732

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

NOTE 14 **INTANGIBLE ASSETS**

	Goodwill		Trademarks		Tenancy rights		Other intangible assets	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Opening cost	715	712	694	694	81	83	77	68
Changes for the year								
– Investments	345	3	308	–	–	2	25	18
– Sales and disposals	–89	–	–42	–	–2	–4	–	–9
– Business combinations	–	–	8	–	–	–	8	–
Closing accumulated cost	**971**	**715**	**968**	**694**	**79**	**81**	**110**	**77**
Opening amortization	–	–	–	–	–44	–37	–29	–26
Changes for the year								
– Amortization	–	–	–	–	–8	–9	–15	–12
– Sales and disposals	–	–	–	–	1	2	–	9
– Business combinations	–	–	–1	–	–	–	–4	–
Closing accumulated amortization	**–**	**–**	**–1**	**–**	**–51**	**–44**	**–48**	**–29**
Opening impairment	–284	–	–	–	–	–	–	–
Changes for the year								
– Impairment	–	–284	–	–	–	–	–	–
Closing accumulated impairment	**–284**	**–284**	**–**	**–**	**–**	**–**	**–**	**–**
Closing book value	**687**	**431**	**967**	**694**	**28**	**37**	**62**	**48**

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. Trademarks comprise 111ink SEK 7 M (0), inkClub SEK 308 M (0), Cervera SEK 82 M (82), Hemtex SEK 500 M (500), B Wahlströms förlag SEK 22 M (22), Damm förlag SEK 6 M (6). The magazine Hälsa SEK 10 M (10) and OTW SEK 32 M (32). These trademarks are assessed as having an indefinite useful life and there is no indication that use of these trademarks will decrease. In the previous year the Hemma trademark was included with SEK 42 M.

CARRYING AMOUNT OF GOODWILL AND TRADEMARKS ALLOCATED TO CASH-GENERATING UNITS

	Goodwill		Trademarks	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Publishing operations, Forma	235	214	70	70
White goods operations, Hemma	–	89	–	42
Home furnishings operations, Hemtex	104	102	500	500
Home furnishings operations, Cervera	26	26	82	82
Online retailing, inkClub	322	–	315	–
	687	**431**	**967**	**694**

Publishing operations (Forma Publishing Group)
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.

Home furnishings operations (Hemtex AB)
Hakon Invest owns 68.5% of the shares and votes in Hemtex AB. Hemtex is a home textiles chain in Sweden and Finland.

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. Cervera is a store chain with products for kitchen and dining areas.

Online retailing (inkClub Development AB)
Hakon Invest has owned 100% of the shares and votes in inkClub Development AB since December 21, 2011. inkClub is an online retailer that sells various types of consumables over the internet.

Sensitivity analysis
Carrying amounts for intangible assets for Cervera are on a level with estimated value in use. A lower growth rate, an increased discount rate or other negative changes of key variables in the impairment test would result in impairment of carrying amounts. Value in use exceeds book value with regard to Hemtex, but minor changes in one or more variables (discount rate, long-term operating margin or sales growth) result in impairment. Management is of the opinion that possible changes in key variables in the calculations for other cash-generating units would not have such a major effect that the recoverable amount would be reduced to a value that is lower than the carrying amount.

Impairment test
The recoverable amount for intangible assets with indefinite useful lives is assessed on the basis of value in use. 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 and also reflect historical experience.

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 is assessed of 2% for Forma (3) and 3% (3) for other companies.
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	Hemtex 11.6% (11.6) Cervera 10.9% (11.9) Forma 10.0% (10.7) Kjell & Company 10.4% (12.5) inkClub 13.8% (15.5) The discount rate is determined taking into account prevailing interest rates and special risk factors for each company. The discount rate corresponds to the companies' WACC.

