



Hakon Invest's
holding, 40%

ICA AB

Market

Food retail

Year in figures

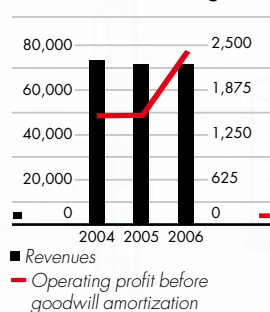
Revenues SEK 67,395 M

Operating profit before goodwill
amortization SEK 2,297 M

Summary of operations

ICA AB is one of the Nordic region's leading retail companies with a focus on food. The ICA Group has over 2,300 own and retailer-owned stores in Sweden, Norway and the Baltic countries, with almost 12,000 employees.

Revenues and earnings, SEK M



Publishing Group



Hakon Invest's
holding, 100%

Forma Publishing Group

Market

Publishing operations

Year in figures

Revenues SEK 660 M

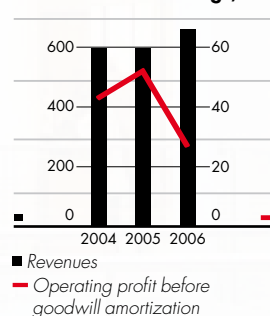
Operating profit before goodwill
amortization SEK 37 M

Investment amount SEK 200 M

Summary of operations

Forma Publishing Group is one of Sweden's largest publishing houses with a focus on consumer magazines, trade magazines and books. The dominant subjects are food, the home, recreation and retailing. The company has over 300 employees

Revenues and earnings, SEK M





Kjell & Company

Market

Home electronics accessories

Year in figures

Revenues SEK 181 M

Operating profit before goodwill
amortization SEK 10 M

Investment amount SEK 102 M

Summary of operations

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. The company has 18 stores and carries a range of over 7,000 products. The number of employees amounts to over 127 FTEs.



Hemma

Market

White goods

Year in figures

Revenues SEK 294 M

Operating profit before goodwill
amortization SEK 2 M

Investment amount SEK 90 M

Summary of operations

The Hemma chain is Sweden's largest white goods retailer. Hemma sells and markets products with well-known brands for home, kitchen and laundry in 122 stores in more than 100 locations.



Cervera

Market

Glassware, porcelain and household utensils

Year in figures

Revenues SEK 149 M

Operating profit before goodwill
amortization SEK 15 M

Investment amount SEK 85 M

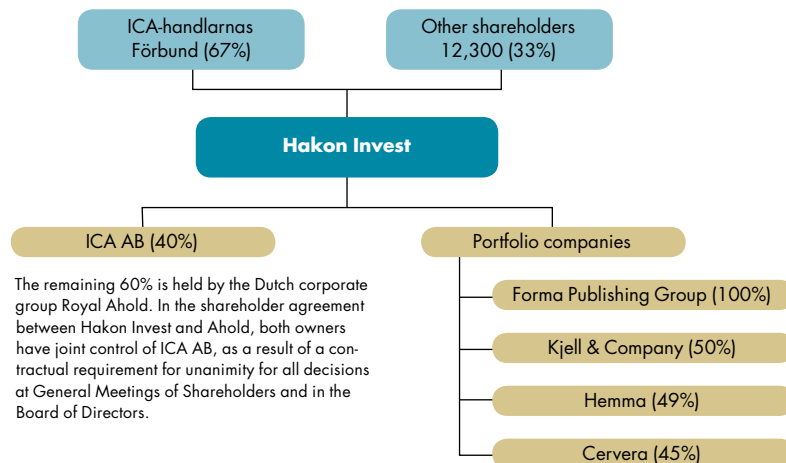
Summary of operations

Cervera is one of Sweden's largest retailers of glassware, porcelain, cutlery, kitchen utensils and furnishings. The Cervera chain comprises 24 wholly and partly owned stores and 29 franchise stores.



Welcome to Hakon Invest
Leading retail
development partner

The Group at a glance



Hakon Invest makes long-term investments in retail-oriented companies with a geographic focus on the Nordic and Baltic regions. Our vision, with ownership in ICA AB as a foundation, is to be the Nordic region's leading development partner for companies in the retail sector. The 40% holding in ICA AB forms the base of our ownership philosophy and operations. Through active and responsible ownership we 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.

2006 figures

- Revenues SEK 660 M (611)
- Profit for the year SEK 1,054 M (854)
- Earnings per share SEK 6.55 (5.31)
- Equity/assets ratio 95.2% (95.0)
- The Board proposes a dividend of SEK 5.50 per common share (4.50)

2006 events

- Forma Publishing Group acquires B. Wahlströms Bokförlag
- ICA sells ICA Meny
- Hakon Invest acquires 50% of the home electronics chain Kjell & Company
- Hakon Invest acquires 49% of the white goods chain Hemma
- Hakon Invest acquires 45% of the glassware and porcelain chain Cervera
- ICA acquires 50% of Rimi Baltic
- ICA decides to reduce its holding in Netto

Hakon Invest was listed on December 8, 2005, and is quoted on the Nordic Exchange, Large Cap. ICA-handlarnas Förbund is the majority shareholder with 67% of the shares. Other shareholders number approximately 12,300, in the form of Swedish and foreign institutions as well as private individuals. The head office is in Solna, outside Stockholm.

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Denna årsredovisning är översatt från den svenska versionen.

This Annual Report is a translation of the Swedish version.



Several important and correct steps

Hakon Invest can look back on a successful year – the first as a listed investment company. We entered 2006 full of energy and with a high level of ambition. We are happy to now be able to say that several of our ambitions and plans were realized. Among other things, we added three new companies to our portfolio, all with major potential for development.

2006 was characterized by a high level of activity, both within Hakon Invest's original holdings, ICA AB and Forma Publishing Group, and in our own investment business and the retail market in general. In these circumstances our organization showed that it is well equipped to take advantage of the opportunities offered by the retail markets in the Nordic and Baltic regions. The considerable interest in Hakon Invest's shares indicates strong confidence in us as active, long-term and responsible owners of companies with a retail focus – always with the significant holding in ICA as a base.

Portfolio with development potential

Our aim is step-by-step to build up a portfolio of companies with retail operations where we see clear opportunities to contribute to growth and improved profitability.

We started the year with two holdings – the “permanent” holding in ICA and the wholly owned subsidiary Forma. Intensive work by the investment organization gradually yielded results and by the end of 2006 the portfolio had been expanded with three new attractive retail companies. What newcomers Kjell & Company, Hemma and Cervera have in common is that they have strong concepts with good opportunities for further development and expansion.

Equally important, of course, is that ICA and Forma continue to grow. Both these companies made add-on investments during the year. ICA's acquisition of the remaining shares in Rimi Baltic was a strategically important step which in addition to growth will lead to further synergies in supply, administration and IT. With the acquisition of B. Wahlströms Bokförlag, Forma will strengthen both its growth and position in the book market.

Organization with entrepreneurial overtones...

One clear common denominator for the recently added portfolio companies is their strong entrepreneurship – something that we feel is so important for making retail business truly successful. With our ICA background we have time and again witnessed the inherent strengths of entrepreneurship and retailer culture with the potential to create significant values at

several levels. Our organization is staffed by employees who fully understand and trust these strengths. In order to achieve as much as possible, we are very happy for former owners and management to remain. We see our investments as partnerships where through involved and responsible board work we provide both broad and deep knowledge which makes the entrepreneurs' businesses even more successful.

... and a rich palette of solutions

Our many years of experience from the food retail trade which is well out ahead with regard to both customer relations and store structures as well as effective logistics and supply chains, contributes to a broad palette of solutions for companies with different prerequisites and focus within the retail sector. Our investments are always accompanied by a generous portion of the retail specific expertise where customer behavior, concept, product range, the supply chain and purchasing are just a few examples.

Kjell & Company has a very well organized concept and we are now working intensively to support their expansion to a nationwide retail company. Such a geographic spread places, among other things, high demands on handling the supply chain, an area where Hakon Invest has long experience. Kjell & Company already shows very good sales growth, 36% in total and 8% for comparable stores in 2006. Four new stores opened their doors during the past year and with another seven stores under development this year, Kjell & Company is well on the way towards its goal of some 40 stores within five years.

The investment in Hemma last autumn meant that we took a step into a retailer driven business with both group-operated and retailer-owned stores all with a desire and ambition to clarify the concept. The position as Sweden's leading white goods retailer convinced us that there is major potential in a strengthened and clearer concept.

At the end of 2006 we completed the investment in Cervera, Sweden's leading glassware and porcelain retailer. Cervera has more than an attractive range of glass and porcelain, however. It is increasingly becoming a broad-based



*«We feel greatly
inspired to create values
in our existing holdings.»*

furnishings company, in response to the greater significance of the home and people's growing interest in furnishings and design.

ICA – a stable and aggressive base

The 40% holding in ICA is and will remain the foundation of Hakon Invest's long-term operations. With a sales increase of 4.8% in comparable stores and an earnings improvement of 18.4%, 2006 can be summarized as a successful year for the ICA Group. Sales in the Swedish ICA stores continued to rise at a higher rate than the market, and due to increased business volumes ICA Banken was able to meet its goal of a positive operating result for 2006. In Norway, operations continued to be affected by the major change programs in recent years with restructuring costs which led to a substantial fall in earnings.

The year was characterized by streamlining and continued investments in future growth. Both the sale of ICA Meny and the acquisition of the remaining shares in Rimi Baltic from the Finnish company Kesko are examples of steps designed to further strengthen and streamline ICA's core business. The acquisition of Rimi Baltic, which was the seventh largest Nordic structural deal in 2006, is at the same time totally in line with ICA's growth strategy in the Nordic and Baltic regions. We see major opportunities for Rimi Baltic in the region and our sights are set on a market leading position throughout the Baltic area.

Another result of ICA's focus on the core business is the

completion of a fully automated distribution center in Helsingborg which will make logistics and infrastructure more efficient. The renewed store structure in Norway is also an example of ICA's investments for the future. ICA Norge is now ready to speed up among other things by sharpening the ICA Maxi concept and further investments in product development and non-food.

Streamlining within Forma

Our wholly owned subsidiary Forma Publishing Group underwent some streamlining in 2006. This has resulted in a publishing profile with four clear businesses: Trade Magazines, Customer Magazines, Consumer Magazines and Book Publishing. We see good opportunities to develop these operations in various ways in Sweden, Finland and the Baltic countries.

The acquisition of B. Wahlströms Bokförlag in June doubled the book operations as well as adding fiction to the product range. The integration of B. Wahlströms went very well and the operations made a positive contribution to the book publisher's earnings in 2006.

There was also a high level of activity within the magazine business. This included the launch of the Market weekly magazine, which meant that a quarterly magazine, Internet site and events for the entire retail trade were now placed in a single concept. The newly started magazines Vovve and Smak were discontinued due to difficulties in dealing with the tough competition in the Swedish magazine market. Since a

basic philosophy for Forma's publications is to constantly try new ideas, these discontinuations should be seen as an important part of the business rather than a failure.

In 2006, Forma's revenues increased by 10.7% to SEK 660 M. The growth target remains high – to achieve revenues of SEK 1 billion before 2010.

New consumer trends in an expansive climate

The year was characterized by high activity and growth in the retail sector in the Nordic region and the Baltic countries. In Sweden, the highest growth figures for 15 years were noted. The favorable economic climate is, of course, an important explanation for this strong trend. But we can also discern new consumer behavior including the fact that shopping is becoming a hobby. Many people are choosing to shop more frequently instead of making single, large purchases. Whether this is due to the strong economy or reflects changes in consumer behavior remains to be seen.

The expansive climate, with many parallel trends, makes demands for constant renewal and development. Here we as a cooperation partner have an important role to play to ensure that our holdings continue to improve their profitability and growth.

We have started to build up a portfolio with which we can feel secure regardless of the business climate. ICA's exposure to the comparatively cyclically insensitive food retail sector provides stability while we have topped up with companies that operate within other segments of the retail market. In this way we are trying to optimize risk and opportunities.

Continued ownership changes expected within retail

There are many indications of a continued mobility both in trading with retail companies and various kinds of structural deals. We feel greatly inspired to create values in our exist-

ing holdings. Major financial preparedness is a key part of the strategy to support their growth, particularly through new add-on investments.

The investment organization will continue to seek new opportunities and evaluate potential acquisitions and naturally we also welcome new holdings that suit the portfolio. We look with particular interest at companies that operate within retail in new channels.

Thank you and welcome to our second year

After Hakon Invest's first year as a listed company I would like once again to express my thanks for the interest and confidence our owners have shown in the company. The share price performance during 2006 represented an upswing of 60% and the SEK 5.50 (4.50) per share dividend proposed by the Board is entirely in line with our aim to provide a generous dividend. Our strategy remains unchanged – through active and responsible ownership we will continue to create value growth in our investments combined with a good dividend yield.

I am also extremely happy about the enormous enthusiasm shown by both our employees and our cooperation partners. We have a lot of enjoyable work ahead of us, within our existing holdings and in our search for new attractive opportunities in the retail markets. Hakon Invest's second year as a listed company looks like being just as exciting as the first.

Stockholm, February 2007



Claes-Göran Sylvén
President and CEO

We want to release the potential of retail entrepreneurs

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.

Mission

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

Business concept

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

Goals for the Hakon Invest Group

Operating objectives for Hakon invest

- 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.
- To gradually build up a portfolio of holdings with a balanced risk.

Operating objectives for ICA AB

- To be the market leader in the countries in which ICA AB is represented.
- To increase revenues in the long term in each submarket at a rate exceeding total market growth.

Financial targets for Hakon Invest

- To provide a dividend of at least 50% of the Parent Company's profit after tax.
- To seek an equity/assets ratio for the Group of not less than 70% over time.
- In each individual holding, the average total return on Hakon Invest's invested capital to exceed 15% during the ownership period.

Financial targets for ICA AB

- Operating margin (EBIT) of 3.5–4.0%.
- Return on equity of at least 14–16% over a business cycle.
- An equity/assets ratio of 30–35% over time.
- In the shareholder agreement, Hakon Invest and Ahold have undertaken to work to ensure a dividend of at least 40% of the ICA Group's profit after tax.

Strategies

Balanced portfolio build-up

Hakon Invest works with a long-term approach to expand the investment portfolio with new investments as well as complementary 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. We invest in companies with clear concepts and established operations, which keeps down the level of risk.

Active and responsible ownership

Hakon Invest will be an active owner and support the development and expansion of its portfolio companies. We take a great interest in the companies in which we invest. We want to have shared interests with the entrepreneurs in our portfolio companies and consider it an advantage if the previous owners remain in the company in some form.

Long-term ownership

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

Hakon Invest's investments

Company: Kjell & Company

Market: Home electronics

Investment amount: SEK 102 M

Holding: 50%

Strategic challenge: Increase rate of expansion

Company: Hemma

Market: White goods

Investment amount: SEK 90 M

Holding: 49%

Strategic challenge: Create conditions for growth

Company: Cervera

Market: Glassware, porcelain, cutlery, kitchen utensils and furnishings

Investment amount: SEK 85 M

Holding: 45%

Strategic challenge: Sharpen concept and profile

Investments within holdings

Company: Forma Publishing Group acquires

B. Wahlströms Bokförlag

Market: Book market

Investment amount: SEK 69 M

Holding: 100%

Strategic challenge: Create growth and cost synergies within Forma

Company: ICA AB acquires remaining 50% in Rimi Baltic

Market: Food retail

Investment amount: EUR 190 M

Holding: 100%

Strategic challenge: Strengthen ICA's position in the Baltic region.

Divestments within holdings

Company: ICA AB sells ICA Meny

Market: Supplier to restaurant and food service market

Earning impact: SEK 367 M

Purchaser: Nordic Capital

Company: ICA AB decides to reduce holding in Netto from 50% to 5%

Market: Retail

Purchaser: Dansk Supermarked

Expertise, capital and passion for retail

Hakon Invest operates in the retail sector. We provide significant resources to develop expansive retail companies. With expertise, capital and a passion for retail we actively assist our partner companies' managements and boards in their work for successful development.

Focus on retail sector

Hakon Invest has a long history within retailing and operates today as an active, long-term and responsible owner in the sector. The aim is to build up over time a portfolio of approximately ten companies. Our geographic focus is the Nordic and Baltic regions. Hakon Invest invests in companies with a clear concept, strong entrepreneurship as well as a motivated management, positive cash flows, good opportunities for growth and where we see possibilities to contribute to significant value creation.

Business model

Our partner companies need different business models based on their own circumstances. There is no standardized business model that works for all. One of Hakon Invest's major competitive advantages is its ability to find, develop and hone suitable business models for different types of retail

companies. The purpose is always to release and guarantee the full potential in the driving forces of the entrepreneurship.

In practice, Hakon Invest works with a toolbox of structured processes that can be combined to form effective development packages for different retail companies in different phases. We operate in the companies through the board members appointed by Hakon Invest and as an active owner we never take over the role of management.

Protecting entrepreneurship is a very important component in the owner scenarios that are created. Hakon Invest does not wish to turn entrepreneurs into salaried employees. The importance of having a common agenda with the people operating the company means that we are happy to see former owners stay on. With a strengthened entrepreneurial spirit and shared involvement good prerequisites will be created for all owners, including Hakon Invest's shareholders, to make money.

Hakon Invest's ownership tools function regardless of starting point



Hakon Invest has the knowledge and tools to further develop and change the structure in a retail company, regardless of where on the cooperation scale they are at the outset.



Stein Petter Ski, Claes-Göran Sylvén and Britt-Marie Olsson

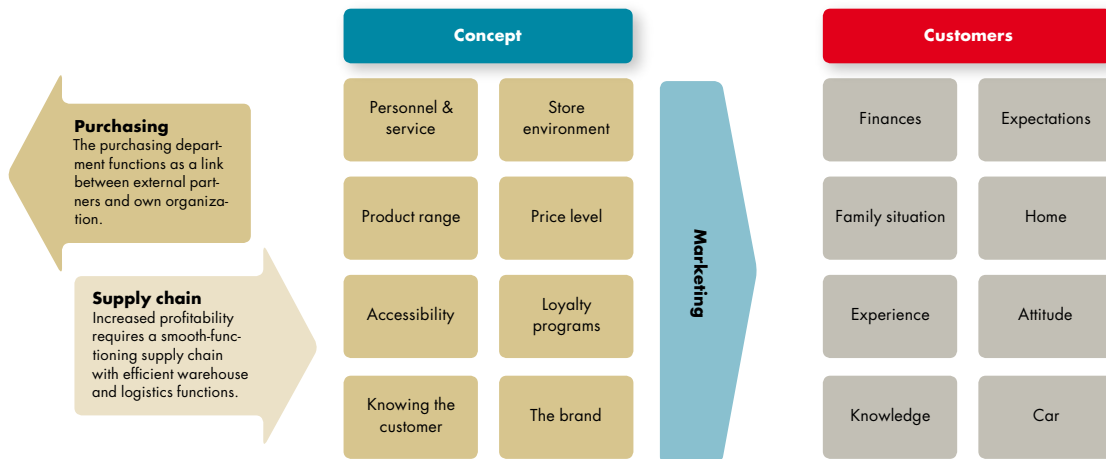
«We want our holdings to feel secure with Hakon Invest as an owner and as a result put all their efforts into further development of their operations.»

Value creation

Value creation in the companies will be achieved through a number of measures within different areas and vary from company to company. This is about creating conditions for growth, enhanced efficiency, profitability improvements and capital streamlining. In order to achieve this, Hakon Invest can support its partner companies in the following areas:

- Promote entrepreneurship
- Develop new business models
- Draft retailer agreements
- Concept development
- Improve efficiency of purchasing and logistics
- Acquisitions
- Strategic development
- Structure
- Professional board work

Hakon Invest adds value along the entire chain – from purchasing to customer offering



«Our ownership in ICA is 'permanent'.
Every new day starts with a 100-year perspective.»

Present investment focus

The focus of Hakon Invest's investments today is on established retail companies with clear concepts that need to take the next step in their development. This might for example include:

- Chains in a process of change or facing restructuring, such as Hemma and Cervera.
- Companies with wholly owned stores that are entering an expansion phase or need to make add-on investments, such as Kjell & Company.
- Companies that have developed a successful concept in a national market and are prepared to expand into new markets.

Owner role and governance model

Hakon Invest's business concept includes contributing to value growth and a good dividend yield in the portfolio companies through an active and responsible ownership role.

Active ownership is conducted through work on the boards but also by providing skills in different areas of the operations – all based on the specific needs of each company.

The starting point is a clear owner plan. Here, value-creating strategies, return targets, resource requirements and exit alternatives are identified. We also make sure that the company works in accordance with a well thought out and stable business plan that turns the important strategic objectives into reality with the aim of creating lasting values.

In the day-to-day operations we have an ongoing dialog with both owners and other line managers.

ICA as an example and platform

ICA's business model is based on professionalism at every level and close contact with the market. The system is based on each level making money – and creating value every day.

Market economy prevails within ICA. The goal is to constantly keep up the competitive pressure including competition within the Group. Many ICA retailers have another ICA retailer as their biggest competitor.

ICA's model is based, among other things, on a common capital base and establishment decisions being made centrally. The individual ICA retailer owns his own income statement and has no contractual requirement to buy all goods from ICA but sees ICA as the natural first initiative. In practice, every individual ICA retailer has an average of some 50 different suppliers many of whom are local for bread, vegetables and fresh products. This creates a healthy pressure on ICA's purchasing and logistics functions to always be the best in the market, something that everyone gains from in the long term.

Its background in food retail is one of Hakon Invest's strengths. Competition in this market has been intense for a long time. The food retail sector has therefore made tremendous progress when it comes to developing customer relations, making flows more efficient and operating in the toughest imaginable competition. Other parts of the retail sector have not come so far although some industry leaders are well out in front in many respects.



Pernilla Linger, Göran Hesseborn, Charlotte Hjorth and Fredrik Hägglund

«Its background in food retail is one of Hakon Invest's strengths. Compared with other parts of the retail market, the food retail sector has made tremendous progress in terms of customer relations and efficiency.»



Johan Örengård

Our owner approach is about creating financial values. This means that everything except ICA is for sale when the time is right. But our investment horizon is long which is an important difference compared with many other investors.

Hakon Invest's investment process comprises the following steps:

Selection	Assessment	Investment decision	Investment	Corporate governance	Divestment
Efforts to find potential investments are ongoing. This work is assisted by our own investment organization and Board as well as our contact network.	Following an initial general analysis attractive investment targets proceed to a more intensive survey (due diligence). This includes visits to the company, interviews with the management group, and market and operational analyses. This work results in an investment calculation which is presented to the investment committee.	If the potential investment is still attractive, negotiations are initiated with the seller. At the same time a thorough analysis is performed of aspects such as legal undertakings and accounts. Subsequently, the requisite material is compiled for a final investment decision by the Board.	In the event of a positive investment decision, Hakon Invest prepares a financing structure and business structure adapted to the specific situation. This forms the basis of our active and involved ownership.	Our active ownership is adapted to meet the specific needs and challenges of the company and is mainly conducted through work on the board. Together with other owners and the company's management, a business plan is drawn up with concrete measures and milestones. The plan is followed up and adapted to prevailing market conditions.	The sale of a holding is always conducted in a responsible manner at a suitable time. Divestments are always made in order to create the best possible return for Hakon Invest's shareholders.

«ICA's transparent system, exposed to competition, creates high efficiency from which everyone gains.»



Birgitta Wahlberg and Bertil Tell



Johan Junehed



Marie-Louise Genschou



Anders Hallgren

Skills in Hakon Invest and the network

Hakon Invest possesses broad skills within finance, company management and structural planning. What makes us different from other investors is a unique range of retail-oriented skills. These include knowledge of logistics throughout the chain and an understanding for product range, categories, supply chain, store concepts and store network planning as well as how changing consumer behavior should be met.

Capital strength combined with retail expertise and an extensive network are our main competitive advantages. Other examples of Hakon Invest's special characteristics are a long-term investment horizon, its own operating experience and a strong entrepreneurial culture.

Most retail companies started out as sales organizations and have not fully optimized their supply chain or focused on maintaining a high stock turnover. A high turnover has been in

focus within food retailing for a long time, particularly in light of the growing dominance of fresh products. In other industries as well, primarily fashion, there has been a move away from seasonal thinking to an ongoing renewal of the product range. The same driving forces can be found in many other industries. This places high demands on the supply chain and effective logistics all along the way. But no logistics in the world can help if the concept, the goods, and offerings are not right. Hakon Invest's network with experienced and competent people, who can be involved in the partner companies in different ways, is a tremendous support when the companies need to sharpen and hone their concepts.

The base of the network is the over 1,500 ICA retailers throughout Sweden. They can assist with establishment in new locations and provide support after establishment as good neighbors and colleagues.

EXECUTIVE MANAGEMENT

Hakon Invest's executive management consists of the President and CEO, CFO, General Counsel and SVP Communication.

Investment organization

Consists of two investment managers and two controllers – under the supervision of the CFO. The organization has a broad, retail-oriented and financial expertise. Works actively with both existing holdings and potential future investments.

Finance and accounting function

Consists of three people under the supervision of the CFO and is responsible for the Group's accounts and for central financial operations. The unit is also responsible for management of Hakon Invest's financial assets.

Legal function

Consists of the General Counsel who is responsible for legal issues. When required the General Counsel assists closely related companies with legal services on market terms. External legal expertise is also engaged when necessary.

Corporate communication function

Consists of the Senior Vice President, Communication who is responsible for the Group's external and internal communication and an IR Manager who is responsible for investor relations and related matters.

High activity within Nordic retail

Activity and growth are high at every level of the Nordic and Baltic retail markets. There are numerous trends and winning the fight for the increasingly demanding consumer requires constant renewal and development.

In 2005, the retail trade in the Nordic and Baltic regions had total sales of EUR 1.55 billion, of which Sweden accounted for just under one third. All countries in these regions, and in particular the Baltic ones, showed high growth figures in 2006 as well. The Swedish retail market has distinguished itself with exceptionally good growth in the past decade and 2006 was the strongest growth year for 15 years. Growth was mainly generated by increased consumption of consumer durables such as furniture and household equipment including home electronics.