NOTE 15 **EQUIPMENT**

	Dec. 31, 2011	Dec. 31, 2010
Opening balance	392	440
– Purchases	11	26
– Business combinations	6	–
– Sales and disposals	–81	–63
– Exchange rate differences	–	–11
Closing accumulated cost	**328**	**392**
Opening accumulated depreciation	–289	–288
– Business combinations	–2	–
– Sales and disposals	70	48
– Exchange rate differences	–	6
– Depreciation	–41	–55
Closing accumulated depreciation	**–262**	**–289**
Closing book value	**66**	**103**

NOTE 16 **INVENTORIES**

	Dec. 31, 2011	Dec. 31, 2010
Finished goods	496	550
Total	**496**	**550**

Inventories consist of white goods SEK 0 M (54), books SEK 126 M (125), home furnishings SEK 332 M (371) and online stocks SEK 38 M (0).

NOTE 17 **FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

2011	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Trade and other receivables	–	172		172
Other current receivables	–	37		37
Short-term investments [1)]	753	–		753
Cash and cash equivalents	–	248		248
Total financial assets	**753**	**457**		**1,210**
Non-current interest-bearing loans			33	33
Trade and other payables			483	483
Current interest-bearing loans			198	198
Other current liabilities			107	107
Total financial liabilities			**821**	**821**

[1)] SEK 106 M of short-term investments are classified according to level 2. Measurement level 2 relates to financial assets for which measurement is carried out using a model based on observable market inputs. The remaining SEK 647 M is classified according to level 1. Measurement level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market.

2010	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Trade and other receivables	–	200		200
Other current receivables	–	40		40
Short-term investments [1)]	1,076	–		1,076
Cash and cash equivalents	–	147		147
Total financial assets	**1,076**	**387**		**1,463**
Non-current interest-bearing loans			49	49
Trade and other payables			562	562
Current interest-bearing loans			387	387
Other current liabilities			87	87
Total financial liabilities			**1,085**	**1,085**

[1)] SEK 198 M of short-term investments are classified according to level 2. Measurement level 2 relates to financial assets for which measurement is carried out using a model based on observable market inputs. The remaining SEK 878 M is classified according to level 1. Measurement level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market.

For trade receivables, trade payables, other current receivables and liabilities measured at cost the maturity is short and therefore fair value corresponds to carrying amount. Since the loans carry floating interest, the carrying amount of the loans corresponds to fair value.

NOTE 18 **TRADE RECEIVABLES**

	Dec. 31, 2011	Dec. 31, 2010
Trade receivables not past due	128	117
Trade receivables past due 0–90 days	18	10
Trade receivables past due 90–180 days	2	3
Trade receivables past due >180 days	18	8
Reserve for bad debts	–22	–6
Total trade receivables	**144**	**132**

NOTE 19 **RELATED PARTY TRANSACTIONS**

Forma Publishing Group during 2011 sold goods to ICA AB for SEK 100 M (100). Forma's receivable from ICA AB at December 31, 2011, amounted to SEK 17 M (10). In 2011, Hakon Invest purchased services from ICA AB for SEK 1 M (1).

NOTE 20 **PREPAID EXPENSES**

	Dec. 31, 2011	Dec. 31, 2010
Production and distribution costs	32	47
Rental costs	58	64
Other prepaid expenses	24	30
Total	**114**	**141**

NOTE 21 **SHORT-TERM INVESTMENTS**

	Dec. 31, 2011	Dec. 31, 2010
Breakdown of short-term investments:		
Equities	193	377
Hedge funds	227	234
Fixed-income securities	273	394
Ahold shares	60	71
Book value	**753**	**1,076**
Cash and cash equivalents	248	147
Total short-term investments and cash and cash equivalents	**1,001**	**1,223**

At year-end 2011 the Parent Company's investments were allocated as follows: 31% equities (40), 35% fixed-income securities (35), 28% hedge funds (20) and 6% cash and cash equivalents (5). The hedge fund holding refers to the hedge funds Adrigo, Alcur, Brummer Multi-Strategy, Brummer Nektar and SEB Fonder. These items are measured at fair value through profit or loss. In order to establish fair value, official market listings were used.