In Europe, retail growth continues to be led by the new EU members from the former Eastern Bloc. Over a five-year period, retail trade has more than doubled in Estonia and Latvia. Over the past ten years, the Nordic region has had higher growth than the average for Europe, where continental Europe in particular has shown weaker growth. In recent years, however, growth within retail in countries such as France and Spain has strengthened while it remains weak in countries such as Germany and Italy. In most European countries, the retail trade can currently be characterized as a sector with good growth.

Consumer purchasing power is the basic driving force in the overall sales trend within the retail sector. Purchasing power depends in turn on the prevailing economic and interest rate situation, the labor market and the tax burden. How consumers allocate their purchasing power – to their homes, consumption and savings – depends among other things on expectations about the future.

Retail entering a new era?

History shows that the growth rate in the Swedish retail sector, as well as in the other Nordic countries, has increased in the 21st century. In the 1950s and 1960s retail trade in Sweden grew by less than 2.5% per year in real terms. Growth was measured at about 1.5% per year during the slightly more gloomy 1970s and 1980s and then fell to 1% during the crisis years of the 1990s. In the first six years of the 21st century, Swedish retail sales have increased, however, by approximately 6% per year. One possible explanation is that we have entered a new “shopping era” that has made the historic average growth rate of approximate 2% accelerate. A possible future scenario is an average annual growth of around 4%.

Social trends

Development within the different sectors of the retail trade is affected to a considerable extent by current social trends.

Diversity in society is increasing and there are many trends which are often contradictory. On the one hand the international retail trade is becoming increasingly homogeneous with similar concepts and store formats regardless of country. On the other hand, the retail trade is becoming increasingly multifaceted with consumers seeking more ways to express themselves and stand out from the crowd.

In the wake of globalization a growing number of large international discount category killers are becoming established in the Nordic markets which makes it more difficult for

smaller players to compete with price and volume. At the same time, this trend creates scope for players which concentrate on clear and well defined concepts with more focus on individual needs and preferences.

Consumers' purchases are also affected by changed social values such as increased environmental awareness, ethical and ecological aspects and a greater concern for health. Added to this there are general changes in society. For example, today's consumer experiences greater stress and lack of time which leads to higher demands for accessibility with regard to store locations and opening hours.

This has resulted in a concentration of the market. The major players are capturing an increasing share of trade, and hypermarkets with a one-stop shopping concept have become successful sales channels within food retail. Today, the ten largest players in the Swedish retail sector account for more than 50% of the total market. Another trend is that retailing has become more shopping center based. Today, one-third of all retail trade in Sweden takes place in shopping centers and if all planned new construction and extensions are carried out, this proportion will rise in the future.

Industry trends

Retail companies work continuously with internal efficiency enhancement and concept development. The changes within retailing are marked and there are a large number of industry related trends that influence retail players to a varying extent. Historically, players within traditional retailing were clearly

focused on their respective industry segment. For some time now, however, there has been a trend where retail companies streamline or add other product categories to their range, known as sector overlap. The driving force is the retail players' efforts to find fast-growing product categories to add to their range combined with consumers' needs for one-stop shopping. One clear example in food retail is the rising proportion of non-food items.

Vertical integration will also become more usual among different players within separate parts of the value chain so that they can improve both efficiency and control of the value chain. Retailers are working increasingly with private labels in order to position themselves and be able to offer better prices. At the same time, some major brands within home electronics and glass and porcelain are choosing forward integration with own stores in order to acquire better control over the entire chain all the way to the buying experience of the end customer.

Another area attracting increasing attention within the retail sector is handling and logistics. The intensifying competition is increasing pressure to improve cost efficiency in handling with the aid of IT systems that coordinate the supply chain, facilitate follow up and control, and allow forecasts of future demand. The food retail sector which has operated under intense competitive pressure for many years, has made more progress in this efficiency improvement than the consumer durables segment.

Strong growth for the retail trade has also led to an increased

Economic development in Nordic* and Baltic regions

Real growth %	GDP			Private consumption		
	2005	2006E	2007E	2005	2006E	2007E
Sweden	2.7	4.2	2.9	2.4	3.3	3.0
Denmark	3.1	2.5	1.9	3.8	2.5	2.0
Finland	2.9	4.4	2.7	3.8	3.6	2.2
Norway	2.3	2.3	2.0	3.4	3.1	2.6
Estonia	9.8	9.1	8.0	8.1	9.4	7.0
Latvia	10.2	10.4	9.5	10.8	10.0	5.0
Lithuania	7.4	7.8	6.3	10.3	8.5	6.0
Euroland	1.4	2.4	1.8	1.4	2.0	1.7

Source: Nordea – Ekonomiska Utsikter, September 2006. * Excl. Iceland.

Retail market for Nordic* and Baltic countries 2005

Euro	Sweden	Denmark	Finland	Norway	Estonia	Latvia	Lithuania
Private consumption (bn)	138	101	81	95	5	10	13
per capita	15,277	18,621	15,487	20,450	4,080	4,457	3,932
Food Retail market (bn)	21.2	11.3	13.5	15.2	1.3	1.4	2.3
Consumer durables (bn)	28.6	21.4	15.2	18.6	1.0	1.6	1.9
Total Retail market (bn)	49.9	32.7	28.8	33.7	2.2	3.0	4.3
per capita	5,735	6,030	5,479	7,287	1,653	1,322	1,249
change, %	4.3	2.4	5.0	3.8	15.4	20.0	14.7

Source: Mintel, European Retail Handbook 2006/2007. * Excl. Iceland.

Consumer trends in the Nordic region

GILT-EDGED EXISTENCE

- Improved private finances reduce the proportion of kronor required to meet basic needs
- Luxurious and lifestyle oriented consumption
- Main focus of consumption moves from goods to services and experiences

HEALTH AWARENESS

- Knowledge of the correlation between food and health
- Many "young" pensioners care about health and beauty
- New types of training, training clothes and sports articles

ENVIRONMENT AND ETHICS

- Increased environmental awareness
- Local production
- Ecologically produced
- Product pedigree

PRICE AWARENESS

- Unwilling to spend money unnecessarily
- Interest in luxury goods goes hand-in-hand with interest in low prices
- Retired people born in the 40s are the new bargain hunters

ECONOMIZING WITH TIME

- Many people guard their time jealously
- Need to be able to buy most things at one and the same place

ACCESSIBILITY

- Distance no longer so important provided there is easy access by car
- Generous opening hours appreciated

MANY PURCHASING CHANNELS

- Internet increasingly important channel for purchases, information and marketing
- Physical stores used as showrooms

EMOTIONAL DECISIONS

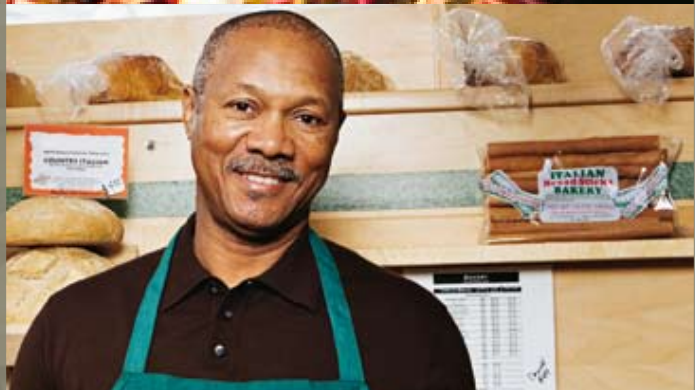
- Large number of equivalent products means that consumers choose based on an emotional attitude to a brand
- Purchases must reflect how people see themselves
- Handmade and unique appreciated

MULTICULTURAL

- Growing number of people with roots outside the Nordic region
- Travel contributes to multicultural interests

HINTS AND TIPS

- Need of hints and tips when purchasing expensive capital goods
- Purchasing decision affected by perceptions and impressions in the store
- Service in the food store – not just in the clothes store



need for external financing for players who wish to expand and take advantage of the positive market trend. At the same time, the venture capital companies' interest and acquisition activities have increased since they see opportunities for expansion and efficiency improvements. This has forced up prices in the retail chains and meant that several chains have been converted into integrated companies with a view to a stock market listing.

Retail markets in the Nordic and Baltic regions

Retail market development since 2000

The retail markets in the Nordic countries have shown marked growth in recent years and sales rose by between 20 and 27% during the period 2000–2005.

Sweden is the Nordic country that has shown the largest growth, while Norway has grown at the lowest rate.

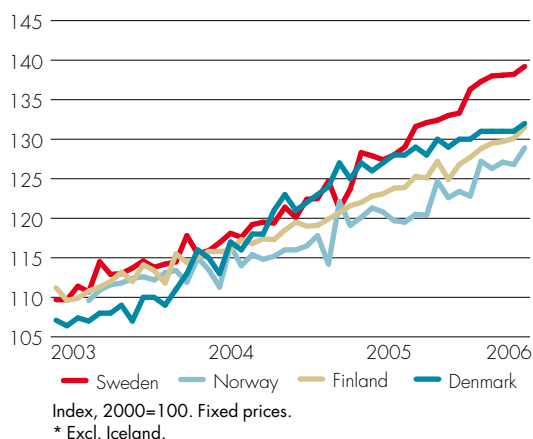
Retail market development in 2006

Trading in the Nordic region showed strong development in all countries. There are similarities between the countries and one clear example is the record strong growth within the home improvements segment.

During the period January–September 2006, Sweden showed the strongest growth within both food retail and consumer durables. Worth noting is Denmark's low growth in the food retail sector and the fact that Norway, despite high per capita consumption, showed weaker growth within consumer durables than the other Nordic countries in 2006.

There are also similarities within the different sub-segments

Retail trade development in Nordic* region, January 2003 – September 2006



between the Nordic countries. Electronics are the fastest growing sector in Norway and Finland. In Sweden, hardware and building materials are winners, while the furniture

trade has pole position in Denmark's growth league.

The price trend is also similar between the Nordic countries and has increased at a slightly slower rate than the EU average since 1990. Denmark and Norway are the most expensive countries in the Nordic region, followed by Finland and then Sweden. Sweden has lower prices mainly for consumer durables.

Differences in Nordic consumption

The Nordic countries differ to some extent with regard to the distribution of households' private consumption. Households in Norway and Iceland, for example, have considerably lower living costs including electricity and heating since these countries have access to far cheaper energy. In Iceland, these items of expenditure only account for 19% of private consumption while in Denmark and Sweden they account for a full 28%. At the same time, Norwegians and Icelanders use a larger portion of their private money for culture, education, vacations and transport.

Retail market in Sweden

Swedish retailing showed very strong development in 2006. Growth reached 7.4% measured in current prices and 8.9% in volume, the highest growth rate for 15 years. This also meant that the retail trade at year-end had increased during 105 consecutive months.

The strong trend for food retailing was exceptional in 2006. Historically, food sales have not at all kept pace with consumer durables during an economic boom. In total, the food retail market rose 6.7% and the consumer durables sector by 8.0% during 2006. During no less than six of the year's 12 months the food trade outpaced the rate of increase for consumer durables at current prices.

The strong development for food retail partly stems from changed demand from households. They are shifting from simple items to premium goods. This shift, which is a recurrent trend within retailing as a whole, has been made possible by the retail companies' extended product range and the improved financial position of households. Another contributory factor is the increased range of non-food items which meant that the economic boom spilled over to food retailing to a greater extent than before. As a comparison, food retail sales increased during the prosperous year 2000 by 2.7% while sales of consumer durables rose by 9.2%.

The extent to which this fantastic development will be sustained in the years ahead remains to be seen. Most analysts are more or less agreed that the economy and the retail sector will cool down somewhat in 2007. At the same time, the starting point for the Swedish economy is very good which

indicates that this might be a slowdown rather than a dawning recession. The most positive controlling factor is households' disposable income which, according to the Swedish Research Institute of Trade's (HUI) forecast, will rise sharply in 2007. Rising interest rates are the main factor against continued positive growth in the retail sector.

HUI's assessment is that the improvements in households' disposable income will outweigh the effects of rising interest rates and that retail sales will continue to rise by 5% in 2007. Development will probably differ between different industry segments. Higher interest rates are expected to affect the furniture trade, where the 2006 double-figure growth is expected to half. The increasingly competitive electronics sector will probably continue to wrestle with falling prices but is still expected to achieve growth of 7% due to the strong volume demand.

Retail market in Norway

The Norwegian retail market is small and well-consolidated with well-defined consumer patterns making it a difficult market for competitors to penetrate. The limited home market has meant that national retail chains have not really had the means to develop into major international players.

Norway's topography has a considerable effect on Norwegian retailing, particularly in terms of the supply chain. The terrain has among other things made it difficult for discount players in food retailing to establish themselves since they are highly dependent on a very efficient supply chain.

For many years, opportunities to establish stores larger than 3,000 square meters were restricted under Norwegian law. The background was that the expansion of shopping centers in Norway was considered to have taken place too quickly and the intention was to protect small retailers. This legislation has now been changed so that today local authorities have a greater say in an establishment decision. Today, Norway is one of the countries with the most shopping centers per capita in Europe.

Norway's regulation of opening hours on weekdays and Saturdays was lifted in 2003. On the other hand, there are still much debated restrictions on Sunday trading, where convenience stores are given preference over food retailers. Similarly, nurseries and garden centers, such as Plantagen, are given preference over hardware stores.

The specialized retail trade in Norway still has a comparatively strong position due to earlier establishment restrictions for department stores and large hypermarkets. Compared with specialized retail in the rest of Europe there are some differences. DIY in Norway was previously more of a local phenomenon where small and more local DIY stores were the

dominant players and sold just as much to the building trade as to private individuals. This has partly changed since the market leader Bygghuset was sold to Rautakeso (Kesko Group) in 2005 and the entry into the Norway of the French building materials company Saint-Gobain.

The Norwegian food retail market, with four very dominant players, is among the most concentrated in Europe. One distinctive feature is cross-border shopping with Sweden. Lower taxes on alcohol and tobacco are two factors that make it advantageous for Norwegians to purchase in Sweden. According to HSH's calculations, cross-border shopping sales reached between NOK 9.5 billion and NOK 10 billion in 2006, an increase of a full 10%. About 40% of this trading takes place in the Strömstad region and one-third in the area around Östersund.

According to a Norwegian government decision, VAT on food was raised from 13% to 14% from January 1, 2007. This will probably result in higher food prices and many believe that this change will lead to increased cross-border shopping. The weak Norwegian krone, however, makes cross-border shopping less attractive and may reduce interest in buying in Sweden.

Retail market in Denmark

In Denmark, some establishment restrictions were introduced for food stores with a floor space of more than 3,000 square meters in 1997. This has led to the Danish retail landscape, unlike the Swedish, being more centered around the country's four largest cities Copenhagen, Aarhus, Aalborg and Odense. External retailing outside metropolitan areas in Denmark therefore accounts for a considerably lower portion of total retailing compared with Sweden, for example. At present there is considerable political agreement that Danish stores should be allowed to be bigger, up to about 3,500 square meters, but no decision to change the law has yet been made. If these obstacles to establishment remain in place, some of the major players, to a greater extent than before, will be forced abroad if they want to continue to grow.

Other regulations that affect retailing in Denmark include restrictions in the number of shopping days. Since 2005, Denmark has increased the number of Sundays when stores can be open from 12 to 20. This change benefited the large stores which captured shares at the expense of the smaller local stores.

Obstacles to establishment, combined with some sparsely populated regions, have restricted the presence of large hypermarkets. This is one reason why the trade is dominated by supermarket stores and other more local stores. The lack of large hypermarket, which normally carry a bigger non-food

range, is also considered one of the reasons why the Danish food retail market has shown very low growth in recent years.

The food retail market in Denmark, like other Nordic markets, is strongly focused on a few players. The two largest players in Denmark – Dansk Supermarked and Coop Denmark – together have an over 65% share of the food retail market. Despite Denmark's proximity to the continent, food retailing is influenced by international players to a comparatively minor extent. The international players are primarily in the discount segment, including Aldi and Lidl. The discount segment of the food retail sector has generally been more successful in Denmark than in the other Nordic countries, largely due to Dansk Supermarked's Netto concept.

Retail market in Finland

Finnish retailing is dominated by a few national players, such as Kesko, S-gruppen, Tradeka and Stockmann. These own and run a number of different multi-segment retail concepts. The comparatively limited size of the market, the country's geographic location and the high concentration of players has discouraged major international players from establishment in Finland. Existing foreign establishments mostly stem from other Nordic countries, mainly Sweden.

Retailing is controlled to some extent by Finnish official policy which states that establishment of stores with areas of more than 2,000 square meters will only be approved if the site is already designated for the purpose in the town plan. This, combined with fragmented land ownership in Finland, has restricted opportunities to create large out-of-town shopping centers. There are also restrictions on opening hours, where only food stores with a floor space of less than 400 square meters are allowed to stay open on Sundays all year round.

Department stores and hypermarkets are more successful sales channels compared with the rest of Europe, which has resulted in fewer specialist stores in Finland. Another difference is mode of operation. In Finland it has proved more difficult to achieve success and growth as an independent retail chain compared with Sweden, for example.

As in Norway, logistics and the supply chain can present problems for foreign players who are interested in setting up business in Finland. The long distances between cities have prevented companies with logistics centers in Sweden from expanding in Finland. A number of Swedish chains have been successful, however, in metropolitan areas.

The Baltic countries have been in considerable focus when Finnish players have looked to expand internationally in recent years. The Russian market has also been an attraction and Kesko, Tradeka and Stockmann are now represented in Russia.

Retail market in the Baltic region

With its 3.5 million inhabitants, Lithuania is the largest market in the Baltic region, followed by Latvia with a population of 2.5 million and Estonia with 1.5 million. The markets in the three Baltic countries are undergoing strong development. The combined value of the countries' retail markets amounted to EUR 9.5 billion in 2005.

Growth in the Baltic countries has been highly impressive in recent years – 15–20% in 2005 – although from low levels. Households still spend a relatively large portion of their disposable incomes on food. In contrast to levels of around 15–16% in Sweden, the figure is 26% in Estonia and as much as 36% in Lithuania.

Retailing in the Baltic countries is changing fast which is reflected in the development of new, modern retailing concepts and marketplaces. Several international chains have set up business in the Baltic countries, although so far to a limited extent. There is generally a lack of significant national retail chains within consumer durables. Several small players, however, have developed modern concepts with the ability to face competition from the foreign players. In food retailing, there has been slightly more progress. Maxima (formerly Vilnius Prekyba Market) is one example of a strong national player which is also looking at continued strong expansion in the Baltic market in future years.

Online shopping

Online shopping is becoming an increasingly important retail sales channel. According to HUI sales via the Internet in Sweden amounted to SEK 11.8 billion in 2006, a full 32% increase compared with 2005.

This strong growth means that online shopping is capturing a larger share of the total market, although from low levels. In 2006, online shopping accounted for approximately 2.2% of the total market, and 4% of consumer durables.

The rising significance of this channel places demands for greater understanding of how different sales channels work and how they can complement each other. And it is far from obvious that it is the pure-play online shopping players, which in several cases are out ahead today, that will dominate this market in the future.

In the U.S. traditional retail chains such as Wal-Mart and Target have gained ground within online shopping recently and today Wal-Mart and Target, together with Amazon and eBay, are among the most visited sites. In Sweden, on the other hand, it is the new online shopping players who are out ahead so far.

Active ownership every day

Active and responsible ownership is the hub of Hakon Invest's operations. We work with both strategic and operational questions in the holdings on a daily basis, in order to contribute to long-term value growth.

For Hakon Invest responsible ownership means creating and nurturing long-term values in the holding companies. Our actions as an owner are based on our experience of retail-oriented business and are taken in consultation with any other owners. It is also important that consumer operations are conducted in harmony with the broad trends and challenges that characterize society. Responsible ownership also means taking responsibility for people and the environment to minimize the risk that values created will be jeopardized.

Significant holdings and strong confidence

Hakon Invest makes an active contribution to the companies' development processes throughout the investment period. We work with both strategic and operational questions in the holdings on a daily basis. In addition to substantial participating interests, strong confidence from other major owners and company management form the basis for our influence. Active ownership is practiced through board representatives – at least one board member in each holding must be attached to Hakon Invest and we normally seek to be entrusted as chairman. Through our network we can also ensure board representation with business critical expertise. The holdings have board members from our network whose clear competence mandates their seat.

Concrete business plans

One of Hakon Invest's strengths as an owner is the ability to identify measures for long-term value growth within retail-related operations and put them in concrete form. The analyses performed ahead of the actual investment decision also form the basis of our active ownership. In practice, this means that identified opportunities for development and value growth are transformed into company specific business and action plans.

Examples of business plan components

- Strategy and business development
- Corporate culture
- Financial matters
- Operating and financial targets
- Corporate governance and management issues
- Reporting and control systems

Entrepreneurial spirit a central driving force

We see it as our responsibility to encourage commitment and an entrepreneurial spirit in a manner that releases healthy value-creating forces both individually and in voluntary cooperation.

The base of Hakon Invest's owner philosophy is the ICA concept: local business owners operate their own stores but at the same time realize that cooperation improves opportunities to achieve short and long-term profitability for both individual stores and the whole (the ICA Group). We see the entrepreneurial spirit and close contact with own markets as key driving forces in the companies' development processes. Hakon Invest's role is to be a knowledge bank, sounding board and financier and thus create security so that the holdings can put all their effort into further development of their business. It is also important to emphasize that we are interested in long-term development of the business in the companies in which we invest – not only the values they represent. This means we respect the companies we buy, their employees and their knowledge.

Important to nurture brands

Market confidence in the brand is a prerequisite for long-term successful retail operations. If confidence is undermined, major values can be lost while it takes a long time to rebuild trust. This is why an important part of Hakon Invest's work as an active owner is to develop and nurture the portfolio companies' brands. Our experience from the ICA Group gives us in-depth knowledge of brand building.

Updates and follow-up

The business and action plans of the holdings, with concrete measures and milestones, are continuously followed up and adjusted to prevailing market conditions. This is done through ongoing fundamental analysis of the companies and their competitors. Information is obtained among other ways by visiting companies and ongoing dialog with management. Hakon Invest's investment organization continuously informs the board member or members in each company associated with Hakon Invest about the action plans so that these people always have a current picture of the opportunities and challenges of the business.

Social responsibility for long-term values

Awareness and knowledge of consumer and social trends are decisive for long-term success. Companies with retail-oriented operations are meeting consumers with a growing interest in environmental and ethical matters. Many large retail companies, including the ICA Group, are working in various ways with control and follow-up of the effects of their operations on the environment and society while smaller players, at earlier phases of development and with limited resources, have often not made such progress.

Ethics and social responsibility at ICA

Deliberate environmental work and strong social responsibility are key components of the ICA Group's strategies for remaining a robust company with sound finances. For example, ICA is a member of the Business Social Compliance Initiative, BSCI, a European network that creates common criteria and systems of social audits at factory level, and has been working for several years to promote health awareness among customers and employees.

One example in 2006 of ICA's activities within the framework of sustainability is participation in the industry initiative designed to prevent cod fished outside the legal quota appearing in the Swedish market. ICA also decided to completely discontinue frozen cod from the Baltic in order to pro-

tect remaining cod stocks. Keyhole labeling was introduced during the year in the Norwegian stores to make it easier for customers to find healthier products. Read more about sustainability work at ICA in the 2006 Report on Ethics and Social Responsibility, which is part of ICA's annual report.

Forma's environmental policy

The environmental policy is a key tool in Forma Publishing Group's efforts to conduct publishing that is credible and responsible towards employees, customers and the market. This means, among other things, that environmental aspects are taken into account in all paper purchasing and that the printers engaged have a functioning environmental policy.

Establishing a strategy for sustainability

Hakon Invest wants to use experience from the ICA Group's work with ethics and social responsibility in its smaller portfolio companies. We will strive to gradually make environmental and social responsibility obvious elements of these operations. This is essential for future competitiveness while constituting a key part of identifying and managing risks. The aim for 2007 is that we will establish a general strategy for sustainability issues that can be used as a starting point in corporate governance.

Internal guidelines for working conditions and environment

Hakon Invest's organization is small and the business is mainly conducted in an office environment which leads to a limited environmental impact. Our internal sustainability work is therefore focused on the employees whose working environment is decisive if Hakon Invest is to be regarded as a modern and attractive employer. We make every effort to have a good physical and mental working environment that promotes good health in the short and long term, and helps to develop both employees and the business. The guidelines for working environment activities are set out in a working environment policy as well as an equal opportunities and diversity policy.

Risk management – fending off threats and finding opportunities

Hakon Invest's risk management is very much about identifying potential threats to value creation in the holdings in order to be able to swiftly take appropriate action. The foundation for this work is laid in conjunction with the analyses and evaluations made ahead of each acquisition.

Hakon Invest works with a number of basic principles for managing risks in different parts of the operations. This is regulated and managed through a formal work plan for the President and Board.

Our aim is to minimize risks by identifying possible threats in order to be able to take swift action. This most comprehensive risk in Hakon Invest comprises the economic development of the individual holding, where a worst case scenario is that our entire investment in a company is lost.

Important to ensure internal expertise

The future development of Hakon Invest depends on the knowledge, experience and dedication of its management and other key people. Our business would be negatively affected if one or more of these key people should leave the Group. If we were unable to recruit new, qualified employees this could have a negative impact on Hakon Invest's prospects. By strengthening our brand as an employer and having effective recruitment routines, we reduce the risk of negative effects of this type. The broad network with retail-specific expertise is also important for ensuring access to experience and knowledge of retail-oriented business.

Careful preparatory work reduces investment risk

All investments have an inherent uncertainty. Ahead of each investment, Hakon Invest conducts a thorough evaluation designed to identify and if possible reduce the risks that might be associated with the investment. We carefully analyze the company's development with regard to employees, business concept, customer relations and administrative and legal

aspects (the investment process is described in more detail on page 12). At the same time, an evaluation prior to an investment can never totally guarantee success. The strategy of not investing in newly started retail companies is another example of how we limit the risks in our portfolio.

Portfolio with broad exposure

Hakon Invest's focus is on investments in retail-related operations where the general economic development and other macroeconomic factors are the basic driving forces. The retail sector contains, however, a wide diversity of business directions with varying sensitivity to macroeconomic changes and consumer behavior as well as differences between the countries in our Nordic-Baltic home market. Our holding in ICA brings with it considerable exposure to the Nordic and Baltic food retail trade. At the same time, ICA's dominance in the portfolio of holdings means a reduced business risk since the company's operations have been well-established for a long time and are conducted under strong brands.

In 2006 the build-up of Hakon Invest's portfolio apart from ICA started. In this work we have always sought good diversification within the retail sector: over different industries, countries and with different focus points in the value chain.

Active owner role counteracts strategic mistakes

Through active and responsible ownership Hakon Invest ensures that the targets and strategies set up ahead of the acquisition are followed up and secured. Board and controlling work are key tools for achieving effective corporate governance, work that is facilitated by our experience from business

FINANCIAL MANAGEMENT	INVESTMENT OPERATIONS	PORTFOLIO COMPANIES	DIVESTMENT
Risks <ul style="list-style-type: none"> ■ Results of external and internal management are affected by share price, interest rate and exchange rate development Risk management <ul style="list-style-type: none"> ■ Financial policy ■ Investment policy ■ Reporting ■ Follow-up ■ Risk profile 	Risks <ul style="list-style-type: none"> ■ Dependent on key people in investment business analysis and evaluation ■ Portfolio's exposure to market segments and geographic areas ■ Financing of investments ■ Counterparty and other transaction risks ■ Risk in internal routines and systems Risk management <ul style="list-style-type: none"> ■ Board's investment policy ■ Established process ■ Standardized documents ■ Investment Committee ■ Normal due diligence 	Risks <ul style="list-style-type: none"> ■ Negative development for holding companies' sales and earnings affect Hakon Invest's earnings ■ Portfolio companies' development affected by <ul style="list-style-type: none"> – Overall macroeconomic factors – Conditions in specific parts of the retail market such as competition, price pressure and political decisions – Strategic and operational risks in own operations Risk management <ul style="list-style-type: none"> ■ Active corporate governance ■ Shareholder agreement ■ Board representation ■ Business plan ■ Budget ■ Reporting 	Risks <ul style="list-style-type: none"> ■ Stock market climate (prices of listed companies affect prices of both unlisted and listed companies) ■ Counterparty and other transaction risks Risk management <ul style="list-style-type: none"> ■ Agreement with other owners on exit date ■ Long-term time perspective ■ Broad range of divestment alternatives

plans, budgeting and report routines within retail operations.

ICA comprises a significant portion of our assets and is therefore of particular importance when assessing Hakon Invest.

ICA AB

Development within the food retail sector is linked to general economic development, GDP trends and real wages development. Political factors such as taxes (VAT) are also important. An economic downturn and raised taxes (VAT) could have a negative impact on ICA AB's sales and earnings. The food retail trade is, however, less cyclically sensitive than the consumer durables segment.

ICA retailers in Sweden are free to choose their suppliers themselves. If ICA AB does not offer competitive terms, the company risks losing customers to its competitors. Today, ICA retailers in Sweden make an average of 70% of their purchases directly or indirectly via ICA AB. The remaining 30% mainly comprises fresh products, fruit and vegetables, non-perishables and bread, in many cases from local producers and suppliers.

Financial risks

At present, Hakon Invest has substantial liquidity. The present investments and holdings are also unleveraged. In the future, however, external funding may be required to finance investments. We have considerable potential for raising loans from credit institutions, but can also choose to carry out cash new issues or use treasury shares to partly or wholly finance operations and new investments.

Our financial policy stipulates how financial risks should be managed and limited. It also provides a framework for management of financial assets, which is conducted both internally and outside the company. Most of the funds under external management are available to Hakon Invest within a maximum of five days. For additional information, see Note 2, page 60.

Shares and shareholders

Hakon Invest's shares were listed on December 8, 2005, and are quoted on the Nordic Exchange, Large Cap. Interest ahead of the IPO was considerable from both the public and institutional investors and during 2006 – the first full year on the Nordic Exchange – the share price rose 68%.

The main purpose of the stock exchange listing was to secure an ownership structure that was favorable over time and access to the capital market. The listing contributes to this through increased liquidity and a market pricing of the shares, while the owner base was broadened. In conjunction with the listing, Hakon Invest's majority shareholder, ICA-handlarnas Förbund, conducted a sale of part of its shareholding to the public in Sweden as well as institutional investors in Sweden and abroad. A total of 13,000,000 shares were sold, corresponding to about 8% of the capital and voting rights in Hakon Invest AB. The selling price was set by a book-building procedure at SEK 77 per share.

Shares and ownership structure after the listing

In connection with the listing a new share structure was established for Hakon Invest with common shares and C shares. C shares, which are not listed and do not carry entitlement to a cash dividend, comprise 51% of the total number of shares. The remaining 49% comprise listed common shares.

All C shares are owned by ICA-handlarnas Förbund. The organization's holding in Hakon Invest decreased in connection with the sale of shares from 75% to 67% while the proportion of shares owned by individuals and institutions rose from 25% to 33%.

Share price trend 2006

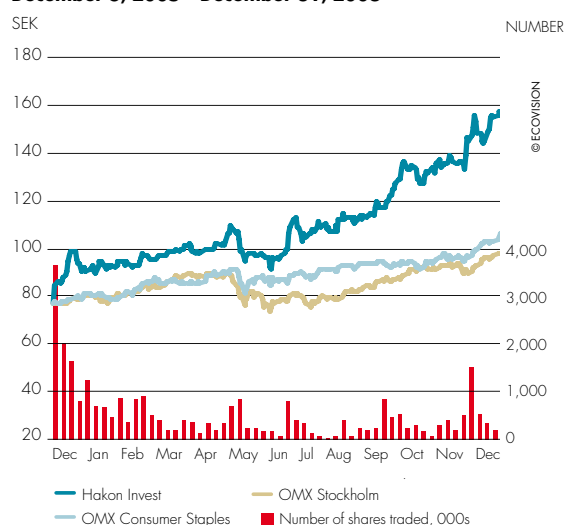
The closing price paid in 2006 for Hakon Invest's shares was SEK 157, corresponding to a market capitalization of SEK 26,873 M. The share price rose 68% in 2006 which exceeded the 18.6% rise in the OMX Nordic index by a wide margin.

When the Nordic Exchange updated its segment allocation on January 2, 2007, Hakon Invest was moved from the Mid Cap to the Large Cap segment since the market capitalization exceeded the equivalent of EUR 1 billion. The Nordic Exchange updates its segment allocation in January and July each year.

Share capital

Hakon Invest's share capital at December 31, 2006, amounted to SEK 402,293,590 distributed among 160,917,436 shares, each with a par value of SEK 2.50. All shares carry equal voting rights.

Share price trend and trading December 8, 2005 – December 31, 2006



Share price information

Market capitalization at December 31, 2006, SEK M	26,873
Share price at December 31, 2006, SEK	157.00
Change during the year, %	68
Highest price during the year, SEK	157.50
Lowest price during the year, SEK	89.75

Shareholders

Following the sale of shares conducted in connection with the listing, ICA-handlarnas Förbund's shareholding in Hakon Invest amounts to 67.4% of the capital and voting rights. Of this 67.4%, 51 percentage points consist of C shares and 16.4 percentage points of common shares. ICA-handlarnas Förbund owns all C shares. Hakon Invest had a total of 12,324 shareholders at December 29, 2006.

Ten largest shareholders

Shareholder ¹⁾	Number of shares	Capital and voting rights, %
ICA-handlarnas Förbund	108,385,227 ²⁾	67.35
SEB funds ³⁾	2,834,400	1.76
Handelsbanken funds ⁴⁾	1,982,083	1.23
Swedbank Robur ⁵⁾	1,390,065	0.86
AP4	1,041,800	0.65
Jönsson, Leif	748,000	0.46
Samuelsson, Tomas	628,400	0.39
AP2	517,060	0.32
Ottosson, David	500,432	0.31
Håkan Olofssons Förvaltning	480,000	0.30
Ten largest shareholders	118,507,467	73.6
Other shareholders	42,409,969	26.4
Total	160,917,436	100.00

1) Incl. related funds.

2) Holding distributed among 82,067,892 C shares and 26,317,335 common shares.

3) Incl. SEB Gamla Trygg Liv.

4) Incl. Handelsbanken's pension foundation.

5) Incl. Church of Sweden.

Distribution of ownership by size category¹⁾

Holding, no. of shares	No. of shareholders	Proportion of shareholders, %	Capital and voting rights, %
1-500	7,695	62.4	1.0
501-1,000	1,431	11.6	0.7
1,001-5,000	1,795	14.6	2.8
5,001-10,000	543	4.4	2.5
10,001-20,000	360	2.9	3.2
20,001-	500	4.1	89.8
Total	12,324	100.0	100.0

1) According to VPC's share register.

Dividend

One of the targets set by the Board for Hakon Invest is that the dividend ratio should normally amount to at least 50% of the Parent Company's profit after tax. Only common shares carry entitlement to a cash dividend, which means that the total cash dividend is distributed among 49% of the shares. C shares do not carry entitlement to a cash dividend.

As of 2011, owners of C shares are entitled to request conversion of C shares to common shares. Such a conversion may occur no earlier than five years after the request is made, i.e. not before January 2016.

For the 2006 fiscal year, the Board will propose to the Annual General Meeting a dividend of SEK 5.50 per common share, or a total of SEK 434 M. This corresponds to a dividend ratio of 129.5%. For the 2005 fiscal year, a dividend was paid of SEK 4.50 per common share, or a total of SEK 354.8 M, corresponding to a dividend ratio of 80%.

Share data

Share data ¹⁾	2005	2006
Earnings per common share, SEK	5.31	6.55
Earnings per C share, SEK	5.31	6.55
Cash flow per share, SEK	0.31	-1.28
Equity per share, SEK	49.25	53.75
Dividend per common share, SEK	4.50	5.50 ²⁾
Dividend ratio, %	80	129.5
Market price at year end, SEK	93.50	157.00
Dividend yield, %	4.8	3.5
P/E ratio, times	17.6	24.0
Share price/Equity, times	1.9	2.9
Number of common shares at yearend	78,849,544	78,849,544
Number of C shares at yearend	82,067,892	82,067,892
Total number of shares at yearend	160,917,436	160,917,436
Average number of shares	160,917,436	160,917,436

1) For definitions, see page 26.

2) Proposed dividend.

Option program

In December 2005, ICA-handlarnas Förbund provided an incentive program aimed at all employees in the Parent Company Hakon Invest AB. The program comprises 338,500 call options. Full exercise of the options means that ICA-handlarnas Förbund will sell shares corresponding to 0.2% of the share capital and voting rights in Hakon Invest. For further information, see Note 7, pages 63-64.

At Hakon Invest's 2006 Annual General Meeting it was decided to introduce an annual performance-based incentive program, consisting of bonus and options. The program includes the President, other members of Executive Management and some key employees, who may subscribe for up to 230,000 options. For 2006 a bonus became payable if earnings per share increased by 15% and maximum payout required earnings per share to increase by 22%. The maximum payout criteria for the bonus program were met in 2006. In 2006 costs of SEK 7 M were allocated to a reserve for the year's bonus and call option program.

Share information

Stock exchange	Nordic Exchange, Large Cap segment
Ticker	HAKN
ID	SSE32443
ISIN code	SE0000652216
Trading lot	100

Five-year financial overview, Hakon Invest

SEK M	2002	2003	2004	2005	2006
Income statements					
Revenues	659	631	622	611	660
Operating profit before goodwill amortization	569	534	485	568	885
Operating profit (EBIT)	563	528	485	568	885
Profit/loss after financial items	-899	367	594	940	1,104
Profit/loss for the year	-976	353	579	854	1,054
Balance sheets					
Total non-current assets	3,793	3,842	4,728	5,142	6,172
Other current assets	150	123	108	151	198
Cash and cash equivalents and short-term investments	3,500	3,331	2,729	3,046	2,717
Total assets	7,443	7,296	7,565	8,339	9,087
Equity incl. minority interests	7,050	6,948	7,244	7,925	8,650
Cash flow					
from operating activities	85	38	244	281	166
from investing activities	47	-13	-121	94	-17
from financing activities	-35	5	-141	-325	-355
Cash flow for the year	98	30	-18	50	-206
Key ratios					
Operating margin, %	85.5	83.7	78.0	92.8	134.0
Return on capital employed, %	9.7	17.7	9.4	12.4	13.2
Return on equity, %	-13.1	5.0	8.2	11.3	12.7
Equity/assets ratio, %	94.7	95.2	95.7	95.0	95.2

IFRS was not applied in 2002 and 2003.

Definitions

Capital employed Balance sheet total less non-interest bearing liabilities and provisions.

Cash flow per share Cash flow for the period divided by the total number of shares.

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

Earnings per C share Same definition as Earnings per common share, since common shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for common shares.

Earnings per common share Profit for the period divided by the total number of shares.

Equity/assets ratio Equity as a percentage of balance sheet total.

Equity per share Equity divided by the total number of shares.

Gross margin Gross profit as a percentage of revenues.

Net margin Profit for the period as a percentage of revenues.

Operating margin Operating profit as a percentage of revenues.

Return on capital employed Profit after financial items plus financial expenses, calculated on the basis of a rolling 12-month period, as a percentage of average capital employed during the same period.

Return on equity Profit for the period, calculated on the basis of a rolling 12-month period, as a percentage of average equity during the same period.

«2006 was an active and successful year for Hakon Invest. We started to build up a portfolio of retail companies with good development potential.»

- 27 Hakon Invest's holdings
- 28 ICA with subsidiaries
- 38 Forma Publishing Group
- 42 Kjell & Company
- 44 Hemma
- 46 Cervera

KEY FIGURES

SEK M		ICA ^{1, 2}	Forma ²	Kjell & Company ³	Hemma ⁴	Cervera ⁵
Acquisition year			1999	2006	2006	2006
Revenues	2006	67,395	660	181	294	149
	2005	66,096	596			
Operating profit before goodwill amortization	2006	2,297	37	10	2	15
	2005	1,955	54			
Operating profit	2006	2,297	37	9	-9	15
	2005	1,940	54			
Cash flow from operating activities		3,044	51	18	-16	-1
Investments		3,872	89	21	153	8
Assets		35,506	444	107	452	232
Equity		10,216	121	33	164	92
Interest-bearing net debt		4,539	31	-25	43	-53
Participating interest, %		40%	100%	50%	49%	45%
Hakon Invest's investment			200	102	90	85
Hakon Invest's share of profits of companies reported according to the equity method		907	2	3	-2	-

Hakon Invest and Royal Ahold have joint control of ICA AB through an agreement requiring unanimity for all decisions made by the Annual General Meeting and the Board of Directors.

1) Interest-bearing net debt for ICA is exclusive of ICA Banken.

2) ICA and Forma report according to IFRS.

3) Kjell & Company report a shortened fiscal year (May-Dec.) according to the Swedish Accounting Standards Board (BFN).

4) Hemma in its present form was established in 2006 and reports according to the Swedish Accounting Standards Board (BFN).

5) Cervera in its present form was established in 2006 (Sept.-Dec.) and reports according to the Swedish Accounting Standards Board (BFN).



Head office: Solna, Stockholm
Website: www.ica.se

«The ICA concept combines entrepreneurial spirit with economies of scale and common strategies. This has created a strong player in the food industry in Northern Europe which also possesses in-depth knowledge of the local markets.»

Claes-Göran Sylvén, President of Hakon Invest

To make every day a little easier

ICA is one of the leading food retail companies in the Nordic region. The Group has over 2,300 stores in Sweden, Norway and the Baltic countries. The goal is to be the leader in every market in which ICA operates.

Ownership of ICA AB

Hakon Invest owns 40% of the ICA Group and the remaining 60% is owned by the Dutch company Royal Ahold. Under an agreement, both parties have equal voting rights in ICA AB and therefore joint control. The agreement requires unanimity for all decisions at General Meetings of shareholders and in the Board.

Business concept

The ICA Group's vision is to make every day a little easier. The mission is to be the leading retail company with a focus on food and meals.

ICA seeks to be a far-sighted, dynamic company with solid finances, a commitment to the environment and strong social responsibility. The keys to ICA's approach are prioritization, coordination, simplicity and cost-cutting.

History

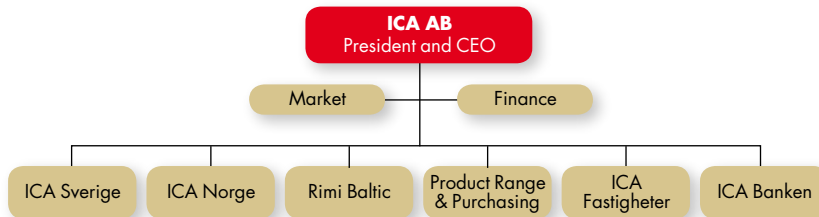
In 1917, Hakon Swenson established Hakonbolaget – the company called ICA today. The core of the ICA concept is that individual retailers with their own stores can join forces in a central purchasing organization to attain the same economies of scale as a chain through joint purchasing, store establishments and joint marketing.

Since then ICA has steadily developed to its present organizational and ownership structure.

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

	2004	2005	2006
Revenues (SEK M)	73,334	71,663	67,395
Operating profit before goodwill amortization (SEK M)	2,234	1,973	2,297
Profit for the year (SEK M)	1,515	1,523	2,401
Number of stores	2,323	2,164	2,295*
Number of FTEs	18,781	11,556	11,698

* Incl. Baltic countries.



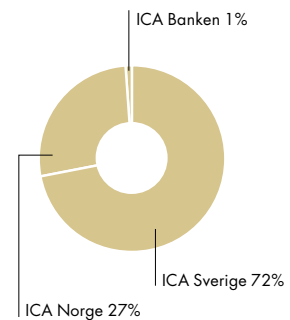
ICA's organization

In February 2007, ICA decided to introduce a new and simplified organization that gives the subsidiaries ICA Sverige, ICA Norge and Rimi Baltic clearer profit responsibility and facilitates coordination between the companies. This means the companies will assume responsibility for parts of purchasing and product range, primarily within fresh products, as well as parts of market communication. They will also take over responsibility for logistics operations in each country.

ICA's new organization contains three group functions: Product Range & Purchasing, Market, and Finance. Product Range & Purchasing will be responsible for developing synergies and coordination between the companies within purchasing and product range. The focus will be on Nordic/Baltic purchasing and international purchasing cooperation, as well as on the Group's logistics development. The Market function will be responsible for ICA's strategic change program and includes business development, strategic market communication and Customers & Quality. The Finance function will retain its previous structure, but ICA Fastigheter will report directly to ICA's CEO.

A number of structural deals were carried out in 2006 to further streamline the ICA Group's operations. Rimi Baltic became a wholly owned subsidiary through the acquisition of the outstanding 50% from the Finnish company Kesko Livs. During the year, ICA signed an agreement with Dansk Supermarked to reduce its ownership in the discount concept Netto from 50% to 5%. Previously, Netto was owned jointly by ICA and Dansk Supermarked. Additional changes were the sale of the subsidiary ICA Meny to Nordic Capital and the decision to phase out the Etos stores and instead further develop health and beauty in the ICA stores. In 2007, ICA will focus on the Norwegian operations, product range development, employee development and store renewals.

Share of the ICA Group's revenues 2006



ICA Group's strategies***Exploit economies of scale by coordinating central functions and concepts***

By coordinating central functions and concepts at the Nordic level, ICA seeks to take advantage of synergies between the companies. Gains from efficiency enhancements will be largely reinvested in lower prices.

Locally adapted concepts

While ICA coordinates and exploits synergies through economies of scale, its local offering is adapted to meet customer preferences. This local adaptation can be made both by the individual retailer or through concepts that are tailored for different geographic markets.

Cost efficiency

The ICA Group's operations will be continually made more efficient and costs reduced. Efficiency enhancements in the organization and working methods lead to substantial savings each year.

Price and product range

ICA will focus on keeping prices down and developing and improving the efficiency of the product range in order to meet customers' wishes.

Common format strategy

The ICA Group has a common format strategy for operations in Sweden and Norway. This strategy comprises four formats: hypermarkets, supermarkets, neighborhood stores and discount stores.

Outlets and remodeling

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

Offer an attractive product range with the focus on private labels, fresh products and non-food items

ICA will continue to focus on private labels, fresh products and non-food items. The ICA Group's range of private labels offer customers greater choice, high quality products and low prices. These products will contribute to increased sales and profitability for the individual retailers and the Group.

Social responsibility

ICA seeks a strong local presence. The ICA Group will also contribute to a long-term sustainable society. The company makes every effort to minimize the negative environmental impact of its operations and accepts responsibility for the conditions under which its own products are produced. ICA also safeguards the health of its customers and employees by offering safe and nutritious products and by continual improvements in the work environment.

ICA Group's goals

ICA has the Nordic region, with the exception of Denmark and Iceland, and the Baltic countries as its primary geographic market. The long-term goal is to be the market leader in the countries where ICA is represented and to increase sales in each sub-market at a rate exceeding total market growth.

Financial targets

- An operating margin (EBIT) of 3.5–4.0%
- A return on equity over a business cycle of at least 14–16%
- An equity/asset ratio of 30–35% over time.

ICA Group's development in 2006

In 2006 the ICA Group carried out a number of structural deals and investments for streamlining and future growth. The high rate of store establishment continued with 23 new stores in Norway and Sweden and remodeling of almost 350 stores in the Group. A totally new organizational unit for non-food was established to assume complete responsibility for purchasing, operation and sales.

ICA Group's main revenue sources

Product supply via the sale of goods, logistics and distribution services to ICA stores in Sweden and Norway.

Retailing via royalties and dividends from retailer-owned ICA stores in Sweden, through sales in own stores and via franchise fees from independent stores in Norway, through sales in own stores in the Baltic countries, as well as through direct sales via Maxi Special (non-food items in Maxi ICA Stormarknader in Sweden).

Properties through rental income from individual retailers in Sweden and Norway. Income is also generated from the sale of properties.

Services through the sale of services to ICA retailers in areas such as advertising production, training and store technology, as well as through ICA Banken's sale of financial services.



ICA Meny was sold to Nordic Capital during the year with an earnings impact of SEK 367 M.

In October, ICA signed an agreement on acquisition of the remaining 50% in Rimi Baltic from Kesko Livs, which means that with effect from December 18, 2006, Rimi Baltic is a wholly owned subsidiary of ICA AB. Through an agreement with Dansk Supermarked, ICA's holding in Netto will decrease from 50% to 5% in 2007.

Sales and earnings

The ICA Group's net sales amounted to SEK 67,395 M (66,096), an increase of 2.0% compared with 2005. ICA Sverige's sales rose by 3.3% while sales in ICA Norge decreased by



President and CEO:
Kenneth Bengtsson

Board of Directors

Claes-Göran Sylvén
President of Hakon Invest, Chairman

Anders Moberg
*President & CEO, Royal Ahold,
Vice Chairman*

Dirk Anbeek
*SVP Franchise & Real Estate,
Arena NL, Royal Ahold*

Peter Berlin
ICA retailer

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

Fredrik Hägglund
General Counsel, Hakon Invest

John Rishton
CFO, Royal Ahold

Per Anders Olofsson
ICA retailer

Per Jansson
Trade union representative

Kenneth Ljungberg
Trade union representative

Executive management

Kenneth Bengtsson
President and CEO, ICA AB

Ingrid Jonasson Blank
EVP Market, ICA AB

Anders Nyberg
*SVP Product Range & Purchasing,
ICA AB*

Sonat Burman-Olsson
CFO ICA AB

Peder Larsson
COO, ICA Sverige AB

Trond Kongrød
COO, ICA Norge AS

Antonio Soares
COO, Rimi Baltic

3.6%, or by 2.7% in local currency. ICA Banken increased its revenues by 44.9% and business volume rose 9.5%.

The ICA Group's operating profit increased by 18.4% to SEK 2,297 M (1,940) due to a continued strong sales trend in ICA Sverige and capital gains from property sales during the year which amounted to SEK 588 M (75) including impairment of non-current assets. At the same time, operating profit was charged with the substantially lower earnings in ICA Norge.

The underlying result of ICA Sverige is very strong, almost SEK 700 M better than last year, while ICA Norge reports an underlying result that is approximately SEK 300 M lower than in the previous year. The year was characterized by investments amounting to SEK 330 M in a new logistics structure in Sweden, a new stores structure in Norway and new projects and security investments within IT.

ICA's brand

At the 2006 Trademark Day, ICA was awarded the Signum brand prize which is given to the Nordic company that manages and nurtures its brand portfolio in the best possible way. The jury focuses on long-term brand work rather than individual campaigns. The Signum prize was founded by the patent and trademark agency Groth & Co and was awarded for the twelfth time.

ICA was also cited as Climber of the Year in the Reputation Institute's survey of known brands. ICA took a big step forward from fifth to second place. Together with Nokia, ICA is the company that received the lowest number of negative assessments according to the survey. The survey is conducted in a total of 25 countries including Sweden and Norway and measures companies' reputation and standing with the public. In Norway, however, ICA was not included among the 22 most visible companies included in the survey.

Private labels

When ICA puts its name on a product, the company vouches that it has been tested for quality and is acceptable from an environment and ethical perspective. ICA's private labels must also help strengthen the profitability of both stores and the Group and the ICA brand.

In 2007, a new series was added to ICA's private label family, ICA Selection. These products will be characterized by top quality with a focus on the origin and taste sensation of the product.

Brand	Description
	ICA's overall brand to be associated with the core values: simple, personal, safe, inspiring and modern. Products are sold in ICA stores in Sweden and Norway.
	Product series with a health profile launched in 2005. The aim is to make it easier for customers to find products that taste good while at the same time encouraging healthy eating habits. The series includes most product categories.
ICA ekologiskt	The ICA Group's own series for ecological products. Most are KRAV labeled while some carry the EU ecological label and are available in Swedish and some Norwegian ICA stores.
	The ICA Group's brand for eco-compliant detergents and washing up products, paper and cleaning agents. Skona is available in all Swedish and Norwegian stores.

Brand	Description
	The ICA Group's discount range. Euroshopper was produced in cooperation between nine European companies in 15 countries, including Kesko, Albert Heijn, Dansk Supermarked and the ICA Group. Euroshopper is available in Sweden, Norway and the Baltic countries.
NOVALINE	ICA's own batteries which carry the Nordic Swan ecolabel. Sold in Sweden, Norway and the Baltic countries.
prima ^{quality}	Household utensils.
Deco ^{design}	Candles, serviettes, disposables and soft furnishings.
<small>for the woman</small> mywear	Clothes.