NOTE 22 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash and bank balances totaling SEK 248 M (147). Unutilized bank overdraft facilities as of December 31, 2011, amounted to SEK 124 M (82).

NOTE 23 **EQUITY**

Share capital, number of shares, 000s	**Dec. 31, 2011**	Dec. 31, 2010
Common shares of SEK 2.50 per share	78,597	78,849
C shares of SEK 2.50 per share	82,068	82,068
Total	**160,665**	**160,917**

Shares have the same quota value (SEK 2.50) and equal voting rights. Share capital totals SEK 402,294,000. The total holding of treasury shares amounts to 252,130 common shares (264,920) after buybacks. For information on incentive programs, see Note 7.

Reserves	**Dec. 31, 2011**	Dec. 31, 2010
Fair value reserve	7	6
Hedging reserve	203	211
Translation reserve	76	85
Total	**286**	**302**

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.

Fair value reserve
The fair value reserve includes changes in value attributable to tangible and intangible non-current assets. In step acquisitions revaluation is recognized for previously owned share of assets in the fair value 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.

Other capital provided
Other capital provided essentially consists of the contribution in addition to share capital provided by the owners.

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.

ICA-handlarnas Förbund has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement. This decision means that ICA-handlarnas Förbund has lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016 will only comprise common shares which carry dividend entitlement.

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 2010: SEK 6.00/share	472
Dividend proposal to the 2012 Annual General Meeting:	
Dividend on common shares:	
Dividend for 2011, SEK 6.25/share	491

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 19, 2012, an ordinary dividend of SEK 6.25. See also Note 13, Earnings per share regarding dividend rules in the Articles of Association.

NOTE 24 **PROVISIONS FOR PENSIONS**

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-fold earner solution for high earners with detached premiums. Obligations in addition to PRI and ITP are insured, among other things, with endowment insurance.

Recognized pension cost	**Dec. 31, 2011**	Dec. 31, 2010
ITP Plan		
Defined benefit plans:		
Current service cost	5	4
Actuarial gains/losses	36	3
Interest expense	10	8
Total cost for defined benefit plans	**51**	**14**
Cost of defined contribution plans	40	52
Total pension costs	**91**	**66**

Change in pension obligations		
Present value of obligations, opening balance	168	160
Benefits earned during the period	5	4
Early retirement pensions	0	1
Pension payments	–7	–7
Interest	10	8
Actuarial gains(–)/losses(+)	36	3
Present value of pension obligations, closing balance	**212**	**168**

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

Obligation discounted in Sweden on the basis on interest on corporate bonds.

Assumptions for actuarial calculations:		
Discount rate	4.0%	4.5%
Future annual salary increases	3.0%	3.0%
Future annual pension increases	2.0%	2.0%
Expected return on plan assets	0.0%	0.0%

Provisions recognized in the balance sheet	**2011**	2010
Present value of defined benefit pensions	212	168
Plan assets	–6	–6
Provisions at year-end	**206**	**162**
Of which:		
Long-term component	198	155
Short-term component	8	7
Experience-based adjustments for obligations	0	0
Experience-based adjustments for plan assets	0	0

OTHER PENSION COMMITMENTS

Other pension commitments are paid in amounts that correspond to the value of funds in pledged endowment insurance policies. The capital value of the commitment amounted to SEK 27 M (29) at December 31, 2011, thus corresponding to the value of the endowment insurance.