Five-year financial overview, ICA Group

SEK M	2002	2003	2004	2005 ¹⁾	2006
Summary income statements					
Revenues	70,908	71,980	73,334	71,663	67,395
Operating profit before impairments and goodwill amortization	2,827	2,742	2,234	1,973	2,297
Operating profit	2,535	2,120	1,977	1,958	2,297
Profit after financial items	2,084	1,808	1,741	1,671	2,046
Profit from discontinued operations					367
Profit for the year	1,710	1,777	1,515	1,523	2,401
Summary balance sheets					
Intangible assets	2,762	2,288	2,064	1,914	3,447
Property, plant and equipment	14,469	11,639	12,675	12,441	13,232
Financial assets	4,047	3,936	3,185	4,914	3,959
Other non-current assets	–	–	186	49	181
Other current assets	8,826	9,245	9,780	10,493	10,938
Cash and cash equivalents	3,967	4,446	3,198	2,920	3,749
Total assets	34,071	31,554	31,088	32,731	35,506
Equity	11,939	12,169	7,094	8,386	10,216
Minority interests	258	34			
Interest-bearing liabilities and provisions	12,032	9,527	15,150	15,774	15,563
Non-interest bearing liabilities and provisions	9,842	9,824	8,844	8,571	9,727
Total equity and liabilities	34,071	31,554	31,088	32,731	35,506
Key ratios					
Operating margin, %	3.6	2.9	2.7	2.7	3.4
Return on capital employed, %	15.6	13.1	12.9	12.2	12.9
Return on equity, %	16.5	15.7	16.9	20.4	25.7
Equity/assets ratio, %	35.8	38.7	22.8	25.6	28.8

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

IFRS was not applied in 2002 or 2003.



S V E R I G E



**Market share
in Sweden
2006, 36.5%**

ICA Sverige is the main supplier to the ICA retailers and one of Sweden's leading food retail companies.

ICA Sverige's business concept is to be the leading retail company in Sweden with a focus on food and meals. The company conducts food retail operations throughout Sweden in cooperation with independent retailers. ICA Sverige's task is to stimulate sales in the stores and provide them with advice and tangible activities designed to achieve more efficient store operation. In addition, ICA Sverige works with establishment of new stores, finds and develops new store sites and helps to develop existing stores through remodeling or extension.

ICA retailers in Sweden make an average of 70% of their total purchases through ICA Sverige. The remaining 30% consist mainly of fresh products, beverages, non-perishables and bread which in many cases are direct store deliveries or are sourced from local producers.

Continued strong price pressure 2006 – but stagnating discount trade

The Swedish retail food market is dominated by the three nationwide players ICA, Coop and Axfood, while a fourth player BergendahlsGruppen primarily operates in southern Sweden. The market was characterized by continued strong price pressure in 2006 and grew 6.3% (2.3) with total sales of SEK 226 billion. At year-end 2006 food prices were 1.7% higher than at the beginning of the year.

ICA continued to take initiatives to press down prices. Growth in the discount segment stagnated while the traditional players' focus on reduced prices meant they became more competitive.

Good sales and high establishment rate

Sales in the Swedish ICA stores increased by 7.0%. In order to meet customer needs, ICA Sverige has developed four

store profiles in the formats hypermarkets, supermarkets and neighborhood stores. All profiles showed favorable development during the year. The smaller store profiles, ICA Nära and ICA Supermarket, had a particularly good sales trend in comparable stores.

The rate of establishment was high, particularly in metropolitan regions. A total of 13 new stores were opened in 2006 – 4 Maxi ICA, 1 ICA Kvantum, 2 ICA Supermarket and 6 ICA Nära. 45,000 square meters of new retail space was added during the year. The focus on smaller stores, primarily in sparsely populated areas, yielded results and the closure rate slowed considerably.

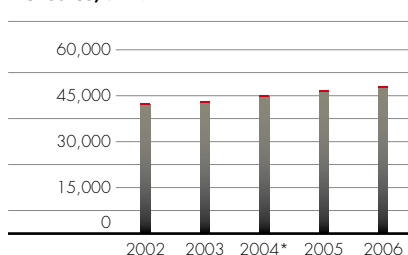
ICA's own customer survey showed that ICA Kvantum had the largest number of satisfied customers of all profiles.

ICA's major investment in a renewed distribution network continued and a new, ultra-modern distribution center opened in Helsingborg. The aim is to be able to handle bigger volumes and thus optimize transports to the stores.

Focus 2007

ICA Sverige will work aggressively with a number of product range programs in order to meet customer demand. Intense competition means that price pressure will probably remain in 2007 as well. The "In-store logistics" project is one example of how ICA strives to work more simply and efficiently. ICA judges that there is considerable growth potential and the establishment rate remains high with a concentration to metropolitan regions.

Net sales, SEK M



* Adjusted according to IFRS.

		Number of stores Dec. 31, 2006	Sales incl. VAT 2006, SEK M	No. of articles per store
MAXI ICA STORMARKNAD	Everything under one roof at reasonable prices. Easily accessible hypermarkets for customers in cars.	52	19,443	30–45,000
ICA KVANTUM	Large supermarkets with a broad and deep product range.	122	23,202	10–30,000
ICA Supermarket	Food enjoyment and diversity with a focus on fresh products and personal service.	477	30,539	6–10,000
ICA nära	Smaller neighborhood stores with easy access and a high level of service.	746	13,408	3–5,000



N O R G E



Market share in Norway 2006, almost 19%
(preliminary figures from A.C. Nielsen)

ICA Norge is one of Norway's leading retail companies within food and meals with 693 stores that are proprietary or retailer-owned.

ICA Norge conducts food retail sales through proprietary stores and franchise stores. There are also a number of associated stores. All stores are supported by an integrated system for purchasing, product range, supply chain, administration and marketing. ICA Norge also works with establishment of new stores. In order to be where the customers are and meet all buying needs, ICA Norge has four store profiles: ICA Maxi, ICA Supermarked, ICA Nær and Rimi.

Trend towards larger units and broader product range

ICA Norge and its largest competitors Coop Norge, NorgesGruppen and Rema, together account for almost all sales in the Norwegian market, of which approximately half via discount chains. The Norwegian food retail market (excluding food service and gas stations) increased preliminarily by 5.1% during the year and posted sales of NOK 110 billion (excluding VAT). Retail food prices rose by 1.5%. At the same time as Norwegian consumers are price conscious, they are demanding larger stores and a broad range of ready-made food and fresh products. The hypermarket concept ICA Maxi, OBS Stormarknad (Coop) and Smart Club are continuously setting up new hypermarkets. Parallel with this, NorgesGruppen is investing heavily in its food service concept while ICA discontinued its involvement as a food service wholesaler with the sale of ICA Meny during the year. The discount chain Lidl continues to establish stores and had some 50 outlets at year-end.

Proportion of retailer-owned stores growing

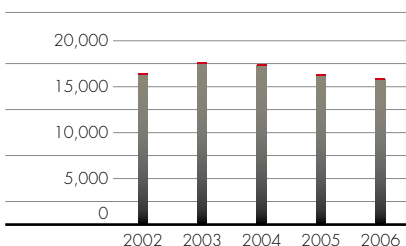
In 2006, ICA Norge's sales amounted to NOK 15,966 M while retail sales amounted to just under NOK 20 billion, excluding VAT, a decrease of 1.0%. ICA Maxi and ICA Supermarked had the best sales development. Sales for ICA Maxi increased by 11.7%, and its share of ICA Norge's sales increased to 14% (12), while Rimi accounted for 42% (45). The rate of establishment was high and more than 18,000 square meters of retail space distributed across all profiles was added.

At year-end 2006 the number of stores in Norway totaled 693, of which 415 are operated in franchise form and 278 are wholly owned. ICA Nær is primarily a franchise chain, but also within Rimi several stores are operated according to this model. Two new concepts for ICA Nær were developed during the year. One for major cities and one for residential areas. The major city concept includes a large portion of ready-made food and both concepts were well received.

Focus 2007

The establishment rate will be high with a particular focus on the larger formats. ICA Norge will continue to focus on private labels, non-food and fresh products. ICA will also focus on positioning itself as the leading food retailer within the health segment. A new business model designed to increase the focus on store operations and sales will be implemented during the year. The "In-store logistics" project is designed to improve efficiency throughout the supply chain in order to strengthen the competitiveness of the stores.

Sales, NOK M



		Number of stores Dec. 31, 2006	Sales incl. VAT, 2006, NOK M	No. of articles per store
ICA MAXI	Everything under one roof at reasonable prices. Easily accessible hypermarkets for customers in cars.	23	2,700	15-24,000
ICA Supermarked	Food enjoyment and diversity with a focus on fresh products and personal service.	76	4,246	ca 10,000
ICA NÆR	Smaller neighborhood stores with easy access and a high level of service.	306	4,522	3-6,000
IRIMI	Discount stores for customers' everyday shopping.	288	8,474	ca 3,000



B A L T I C



**Market share in
Baltic countries,
2006, 16%**

Market share for Rimi stores increased
by 1 percentage point during the year.

Rimi Baltic is one of the leading and most modern food retail chains in the dynamic Baltic region. Rimi Baltic is growing faster than its competitors.

Rimi Baltic was established as a joint venture between ICA and Kesko Livs on January 1, 2005. In October 2006, ICA and Kesko signed an agreement under which Rimi Baltic will become a wholly owned subsidiary of ICA AB. Rimi Baltic conducts food retail operations with four profiles in the Baltic region, owns all the stores and coordinates supplies to them. Rimi Baltic's stores aim to be the customer's first choice in the fast growing markets in Estonia, Latvia and Lithuania.

A market with strong growth

The combined population of the Baltic countries, Estonia, Latvia and Lithuania, is approximately 7.5 million. Lithuania, with almost 3.5 million inhabitants is the largest market, followed by Latvia with 2.5 million and Estonia with 1.5 million. The Baltic food retail market grew by 15% (16) in 2006 and amounted to approximately SEK 56 billion (48) excluding VAT. The discount market continues to grow and Rimi Baltic has a very strong position in this segment.

In 2006, Maxima (formerly Vilniaus Prekyba Market) was the overall market leader in the region followed by Rimi Baltic. In Latvia, Rimi Baltic's market share was about 22% (21). The Lithuanian Maxima is the main competitor with 20%, following by Elvi and Mego with 5% and 4% respectively. In Lithuania, Rimi Baltic is the fourth largest player with a market share of about 8%. Rimi Baltic increased its sales in Lithuania, however, by a full 40% during the year. Maxima dominates clearly with a market share of 41%, followed by the national chain IKI with approximately 16% and Norfa with a market share of about 13%. In Estonia, Rimi Baltic's market share amounted to approximately 24% and the company shares market leadership with the ETK cooperative. The

Selver chain had a market share of 11% and the Finnish company Prisma has a market share of approximately 6%.

Supermarkets, hypermarkets and discount stores

Rimi Baltic's sales increased by 19.6% to SEK 8,993 M (7,517). A large number of new stores were opened, primarily hypermarkets, in all three countries. The number of hypermarkets now amounts to 30 compared with 24 at year-end 2005.

Rimi Hypermarket and Rimi Supermarket focus on fresh products and a good level of service. Rimi Baltic has also developed a format called "Compact Hypermarket" with a focus on atmosphere, comfort and efficient use of space. In order to serve customers in small communities and in the lower income bracket, Rimi Baltic operates two chains with a sharp discount profile: Säästumarket, Estonia's largest discount chain, and SuperNetto, which operates in Latvia and Lithuania.

Focus 2007

There is a trend among Baltic consumers to shop increasingly less often and the average amount purchased is gradually rising. This is a trend that favors Rimi Baltic with its strong position in the hypermarket concept. Lithuania is the largest market in the Baltic region, but also the market where Rimi Baltic has the smallest market share. Lithuania will therefore be prioritized with regard to growth. Rimi Baltic will also continue to work to improve internal efficiency and intends to open a new distribution center in Lithuania in 2007 and extend the centers in Latvia and Estonia.

Revenues 2006: SEK 8,993 M (7,517)
Operating profit: SEK 21 M (13)
No. of employees: 9,132 (8,375)
No. of stores: 205

	Hypermarket	Supermarket	Discount	Total
Estonia	7	6	48	61
Latvia	10	32	37	79
Lithuania	7	21	10	38
Total	30	58	117	205



BANKEN

ICA Banken offers financial services that simplify the daily lives of ICA's Swedish customers and thus strengthen their loyalty to ICA.

Good interest on current accounts, clear terms and low charges were the philosophy behind ICA Banken's operations at the start in 2001. In reality, ICA Banken offers its own brands within the financial sector. When ICA's own cards are used, the ICA retailers' costs for handling card payments are also reduced. ICA Banken offers simple services that meet customer demand. The services include a current account and various types of bankcards, as well as unsecured loans at competitive interest rates. Mortgages are offered in cooperation with SBAB. In cooperation with the ICA retailers, the bank also continuously establishes in-store ATMs. ICA Banken administers the ICA customer card.

Niche banks continue to take market share

Competition in the loan market, for both deposits and lending, intensified during the year and interest rate hikes slowed growth. The bank market is still characterized by considerable reluctance among customers to switch. The four major banks, SEB, Handelsbanken, Swedbank and Nordea account for approximately 80% of the market. Smaller banks, such as ICA Banken, Skandiabanken and Länsförsäkringar Bank, continue slowly but surely to capture market share from the four majors.

ICA Banken has the most satisfied customers among Swedish banks, according to the Swedish Quality Index (SKI). Product range and product quality were strong contributory factors. The Internet bank was ranked as "Best Internet bank in 2006" by the Swedish financial magazine, Privata Affärer.

Norway new market

A continued strong inflow of customers was noted by the bank during the year and business volume rose 9.5%. The customer card base in ICA Banken comprises approximately 3.1 million customers. During 2006, the number of bankcards issued increased by 40,000 to 213,000. The bank took over responsibility for card payments in the Norwegian ICA and Rimi stores, which will lead to lower costs for card handling. The bank was already responsible for card payments in the Swedish ICA stores.

Of active customers, 1.4 million pay with the card when they shop at ICA, while others only register for their bonus. The number of bank customers, customers who use ICA Banken's banking services, increased to 285,000 during the year. The customer database is a key asset for ICA AB which allows offers to customers to be specially tailored and provides information about shopping patterns.

ICA Banken's target was to break-even in 2006. Operating profit was SEK 12 M (-82).

Focus 2007

In the first half of 2007, ICA Banken will be a complete supplier of banking services to private customers through an agreement with Nordnet which will enable customers to trade in funds, shares, and warrants, and make pension savings. The bank is also working to ensure that the payment terminals in the stores and its own card issues are adjusted to the new chip-and-pin technology according to the EU project SEPA (single European payment area).

Business volume (deposits + lending including mortgages) 2006: SEK 13,480 M (12,316)
Deposits 2006: SEK 6,393 M (5,930)
Operating profit 2006: SEK 12 M (-82)
No. of employees: 174 (154)
Number of ATMs: 69
No. of payment terminals: 6,000

	2004	2005	2006
Revenues (SEK M)	209	316	458 ¹⁾
Operating profit, (SEK M)	-128	-82 ²⁾	12
Number of FTEs	121	154	174

1) Revenues include a capital gain of SEK 6 M.

2) 2005 operating profit is restated due to changed accounting principles for accrual of card charges.



Head office: Västerås
Website: www.formapg.se

«Forma's trade magazines write about and for people in the retail and restaurant industries – we always know about the latest trends in the retail trade.»

Patrik Widlund, President of Forma Publishing Group

Knowledge and inspiration at home and at work

Forma Publishing Group's operations started over 60 years ago with a trade magazine for employees in ICA stores. Today, Forma is one of the biggest publishing houses in Sweden.

Business concept

Forma is one of Sweden's largest publishers focused on consumer magazines, trade magazines and books. Magazine operations are also conducted in Finland, Estonia and Latvia. The business concept is to provide people with knowledge and inspiration at home and at work through publishing operations in the Nordic and Baltic markets.

Market and customers

The market for media and publishing companies is undergoing restructuring, where technology and new media phenomena are leading to changed consumer behavior. Parallel with this a consolidation is taking place where the major players are becoming larger and fewer while several new magazines are starting up.

Advertising sales, an important source of income for Forma, depend in the short term on the general economic situation. In the longer term, growth is affected by structural changes, new media, product development and changed competition.

The substantial increase in the number of titles in the popular press in recent years has saturated the market and forced increasingly large advertising discounts in Sweden. There is also increased competition from free publications and evening newspaper supplements.

In Finland, there are fewer magazine titles per capita than in Sweden and the competition is therefore not as intense as in the Swedish market. Purchasing power in Estonia and Latvia is considerably lower than in Sweden and Finland, but growth is that much faster. This also applies to advertising spend and demand for advertising space.

Customer and corporate magazines are an area that is growing in pace with companies' increasing interest in profiling themselves and strengthening their relationships. This trend gives Forma potential to reduce its exposure to the traditional advertising market through production of customer magazines.

According to the forecast issued by the Swedish Institute for Advertising and Media Statistics (IRM) in February 2007, total media investments in Sweden increased by 9.4% in 2006 and the increase in Finland is expected to be 3.2%. The forecast is that media investments in Sweden will increase by 6% in 2007, while the assessment for Finland is an increase of 3%.

Hakon Invest's holding:
100%

Acquisition year:
1999

	2004	2005	2006
Revenues (SEK M)	596	596	660
Operating profit (SEK M)	59	54	37
Profit for the period (SEK M)	43	52	27
No. of employees (average)	303	308	309



History

Forma published its first magazine in 1941, the magazine now called Praktisk Butiksarbete (practical store work) aimed at ICA store employees. Icauriren started in 1942 and is today Sweden's largest weekly magazine, distributed free of charge in the stores. The Swedish publishing operations have grown steadily and operations in Finland started in 1983. Today, Forma also publishes magazines in Estonia and Latvia.

Operations

Forma is the parent company in a group with wholly and partly owned subsidiaries in Sweden, Finland, Estonia and Latvia. Operations are divided into four business areas: Consumer magazines, Trade magazines, Customer magazines and Book publishing.

Consumer magazines

The business area's publications include Sweden's largest weekly and monthly magazines: Icauriren and Hus & Hem. In Finland, Forma publishes four magazines, all with strong positions and large circulations. In Estonia and Latvia, a total of three magazines are published. One-shots are also published in all countries.

Trade magazines

The business area publishes trade magazines within food and retail as well as books and guides with links to food and retailing, areas where knowledge of retailing and the food business are a key asset. The business area works to add new titles and focuses on Internet solutions and events. Market, a concept that includes a weekly magazine, a quarterly magazine, an Internet site and events for the entire retail trade, was launched in 2006.

Customer magazines

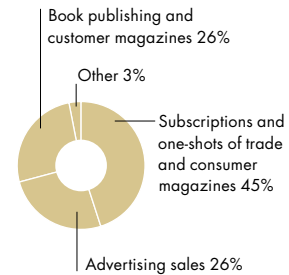
Forma Contract Publishing, formerly Idé and Media, is the market leader in assignment production of magazines aimed at customers. The business area helps customers to develop tailored solutions and the offering includes editorial work, sales of advertising, printing procurement, distribution and Internet solutions.

The largest publication Buffé, which is produced for ICA AB, is distributed each month to ICA's two million regular customers.

Book publishing

Forma's book publishing operations range from fiction to specialist books on food, home, garden, health and recreation. In 2006, B. Wahlströms Bokförlag AB was acquired as a complement to the operations in ICA Bokförlag, in line with Forma's growth strategy. B. Wahlströms Bokförlag publishes fiction, non-fiction, books for children and young people as well as running the Läslusen and Fantasyklubben book clubs.

Total revenues 2006: SEK 660 M



Forma Publishing Group's targets

- Sales increase to SEK 1,000 M by 2010
- Operating profit of SEK 100 M by 2010

Important events in 2006

- Acquisition of B. Wahlströms Bokförlag
- Launch of Market, a news concept for the retail industry.

Development in 2006

Forma's revenues amounted to SEK 660 M (596) in 2006, an increase of 11% compared with the previous year.

Operating profit amounted to SEK 37 M (54). The lower operating profit was due to costs for the launch of the Market magazine and Internet site as well as discontinuation of consumer magazines. Net financial items amounted to SEK -2 M (9). The tax expense was SEK 7 M (11). Profit for the period amounted to SEK 27 M (52).

Market, a comprehensive concept for the entire food retail trade was launched in 2006. Hus & Hem published four special editions while the magazines Smak and Vovve were discontinued.

Strategic ambitions

Forma's strategy is to develop both existing and new business within the core operations by growing through acquisition within existing operating areas. Forma will also continue to develop its working methods and make its organization more efficient, among other things within financial control and sale of magazines and advertising.

In 2007, Forma will continue to develop its core business through both new business and acquisitions.



Market, launched in 2006, is a news magazine and Internet site for the entire retail trade.

Forma's magazine titles

Consumer magazines	Country	Print run ¹⁾	Description
Icakturiren	Sweden	192,200	Sweden's largest weekly magazine within food and recreation
Hus & Hem	Sweden	124,700	Sweden's largest monthly magazine within living, homes and furnishings
Digital Living	Sweden	One-shot	Furnishings and technology (joint production between Hus & Hem and Computer Sweden)
Kotivinkki	Finland	169,000	Finland's largest magazine for the home
Trendi	Finland	63 000	Magazine for young women
Trendi Veli	Finland	New	New fashion magazine
Talo & Koti	Finland	59,000	Finland's Hus & Hem
Kodu & Aed	Estonia	26,400	Estonia's largest monthly magazine
Trend	Estonia	5,400	Magazine for young women
Majas & Dartz	Latvia	17,500	Latvia's largest monthly magazine

Consumer magazines, online edition	Print run ²⁾	Description
www.icakturiren.se	94,705	Food, beverages, health, puzzles and travel
www.husohem.se	New	Living home and furnishings

Trade magazines	Country	Print run ¹⁾	Description
Icanyheter	Sweden	18,700	News magazine for food retail industry
Snabba Köp	Sweden	14,400	Magazine for the food service sector and fast food
Praktiskt Butiksarbete	Sweden	–	Distributed with Icanyheter
Market magasin	Sweden	4,100	Magazine for decision-makers in the retail trade
Market	Sweden	New	News magazine for entire retail trade (launched March 2006)
Byrånumret	Sweden	6,000	Annual guide to Sweden's approximately 500 largest advertising, PR, web and media agencies
Restaurangvärlden	Sweden	6,500	Magazine for hotel and restaurant sector (formerly Restaurang & Storkushäll)

Trade magazines, online editions	Print run ²⁾	Description
www.market.se	7,369	News for entire retail trade
www.icanyheter.se	2,149	News for the food retail industry

Customer magazines	Customer	Print run ¹⁾	Profile
Buffé	ICA	1,942,400	For ICA's active regular customers
Stadium Magazine	Stadium	384,200	For active Stadium card members
Villaägaren	Villaägarnas Riksförbund	331,500	For members: home-owners and owners of summer houses
Häst & Ryttare	Swedish Equestrian Federation	103,800	For all members
Tiebreak	Swedish Tennis Association	63,300	For members of Sweden's 550 tennis clubs

1) For Sweden according to TS 2006 and for Finland according to Levikintarkastus OY 2005.

2) According to Sifo.



President and CEO:
Patrik Widlund

Board of Directors

Claes-Göran Sylvén
President, Hakon Invest, Chairman

Göran Hesseborn
CFO Hakon Invest

Ingrid Jonasson Blank
Vice President ICA AB

Naomi Seid
President Titeldata

Ronnie Törnblom
former ICA retailer, Mariefred

Lars Öhlander
ICA retailer, Stockholm

Patrik Widlund
President Forma Publishing Group

Vivianne Ahlbin
Trade union representative

Gunnar Göransson
Trade union representative

Management

Patrik Widlund
President and CEO

Maria Croon
Marketing Director

Katarina Hillman
Chief Financial Officer

Ann Näslund
Vice President, Human Resources

Vacant
Publication Manager

Göran Sunehag
Head of Forma Books



Head office: Limhamn, Malmö
Website: www.kjell.com

«With the help with Hakon Invest's support and long experience of the retail trade, we can hone our concept. And achieve the vision of becoming a nationwide chain.»

Kjell Dahnelius, founder of Kjell & Company

Easily accessible accessories for modern home electronics

With its 18 stores, Kjell & Company is one of Sweden's leading retailers of accessories for home electronics. Hakon Invest became a part owner of the company in July 2006.

Business concept

Accessories for home electronics have become a market of their own that is in many ways more complicated than the market for the products that provide its base. By providing a high level of personal service, Kjell & Company helps customers make the best and most cost-effective choice. The stores offer a broad spectrum of accessories and sales are also conducted via mail order and online.

Market and customers

Various forms of home electronics are today a natural part of people's everyday lives and this creates a need for attractively priced accessories. A large portion of accessories sales today are made through home electronics retailers, but the major chains very much focus on the products themselves and not on the accessories. Consumer expertise within home electronics is rising fast and there is a growing need for well-stocked sales outlets with a high level of service for accessories. Kjell & Company's stores are designed to meet this need.

The Swedish consumer market for home electronics and IT products had sales of approximately SEK 20–25 billion in 2006.

Kjell & Company's customer base consists of private individuals, corporate customers and public sector organizations.

History

Kjell & Company was established in 1990 by Kjell Dahnelius and his three sons. The first store was in the Triangeln shopping center in Malmö. The business has grown steadily since then with new stores in southern and central Sweden.

Hakon Invest's holding:
50%

Investment date:
July 2006

Invested amount:
SEK 102 M

	2004/05	2005/06	2006*
Revenues (SEK M)	149	209	181
Operating profit before goodwill amortization (SEK M)	5	7	10
Profit for the period (SEK M)	2	4	4
Number of stores	12	15	18
Average number of employees	71	103	127

*) May-December.



Operations

Today Kjell & Company owns and operates 18 stores all of which carry a full range of approximately 7,000 different products. In recent years computer accessories have become the strongest product group, but everything within home electronics is naturally on the shelves. In addition to the stores, online shopping and mail order are important sales channels. In the 300 page product catalog and on its web site www.kjell.com, there are "Kjellfakta" which answer masses of technical questions in a structured manner, a knowledge bank that gets bigger and bigger in each catalog where customers can obtain information that increases their understanding prior to purchase.

Development in 2006

In 2006 Kjell & Company's revenues amounted to SEK 255 M (pro forma). Sales in the shortened fiscal year (May-December) amounted to SEK 181 M and operating profit before goodwill amortization was SEK 10 M. Profit for the period was SEK 4 M.

Four new stores were opened in 2006 in Norrköping, Farsta in Stockholm, Karlstad, and Valbo in Gävle. At year-end, seven new stores were contracted to open in 2007.

Strategic ambitions

Together with Kjell & Company's management, Hakon Invest will hone the concept by further improving the level of service and accessibility while clarifying the price profile at the same time. Shared knowledge and experience, combined with Hakon Invest's broad contact network and financial backing, will allow a higher rate of expansion with retained good profitability. The sights are set on being nationwide by 2011.

Targets for Kjell & Company

- Expand to some 40 stores in Sweden within five years
- To be a nationwide chain by 2011 at the latest

Important steps 2006

- Four new stores opened in Norrköping, Gävle, Karlstad and Stockholm
- Seven new stores contracted for establishment in 2007



President:
Mikael Dahnelius

Board of Directors

Göran Hesseborn
CFO Hakon Invest, Chairman

Fredrik Dahnelius

Kjell Dahnelius

Mikael Dahnelius
President, Kjell & Company

Edgar Sesemann
Purchasing Director, ICA AB

Stein Petter Ski
*Senior Investment Manager,
Hakon Invest*

Christina Ståhl
President Etos, ICA AB

Management

Mikael Dahnelius
President

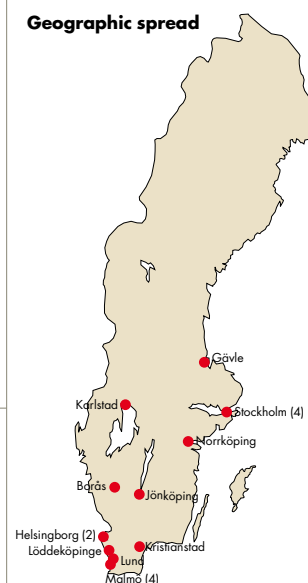
Annika Lundberg
CFO

Fredrik Dahnelius

Kjell Dahnelius

Markus Dahnelius

Geographic spread



At the end of 2006, Kjell & Company had 18 stores. The head office is in Limhamn outside Malmö.



Head office: Bromma, Stockholm
Website: www.hemmabutikerna.com

«Hemma has a well-developed concept with a clear customer focus. With our retailing expertise, network and capital we see major opportunities to contribute to continued expansion and considerable value creation.»

Göran Hesseborn, CFO and Senior Investment Manager at Hakon Invest

Dedicated and knowledgeable sales of white goods

With 122 stores the Hemma chain is Sweden's largest white goods retailer. Hakon Invest became a part owner in October 2006.

Business concept

Hemma combines the advantages of the local store with the strengths of a chain and has a broad product range, considerable expertise and dedication. The business concept is to be a nationwide chain that with a high knowledge level, enthusiasm and cost efficiency sells and markets known-brand products within the home, kitchen and laundry.

The motto is: Sweden's most satisfied customers.

Market and customers

The increased importance of the home combined with consumers' growing interest in furnishings and design have raised demand for products and equipment for kitchens and laundries in recent years. In general, consumers are willing to pay more to renovate their homes. At the same time there is a polarization which means that demand is also increasing for goods in the discount segment.

Over the past five years the Swedish white goods market has had annual growth of 4–5% and in 2006 the total sales value amounted to approximately SEK 8 billion.

White goods retailing is highly fragmented in Sweden. Specialist stores dominate sales of both white goods and kitchen appliances but the general electronic chains and online shopping are capturing market share in the discount segment.

Hemma's vision

Hemma seeks to be the natural choice for people who wish to combine design and good functionality. Buying from Hemma should be perceived as a guarantee for enhanced value in the home while the customer has a good experience every time the product is used.

Hakon Invest's holding:
49%

Investment date:
October 2006

Invested amount:
SEK 90 M

	2006
Revenues (SEK M)	294
Operating profit before goodwill amortization (SEK M)	2
Loss for the period (SEK M)	-13
Number of stores	21
Number of employees (average)	156



Operations

In 2006 the Hemma chain acquired Dala Hemma, Vitvaruhuset in Norrtälje and Konsumentköp in Helsingborg. This gave Hemma 21 proprietary stores in metropolitan regions. The Hemma chain also includes 101 local retailers who are voluntary members. This means that the chain has 122 stores in Sweden with a market share of 27%.

Hemma's stores are often located in suburbs and in central areas of small towns or in locations along the main highways outside city centers. The stores are by far the most important media, they must display an attractive range of goods and known brands for the kitchen and laundry. Hemma stores also sell small electrical appliances and other products for the home such as heat pumps and kitchen utensils.

The Hemma chain is a member of Euronics which with 10,000 affiliated stores is by far Europe's largest purchasing chain within white goods. This, combined with an efficient organization, means that Hemma can match its competitors' prices.

Development 2006

The Hemma chain underwent major change in 2006 and a group with proprietary stores has been created through acquisitions. A newly formed limited company, Hemma-butikerna i Sverige Utveckling AB, has acquired Hemmabutikerna i Sverige AB which will continue to be the office for the entire group, as well as Dala Hemma on March 1 and Kunsumentköp on June 1, which added 21 proprietary stores to the Hemma group.

In 2006 Hemma's sales amounted to SEK 294 M which only relates to the companies wholly owned stores and the period in which they were part of the Group. Including retailer-owned stores, sales amounted to over SEK 2 billion. Hemma posted an operating loss of SEK 9 M. Earnings were charged with one-time effects from adjustment of accounting principles with SEK 8 M and amortization of intangible non-current assets of SEK 12 M.

Strategic ambitions

Together with Hakon Invest, Hemma's management and members will further develop the concept and support continued expansion. Hemma is in a strong development phase where the number of stores has risen substantially since the start in 2001. In the short term, the focus will be on continued integration of acquisitions and recruitment of new employees, but in the future the Hemma chain will continue to grow through both new establishment of owned stores and the addition of several retailer-owned stores. All stores will make full use of the common brand and concept.

Targets for proprietary Hemma stores

- Continue to increase the number of proprietary stores with the target of total sales in excess of SEK 1,000 M within five years
- In addition, possibly make further acquisitions

Important steps in 2006

- Acquisition of Dala Hemma, Vitvaruhuset in Norrtälje and Konsumentköp which led to 21 proprietary stores within Hemma
- Three new retailers became members of the Hemma chain



President:
Torkel Hallander
from April 1, 2007

Board of Directors

Bengt Isaksson
Chairman

Dick Brissman
Hemma retailer

Catharina Grundström
ICA retailer, Kalmar

George Müller
Kaxxig Communication and Marketing

Henrik Patek
CRM Manager ICA

Leif Rehn
Hemma retailer

Johan Örengård
Investment Manager, Hakon Invest

Organization

Torkel Hallander
President (from April 1, 2007)

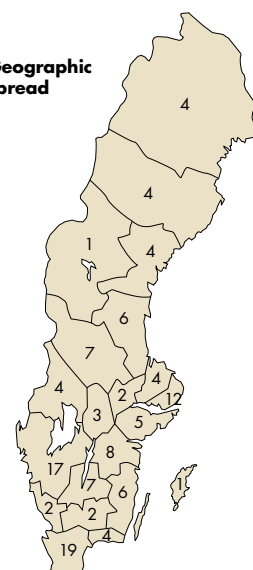
Stig Wass
Vice President

Agneta Lindroth
Market

Magnus Ohlsson
Hemma's proprietary stores

Marita F Hellsten
Finance

Geographic spread



The Hemma chain comprises 21 proprietary stores in metropolitan regions and 101 local retailers who are voluntary members. Figures show the number of stores per region.



Head office: Stockholm
Website: www.cervera.se

«Cervera is a well-established chain with excellent opportunities to sharpen both concept and profile. There is major potential to strengthen market position and continuously evaluate product supply.»

Stein Petter Ski, Senior Investment Manager at Hakon Invest

Glass and porcelain with known brands

Cervera is a nationwide and well-established glass and porcelain chain with 53 stores from Luleå in the north to Malmö in the south. Hakon Invest became a part owner in December 2006.

Business concept

Cervera's business concept is to offer branded goods from known suppliers within glassware, porcelain, cutlery, kitchen utensils, small electrical appliances and gifts. In future, all stores will also offer lighting and furniture. A broad and deep product range combined with large attractive stores are intended to provide drawing power and experiences for customers.

Market and customers

Demand for glass and porcelain products, furnishings and furniture has risen in pace with the increased importance of the home and a growing interest in furnishings and design. Young consumers are more sensitive to trends and accustomed to short fashion cycles which results in more purchases of glassware and porcelain among other things. This has contributed to sector overlap, which means that more and more players are adding glassware, porcelain and furnishings to their product range. Both home furnishings and furniture stores as well as electrical stores and food retail outlets now compete in glassware and porcelain as well. In addition, some suppliers are choosing to open their own outlet stores aimed directly at consumers. Sector overlap and structural deals in recent years have increased the general level of activity and initiative among traditional glassware and porcelain players.

History

Cervera is a voluntary specialist retail chain which since 1987 has established a leading brand within glassware and porcelain products. This expansion has taken place in stages and today includes 53 wholly or partly owned stores as well as franchise stores.

Hakon Invest's holding:
45%

Investment date:
December 2006

Invested amount:
SEK 85 M

2006 Sep.–Dec.

Revenues (SEK M)	149
Operating profits before goodwill amortization (SEK M)	15
Profit for the period (SEK M)	10
Number of stores	24
Average number of employees	162



Operations

Cervera focuses on glassware and porcelain as well as related products such as cutlery, kitchen utensils, small electrical appliances and gifts from known-brand suppliers. The group comprises 24 wholly and partly owned stores and 29 franchise stores, almost all of which are located in places with over 70,000 inhabitants. The stores carry between 4,000 and 5,000 products and a number also offer lighting and furniture. Examples of quality brands sold include Iittala, Kosta Boda, Orrefors, Höganäs, Villeroy & Boch and Rosenthal. In the long term Cervera seeks to offer total solutions for the home and in the future all stores will carry a range of lighting and furniture. In January 2007, the operations in Anders Petter AB were acquired with a strong brand and range of frying pans and saucepans, knives, cutlery and kitchen utensils which complement Cervera's kitchen product area well.

Development 2006

Cervera, in its present form, was established in 2006. Revenues in the group's wholly and partly owned stores amounted to SEK 149 M in 2006. Hakon Invest became a new part owner of Cervera in December 2006 and with effect from January 2007 a share of profits from Cervera is included in Hakon Invest's earnings. Operating profit before goodwill amortization in 2006 amounted to SEK 15 M and profit after tax was SEK 10 M.

Strategic ambitions

Hakon Invest will help to make product supply more efficient and clarify the store concept to make Cervera better able to meet and take advantage of structural changes in the market and sector overlap. At the same time as the concept will be made more uniform and product supply reviewed, and the rate of establishment will increase. The goal is that Cervera will at least double its sales over the next five years.

Targets for Cervera

- Sales at least doubled by 2011 to approximately SEK 750 M

Important steps in 2006

- Moved from a pure franchise structure to an integrated chain with franchise stores

Events 2007

- Acquisition of Anders Petter AB which complements the product range of quality brands within the kitchen product area.

Anders
Petter



President:
Tomas Kopsch

Board of Directors

Ragnar Bohman
Cervera retailer, Chairman

Kattis Ahlström
Editor-In-Chief, Icaakuriren

Lars Hesselman
Vice President

Conny Josefsson
Cervera retailer

Tomas Kopsch
President

Stein Petter Ski
*Senior Investment Manager,
Hakon Invest*

Claes-Göran Sylvén
President & CEO, Hakon Invest

Management

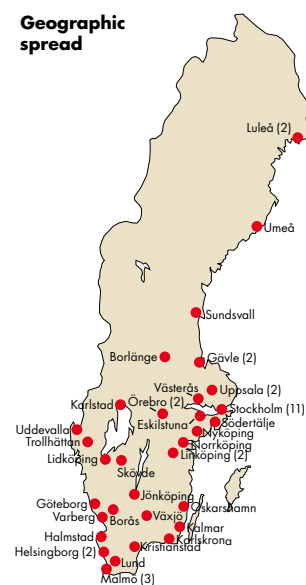
Tomas Kopsch
President

Lars Hesselman
Vice President

Tomas Kilström
CFO

Mattias Kopsch
Marketing Director

Geographic spread



At the end of 2006, Cervera had 53 stores from Luleå in the north to Malmö in the south. The head office is located in Stockholm.

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Board of Directors' report

The Board of Directors and President of Hakon Invest AB (publ) hereby present the annual accounts for the fiscal year 2006. The company has its registered office in Stockholm and its corporate registration number is 556048-2837.

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

Ownership

At December 31, 2006, 67.4% of the company was owned by ICA-handlarnas Förbund (the Parent Company), corporate registration number 802001-5577. The remaining 32.6% is owned by 12,323 shareholders. The company's common shares are listed on the Nordic Exchange.

The company's operations

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

Significant events during the year

In November 2006, Hakon Invest signed an agreement to become a part owner of the glass and porcelain chain Cervera. The purchase price amounted to SEK 83 M and gives Hakon Invest an ownership stake corresponding to 45% of the capital and voting rights in Cervera. The investment was finalized at the end of December.

In September, Hakon Invest signed an agreement to become a part owner of the Hemma chain. The deal was concluded in October. The purchase price paid by Hakon Invest amounted to SEK 88 M and corresponds to an ownership stake of 49% in Hemma, following an add-on investment for almost 2% of the shares in December. Hakon Invest also has an option to increase its ownership to over 50% at a later date.

In May, Hakon Invest signed an agreement to acquire 50% of the shares in Kjell & Company, a leading retailer of home electronics accessories that owns and manages 18 stores in Sweden. Hakon Invest paid SEK 100 M and the

investment was completed in July.

During the second quarter, Hakon Invest's subsidiary Forma acquired B. Wahlströms Bokförlag, which publishes fiction, non-fiction and youth titles. B. Wahlströms has annual sales of over SEK 100 M. Possession took place in June.

In December, ICA AB decided to reduce its ownership in the discount chain Netto Marknad, which was established in 2001 as a joint venture between ICA AB and Dansk Supermarked A/S. As part of the deal, ICA will take over 21 Netto stores in the Mälaren area, a number of which will be sold, and retain a 5% interest in Netto Marknad for the time being. The deal generated a restructuring cost of SEK 26 M for ICA AB in the fourth quarter.

In October, ICA signed an agreement with the Finnish company Kesko Livs Ab to acquire Kesko's shareholding in Rimi Baltic AB. ICA is also purchasing four properties in Estonia from Kesko. ICA is paying EUR 190 M for 50% of the shares in Rimi Baltic and EUR 50 M for the properties. The European Commission approved this deal in December, and Rimi Baltic is reported as a wholly owned subsidiary of ICA AB from the start of 2007.

In June, ICA AB announced that an agreement had been reached with Nordic Capital for the divestment of the subsidiary ICA Meny. The sale was finalized in September following approval of the transaction by the European Commission and resulted in a positive earnings effect of SEK 367 M for ICA AB in 2006.

The sale of ICA AB's warehouse property in Helsingborg was completed in October. The sale generated a capital gain of SEK 341 M for ICA in the fourth quarter. In the first quarter, ICA AB sold a shopping center in Norway and in the second quarter a portfolio of store properties in southern and western Sweden was divested to ING Real Estate. The sale of the store portfolio contributed to a SEK 89 M increase in ICA AB's operating profit during the second quarter.

Significant events after the end of the year

The Board of Hakon Invest decided that the company, within the framework of the authorization from the Annual General Meeting, shall repurchase up to 230,000 common shares in order to cover allocations under the option program for 2006. The shares will be repurchased over the Nordic Exchange at a market price during the period March 1 through April 26, 2007. Hakon Invest held no treasury shares prior to the repurchase decided by the Board.

The Group's revenues and earnings

Consolidated revenues amounted to SEK 660 M (611). Forma's share of revenues amounted to SEK 660 M (596). The Group's comparative figure for the preceding year includes revenue from member service activities which was transferred from the Parent Company to the sister company ICA-handlar-nas Medlemsservice AB at the end of the first half of 2005.

Operating profit in the Group amounted to SEK 885 M (568), an improvement of SEK 317 M compared with the same period in 2005. Of the improvement, SEK 325 M relates to Hakon Invest's share of profits of ICA AB.

Net financial items amounted to SEK 219 M (372). Taking the portfolio's risk profile and asset class allocation into account, financial management noted a satisfactory performance in 2006. The positive trend in most stock markets favored the development of the total portfolio during the year, while the performance of the hedge fund portfolio was slightly weaker and generated a lower return than in the previous year. Taken overall, the return from the Group's financial management amounted to over 7.5% in January–December, which exceeds the target of a weighted annual return of 5%.

Tax expense was SEK 50 M (86).

Profit for the year amounted to SEK 1,054 M (854). Earnings per share totaled SEK 6.55 (5.31).

Financial position

The Hakon Invest Group's non-current financial liabilities amount to SEK 16 M (0).

The equity/assets ratio at the end of the period was 95.2% (95.0).

The current value of the Group's cash and cash equivalents and short-term investments at December 31, 2006 amounted to SEK 2,717 M, compared with SEK 3,046 M at December 31, 2005.

At December 31, 2006, financial investments under external management amounted to SEK 2,324 M and investments under internal management to SEK 393 M. At the close of the period, investments were distributed as follows: equities 33%; fixed-income securities 34%; hedge funds, 20%, and cash and cash equivalents 13%.

Cash flow

Cash flow from operating activities amounted to SEK 166 M (281) during 2006. The dividend received from ICA AB amounted to SEK 244 M.

Cash flow from investing activities amounted to SEK –17 M (94) and is primarily attributable to changes in short-term investments and the acquisition of B. Wahlströms Bokförlag, Kjell & Company, Hemma, and Cervera.

A dividend of SEK 4.50 per common share was paid to the shareholders in May 2006, which affected cash flow from financing activities by SEK –355 M (–325).

Cash and cash equivalents decreased to SEK 349 M (556) at December 31, 2006.

Holdings

ICA AB

ICA AB is a joint venture of which Hakon Invest owns 40% and the Dutch company Royal Ahold N.V. 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 the Annual General Meeting 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 2,300 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 the subsidiaries ICA Sverige, ICA Norge, Rimi Baltic and Etos. ICA also offers financial services to its Swedish customers through ICA Banken. At year-end 2006, ICA AB also owned 50% of Netto Marknad, a joint venture with Dansk Supermarked in Sweden.

ICA streamlined its operations in 2006 by selling ICA Meny and acquiring the remaining share in Rimi Baltic from Kesko. In December, ICA decided to reduce its holding in Netto Marknad from 50% to 5%.

ICA Sverige

ICA Sverige cooperates with independent retailers who own and operate their stores. Sales in the 1,397 Swedish ICA stores rose 7.0%. A total of 13 stores were opened in 2006, while a large number of stores were also remodeled during the year.

ICA's investment in a modernized distribution network continued and a new, ultra-modern and fully automated distribution center was opened in Helsingborg.

ICA Norge

In 2006, store sales in Norway fell by 1% compared with the previous year.

ICA Norge has 693 stores which are operated by the company or as franchise stores.

The rate of establishment of new stores was high and 10 stores were opened during the year. At the same time, 64 stores were closed.

Rimi Baltic

In the three Baltic countries, Estonia, Latvia and Lithuania, Rimi Baltic increased its store sales in 2006 by 19.6% to EUR 970 M.

The number of stores in the Baltic countries increased by 29 to 205 in 2006.

ICA Group's financial performance

The ICA Group's revenues during 2006 amounted to SEK 67,395 M (66,096), an increase of 2.0%. ICA Sverige's revenues increased by 3.3% while ICA Norge's revenues decreased by 3.6%. Revenues in Norway expressed in local currency decreased by 2.7%. ICA Banken's business volume rose by 9.5% and revenues by 44.9%.

Operating profit for 2006 increased by SEK 357 M, or 18.4%, to SEK 2,297 M (1,940). Capital gains from property sales including impairment of non-current assets contributed SEK 588 M (75). ICA Sverige's earnings improved, while ICA Norge reported lower earnings than in the previous year.

The year was characterized by investments of SEK 330 M in new logistics structure in Sweden, a new store structure in Norway and new projects and security investments within IT. Costs for profit shares and staff bonuses of almost SEK 100 M were reserved due to the good earnings in ICA Sverige.

ICA Meny was sold on September 19. Increased sales, good cost control and a capital gain from the sale, provided a profit after tax for the year for ICA Meny of SEK 367 M (-2).

Profit after tax from continuing operations increased by 33.8% to SEK 2,034 M (1,520). The tax expense for the year amounted to SEK 12 M (147). The lower tax expense compared with last year is partly due to the sale of real estate property through companies, and partly due to lower earnings from the operating businesses, primarily in Norway. Net profit for the year including earnings from discontinued operations increased by 58.2% to SEK 2,401 M (1,518).

Cash flow from operating activities in 2006 amounted to SEK 3,044 M (2,339). Cash flow from investing activities amounted to SEK -389 M (-1,076).

Cash flow from financing activities amounted to SEK -1,872 (-1,410), which mainly relates to amortization of loans. The Group's cash and cash equivalents at December 31, 2006, were SEK 3,749 M (2,920).

The equity/assets ratio amounted to 28.8% (25.6). The Group's net debt, excluding ICA Banken, was SEK 4,539 M (6,096).

Investments

ICA AB's investments in 2006 amounted to SEK 2,423 M (2,547).

Personnel

The Group had an average of 11,698 (11,556) employees during the year.

Forma Publishing Group AB

Hakon Invest's holding amounts to 100% of the capital and voting rights in Forma Publishing Group.

Forma is the parent company of a group consisting of wholly and partly owned subsidiaries in Sweden, Finland, Estonia and Latvia. The group also includes associates in Sweden and Norway. The group's business areas comprise consumer magazines, trade magazines, customer magazines and books.

Forma's revenues for 2006 amounted to SEK 660 M (596), an increase of 11% compared with the previous year. Operating profit was SEK 37 M (54). The lower earnings are due to investments in trade magazines, closure of two consumer magazines and restructuring costs for the acquisition of B. Wahlströms Bokförlag.

Net financial items amounted to SEK -2 M (9). Tax expense was SEK 7 M (11). Profit for the year was SEK 27 M (52).

Kjell & Company

In July, Hakon Invest finalized the acquisition of 50% of the shares and voting rights in Kjell & Company, which is one of Sweden's largest retailers of home electronics accessories and is included in Hakon Invest's earnings with effect from July 2006. Sales showed positive development during the year for both established and new stores. Four new stores were opened during the year.

Hemma

Hakon Invest acquired 48% of the shares and voting rights in the white goods chain Hemma (Hemmabutikernas Utvecklings AB). In December an add-on acquisition of nearly 2% was made which means that Hakon Invest now owns 49% of Hemma.

The white goods chain Hemma is included in Hakon Invest's earnings in November and December 2006. The Hemma chain, in its present form, was established at the beginning of 2006.

Cervera

In December, the investment was finalized in Cervera, a franchise chain within glassware, porcelain, cutlery, kitchen accessories and furnishings. Hakon Invest owns 45% of the capital and voting rights.

Cervera, in its present form, was established last year.

Parent Company

Parent Company revenues totaled SEK 0 M (15) during 2006. The company had revenues from service operations in the first half of 2005, that were transferred to the sister company ICA-handlarnas Medlemservice AB at mid-year 2005.

Operating loss amounted to SEK -60 M (-70). Net financial items amounted to SEK 466 M (606).

Profit for the year was SEK 335 M (441).

Future outlook

The prospects for the Nordic and Baltic retail markets in 2007 are bright, although the same high growth rate as in 2006 should not be expected. The good economic situation is creating favorable conditions for our portfolio companies to continue their growth strategies with a number of new stores for Kjell & Company, Hemma and Cervera on the agenda. For Forma, development will continue towards both organic growth and a continuous evaluation of possible acquisitions.

ICA is planning to maintain a high establishment rate in 2007 with a large number of new stores on the way at the same time as development and renewal are under way in the existing stores network. Major efforts are being made in Norway, where the major change program in recent years has led to higher costs and lost market share, and "Take off 2007" was launched at the beginning of the year which will increase the pace within a number of key areas. Other prioritized areas for ICA during 2007 are product range development, an increased focus on non food and a continued build up and development of the logistics operations. With effect from January 1, 2007, Rimi Baltic is included as a wholly owned subsidiary of ICA AB, which will enable economies of scale as well as being important for ICA in its expansion.

Other information

As announced in earlier reports, the proposed settlement in the class action against the Dutch company Ahold was preliminarily approved on January 6, 2006, in the U.S. Hakon Invest is monitoring this process to ensure itself of the opportunity to participate in the settlement. The amount that is expected to accrue to Hakon Invest amounts to approximately USD 10-13 M before tax. More information about the sum will be announced when all terms and conditions have been met, preliminarily during 2007.

The ICA Group's finance company is being examined by the National Tax Board in a tax audit. The exchange of correspondence with the tax authorities started recently.

Environmental impact

Hakon Invest's organization is small and the business is mainly conducted in an office environment which means that negative environmental impact is limited. Our internal sustainability work is therefore focused on the employees' work environment. Guidelines for environmental work are stipulated in our working environment policy, as well as an equal opportunities and diversity policy.

The aim for 2007 is that we will establish a general strategy for sustainability issues that can be used as a starting point in our corporate governance.

Financial risks

Hakon Invest makes every effort to keep financial risk at a low level through a low level of debt and good liquidity preparedness.

The financial strategy within the ICA Group is conservative and focuses on identifying and managing financial risks. ICA Banken is part of the Group's total assets, which means that the financial risks taking the bank's operations into account are higher than those normally associated with retail companies.

A more detailed description of financial risks and risk management at Hakon Invest is provided in Note 2 to the consolidated accounts.

Dividend

The Board of Directors of Hakon Invest proposes an ordinary dividend of SEK 5.50 per common share. The dividend totals SEK 129.5 M, and corresponds to 129.5% of the Parent Company's profit after tax. In 2005, a dividend of SEK 4.50 per common share was paid.