NOTE 25 **TRADE AND OTHER PAYABLES**

	Dec. 31, 2011	Dec. 31, 2010
Trade payables	288	304
Accrued salaries and vacation pay	89	90
Accrued social security contributions	34	30
Accrued members bonus	–	30
Accrued rental costs	–	9
Other accrued expenses	72	99
Total	**483**	**562**

NOTE 26 **INTEREST-BEARING LOANS**

	Dec. 31, 2011	Dec. 31, 2010
Non-current liabilities		
Bank loans	15	49
Total	**15**	**49**
Current liabilities		
Current portion of bank loans	111	170
Bank overdraft facility	87	217
Total	**198**	**387**

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

Loan amount	Interest rate Dec. 31, 2011	Final maturity date
SEK 3 M	9.55	Dec. 31, 2014
SEK 19 M	3.60	Nov. 30, 2015
SEK 35 M	4.52	Mar. 30, 2012
SEK 70 M	5.08	Mar. 30, 2012

NOTE 27 CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities	**Dec. 31, 2011**	Dec. 31, 2010
Guarantee for Försäkringsbolagets Pensionsgaranti	3	3
Other guarantees	13	13
Total	**16**	**16**

OPERATING LEASES

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

	2011	2010
Cost for the year	296	333

Hemmabutikerna's costs for rents and leasing in 2011 amounted to SEK 32 M.

Future minimum lease payment according to operating leases amount to:

Payments due	**2011**	2010
2011	–	278
2012	270	219
2013	181	148
2014	123	78
2015	84	74
2016 and later	76	–
Total	**734**	**797**

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 139 M (156). Hakon Invest and the other holdings have no significant investment commitments at the closing date. ICA's contingent liabilities amount to SEK 1,487 M (1,520) and mainly relate to tax disputes.

Pledged assets	**2011**	2010
Corporate mortgages	441	415
Endowment insurance pledged as collateral for pension obligation	27	29
Total	**468**	**444**

NOTE 28 ADJUSTMENT FOR NON-CASH ITEMS

	2011	2010
Depreciation and impairment of non-current assets	79	373
Measurement at fair value	73	–43
Capital gain from sale of non-current assets	0	13
Change in provisions	56	6
Interests recognized according to the equity method	–553	–212
Sale of Hemmabutikerna	134	–
Other	–3	9
Total	**–214**	**146**

NOTE 29 PROFIT/LOSS FROM DISCONTINUED OPERATIONS

Income statement Hemma	**2011**	2010
Income	240	268
Expenses	–288	–303
Operating profit/loss	–48	–35
Financial items	–5	–3
Goodwill impairment	–-89	–
Capital gain/loss	–60	–
Tax	–14	–
Profit/loss for the period	**–216**	**–38**

Parent company income statement

SEK M	Note	**2011**	2010
Revenues		–	–
Operating expenses			
Administrative expenses	3,4,5	–64	–63
Operating profit/loss		**–64**	**–63**
Result from financial investments			
Result from interests in joint ventures	6	760	713
Financial income	7	45	35
Financial expenses	8	–7	–14
Result from interests in subsidiaries	11	–203	–146
Change in fair value of financial instruments	9	–73	49
Total result from financial investments		**522**	**637**
Profit after financial items		**458**	**574**
Tax	10	2	–
Profit for the year [1]		**460**	**574**

[1] Since comprehensive income for the Parent Company corresponds to profit for the year according to the income statement, no separate statement of comprehensive income is presented.

Parent company balance sheet

ASSETS

SEK M	Note	Dec. 31, 2011	Dec. 31, 2010
Non-current assets			
Interests in group companies	11	1,198	973
Interests in joint ventures	12	2,960	2,960
Deferred tax asset	10	192	192
Equipment		1	2
Other non-current receivables	13	27	29
Non-current receivables group companies	14	878	792
Total non-current assets		**5,256**	**4,948**
Current assets	**21**		
Current receivables			
Receivables from group companies		54	14
Current tax assets		3	–
Prepaid expenses and accrued income		8	11
Total current receivables		**65**	**25**
Short-term investments	**21**		
Securities under separate management	15	693	1,005
Other shares	16	60	71
Total short-term investments		**753**	**1,076**
Cash and bank balances		44	60
Total current assets		**862**	**1,161**
TOTAL ASSETS		**6,118**	**6,109**