In December 2005, a new share structure was established in Hakon Invest with common shares and C shares. C shares, which are not listed and do not carry entitlement to cash dividends, account for 51% of the total number of shares. The remaining 49% comprise listed common shares with dividend entitlement.

Consolidated income statement

SEK M	Note	2006	2005
Revenues	4	660	611
Cost of goods sold	5,7	-338	-299
Gross profit		322	312
Other operating income		1	4
Selling expenses	5, 7	-164	-155
Administrative expenses	5, 6, 7	-184	-179
Share of profit of companies accounted for using the equity method	8	910	586
Operating profit		885	568
Financial income	9	67	59
Financial expense	10	-6	-16
Change to fair value of financial instruments	11	158	329
		219	372
Profit before tax		1,104	940
Income tax expense	12	-50	-86
Profit for the year		1,054	854
Profit for the year attributable to equity holders of the parent		1,054	854
<i>Earnings per share before and after dilution, SEK</i>	13		
Common share		6.55	5.31
C share		6.55	5.31

Consolidated balance sheet

ASSETS

SEK M	Note	Dec. 31, 2006	Dec. 31, 2005
Non-current assets			
Construction in progress	15	–	–
Goodwill	16	101	62
Other intangible assets	16	35	13
Land and buildings	17	40	40
Equipment	18	20	22
Interests in companies accounted for using the equity method	8	5,962	4,991
Other securities held as non-current assets	14, 19	14	14
Total non-current assets		6,172	5,142
Current assets			
Inventories	20	55	28
Trade and other receivables		75	57
Receivables from Group companies	21	2	3
Receivables from companies accounted for using the equity method		9	19
Other current receivables		31	22
Prepaid expenses	22	26	22
Short-term investments	14, 23	2,368	2,490
Cash and cash equivalents		349	556
Total current assets		2,915	3,197
TOTAL ASSETS		9,087	8,339

EQUITY AND LIABILITIES

SEK M	Note	Dec. 31, 2006	Dec. 31, 2005
Equity attributable to equity holders of the parent	28		
Share capital		402	402
Other paid-in capital		2,773	2,773
Reserves	28	140	110
Retained earnings including profit for the year		5,335	4,640
Total equity		8,650	7,925
Non-current liabilities			
Provisions for pensions and similar commitments	25	117	115
Deferred tax liability	12	71	53
Other non-current liabilities		24	4
Total non-current liabilities		212	172
Current liabilities			
Advance payments from customers		52	89
Trade and other payables	24	96	97
Current income tax liabilities		25	30
Liabilities to companies accounted for using the equity method		3	1
Other current liabilities		44	21
Current provisions	25	5	4
Total current liabilities		225	242
TOTAL EQUITY AND LIABILITIES		9,087	8,339
Commitments and contingent liabilities	26		
Pledged assets	26		

Consolidated statement of changes in equity

SEK M	Share capital	Other paid-in capital	Reserves	Retained earnings incl. profit for the year	Total equity
Balance at January 1, 2005	402	2,773	-43	4,112	7,244
Change of accounting principle ¹	-	-	-	-4	-4
Opening equity after introduction of new accounting principles	402	2,773	-43	4,108	7,240
Change in fair value of derivatives	-	-	-7	-	-7
Exchange rate differences	-	-	160	-	160
<i>Total income and expense recognized directly in equity</i>	-	-	153	-	153
Profit for the year	-	-	-	854	854
<i>Total recognized income and expense for 2005</i>	-	-	153	854	1,007
Shareholder contribution	-	-	-	3	3
Dividend	-	-	-	-325	-325
Balance at December 31, 2005/January 1, 2006	402	2,773	110	4,640	7,925
Change of accounting principle ²	-	-	-	-5	-5
Opening equity after introduction of new accounting principles	402	2,773	110	4,635	7,920
Change in fair value of derivatives	-	-	15	-	15
Exchange rate differences	-	-	-184	-	-184
Revaluation reserve	-	-	199	-	199
<i>Total income and expense recognized directly in equity</i>	-	-	30	-	30
Profit for the year	-	-	-	1,054	1,054
<i>Total recognized income and expense for 2006</i>	-	-	30	1,054	1,084
Shareholder contribution	-	-	-	1	1
Dividend	-	-	-	-355	-355
Balance at December 31, 2006	402	2,773	140	5,335	8,650

1) ICA Banken's annual charges for supplying bank cards were previously recognized as income when the card charge was debited to the customer. According to the changed principle, the annual charge is allocated as income evenly over the year.

2) Due to changes in IAS 39, financial guarantees are recognized at fair value in the balance sheet.

Consolidated cash flow statement

SEK M	Note	Dec. 31, 2006	Dec. 31, 2005
Operating activities			
Profit before tax		1,104	942
Adjustment for non-cash items	27	-1,060	-874
		44	68
Dividends from companies accounted for using the equity method	8	244	244
Income tax paid		-39	-14
Cash flow from operating activities before change in working capital		249	298
Change in working capital			
Inventories		-	-6
Current receivables		-48	-76
Current liabilities		-35	65
Cash flow from operating activities		166	281
Investing activities			
Investments in non-current assets		-9	-13
Acquisition of subsidiaries	3	-81	-
Acquisition of associates/joint ventures	3	-261	-
Divestment of non-current assets		-	2
Changes in short-term investments		334	105
Cash flow from investing activities		-17	94
Financing activities			
Dividends paid		-355	-325
Cash flow from financing activities		-355	-325
Cash flow for the year		-206	50
Cash and cash equivalents at beginning of the year		556	505
Exchange gains/losses on cash and cash equivalents		-1	1
Cash and cash equivalents at end of the year	29	349	556

Information about interest paid

During the period, interest paid amounted to SEK 6 M (6).

During the period, interest received amounted to SEK 36 M (36).

Notes to the consolidated accounts

Note 1 Accounting principles

Company's registered office, etc.

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

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

The consolidated accounts will be presented to the Annual General Meeting for approval and were approved for publication according to a Board decision on February 20, 2007.

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

Accounting principles

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

The consolidated accounts are further prepared in accordance with Swedish law through the application of RR 30, Complementary Accounting Standards for Groups.

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

Changed accounting principles 2006

Changes in IAS 39, which mean that initially financial guarantees are recognized at fair value in the balance sheet, reduced consolidated equity as at January 1, 2006, by SEK 5 M.

The annual charge that ICA Banken makes for supplying a bank card was previously recognized as income when the card charge was debited to the customer. According to the changed principle, the annual charge is allocated as income evenly over the year. The changed principle affects consolidated equity as at January 1, 2005, by SEK -4 M and earnings for 2005 by SEK -2 M. Earnings for 2005 are restated accordingly.

Key assessments and assumptions

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

Basis of the financial statements

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

Consolidated accounts

The consolidated accounts include the Parent Company, Hakon Invest AB, and its subsidiaries. A subsidiary is included in the consolidated accounts 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. Forma Publishing Group AB is a

subsidiary of Hakon Invest AB. The subsidiary is reported in the consolidated accounts according to the acquisition method.

The financial reports of the Parent Company and subsidiaries included in the consolidated accounts 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 accounts. This also applies to companies accounted for using the equity method.

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

Investments in associates

Investments in associates are accounted for using the equity method. An associate is a unit in which the Group has a significant, but not controlling, influence. Use of the equity method means that investments in associates are recognized in the balance sheet at cost, with the addition of changes in the Group's share of the associate's net assets and minus any impairment and dividend. The income statement reflects the Group's share of associates' profit after tax. The Group's investments in associates include goodwill treated in accordance with the accounting principles for goodwill stated below. Any impairment loss on reported investments in associates including goodwill is tested if there are indications of impairment.

Investments in joint ventures

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

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

Group companies

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

Translation of foreign currency

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

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

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

Property, plant and equipment

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

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

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

Goodwill and other intangible assets with an indeterminable useful life

Goodwill represents the portion of the acquisition cost that exceeds the fair value of the 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 indeterminable. Goodwill and other intangible assets with an indeterminable useful life are not amortized.

The carrying amount of intangible assets that is not amortized is tested annual for impairment. Impairments are reported in the income statement.

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

Intangible assets with limited useful life

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

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, are recognized as an asset in the balance sheet when it is probable that the amount can be recovered in the future. The asset is amortized during the period in which it is used.

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

Financial instruments

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

Short-term investments and long-term securities holdings

Hakon Invest's short-term investments and other equities are recognized at fair value in the income statement. Recognition at fair value takes place on the basis that management follows up the investments in this way. For investments that are actively traded in the market, the fair value is determined when the market closes on the balance sheet date. For unlisted investments, 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.

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

Changes in value of assets held for trading are reported as a separate equity component until the investment is sold or impaired. Accumulated changes in value previously recognized in equity are then transferred to the income statement.

Derivatives pertaining to financial instruments

The Group uses derivatives of financial instruments such as currency forward contracts and interest swaps to a limited extent to reduce the risks involved in interest and exchange rate fluctuations. These derivatives are reported at fair value. Official quotations on the balance sheet date are used when determining fair value of derivatives.

In the annual accounts as at December 31, 2006, Hakon Invest had no derivatives.

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 costs for completion of the product and selling costs.

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 amounts. An assessment of doubtful debts is made when it is no longer probable that the full amount will be received.

Cash and cash equivalents

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

Interest-bearing loans

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

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

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

Provisions

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

Pensions and other post-retirement benefits

Pension commitments are classified as defined contribution or defined

benefit plans. The present value of defined benefit obligations for current or former employees are 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

Leasing

Leases where the lessor substantially carries all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments relating to operating leases are recognized in the income statement as an expense, distributed straight-line over the term of the contract. Finance leases are recognized as a non-current asset and liability.

Sale and leaseback

When ICA sells a property that is then leased back an overall assessment is made of who bears the essential risks and rewards in the property and whether the Group still has a significant interest in the sold property. A significant interest exists, for example, if the leased back property is rented out to an independent ICA retailer. If the assessment is that the essential risks and rewards taken as a whole remain with ICA, no income is recognized from the sale on the transaction date, and not until these risks and rewards are transferred to the purchaser at a later date. If ICA still has a significant interest, no income is recognized until this interest ceases to exist.

If the risks and rewards remain in ICA, alternatively ICA has a continued interest in the property, the property is recognized in the balance sheet as if no sale had taken place and depreciation continues on the basis of assessed useful life. The purchase price received from the sale is regarded as a loan and recognized as a liability. Any lease payments made are allocated between interest expense and amortization of the debt.

Revenue

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

Sale of goods

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

Other income

Other income includes royalties, franchise fees, income from various forms of consulting services to ICA retailers and bonuses from suppliers. These revenues are accrued in the income statement as they arise.

Interest

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

Dividends

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

Rental income

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

Income tax

Income tax within the Group consists of current and deferred tax.

Hakon Invest's current tax consists of those taxes to be paid or received for the current year. It refers to the Parent Company, with operations in Sweden only, and to Forma Publishing Group, with operations in Sweden, Finland, Estonia and Latvia. The current tax rate in Sweden is 28%, in Finland 26%, in Estonia 0% and in Latvia 25%.

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

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

Deferred tax assets are recognized for deductible temporary differences and unutilized loss carry forwards to the extent it is probable that future taxable profits will be available and against which the temporary differences or unutilized loss carry forwards can be utilized. The carrying amounts of deferred tax assets are tested on each balance sheet date and reduced to the extent it is no longer probable that a sufficiently large taxable profit will be available to utilize all or parts of the deferred tax assets.

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

New accounting standards

The new accounting standards that are expected to affect Hakon Invest's accounts in 2007 are IFRS 7 Financial Instruments: Disclosures and an Amendment to IAS 1 Presentation of Financial Statements as well as IFRIC 7 (applying the restatement approach to financial reporting in hyperinflationary economies) 8 (scope of IFRS 2), 9 (reassessment of embedded derivatives) 10 (interim financial reporting and impairment). IFRS 7 and the amendment to IAS 1 as well as IFRIC 7, 8, 9, 10 are not expected to have a significant effect on the company's financial results and position but will possibly mean that disclosure requirements will increase. IFRS 8 Operating Segments, which comes into force from 2009, may affect segment allocation.

Note 2 Risks

Financial risks

Hakon Invest's operations involve exposure mainly to currency risk, interest rate risk on investments, credit risk and share price risk. For ICA, there is also interest rate risk in borrowing.

Currency risks

Transaction exposure

The Group does not have significant flows in foreign currency. Hakon Invest's policy is that speculative positions for the purpose of generating revenue on exchange rate fluctuations may not occur. Subsidiaries shall follow a finance policy for managing currency risks. Normally, flows in foreign currency are not hedged. However, Hakon Invest can decide to depart from that policy.

Translation exposure

To the extent that Hakon Invest holds net assets or net liabilities in foreign currency, these should be hedged. Permissible instruments for hedging of translation exposure include futures, loans and options. Translation exposure occurs with financial assets and liabilities in foreign currency.

Interest rate risks

Fixed-income investments are subject to interest rate risk.

Hakon Invest's sources of financing consist mainly of equity, cash flow from operating activities, including dividends, and borrowing. Interest-bearing borrowing means that the Group is exposed to interest rate risk. Changes in the interest level have a direct effect on Hakon Invest's net interest. Interest rate risk arises at changes in market interest rates.

Hakon Invest's policy is that the duration of fixed interest terms of loans should not exceed twelve months.

Interest rate risk is managed by regulating the structure of interest

due dates in the loan portfolio and by using interest derivatives. According to Hakon Invest's policy, a maximum of 50% of the total loan portfolio can be composed of floating interest and also be unsecured. The maximum permissible fixed interest term is five years. Fixed interest shall, according to the policy, be based on anticipated interest rate trends, financial strength and cash flow.

The costs for interest rate sensitivity may amount to a maximum of 20% of the budgeted earnings. Interest rate sensitivity is defined as the cost of a change in the interest rate of 1%.

Within ICA AB, interest rate risk in the Group's debt portfolio is off-set with cash flow from operations and correlation to the company's earnings and interest-rate level. The finance policy states that the Group's fixed-interest term shall be 18 months, with a mandate for deviation from this standard of \pm six months. Interest-rate swaps are used to adjust interest rate exposure.

Credit risks

Hakon Invest's finance policy regulates maximum credit exposure for various counterparties. The goal is for Hakon Invest's financial transactions counterparties to have a credit rating of at least A from Standard & Poor's or Moody's. Credit risk consists of the risk of non-payments from counterparties.

Share price risk

Share price risk occurs through changes in the value of investments in equities. Of the portfolio's investments in Swedish and foreign equities, depository receipts and share-related instruments, at least 90% must be listed, i.e. subject to regular trading in markets that are open to the public and which are under the supervision of authorities or other relevant bodies.

A maximum of 50% of assets under internal management may be invested in equities, and of those 50% in foreign equities (25% of total assets).

Hakon Invest's policy for management of short-term investments, other equities and cash and cash equivalents

Hakon Invest has established guidelines and a finance policy for how to manage and limit financial risks.

Hakon Invest AB has significant liquidity under management which at December 31, 2006, totaled approximately SEK 2.7 billion. For cash and cash equivalents not used in day-to-day operations, management is partly external and partly in-house. External management is handled by Carlson Investment Management. Both internal and external management are handled in accordance with the Company's investment and finance policies. The purpose of internal management is primarily to handle the company's holdings of Ahold shares as well as cash and bank balances.

The target for the management by Carlson Investment Management is to achieve a return that corresponds to the change in the consumer price index (CPI) plus four percentage points. Rules regarding financial management are regulated through a finance policy and attest authorization adopted by the Board. Compliance with these rules is supervised by the Board's Audit Committee. Securities trading is conducted within the framework of management. Funds that are invested through either internal or external management, including funds used in day-to-day operations, must be allocated in accordance with the following limits:

Cash and bank balances	> 5% of total funds under management
Own management	< 25%
External management	< 80%

Investment rules for both external and internal management mean that the portfolio's funds can be invested in the following asset classes:

1. Fixed-income securities listed in Swedish and foreign currencies.
2. Swedish and foreign equities, depository receipts and share-related instruments.

Investment funds, including hedge funds, may be utilized for management, as well as so-called structured products.

Derivatives may be used by the portfolio's manager for more efficient management and for the purpose of increasing returns or hedging an investment. Derivative instruments refer to options, futures, swap

contracts and FRA, pertaining to currencies and securities in which the manager is allowed to invest funds, or to indexes related to such securities. The manager may also enter into repurchase agreements related to fixed-income securities. There are no limits as to what may be invested in derivative instruments according to the above. In internal management, derivatives may only be used to hedge assets in foreign currency.

The market value of directly owned shares, bonds and other financial instruments attributable to an individual issuer, or issuers within the same group, may comprise a maximum of 10% of the portfolio's total market value. The exception to this limit applies to issuer categories 1, 2 and 3 in the table below (see column "Max share of portfolio per issuer, %").

For directly owned fixed-income securities in Swedish and foreign currency, the limits in the table below apply. The percentages in the table below refer to the share of the assets' (under external management) total market value.

The portfolio's fixed-income securities, both directly owned and through mutual funds, may have a maximum average term of 10 years.

Of the portfolio's investments in Swedish and foreign equities, depository receipts and share-related instruments, at least 90% shall be listed, i.e. subject to regular trading in a marketplace that is open to everyone and which is under the supervision of authorities or other relevant bodies. Of assets under own management, a maximum of 50% may be invested in equities, and of those 50% in foreign equities (corresponding to 25% of assets under own management, with the exception of investments in Ahold shares).

All assets under external management are accessible to Hakon Invest within a maximum of 5 days. Under internal management, liquidity risk is handled by investing at least 90% in listed securities.

Currency allocation of the portfolio holdings as of December 31, 2006 was 85.8% in SEK, 7.6% in USD and 2.8% in EUR. The rest of the portfolio, i.e. 3.8%, was allocated among various other currencies.

Issuer category	Issuer/ security ¹⁾	Max share of portfolio per issuer category, %	Max share of 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

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

Risks related to holdings and investments

Stock market trends and interest rates

A negative stock market trend could impact the estimated 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 calculated value of holdings. The interest-rate situation also impacts the cost of loan financing.

Decline in value of the financial portfolio and shareholdings

For the financial portfolio and shareholding in Ahold that, combined, amounted to SEK 2,368 M as of December 31, 2006, adjustments of the book value are made on the basis of changes in share prices and exchange rates, which could have a negative impact on Hakon Invest.

Factors related to holdings

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

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

Note 3 Acquired operations**Subsidiaries**

During the year Hakon Invest's wholly owned subsidiary Forma acquired B. Wahlströms Bokförlag AB. B. Wahlströms has a broad register within primarily youth titles and provides a good complement to Forma's present book publishing operations. Forma acquired 100% of the shares in the company for SEK 69 M including acquisition costs.

Goodwill in connection with the acquisition of Wahlströms consists of the value of cost synergies. If the acquisition had taken place at January 1, 2006, the Group's pro forma revenues would have been SEK 688 M and profit for the year SEK 1,050 M.

The assets and liabilities included in the acquisition are as follows:

SEK M	Carrying amount on acquisition date ¹⁾	Value according to acquisition analysis
Brands	–	23
Customer relations	–	1
Investments in associates	1	2
Inventories	27	27
Current receivables	24	24
Cash at bank and in hand	1	1
Deferred tax liability	0	–7
Non-current liabilities	–17	–17
Current liabilities	–24	–24
Acquired identifiable net assets	12	30
Goodwill		39
Purchase price for shares in subsidiary		66
Acquisition costs		3
Total acquisition cost		69
Total acquisition cost		69
Cash and cash equivalents in acquired subsidiary		–1
Payment of loan in subsidiary		13
Change in cash and cash equivalents at acquisition		81

¹⁾ Accounted for in B. Wahlströms Bokförlag applying Hakon Invest's principles.

Associates and joint ventures

In 2006, Hakon Invest AB acquired 50% of the shares and voting rights in the home electronics chain Kjell & Co Elektronik AB, 49.9% of the shares and voting rights in Hemmabutikerna i Sverige Utveckling AB and 45% of the shares and voting rights in Cervera AB. The table below shows a summary of the acquisition analyses.

SEK M	Kjell & Co	Hemma	Cervera
Purchase price for shares in associates and joint ventures	80	3	
New issue	20	85	83
Acquisition costs	2	2	2
Total acquisition cost	102	90	85
Hakon Invest's share of acquired net assets:			
Non-current assets	11	34	36
Current assets	31	122	91
Non-current liabilities and provisions	–9	–90	–6
Current liabilities	–16	–53	–57
	17	13	64
Goodwill	85	77	21
Participation in company accounted for using the equity method²⁾	102	90	85

²⁾ SEK 16 M of the purchase price for the shares in Kjell & Co will be paid in January 2008.

Note 4 Segment information

Hakon Invest had one segment during the year: publishing operations. In 2005 there were two segments: publishing operations and service operations. Service operations related to services to ICA retailers and

this was transferred to the sister company ICA-handlarnas Medlems-service with effect from July 1, 2005.

All internal accounting and follow-up is based on business segments. For this reason business segments are the company's primary format for segment accounting, while the secondary format is geographical.

Additional to this are holdings in associates, joint ventures and financial management.

The risks and opportunities facing the joint venture ICA AB have been identified in the business segments: ICA Sverige, ICA Norge, ICA Baltic and ICA Banken. The first three refer to retail operations in each geographic area. ICA Banken conducts banking operations.

2006, SEK M	Publishing operations	Service operations	Other incl. eliminations	Total
External sales	660	–	–	660
Operating profit	37	–	848	885
Profit after financial items	34	–	1,070	1,104
Profit after tax	27	–	1,027	1,054
Assets	446		8,641	9,087
Liabilities	325		112	437
Investments	89		262	351
Depreciation	13			13
2005, SEK M	Publishing operations	Service operations	Other incl. eliminations	Total
External sales	596	12	3	611
Operating profit	54	–2	516	568
Profit/loss after financial items	63	–2	879	940
Profit after tax	52	–2	804	854
Assets	406		7,933	8,339
Liabilities	298		116	414
Investments	13			13
Depreciation	13			13

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

SEK M	2006		2005	
	Sweden	Finland and Baltic countries	Sweden	Finland and Baltic countries
External sales	514	146	450	146
Operating profit	26	11	46	8
Profit after financial items	23	11	55	8
Profit after tax	18	9	46	6
Assets	390	56	351	55
Liabilities	287	38	258	40
Investments	88	1	10	3
Depreciation	11	2	12	1

Note 5 Depreciation

SEK M	Dec. 31, 2006	Dec. 31, 2005
Cost of goods sold	13	13
Administrative expenses	–	–
Total	13	13

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

Buildings and service facilities	20–40 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

SEK M	2006	2005
Ernst & Young AB, audit assignments	2	4
Ernst & Young AB, other assignments	1	0
SET, audit assignments	–	–
Total	3	4

Other assignments mainly relate to consultations in connection with acquisitions.

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

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

Average number of employees in the Group	2006	2005
Sweden		
Women	146	141
Men	97	105
	243	246
Finland		
Women	43	43
Men	12	8
	55	51
Estonia		
Women	14	15
Men	2	2
	16	17
Latvia		
Women	5	4
Men	3	3
	8	7
Women, total	208	203
Men, Total	114	118
Average number of employees, total	322	321

Salaries and remuneration amounted to (SEK M):

Board of Directors, President and Executive Vice President¹⁾		
Sweden	6	7
Finland, Estonia, Latvia	2	2
	8	9
Other employees		
Sweden	112	106
Finland, Estonia, Latvia	25	20
Total salaries and remuneration in the Group	145	135
Social security contributions, statutory and contractual	45	40
Pension costs	23	29
Total social security contributions and pension costs	68	69

¹⁾ There was an Executive Vice President in Sweden through May 2005.

Remuneration to senior executives

The Chairman of the Board and Board members are paid fees determined by a decision of the Annual General Meeting. Remuneration to the President and other senior executives consists of a basic salary, other benefits and remuneration, and pension. Other senior executives refers to the individuals who, with the President, form Executive Management. The Company's Remuneration Committee determines compensation and other terms of employment for Executive Management. Remuneration to senior executives is specified in thousands of kronor (SEK 000s.).

2006, SEK 000s ¹⁾	Basic annual salary/board fee	Pension Benefits ¹⁾	Bonus/cost incentive	Total
Chairman of the Board	530			530
Other Board members (total) ²⁾	1,470			1,470
President ³⁾	1,472	96	2,203	1,935
Other senior executives ⁴⁾	5,641	538	1,637	2,256
Total	9,113	634	3,840	4,191

¹⁾ Remuneration excluding social security contributions.

²⁾ The Board comprises six members, in addition to the Chairman. Board members consist of one woman (14%) and six men (86%).

³⁾ Total remuneration package of SEK 4.6 M includes vacation, social security contributions, pension costs and other costs in the form of company car, etc.

⁴⁾ Other senior executives in 2006 comprised three people, all of whom are men.

For more information about the incentive program, see below.

A total remuneration package of SEK 4.6 M has been negotiated with the President. The package includes vacation pay, social security contributions, pension costs and other costs in the form of company car, etc. The President can make free use of the package in a manner that is cost neutral for the company. The notice period is six months, during which time the total remuneration package is available at 1/12 per month.

The President is not entitled to any severance pay.

The company and the President are both entitled to require the President to retire at the age of 65. Within the total remuneration package described above, the President decides the size of the pension provisions to be made.

Period of notice and severance pay for other senior executives

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

Pension benefits for other senior executives

Other senior executives have a defined contribution pension plan according to which the company pays 35% of pensionable salary, although a maximum of ten price base amounts per year. Pensionable salary is calculated according to the ITP Plan's rules.

In addition, other senior executives are entitled to retire at 62. In the event of retirement at 62 pension comprises 75% of the senior executive's salary immediately prior to retirement for the period until normal retirement age. Pension for the period after normal retirement age will be paid in the same amount as if the senior executive had continued to work until 65. Pension benefits are vested, i.e. not dependent on future employment.

Basic principles for remuneration to new senior executives

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

Incentive program**Management and some key employees**

The President, other members of Executive Management and some key employees are covered by an annual performance-related incentive program consisting of bonus and options. The amount of the bonus is maximized to correspond to 9 monthly salaries for the President, six monthly salaries for members of Executive Management, and three monthly salaries for other eligible people. A bonus for 2006 is payable since earnings per share increased by more than 15%. A maximum payout requires earnings per share to increase by 22%, which was the case.