Parent company balance sheet

EQUITY AND LIABILITIES

SEK M	Note	**Dec. 31, 2011**	Dec. 31, 2010
Equity			
Restricted equity			
Share capital		402	402
Statutory reserve		2,772	2,772
Total restricted equity		**3,174**	**3,174**
Unrestricted equity			
Retained earnings		2,408	2,304
Profit for the year		460	574
Total unrestricted equity		**2,868**	**2,878**
Total equity		**6,042**	**6,052**
Non-current liabilities			
Provisions for pensions and similar commitments	17	31	33
Other non-current liabilities		2	–
Total provisions		**33**	**33**
Current liabilities	**21**		
Trade payables		2	4
Current tax liabilities		–	4
Liabilities to group companies		21	–
Other current liabilities		9	9
Accrued expenses and deferred income	18	11	7
Total current liabilities		**43**	**24**
TOTAL EQUITY AND LIABILITIES		**6,118**	**6,109**
Pledged assets	19	27	29
Contingent liabilities	20	277	234

Parent company statement of changes in equity

SEK M	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2010	**402**	**2,772**	**2,295**	**481**	**5,950**
Disposition of earnings for previous year	–	–	481	–481	0
Dividend	–	–	–472	–	–472
Profit for the year	–	–	–	574	574
Equity at December 31, 2010	**402**	**2,772**	**2,304**	**574**	**6,052**
Disposition of earnings for previous year	–	–	574	–574	0
Dividend	–	–	–472	–	–472
Incentive program	–	–	2	–	2
Profit for the year	–	–	–	460	460
Equity at December 31, 2011	**402**	**2,772**	**2,408**	**460**	**6,042**

Share capital in Hakon Invest amounts to SEK 402,293,590 divided into 160,917,436 shares each with a quota value of SEK 2.50. At the end of the period the number of C shares amounted to 82,067,892 and the number of common shares 78,849,544, of which 252,130 common shares are treasury shares held by Hakon Invest.

Parent company cash flow statement

SEK M	Note	Dec. 31, 2011	Dec. 31, 2010
Operating activities			
Profit before tax		458	574
Adjustment for non-cash items	22	281	106
		739	**680**
Income tax paid		–5	–
Cash flow from operating activities before change in working capital		**734**	**680**
Change in working capital			
Receivables		–40	25
Liabilities		24	1
Cash flow from operating activities		**718**	**706**
Investing activities			
Shareholder contribution provided		–203	–48
New issue Hemtex		–225	–
Sale of financial assets		–	22
Acquisition of property, plant and equipment		–	–2
Change in non-current receivables		–84	30
Change in short-term investments		250	–210
Cash flow from investing activities		**–262**	**–208**
Financing activities			
Dividends paid		–472	–472
Cash flow from financing activities		**–472**	**–472**
Cash flow for the year		–16	26
Cash and cash equivalents at beginning of the year		60	34
Cash and cash equivalents at end of the year		**44**	**60**

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 (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.

INCOME STATEMENT AND NAMES OF FINANCIAL STATEMENTS

In accordance with the requirements in the Swedish Annual Accounts Act, the Parent Company presents an income statement complemented with a separate statement of comprehensive income as well as the statement that shows the Parent Company's financial position called the balance sheet.

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

Starting in 2011 group contributions received are recognized as financial income and group contributions provided are recognized as a financial expense. Shareholder contributions are recognized directly in 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**

Number of employees is calculated based on the Group's measurement of normal working hours, 1,800 hours.

	2011	2010
Average number of employees, broken down by gender amounted to:		
Women	6	6
Men	7	7
Total	**13**	**13**

SEK M	**2011**	2010
Salaries and remuneration paid to:		
Board and CEO	5	4
Other senior executives	8	7
Other employees	7	9
Total salaries and remuneration	**20**	**20**
Social security contributions, statutory and contractual	7	9
Pension costs	9	8
Total social security contributions and pension costs	**16**	**17**
Total salaries, remuneration, social security contributions and pension costs	**36**	**37**

During the year, a fee of SEK 600 thousand (600) was paid to the Chairman of the Board. Of the pension amount, SEK 4,389 thousand (4,446) pertains to the group Board of Directors and CEO. Salary paid to the company's CEO during the year amounted to SEK 1,594 thousand (2,780). A total remuneration package of SEK 7.4 M (5.7) has been agreed with the CEO. 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 CEO. During 2011, SEK 1.0 M was allocated to a reserve in bonus for the CEO.