At least 50% of the bonus must be reinvested in call options within the framework of the company's option program. In addition, some employees in special circumstances may be covered by entitlement to a performance-based bonus limited to a certain proportion of basic annual salary, corresponding to a maximum of two monthly salaries. For 2006, the bonus reserve for management plus some key executives amounts to SEK 5 M plus social security contributions.

All employees

ICA-handlarnas Förbund implemented an incentive program aimed at all employees in the Parent Company Hakon Invest AB in December 2005, following the listing. The incentive program included an offer to acquire call options with the right to purchase common shares in Hakon Invest. Each call option carries entitlement to purchase one common share during the period July 1, 2008–December 31, 2008 at an exercise price corresponding to 110% of the average market price for shares in Hakon Invest during a period of five trading days, beginning six trading days after the listing through the tenth trading day following the listing ("measurement period"). The financial consequences of the call options shall be limited by a ceiling, requiring that if the share price at exercise exceeds 200% of the share price during the measurement period ("ceiling"), then the option holder will only receive half of the value increase above that ceiling. ICA-handlarnas Förbund subsidizes the offer. Hakon Invest will not participate in the incentive program. ICA-handlarnas Förbund makes the payouts and ultimately bears the costs for the program.

The fair value of services received from employees in exchange for the allocated options is measured on the basis of the fair value of the allocated options.

Stock options allocated in 2005:

Number of gross subsidized options ¹⁾	273,500
Number of net subsidized options ²⁾	55,000

Personnel costs recognized in the income statement, 2005	SEK 2,578,388
Personnel costs recognized in the income statement, 2006	SEK 635,490

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

Share price	SEK 88.82
Exercise price	SEK 97.50
Option price	SEK 6.90
Options term	3 years
Risk-free interest	2.89%

Assumed dividend for fiscal year:

2005	SEK 5.00
2006	SEK 3.50
2007	SEK 3.50
Volatility	21%

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

¹⁾ Gross subsidy means that employees pay the tax on the benefit value.

²⁾ Net subsidy means that the full value of the call option plus an amount which, after tax, corresponds to the income tax that arose from both the acquisition of the call option and remuneration for taxes, is paid to the employee.

Note 8 Interests in companies accounted for using the equity method

SEK M	Dec. 31, 2006	Dec. 31, 2005
Opening balance	4,991	4,501
Change in accounting principle ³⁾	-5	-4
Changes for the year		
– Acquisitions	277	–
– Dividends	-244	-244
– Share of profit of companies accounted for using the equity method	910	586
– Items recognized directly in equity	33	152
Closing balance	5,962	4,991

	Number	Share, %	Book value Dec. 31, 2006 SEK M	Book value Dec. 31, 2005 SEK M	Share of profit 2006 SEK M	Share of profit 2005 SEK M
The Group						
ICA AB	2,000,000	40.0	5,672	4,983	907	581
Bra Förlag AB	250	50.0	4	2	1	2
Elektronikkforlaget AS	40	20.0				
Trade Press AS	40	40.0	7	6	1	3
Kjell & Co Elektronik AB	5,600	50.0	106	–	3	–
Hemmabutikerna i Sverige						
Utveckling AB	881,000	49.9	88	–	-2	–
Cervera AB	81,818	45.0	85	–	–	–
Total			5,962	4,991	910	586
Of which discontinued operations			147	-1	147	-1

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

	Corporate reg. no.	Reg. office
ICA AB	556582-1559	Stockholm
Bra Förlag AB	556424-7921	Stockholm
Elektronikkforlaget AS	975 341 550	Oslo
Trade Press AS	966 705 086	Oslo
Kjell & Co Elektronik AB	556400-5378	Malmö
Hemmabutikerna i Sverige		
Utveckling AB	556695-8673	Solna
Cervera AB	556701-1209	Stockholm

³⁾ For more information, see reconciliation of equity.

Joint Ventures

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

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

The following table shows the income statement and balance sheet for the ICA AB Group and Kjell & Co Elektronik AB.

ICA AB Group

Balance sheet

SEK M	Dec. 31, 2006	Dec. 31, 2005
Intangible non-current assets	3,447	1,914
Property, plant and equipment	13,232	12,441
Financial non-current assets	3,959	4,914
Other non-current assets	181	49
Inventories	3,550	3,228
Current receivables	6,242	6,591
Cash and cash equivalents	3,749	2,920
Non-current assets held for sale	1,146	674
Total assets	35,506	3,731
Equity	10,216	8,371
Non-current liabilities	7,642	8,905
Current liabilities	17,648	15,455
Total equity and liabilities	35,506	32,731

Income statement

SEK M	2006	2005
Revenues	67,395	66,096
Cost of goods sold	-57,640	-56,933
Selling and administrative expenses	-8,179	-7,442
Other operating income	805	303
Profit from associates	-84	-84
Operating profit	2,297	1,940
Net financial items	-251	-273
Income tax	-12	-147
Profit for the year from continuing operations	2,034	1,520
Profit for the period from discontinued operations	367	-2
Profit for the period	2,401	1,518

Kjell & Co Elektronik AB

Balance sheet

SEK M	Dec. 31, 2006
Intangible non-current assets	19
Property, plant and equipment	6
Inventories	46
Current receivables	10
Cash and cash equivalents	28
Total assets	108
Equity	42
Non-current liabilities	11
Current liabilities	55
Total equity and liabilities	108

Income statement

SEK M	July–December 2006
Revenues	144
Costs of goods sold	-84
Selling expenses	-41
Administrative expenses	-9
Operating profit	10
Income tax	-3
Profit for the year	7

Associates

The Hakon Invest Group has five associates: Hemmabutikerna i Sverige Utveckling AB (HUAB), Cervera AB, Bra Förlag AB, Elektronikkforlaget AB and Trade Press AS. HUAB has been owned by the Hakon Invest Group since November and Cervera was acquired on December 21, 2006. Hakon Invest has an option to increase its stake in HUAB to over 50% at a later date.

The table below shows a summary of our share of the assets and liabilities, revenues and profits of the associates.

SEK M	HUAB 2006	Cervera 2006	Other associates 2006	2005
Hakon Invest's share of net assets:				
Non-current assets	34	36	1	1
Current assets	121	91	8	6
Non-current liabilities and provisions	-88	-6	-	-
Current liabilities	-56	-57	-2	-2
	11	64	7	5
Goodwill	77	21	4	3
Share in associates	88	85	11	8

Hakon Invest's share of revenues and profits of associates:

Revenues	33	-	33	19
Profit for the period	-2	-	2	5

Note 9 Financial income

SEK M	2006	2005
Dividends	29	23
Interest income	36	36
Exchange differences	2	-
Total	67	59

Note 10 Financial expense

SEK M	2006	2005
Interest expense	-6	-6
Exchange differences	-	-10
Total	-6	-16

Note 11 Change to fair value of financial instruments

SEK M	2006	2005
Securities held as non-current assets	0	-3
Short-term investments	158	332
Total	158	329

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

Note 12 Income tax

SEK M	2006	2005
The items included in tax expenses are shown below		
<i>Current income tax</i>		
Current income tax for the year	-38	-28
<i>Deferred income tax</i>		
Deferred tax pertaining to change in temporary differences	-12	-58
Tax expense recognized in the income statement	-50	-86
Reconciliation of effective tax expense		
Profit before tax	1,104	940
Tax based on applicable tax rate in Sweden, 28%	309	263
<i>Tax effect of:</i>		
Share of profit accounted for using the equity method	-255	-163
Other non-taxable revenues	-1	-10
Non-deductible expenses	1	8
Other	-4	-12
The Group's effective tax expense 4.5% (9.1)	50	86
Deferred tax at December 31 pertains to the following:		
<i>Deferred tax liabilities</i>		
Properties	-2	-2
Investments in associates	-1	-1
Short-term investments	-56	-48
Intangible assets	-6	-
Untaxed reserves	-19	-11
Deferred tax liabilities, gross	-84	-62
<i>Deferred tax assets</i>		
Pension provisions	9	9
Properties	4	-
Deferred tax assets, gross	13	9
Net deferred tax liabilities	-71	-53

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

Hakon Invest AB made a tax capital loss of SEK 1,386 M on its holding of Ahold shares. These losses are currently assessed as able to be used for tax purposes only against gains on the sale of similar securities. Since the assessment is that it is improbable that Hakon Invest can utilize the loss carry forward, the deferred tax asset is not recognized in this item. The Group has no other unrecognized deferred tax assets and liabilities on temporary differences.

Note 16 Intangible assets

SEK M	Goodwill		Trademarks		Other intangible assets	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Opening cost	62	62			15	
Changes during the year						
- Investments	39		22		2	4
- Transfers					-2	2
- Reclassification from work in progress						9
Closing accumulated cost	101	62	22	0	15	15
Opening amortization					-2	
Changes during the year						
- Amortization					-2	
- Transfers					2	-2
- Reclassification from work in progress						
Closing accumulated amortization	0	0	0	0	-2	-2
Closing book value	101	62	22	0	13	13

Note 13 Earnings per share

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

C shares can be converted into common shares starting in the year 2016. The number of shares has remained constant during the year. Common shares and C shares have an equal share in earnings per share.

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

There are no potential common shares that result in dilution.

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

	2006
Net profit that accrues to holders of common shares and C shares, SEK M	1,054
Weighted average of number of shares before dilution, thousands	160,917
Weighted average of number of shares after dilution, thousands	160,917

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

Note 14 Financial assets and liabilities

Carrying amounts of financial assets and liabilities are essentially consistent with fair value.

Note 15 Construction in progress

SEK M	Dec. 31, 2006	Dec. 31, 2005
Group		
Opening cost	-	9
Changes during the year		
- Purchases	-	-
- Transfers to other intangible non-current assets	-	-9
Closing costs incurred	-	-

Opening goodwill, amounting to SEK 62 M, pertains to the acquisition of Forma Publishing Group AB, at the time ICA-förlaget. Additional goodwill pertains to Forma's acquisition of B. Wahlströms Bokförlag AB. Investments in trademarks for the year and SEK 1 M of other intangible assets also come from the acquisition of B. Wahlströms. The remaining amount of intangible non-current assets comprises computer systems. The publishing operations for newspapers, magazines and other publications are fully integrated and are the cash-generating unit in Forma to which the intangible values relate. The recoverable amount for intangible assets is assessed on the basis of value in use which exceeded book value. Present value is calculated on the future cash flow from the cash-generating unit. The future cash flow is calculated on the basis on Executive Management's forecasts for a three-year period. The discount factor used is 10%. Cash flow beyond the three-year period is based on annual growth of 2%.

The most important assumptions in four-year plans and the methods used to estimate values are as follows:

Key variables	Method for estimating values
Growth	Total demand for publications and books matches the increase in private consumption. The total number of publications falls historically.
Personnel costs	Forecast for personnel costs matches general salary development and the cost increase is based on general inflation.
Printing costs	In general there is overcapacity in the market. Price increases match GDP.

The recoverable amount for the publishing operations exceeds the carrying amount by a wide margin. The values used in the value in use calculations are as follows:

Variable	Assumed value
Market growth	Long-term growth = 2%
Discount rate	10% before tax

Executive Management estimates that possible changes in growth, personnel costs and printing costs, although key variables in the calculations, would not have such a significant impact that the recoverable amount would be reduced to an amount lower than the carrying amount.

Note 17 Buildings and land

SEK M	Dec. 31, 2006	Dec. 31, 2005
Buildings		
Opening accumulated costs	43	43
Closing accumulated costs	43	43
Opening accumulated depreciation	-4	-3
- Depreciation	-	-1
Closing accumulated depreciation	-4	-4
Closing book value	39	39
Tax value of buildings in Sweden	22	15
Land		
Opening accumulated cost	1	1
Closing accumulated cost	1	1
Closing book value	1	1
Tax value of land in Sweden	6	5

Note 18 Equipment

SEK M	Dec. 31, 2006	Dec. 31, 2005
Equipment		
Opening accumulated costs	66	79
- Purchases	8	9
- Sales and disposals	-12	-20
- Transfers	-	-2
Closing accumulated costs	62	66
Opening accumulated depreciation	-44	-54
- Sales and disposals	13	21
- Depreciation	-11	-12
- Exchange rate differences	-	-1
- Transfers	-	2
Closing accumulated depreciation	-42	-44
Closing book value	20	22

Note 19 Other securities held as non-current assets

Other securities held as non-current assets mainly comprise unlisted shares in OTW (Off the Wall Media Production & Consulting AB, 556531-5131). This item is measured at fair value in the income statement.

Note 20 Inventories

SEK M	2006	2005
Finished goods	55	28
Total	55	28

Inventories mainly consist of books. Revenue from book sales amounted to SEK 146 M (63). Cost of goods sold for books amounted to SEK 111 M (32).

Note 21 Related party disclosures

SEK M	Sales		Purchases		Receivables		Liabilities	
	2006	2005	2006	2005	2006	2005	2006	2005
ICA-handlarnas Förbund		3			1	3		
ICA handlarnas Förbund AB	2	3	1		1			
ICA AB	87	45	20	1	9	19	3	1
Kjell & Co Elektronik AB								
Hemmabutikerna i Sverige Utveckling AB								
Cervera AB								
Total	89	51	21	1	11	22	3	1

ICA-handlarnas Förbund

ICA-handlarnas Förbund owns 67% of the shares in Hakon Invest AB.

ICA-handlarnas Förbund AB

(formerly ICA-handlarnas Medlemservice AB)

ICA-handlarnas Förbund owns 100% of ICA-handlarnas Förbund AB.

ICA AB

Hakon Invest owns 40% of ICA AB.

Kjell & Co Elektronik AB

Kjell & Co Intressenter owns 50% of Kjell & Co Elektronik AB.

Kjell & Co Intressenter is 100% owned by Hakon Invest AB.

Hemmabutikerna i Sverige Utveckling AB

Hemmabutikerna Intressenter AB owns 49.9% of Hemmabutikerna i Sverige Utveckling AB. Hemmabutikerna Intressenter AB is 100% owned by Hakon Invest AB.

Cervera AB

Cervera Intressenter AB owns 45% of Cervera AB. Cervera Intressenter AB is 100% owned by Hakon Invest AB.

For information about benefits to senior executives, see Note 7.

Note 22 Prepaid expenses

SEK M	Dec. 31, 2006	Dec. 31, 2005
Production and distribution costs	10	8
Marketing costs	6	7
Rental costs	2	4
Other prepaid expenses	8	3
Total	26	22

Note 23 Short-term investments

SEK M	Dec. 31, 2006	Dec. 31, 2005
Breakdown of short-term investments:		
Equities	815	885
Hedge funds	547	586
Fixed-income securities	933	839
Ahold shares	73	180
Book value	2,368	2,490
Cash and cash equivalents	349	556
Total short-term investments and cash and cash equivalents	2,717	3,046

Financial investments under external management amounted to SEK 2,324 M at December 31, 2006, and investments under own management totaled SEK 393 M.

At year-end 2006 investments were allocated as follows: 33% equities, 34% fixed-income securities, 20% hedge funds and 13% cash and cash equivalents.

The equities are mainly attributable to shares in Ahold (1,000,000 shares). The value of the Ahold shares amounted to SEK 73 M at December 31, 2006.

Hakon Invest continues to monitor the process in the proposed settlement in the class action against the Dutch company Ahold in order to ensure itself of the opportunity to participate in the settlement. The amount expected to accrue to Hakon Invest amounts to approximately USD 10-13 M before tax. More information will be provided in 2007.

The hedge fund holding refers to the Prisma hedge fund. The company sold its share in the Amplus hedge fund in the second half of 2006.

These items are measured at fair value in the income statement.

Note 24 Trade and other payables

SEK M	Dec. 31, 2006	Dec. 31, 2005
Trade payables	44	46
Accrued vacation pay	19	14
Accrued social security contributions	6	5
Accrued cost of hedging	–	9
Royalties payable	8	7
Accrued bonus	7	–
Other accrued expenses	12	16
Total	96	97

Note 25 Provisions for pensions and similar commitments

Hakon Invest makes a provision in its balance sheet in accordance with the PRI system. These obligations are insured through FPG. For the ITP Plan, the company applies the so-called ten-pointer solution for high earners with detached premiums. Obligations in addition to PRI and ITP are insured with endowment insurance.

SEK M	Dec. 31, 2006	Dec. 31, 2005
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ITP Plan*Defined benefit plans:*

Current service cost	4	3
Actuarial gains/losses	-3	0
Effects of curtailments and settlements	1	0
Interest expense	6	6

Total cost for defined benefit plans	8	9
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Cost of defined contribution plan	15	20
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Total pension costs	23	29
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SEK M	Wholly or partly funded 2006	Wholly or partly funded 2005
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Present value of obligations	126	122
------------------------------	-----	-----

Fair value of plan assets	-4	-3
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Provisions at end of the year	122	119
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Change in pension obligations

Opening present value of obligations	122	128
Benefits earned during the period	4	3
Transferred benefits	0	-3
Pension payments	-3	-3
Reclassifications	-	-11
Interest	6	6
Actuarial gain(-)/loss(+)	-3	2

Closing present value of pension obligations	126	122
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Change in plan assets

Opening plan assets	3	1
Contributions paid by employer	1	1
Actuarial gain(+)/loss(-)	0	1

Closing plan assets	4	3
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Actual return on plan assets	0	1
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Assumptions for actuarial calculations

Discount rate	5%	5%
Return on plan assets		
Future annual salary increases	3%	3%
Future annual pension increases	2%	2%

Amount for current year and comparative years

	2006	2005	2004
Present value of defined benefit obligations	-126	-122	-128
Plan assets	4	3	1
Deficit(-)/surplus(+)	-122	-119	-127

Experience-based adjustments for obligations	2
--	---

Experience-based adjustments for plan assets	0
--	---

Other pension commitments

Other pension commitments are paid in amounts that correspond to the value of funds in pledged endowment insurance policies. The capital value of the commitment amounted to SEK 40 M (37) at December 31, 2006, thus corresponding to the value of the endowment insurance.

Note 26 Commitments, contingent liabilities and pledged assets

SEK M	Dec. 31, 2006	Dec. 31, 2005
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Försäkringsbolagets		
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Pensionsgaranti/guarantee	3	2
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Guarantee loan to employees	0	0
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Guarantee associates	1	-
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Total	4	2
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Operating leases – Group as lessee

Future minimum lease payments according to operating leases amount to:

Cost for the year	18	15
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Within one year	18	14
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After one year but within five years	43	41
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After 5 years	20	-
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Total	81	55
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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 802 M.

Pledged assets, SEK M	Dec. 31, 2006	Dec. 31, 2005
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Endowment insurance pledged as collateral for pension obligation	40	37
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Total	40	37
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Note 27 Adjustment for non-cash items

SEK M	2006	2005
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Depreciation and impairment of non-current assets	13	13
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Valuation at fair value	-158	-329
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Unpaid interest income	-15	-
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Change in provisions	10	-
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Capital gain on the sale of non-current assets	-	14
--	---	----

Interests accounted for using the equity method	-910	-588
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Other	-	16
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Total	-1,060	-874
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Note 28 Equity attributable to equity holders of the parent**Share capital, number of shares, 000s**

Common shares with a par value of SEK 2.50 per share	78,849
C shares with a par value of SEK 2.50 per share	82,068
Total	160,917

Shares have the same value (2.50) and equal voting rights.
Share capital totals SEK 402,294,000.

Reserves, SEK M	2006	2005
Hedging reserve	-9	-24
Revaluation reserve	199	-
Translation reserve	-50	134
Total	140	110

Hedging reserve

The hedging reserve includes the effective component of accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Revaluation reserve

The revaluation reserve includes changes in value attributable to tangible and intangible non-current assets. At business combinations achieved in stages, the revaluation of an already owned share of the assets is recognized in a revaluation reserve. The revaluation of the previously owned share of assets in Rimi Baltic AB is recognized as a revaluation reserve within equity.

Translation reserve

The translation reserve includes all exchange rate differences that arise in translation of financial reports from foreign operations that prepare their financial reports in a currency other than the currency in which the Group's financial reports are presented.

Dividend

Common shares carry unrestricted entitlement to receive dividends decided by a General Meeting, while C shares (which comprise 51% of the total number of shares and are held by ICA-handlarnas Förbund) do not carry entitlement to cash dividends. Such rights can accrue to C shares in 2016 at the earliest. However, C shares are entitled to dividends through distribution in kind, in the form of shares or other interests in ICA AB or in current or future subsidiaries or associates in the ICA AB Group or in companies that could take over operations that are operated or which could be operated within the ICA AB Group.

Hakon Invest's target is that the dividend rate will normally be at least 50% of the Parent Company's profit after tax. 100% of dividends are distributed among 49% of the shares since the C shares are not entitled to cash dividends. This policy assumes that the Company's position and liquidity allows it to issue a dividend to the extent mentioned.

Paid and proposed dividends, SEK M **2006**

Decided and paid during the year:

Dividend on common shares:	
Dividend for 2005: SEK 4.50/share	355

Dividend proposal to the 2007 Annual General Meeting:

Dividend on common shares:	
Dividend for 2006: SEK 5.50/share	434

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 26, 2007, an ordinary dividend of SEK 5.50. See also Note 13, Earnings per share regarding dividend rules in the Articles of Association.

Note 29 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances totaling SEK 349 M (556) and short-term investments with original maturities of less than three months totaling SEK 0 M (0). Bank balances are deposited with Handelsbanken. Interest is floating and is based on the SHB base interest rate. Unutilized bank overdraft facilities as of December 31, 2006, amounted to SEK 50 M (50).

The consolidated cash flow statement includes cash and cash equivalents at year-end 2006, amounting to:

SEK M	2006	2005
Cash and bank balances	349	556
Short-term investments (maximum maturity three months)	-	-
Total	349	556

Parent company income statement

SEK M	Note	2006	2005
Revenues	2	0	15
Operating expenses	3, 4		
Administrative expenses	5	-60	-85
Operating loss		-60	-70
Result from financial investments			
Result from interests in joint ventures	6	244	243
Financial income	7	65	56
Financial expenses	8	-1	-13
Change in fair value of financial instruments	9	158	320
Total result from financial investments		466	606
Profit after financial items		406	536
Appropriations	17	-39	-30
Profit before tax		367	506
Tax on profit for the year	10	-32	-65
Profit for the year		335	441

Parent company balance sheet

ASSETS SEK/M	Note	Dec. 31, 2006	Dec. 31, 2005
Non-current assets			
Financial assets			
Interests in group companies	13	201	200
Interests in joint ventures	14	2,960	2,960
Deferred tax asset	10	–	–
Other non-current receivables	12	40	37
Non-current receivables group companies	11	261	–
Total financial assets		3,462	3,197
Total non-current assets		3,462	3,197
Current assets			
Current receivables			
Receivables from group companies		20	3
Receivables from joint ventures		–	–
Other current receivables		0	5
Prepaid expenses and accrued income		2	1
Total current receivables		22	9
Short-term investments			
Securities under separate management	15	2,295	2,310
Other shares	16	73	180
Total short-term investments		2,368	2,490
Cash and bank balances		259	435
Total current assets		2,649	2,934
TOTAL ASSETS		6,111	6,131

EQUITY AND LIABILITIES			
SEK M	Note	Dec. 31, 2006	Dec. 31, 2005
Equity			
Restricted equity			
Share capital		402	402
Share premium reserve		–	–
Statutory reserve		2,772	2,772
Total restricted equity		3,174	3,174
Unrestricted equity			
Retained earnings		2,393	2,294
Profit for the year		335	441
Total unrestricted equity		2,728	2,735
Total equity		5,902	5,909
Untaxed reserves	17	70	30
Provisions			
Provisions for pensions and similar commitments	18	42	38
Deferred tax liability	10	45	41
Total provisions		87	79
Non-current liabilities	19		
Liabilities to group companies		–	46
Total non-current liabilities		–	46
Current liabilities			
Trade payables		4	6
Tax liabilities		25	30
Other current liabilities		11	13
Accrued expenses and deferred income	20	12	18
Total current liabilities		52	67
TOTAL EQUITY AND LIABILITIES		6,111	6,131
Pledged assets	21	40	37
Contingent liabilities	22	121	118

Parent company statement of changes in equity

SEK M	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2005	402	2,689	83	671	1,917	5,762
Shareholder contribution				3		3
Disposition of earnings for previous year				1,917	-1,917	-
Dividend				-325		-325
Group contribution				39		39
Tax effect of group contribution				-11		-11
Transfer		-2,689	2,689			-
Profit for the year					441	441
Equity December 31, 2005/January 1, 2006	402	-	2,772	2,294	441	5,909
Shareholder contribution				1		1
Disposition of earnings for previous year				441	-441	-
Dividend				-355		-355
Group contribution				17		17
Tax effect of group contribution				-5		-5
Transfer						-
Profit for the year					335	335
Balance at December 31, 2006	402	-	2,772	2,393	335	5,902

Share capital comprises 78,849,544 common shares with a par value of SEK 2.50 each and 82,067,892 C shares with a par value of SEK 2.50.

All share classes carry the same voting rights.

Parent company cash flow statement

SEK M	Note	Dec. 31, 2006	Dec. 31, 2005
Operating activities			
Profit after financial items		406	536
Other non-cash items	23	-169	-292
		237	244
Income tax paid		-32	-9
Cash flow from operating activities before change in working capital		205	235
Change in working capital			
Receivables		-46	-33
Liabilities		-9	56
Cash flow from operating activities		150	258
Investing activities			
Acquisition of property, plant and equipment		-	-
Investments in financial assets		-261	-296
Divestment/reduction of financial assets		333	383
Cash flow from investing activities		72	87
Financing activities			
Shareholders' contribution received		3	-
Loans raised		-85	-
Group contribution		39	30
Dividends paid		-355	-325
Cash flow from financing activities		-398	-295
Cash flow for the year		-176	50
Cash and cash equivalents at beginning of the year		435	385
Cash and cash equivalents at end of the year		259	435

Parent company's notes

Note 1 Accounting principles

The Parent Company's annual accounts are prepared in accordance with Swedish law and applying RR32:05 (Reporting of Legal Entities). This means that the Parent Company shall comply with IFRS as much as possible. The Group's accounting principles are set out in Note 1 in the section Notes to the consolidated accounts. Any deviations that arise between the accounting principles of the Parent Company and the Group are due to restrictions in the possibility to apply IFRS in the Parent Company due to the Annual Accounts Act and the Pension Obligations Vesting Act, and in some instances for tax reasons.