Board members and senior executives

	Number on **Dec. 31, 2011**	Of whom men, %	Number on Dec. 31, 2010	Of whom men, %
Board members	7	71	7	71
CEO and other senior executives	4	100	4	100

NOTE 4 **DEPRECIATION**

Depreciation of property, plant and equipment amounts to SEK 215 thousand (252).

NOTE 5 **FEES TO AUDITORS**

	2011	2010
Ernst & Young, audit assignments	1	1
Ernst & Young, tax assignment	0	0
Ernst & Young, other assignments	1	3
Total	**2**	**4**

NOTE 6 **RESULT FROM INTERESTS IN JOINT VENTURES**

	2011	2010
Dividend	760	713
Total	**760**	**713**

NOTE 7 **FINANCIAL INCOME**

	2011	2010
Dividends	23	11
Interest income	14	15
Interest income from group companies	2	4
Exchange differences	6	5
Total	**45**	**35**

NOTE 8 **FINANCIAL EXPENSES**

	2011	2010
Exchange differences	–7	–14
Total	**–7**	**–14**

NOTE 9 **CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS**

	2011	2010
Short-term investments	–73	49
Total	**–73**	**49**

NOTE 10 **TAX**

	2011	2010
Items included in the tax expense are specified below:		
Current income tax		
Tax attributable to previous years	–	–
Deferred income tax		
Deferred tax attributable to temporary differences	2	–
Tax effect Group contribution	–	0
Tax expense/income (–/+) recognized in the income statement	**2**	**0**
Reconciliation of effective tax expense		
Profit before tax	458	574
Tax according to current tax rate in Sweden, 26.3%	–120	–151
Tax effect of:		
Dividend	200	188
Non-capitalized loss carry forward	–25	
Impairment of shares in subsidiary	–53	–39
Other items	1	2
Company's effective tax cost 0.4% (0.0)	**2**	**0**
Deferred tax at December 31 pertains to the following:		
Deferred tax assets		
Loss carry forwards	185	185
Pension provisions	7	7
Deferred tax assets	**192**	**192**

The Parent Company's loss carry forwards at December 31, 2011, amounted to SEK 826 M (820). 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), which is expected to be utilized.

NOTE 11 **PARTICIPATIONS IN GROUP COMPANIES**

	Corp. reg. no.	Reg. office	Number of shares	Equity and voting rights, %	Book value Dec. 31, 2011	Book value Dec. 31, 2010
Forma Publishing Group AB	556045-0297	Stockholm	26,700	89	178	178
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	120
inkClub Intressenter AB	556720-3467	Solna	1,000	100	5	5
Hemtex AB	556132-7056	Borås	65,650,195	68.5	894	669
					1,198	**973**

	Corp. reg. no.	Reg. office	Equity and voting rights, %
Subsidiaries of Forma Publishing Group AB			
Forma Books AB	556045-0297	Stockholm	100
Forma Magazines AB	556279-4940	Stockholm	100
Tidningsförlaget 11097 AB	556759-0731	Stockholm	100
Forma Publishing Group OY	0503546-4	Helsinki	100
Forma Media AS, Tallinn	10555124	Tallinn	100
Forma Contract AB	556654-6387	Stockholm	100
Susamuru OY	0926331-7	Helsinki	51
Off The Wall Media Production & Consulting AB	556531-5131	Stockholm	100
Off The Wall Communication 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
ICA Bokförlag AB	556071-2241	Västerås	100
ICA Facktidningar AB	556372-6529	Västerås	100
ICA Kuriren AB	556609-2234	Västerås	100
Idé-förlaget i Västerås AB	556306-7783	Västerås	100
Tidskriften Hus & Hem AB	556609-2010	Västerås	100
Subsidiaries of Cervera Intressenter AB			
Cervera AB	556701-1209	Stockholm	91.4
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 Backaplan AB	556674-8256	Strängnäs	100
Cervera Malmö Downtown AB	556498-4903	Malmö	100
Cervera Inköps o Försäljning AB	556331-3732	Strängnäs	100
Cervera Växjö City AB	556457-7071	Täby	100
Glas & Porslin i Valbo AB	556659-4536	Gävle	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
Subsidiaries of inkClub Development AB			
inkClub AB	556712-5777	Uppsala	100
112ink AB	556664-4968	Uppsala	100
Metrocos AB	556697-8127	Uppsala	100
distriPak SA	2006/03752	Lausanne	100
ePayment Service Europe AB	556483-9586	Uppsala	100
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

NOTE 11 **cont.**

SEK M	**Dec. 31, 2011**	Dec. 31, 2010
Opening cost	973	1,093
– Sales	–	–22
– New issue Hemtex	225	–
– Impairment of shares in subsidiary	–203	–146
– Shareholder contribution	203	48
Closing cost	**1,198**	**973**

NOTE 12 INTERESTS IN JOINT VENTURES

	Dec. 31, 2011	Dec. 31, 2010
Opening cost	2,960	2,960
Closing cost	**2,960**	**2,960**

	Number	Par value	Share, %	Book value **Dec. 31, 2011**	Book value Dec. 31,2010
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 OTHER NON-CURRENT RECEIVABLES

	Dec. 31, 2011	Dec. 31, 2010
Opening accumulated cost	29	27
– Investment	2	5
– Payment	–4	–3
Closing accumulated cost	27	29
Closing book value	**27**	**29**

Of which pledged endowment insurance of SEK 27 M (29).

NOTE 14 NON-CURRENT RECEIVABLES FROM GROUP COMPANIES

	Dec. 31, 2011	Dec. 31, 2010
Kjell & Co Intressenter AB	102	102
Hemmabutikernas Intressenter AB	1	82
Cervera Intressenter AB	120	120
inkClub Intressenter AB	655	488
Total	**878**	**792**

NOTE 15 SECURITIES UNDER SEPARATE MANAGEMENT

	Dec. 31, 2011	Dec. 31, 2010
Equities	193	377
Hedge funds	227	234
Fixed-income securities	273	394
Book value	**693**	**1,005**
Market value	**693**	**1,005**

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

NOTE 16 OTHER SHARES

Other shares refers to 650,000 shares in Royal Ahold at a price of EUR 10.41 (9.91). The amount is translated into SEK at exchange rate 8.91 (9.00).

NOTE 17 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	Dec. 31, 2011	Dec. 31, 2010
Provision PRI pensions	4	4
Provision other pensions	27	29
Total	**31**	**33**

NOTE 18 ACCRUED EXPENSES AND DEFERRED INCOME

	Dec. 31, 2011	Dec. 31, 2010
Accrued vacation pay and social security contributions	3	2
Other accrued costs	8	5
Total	**11**	**7**

NOTE 19 PLEDGED ASSETS

	Dec. 31, 2011	Dec. 31, 2010
Endowment insurance pledged as collateral for pension obligations	27	29
Total	**27**	**29**

NOTE 20 CONTINGENT LIABILITIES

	Dec. 31, 2011	Dec. 31, 2010
Guarantee to subsidiaries	277	234
Total	**277**	**234**

NOTE 21 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Dec. 31, 2011	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	–	878		878
Receivables from group companies	–	53		53
Short-term investments [1]	753	–		753
Cash and cash equivalents	–	44		44
Total financial assets	**753**	**975**		**1,728**
Trade and other payables			2	2
Other current liabilities			9	9
Total financial liabilities			**11**	**11**

[1] SEK 106 M of short-term investments is classified according to level 2. Valuation level 2 relates to financial assets which are valued using a model based on observable market inputs. The remaining SEK 647 M is classified according to level 1. Valuation level 1 relates to financial assets for which quoted prices for identical assets are observable in an active market.

Dec. 31, 2010	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	–	792		792
Receivables from group companies	–	14		14
Short-term investments [1]	1,076	–		1,076
Cash and cash equivalents	–	60		60
Total financial assets	**1,076**	**866**		**1,942**
Trade and other payables			4	4
Other current liabilities			9	9
Total financial liabilities			**13**	**13**

[1] SEK 198 M of short-term investments is classified according to level 2. Valuation level 2 relates to financial assets which are valued using a model based on observable market inputs. The remaining SEK 878 M is classified according to level 1. Valuation level 1 relates to financial assets for which quoted prices for identical assets are observable in an active market.

Trade receivables, trade payables, other current receivables and liabilities measured at cost have short maturities and therefore fair value matches carrying amount. Since loans carry floating interest, carrying amount of the loan also corresponds to fair value.

NOTE 22 OTHER NON-CASH ITEMS

	Dec. 31, 2011	Dec. 31, 2010
Change in provisions	–	3
Incentive program	2	–
Measurement at fair value	73	–43
Impairment of shares in subsidiary	203	146
Other	3	–
Total	**281**	**106**

The undersigned hereby affirm that to the best of their knowledge the consolidated and Parent Company 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 13, 2012

Lars Otterbeck
Chairman

Anders Fredriksson
Deputy Chairman

Peter Berlin
Board member

Cecilia Daun Wennborg
Board member

Magnus Moberg
Board member

Andrea Gisle Joosen
Board member

Jan Olofsson
Board member

Claes-Göran Sylvén
CEO

Our audit report was submitted on March 13, 2012
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit Report

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF HAKON INVEST AB
CORPORATE IDENTITY NUMBER 556048-2837

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Hakon Invest AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included on pages 74–112.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2011, and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Hakon Invest AB (publ) for the year 2011.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Stockholm, March 13, 2012
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Annual General Meeting and financial calendar

ANNUAL GENERAL MEETING 2012

The Annual General Meeting of shareholders in Hakon Invest will be held on Thursday, April 19, 2012, at 16.00 CET at Näringslivets Hus, Storgatan 19, 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 Friday, April 13, 2012, are entitled to attend the Annual General Meeting. In addition, notification shall be made in good time prior to Friday, April 13, 2012 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 8 402 90 40.

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 Friday, April 13, 2012.

DIVIDEND

For the 2011 fiscal year, the Board of Directors of Hakon Invest proposes to the Annual General Meeting a dividend of SEK 6.25 per common share, or a total of SEK 491 M. The record date for dividends is Tuesday, April 24, 2012 and dividends are expected to be sent out via Euroclear Sweden's system on Friday, April 27, 2012.

FINANCIAL CALENDAR

Annual General Meeting 2012, April 19, 2012
Interim report, January–March 2012, May 9, 2012
Interim report, January–June 2012, August 22, 2012
Interim report, January–September 2012, November 14, 2012

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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CFO

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Definitions

CAPITAL EMPLOYED
Balance sheet total less non-interest bearing liabilities and provisions.

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 non-controlling interests divided by the total average number of shares outstanding.

EQUITY PER SHARE
Equity excluding non-controlling interests divided by the total number of shares outstanding.

NET MARGIN
Profit for the period 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.

CASH FLOW PER SHARE
Cash flow for the period divided by the 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 non-controlling interests as a percentage of balance sheet total.

GROSS MARGIN
Gross profit as a percentage of revenues.

OPERATING MARGIN
Operating profit as a percentage of revenues.

RETURN ON EQUITY
Profit for the period, excluding non-controlling interests, calculated on the basis of a rolling 12-month period, as a percentage of average equity excluding non-controlling interests during the same period.

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