All amounts in the annual accounts are in SEK millions (SEK M) except where the amounts are minor and instead shown in another form to provide a more explanatory picture of the actual situation.

Pensions and other post-retirement benefits

In Sweden all employees are covered by pension benefits according to collective agreements which means that salaried employees receive defined benefit pensions according to the ITP Plan. Pension obligations are secured through provisions in the balance sheet and pension premiums. Pension obligations are calculated annually on the balance sheet date according to the actuarial bases established in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

Untaxed reserves

In the Parent Company, untaxed reserves are reported including deferred tax liability. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liability and equity. Changes in untaxed reserves are reported as appropriations in the income statement.

Group contribution and shareholder contributions

The company reports Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force.

Group contributions are reported according to financial implication. This means that Group contributions provided in order to minimize the Group's total tax are recognized directly in equity.

A shareholder contribution is taken directly to equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Associates and joint ventures

Interests in associates and joint ventures are reported in the Parent Company's own income statement and balance sheet according to the cost method. In the consolidated accounts, interests in associates are reported according to the equity method.

Financial risks

In Hakon Invest's operations, exposures arise primarily in currency risk, interest rate risk, credit risk and share price risk. For more information about financial risks, see Note 2, in the consolidated accounts section.

Note 2 Sales to related parties

Of net sales, SEK 0 M (3) pertains to revenue from other Group companies.

Note 3 Average number of employees, salaries, other remuneration and social security contributions

	2006	2005
Average number of employees, broken down by gender amounted to:		
Women	5	4
Men	8	9
Total	13	13
SEK M		
Salaries and remuneration paid to Board and President and Executive Vice President	4	5
Other employees	14	10
Total salaries and remuneration	18	15
Social security contributions, statutory and contractual	7	5
Pension costs	7	12
Total salaries, remuneration, social security contributions and pension costs	25	32

During the year, a fee of SEK 535 thousand (250) was paid to the Chairman of the Board. Of the pension amount, SEK 2,203 thousand (2,582) pertains to the group Board of Directors, President and Executive Vice President. During the year the company's President received a salary of SEK 1,568 thousand. A total remuneration package of SEK 4.6 M (4.5) has been agreed with the President. The package includes vacation, social security contributions, pension costs and other costs in the form of a car, etc. Retirement age is 65. The notice period is six months during which period the total remuneration package is available at 1/12 per month. Bonus in addition to this amount was SEK 5 M, of which SEK 4 M pertains to the group President and other senior executives.

Board members and senior executives

	Number on Dec. 31, 2006	Of whom men, %	Number on Dec. 31, 2005	Of whom men, %
Board members	7	86	7	86
President and other senior executives	4	100	4	100

Absence due to illness

Total absence due to illness is 0.76% (2.83%). Details per group are not provided due to an exemption clause in the legislation which states that information should not be provided if the number of employees in the group is a maximum of ten or if the information can be attributed to an individual person.

Note 4 Depreciation

Depreciation of property, plant and equipment amounts to SEK 0 thousand (31).

Note 5 Fees to auditors

	2006	2005
Ernst & Young, audit assignments	1	3
Ernst & Young, other assignments	1	0
SET, audit assignments	–	–
Total	2	3

Other assignments primarily relate to consultation in conjunction with acquisitions.

Note 6 Result from interests in joint ventures

	2006	2005
Dividend	244	243
Total	244	243

Note 7 Financial income

	2006	2005
Dividends	29	22
Interest income	34	34
Exchange rate differences	2	–
Total	65	56

Note 8 Financial expenses

	2006	2005
Interest expenses	0	–1
Interest expenses to group companies	–1	–3
Exchange rate differences	0	–9
Total	–1	–13

Note 9 Change in fair value of financial instruments

	2006	2005
Securities held at non-current assets	0	–9
Short-term investments	158	329
Total	158	320

Note 10 Tax on profit for the year

	2006	2005
Items included in the tax expense are specified below		
Income statement		
<i>Current income tax</i>		
Current income tax for the year	–34	–25
<i>Deferred income tax</i>		
Deferred tax pertaining to change in temporary differences	–3	–51
Tax effect Group contribution	5	11
Tax expense recognized in the income statement	–32	–65

	2006	2005
Reconciliation of effective tax expense		
Profit before tax	366	506
Tax according to current tax rate in Sweden, 28%	103	142
<i>Tax effect of:</i>		
Unutilized loss carry forward previously unrecognized	–	–
Dividend	–68	–68
Other non-taxable income	–5	–6
Non-deductible expenses	1	6
Other	1	–9
Company's effective tax cost 8.6% (12.8)	32	65

Deferred tax at December 31 pertains to the following:

<i>Deferred tax liabilities</i>		
Temporary difference of other securities held as non-current assets	–	–
Short-term investments	–56	–51
Deferred tax liabilities, gross	–56	–51

<i>Deferred tax assets</i>		
Pension provisions	11	10
Deferred tax assets, gross	11	10

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

Note 11 Non-current receivables from Group companies

Kjell & Co Intressenter AB	86	–
Hemmabutikernas Intressenter AB	90	–
Cervera Intressenter AB	85	–
Total	261	–

Note 12 Other non-current receivables

	Dec. 31, 2006	Dec. 31, 2005
Opening accumulated costs	37	38
– Investment	3	5
– Transferred to Group company	–	–1
Closing accumulated cost	40	42
– Reclassifications	–	–5
Closing book value	40	37

Of which pledged endowment insurance of SEK 40 M (37).

Note 13 Participations in Group companies

	Corp. reg. no	Reg. office	Number of shares	Equity and voting rights, %	Par value	Book value Dec. 31, 2006	Book value Dec. 31, 2005
Forma Publishing Group AB ¹⁾	556045-0297	Västerås	30,000	100	30	200	200
Kjell och Co Intressenter AB	556703-2924	Solna		100		1	
Hemmabutikerna Intressenter AB	556720-3210	Solna		100		0	
Cervera Intressenter AB	556720-9563	Solna		100		0	
Hakon Invest Förvärvsbolag 1 AB	556720-3467	Solna		100		0	
Hakon Invest Förvärvsbolag 2 AB	556720-3608	Solna		100		0	

Subsidiaries of Forma Publishing Group AB

Idé-förlaget i Västerås AB	556306-7783	Västerås		100			
HB Tapplina	969632-5050	Stockholm		100			
Tidskriften Hus o Hem AB	556609-2010	Västerås		100			
Idé& Mediaproduktion i Västerås AB	556279-4940	Västerås		100			
ICA Kuriren AB	556609-2234	Västerås		100			
ICA Förlaget Annonsservice AB	556351-2531	Västerås		100			
ICA Facktidningar AB	556372-6529	Västerås		100			
ICA Bokförlag AB	556071-2241	Västerås		100			
Bokklubben Hemma AB	556586-2363	Västerås		100			
Kustannus OY Forma	0503546-4	Helsingfors		100			
Forma Publishing International OY	1510258-7	Helsingfors		70			
ICA Media A/S	10 555 124	Tallin		70			
ICA Media S/A	348 490	Riga		70			

SEK M Dec. 31, 2006 Dec. 31, 2005

Cost 201 200

¹⁾ Incl. B. Wahlströms Bokförlag AB which merged with Forma Publishing Group AB in 2006.

Note 14 Interests in joint ventures

	Dec. 31, 2006	Dec. 31, 2005
Opening costs	2,960	2,960
- Purchases	-	-
Closing costs	2,960	2,960

	Number	Par value	Share, %	Book value Dec. 2006	Book value Dec. 2005
ICA AB	2,000,000	200	40.0	2,960	2,960

The participating interest shown above states a share of voting rights that corresponds to share of capital, however there is a shareholder agreement between the parties (Hakon Invest and Ahold) under which they have joint control. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement. Furthermore, at the request of a partly and in the event of certain situations specified in the agreement relating to company acquisitions and in the event of a serious financial situation for the ICA Group, the parties are since year-end 2004 and during a maximum period of five years thereafter obliged in proportion to their ownership shares in ICA AB to provide capital by subscribing for shares in a new issue. For Hakon Invest this amounts to a maximum of SEK 720 M. Neither party has raised the question of such a new issue nor has such question been the subject of discussion between the parties or in ICA AB's Board. The probability of this conditional undertaking being raised is judged as highly unlikely.

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

Note 15 Securities under separate management

	Dec. 31, 2006	Dec. 31, 2005
Equities	815	885
Hedge funds	547	586
Fixed-income securities	933	839
Book value	2,295	2,310
Market value	2,295	2,310

For more information about securities under separate management, see section Consolidated accounts Note 2 and 23.

Note 16 Other shares

Other shares refers to 1,000,000 shares in Royal Ahold at a price of EUR 8.06 (6.33) EUR/SEK 9.025 (9.43).

Note 17 Untaxed reserves

	Dec. 31, 2006	Dec. 31, 2005
Tax allocation reserve, 2006	30	30
Tax allocation reserve, 2007	40	-
Total	70	30

Note 18 Provisions for pensions and similar commitments

	Dec. 31, 2006	Dec. 31, 2005
Provision PRI pensions	2	2
Provision other pensions	40	36
Total	42	38

Note 19 Borrowing

	Dec. 31, 2006	Dec. 31, 2005
Interest-bearing liabilities		
Non-current liabilities to Group companies	–	46
Total	–	46

There are no current interest-bearing liabilities and no non-current liabilities with maturities exceeding 5 years.

Note 20 Accrued expenses and deferred income

	Dec. 31, 2006	Dec. 31, 2005
Accrued vacation pay	1	1
Accrued cost of hedging	–	9
Accrued option costs	1	3
Accrued bonus	7	–
Other accrued costs	3	5
Total	12	18

Note 21 Pledged assets

	Dec. 31, 2006	Dec. 31, 2005
Endowment insurance pledged as collateral for pension obligations	40	37
Total	40	37

Note 22 Contingent liabilities

	Dec. 31, 2006	Dec. 31, 2005
Guarantee to subsidiaries	121	118
Total	121	118

Note 23 Other non-cash items

	2006	2005
Change in provisions	4	–4
Capital gains from the sale of non-current assets	–	14
Unpaid interest expenses	–	3
Valuation at fair value	–158	–320
Unpaid interest income	–15	
Other	–	15
Total	–169	–292

Proposed disposition of profits

The following profits are at the disposal of the Annual General Meeting

	SEK 000s
Retained earnings	2,393,345
Profit for the year	335,007
	2,728,352

The Board of Directors and the President propose
that the profits be distributed as follows

– To the holders of common shares, a dividend of SEK 5.50/share	433,672
– To be carried forward	2,294,680
	2,728,352

The undersigned hereby affirm that to the best of their knowledge, the annual accounts and the consolidated accounts have been prepared in accordance with generally accepted accounting principles for stock market companies. The information presented concurs with the actual circumstances and nothing of material significance has been omitted that could affect the perception of the company and the Group conveyed by the annual accounts and consolidated accounts.

Stockholm, February 20, 2007

Lars Otterbeck
Chairman

Cecilia Daun Wennborg

Jan-Ölle Folkesson

Anders Fredriksson

Thomas Strindeborn

Olle Nyberg

Jan Olafsson

Claes-Göran Sylvén
President

Our audit report was submitted on February 26, 2007

Erik Åström
Authorized Public Accountant

Audit report

To the Annual General Meeting of Shareholders of Hakon Invest AB

Corporate reg. no. 556048-2837

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Hakon Invest AB for the year 2006. The company's annual accounts are included in this document on pages 48 to 80. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined

whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that our audit provides a reasonable basis for our opinion set out below. The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of Shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 26, 2007
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Extract from the 2006 Corporate Governance Report

This section is an extract from Hakon Invest's Corporate Governance Report. The complete corporate governance report is available on Hakon Invest's website www.hakoninvest.se under Corporate Governance.

Corporate governance and value creation within Hakon Invest

Hakon Invest is a public company with its registered office in Stockholm, Sweden. Governance of the company is based, among other things, on the Articles of Association, the Swedish Companies Act (2005:551), the listing agreement with the Stockholm Stock Exchange, including the Swedish Code of Corporate Governance (the Code) and other applicable Swedish legislation and regulations.

Hakon Invest's financial assets are to be used for investments, primarily in unlisted companies within the Nordic retail sector. On the basis of a significant and active ownership, Hakon Invest will assist its holdings to obtain the conditions and resources to develop and grow with profitability. As a part-owner of ICA AB, Hakon Invest also works to develop and strengthen the ICA concept, which means that merchants own and operate food retail stores with access to economies of scale and intellectual property rights through the ICA AB Group.

Added value will be created for shareholders through value growth in the investments and a good dividend yield, which will be achieved through active and responsible ownership.

Swedish Code of Corporate Governance

Deviations from the Code

Hakon Invest has deviated from the part of the Code's rule 3.8.2 which stipulates that the Audit Committee shall comprise three members. Today, the Audit Committee consists of two members. In view of the fact that ICA AB constitutes the main holding in Hakon Invest and ICA AB has an Audit Committee in which Hakon Invest has three representatives, the company has decided that two members is sufficient.

The Corporate Governance Report has not been reviewed by the company's auditor. Neither did the auditor examine the Board's report on internal control with regard to the financial reporting included in the Corporate Governance Report.

Information on the Nomination Committee

The tasks of the Nomination Committee include evaluating the Board and its work and ahead of the Annual General Meeting submitting proposals regarding the Chairman and

other Board members, Board fees, and, when appropriate, proposals for the election of auditors as well as auditing fees.

According to the rules adopted at the 2006 Annual General Meeting, the Nomination Committee is to consist of four members who represent the company's shareholders. Two of the members are appointed by the majority shareholder ICA-handlarnas Förbund and two members are appointed by the next largest owners, which at September 15, 2006, were Handelsbanken Fonder and SEB Fonder. On that date, these three shareholders represented approximately 70% of the share capital and voting rights in Hakon Invest. The composition of the Nomination Committee was announced on October 5, 2006.

In accordance with adopted rules

- ICA-handlarnas Förbund appointed Lennart Boström, ICA retailer in Lilla Edet, and Håkan Olofsson, ICA retailer in Boden, as their Nomination Committee members,
- Handelsbanken Funds appointed Kjell Norling, Head of Institutional Asset Management, as its member and
- SEB Funds appointed Stefan Roos, SEB Asset Management, as its member of the Nomination Committee.

Lennart Boström (chairman of the Nomination Committee), Håkan Olofsson, and Stefan Roos were also members of the Nomination Committee ahead of the previous Annual General Meeting of Hakon Invest, while Kjell Norling through Handelsbanken Funds is a new representative.

The Nomination Committee had three meetings ahead of the Annual General Meeting: one in December 2006 and two in 2007. All members were present at these meetings. Hakon Invest's General Counsel, Fredrik Häggglund, has been co-opted to all the Nomination Committee's meetings as secretary. No fees were paid to the members of the Nomination Committee for their work.

The Nomination Committee's proposals are presented in addition to in the notice of the 2007 Annual General Meeting, on Hakon Invest's website. According to instructions on the website, shareholders were offered an opportunity to submit proposals and views to the Nomination Committee through March 2, 2007.

A more detailed description of how the work of the Nomination Committee has been conducted is provided in the complete Corporate Governance Report as well as in the Nomination Committee's report on Hakon Invest's website.

Board of Directors

The work of the Board is regulated by a formal work plan adopted by the Board as well as applicable laws and regulations. The Board has also adopted working instructions for the President as well as other policy documents. The Board reviews adopted work plans annually and decided their present formulation at a meeting on August 14, 2006.

The overall task of the Board is, on behalf of the owners, to manage the affairs of the company in such a way that the owners' interest in a long-term good capital return are met in the best possible manner. The Board can make decisions on matters of major significance to the company such as significant financial commitments and agreements as well as on significant changes to the organization. In addition to a statutory Board meeting in conjunction with the Annual General Meeting, the Board shall hold at least a five meetings a year that are announced in advance.

Composition of the Board

According to the Articles of Association for Hakon Invest, the Board shall consist of a minimum of five and a maximum of nine members. The present Board consists of seven members. At the Annual General Meeting, Lars Otterbeck was elected as the Chairman of the Board and at the statutory Board meeting, Anders Fredriksson was elected as Deputy Chairman. The President makes presentations at Board meetings and the General Counsel is the secretary to the Board. All Board members are presented under Corporate Governance on the company's website.

The work of the Board in 2006

A total of 14 Board meetings were held in 2006, of which eight were held by the present Board elected on May 10, 2006. In conjunction with the 2006 Annual General Meeting, Stig Lundström resigned as a member of the Board and Thomas Strindeborn was elected as a new member of the Board.

Significant issues dealt with during the year included

- investment operations
- acquisition candidates and
- corporate governance, which is developed in the section on "active ownership every day" in the Annual Report.

Members' attendance at board meetings is reported in the table below.

Name	Member since	Independent in relation to the company	Independent in relation to owners	Committee work after 2006 AGM	Remuneration (SEK 000s)*	Meeting attendance during 2006
Cecilia Daun Wennborg	2005	Yes	Yes	Audit Committee (Chairman)	200	13/14
Jan-Ölle Folkesson	2005	Yes	Yes	Investment Committee	200	14/14
Anders Fredriksson (Deputy Chairman)	1997	Yes	No	Remuneration Committee Investment Committee	300	13/14
Stig Lundström	1999–2006	Yes	No	–	100	5/6
Olle Nyberg	2000	Yes	No	Audit Committee	200	13/14
Jan Olofsson	2005	Yes	Yes	Investment Committee	200	13/14
Lars Otterbeck (Chairman)	2005	Yes	Yes	Remuneration Committee (Chairman) Investment Committee (Chairman)	500	12/14
Thomas Strindeborn	2006	Yes	No	–	100	7/8

*) Excluding committee work. The Chairman of the Board had SEK 250,000 to distribute between members for their committee work.

Hakon Invest's Board

Board committees

The Board has, from among its members, set up three working committees to complement the work of the Board. The committees are subordinate to the Board and do not discharge Board members from their duties and responsibilities. The work of the committees is reported to the Board on a regular basis.

Audit Committee has as its main task supervising the accounts and financial reporting and obtaining information about the auditing of the Group. The committee shall also monitor risk analyses within the company. The Audit Committee shall hold at least three meetings per year. The committee held five meetings before year-end, three of them after the 2006 Annual General Meeting.

Remuneration Committee is responsible for the preparation of issues regarding remuneration and other terms of employment for Hakon Invest's Executive Management. The number of meetings must not be less than two each year, one of which must be held in December. The committee met three times, most recently in December 2006.

Investment Committee has as its main task examining the decision-making basis with regard to acquisition matters, recommending decisions and ensuring compliance with the company's investment policy. The number of meetings shall be at least one a year or when the work instructions and investment policy are to be revised. The Investment Committee held seven meetings before year-end.

Executive Management

Hakon Invest's Executive Management consists of President and CEO Claes-Göran Sylvén, CFO Göran Hesseborn, Legal Counsel Fredrik Häggglund, and Senior Vice President, Communication, Anders Hallgren. Executive Management meet regularly to discuss the development of the company and make decisions about matters of importance to the business.

The President is responsible for the day-to-day administration of the company in line with Board guidelines and instructions. In consultation with the Board's Chairman and Deputy Chairman, the President shall draw up an agenda for Board meetings and prepare the requisite basis for information and decision-making at Board meetings. In addition, the President must ensure that the Board's members continually receive information on the company's development in order to be able to make valid decisions.

The Board of Hakon Invest has approved President Claes-Göran Sylvén's significant assignments and financial involvement outside the company. The Board's formal work plan and work instructions for the President govern in particular the

handling of and decisions on matters related to agreements and other dealings between Hakon Invest and ICA-handlarnas Förbund.

A more detailed presentation of the Executive Management is presented under Corporate Governance on the company's web site.

Work on auditing and accounting

The Board has drawn up formal working routines that ensure smoothly functioning work with auditing and accounting issues. The Board has established an Audit Committee and adopted work procedures and instructions for the President, Board of Directors and committees in order to maintain good control and appropriate relations with the company's auditors. At the 2006 Annual General Meeting, the auditing firm Ernst & Young was appointed as the company's auditors with authorized public accountant Erik Åström as senior auditor.

Internal control of financial reporting

The Board must issue a report of how internal control of financial reporting is organized. During 2006 Hakon Invest worked actively to further strengthen the internal control of financial reporting. As part of these efforts, the company applied and established a follow-up method, known as the COSO model, for following up control environment, making risk assessments, handling information and follow-up. The company is of the opinion that there is an effective and appropriate internal control for its operations. Despite the fact that satisfactory control is considered to exist, the company has, for example, as a result of the evaluation in the COSO model, decided to further strengthen internal control by handling bookkeeping and accounting internally which was previously handled by an external accounting firm. See also section "Risk management - fending off risks and finding opportunities" in the annual report in order to obtain deeper insight into the company's approach to internal control.

Control environment

In the Board's formal work plan and instructions for the President and Board committees, a clear role and responsibility distribution is ensured in the interests of the efficient management of operational risks. The Board has also adopted a number of basic guidelines of significance for the work on the internal control where the formal work plans for the Investment Committee, investment policy and finance policy are the most important elements. Executive Management reports regularly to the Board in line with fixed routines. In addition, there are reports from the Audit Committee's work. Executive Management is responsible for the system of internal controls required

to handle significant risks in the day-to-day operations. These include guidelines for the authority of different senior executives so that they are aware of and realize the importance of their particular roles in maintaining good internal control.

Risk assessment and control activities

The company has applied the COSO model for risk assessment of financial reporting which identifies a number of items in the income statement and balance sheet that may comprise an increased risk. Particular emphasis is placed on designing controls for prevention and identifying inadequacies in these areas.

Information and communication

Policies, routines, manuals and other items of significance for financial reporting are updated and communicated to the parties involved on an ongoing basis. There are both formal and informal information channels to Executive Management and the Board for significant information from employees. For external communication there is a communications policy as well as guidelines to ensure, among other things, that the company complies with the requirements on the provision of accurate information to the market.

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 performance is of particular importance in this area. Among other features, this work involves ensuring that action is taken to deal with any shortcomings and proposed measures arising from internal reviews in companies and holdings and the external audit.

Internal audit

The Group has no internal audit function, in view of the size of its operations. ICA AB, which is Hakon Invest's largest holding has an extensive internal audit which continually reports its findings to the Audit Committee within ICA AB's Board where Hakon Invest is represented with three people. The people who take part in ICA AB's Audit Committee then report to Hakon Invest's Audit Committee. The Board has decided that this follow-up is sufficient.

Work with internal control in the holdings

Hakon Invest worked actively with internal control in its holding companies. Hakon Invest's business concept includes investing in and developing wholly and partly owned companies. As part of value creation in the holding companies, Hakon Invest wishes to create independent and high-quality organizations. Hakon Invest's finance function has an ongoing dialog with those responsible for finance in all holding companies and issues instructions for the preparation of each monthly, quarterly, and full-year accounts. This provides Hakon Invest with a basis for its financial reports according to current principles and accounting standards.

An assessment is made of internal control in each individual holding. The assessment is made both ahead of an acquisition and during the ownership period. Ahead of an acquisition due diligence of the company is carried out where the accounting consequences are analyzed. 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. Hakon Invest's active participation through its members on the holdings' boards, guarantees that reporting and internal control are handled in a fully satisfactory manner.

Remuneration

The Chairman of the Board and Board members receive fees in accordance with the Annual General Meeting decision. Remuneration to the President and senior executives comprises fixed and variable salary, other benefits and remuneration as well as pensions. Executive Management has also been offered the opportunity to acquire call options in Hakon Invest. A specification of remuneration for 2006 to the Executive Management is provided in the section "Remuneration to senior executives", Note 7, in the Annual Report and in the complete Corporate Governance Report which can be accessed on Hakon Invest's website.



Lars Otterbeck

Born 1942, Chairman

Lars Otterbeck, Chairman of the Board since the Annual General Meeting in 2005. He is Assistant Professor at the Stockholm School of Economics and is a Doctor of Economics. Lars Otterbeck was President and CEO of Alecta Pension Insurance during the period 2000-2004 and was previously President and CEO at D & D Dagligvaror AB (currently Axfood). Lars Otterbeck is Chairman of the Swedish Industry and Commerce Stock Exchange Committee and Vice Chairman of the Third National Pension Fund. He is a member of the boards of Aberdeen Property Investors AB, Försäkringsaktieförbundet Skandia, Lindex AB and Old Mutual Plc.

Shareholding: 1,200 shares

Anders Fredriksson

Born 1954, Deputy Chairman

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

Shareholding: 352,800 shares



Cecilia Daun Wennborg

Born 1963

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

Shareholding: 0.

Jan-Olle Folkesson

Born 1939

Jan-Olle Folkesson was elected to the Board at the Annual General Meeting in 2005. He is also Chairman of the Board of the Sixth National Pension Fund, CBN AB, Sporthaus AB, Wordfinder Software and Board member of Lennart Wallenstam Byggnads AB. He also has a number of other directorships. Jan-Olle Folkesson has extensive experience of ICA's operations, gained in the capacity of President of ICA EOL in 1986-1990 and President of ICA Företagen in 1990-1991. He is a graduate of the Swedish Retail Federation's School of Retailing in Malmö and has attended a number of courses at ICA.

Shareholding: 600 shares.



Thomas Strindeborn

Born 1961

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

Shareholding: 49,140 shares

Olle Nyberg

Born 1956

Olle Nyberg was elected to the Board at the Annual General Meeting in 2000. He is also a member of the Board of ICA-handlarnas Förbund and is an ICA retailer in ICA Kvantum in Söderhamn. Olle Nyberg has attended a number of courses at the ICA Academy.

Shareholding: 15,572 shares

Jan Olofsson

Born 1948

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

Shareholding: 2,400 shares



Claes-Göran Sylven

Born 1959, President

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

Shareholding:

Shares: 377,196

Call options: 50,000

Göran Hesseborn

Born 1960, CFO

Göran Hesseborn has been employed at Hakon Invest since 2005. He joined Hakon Invest from Spendrups AB, where he was Deputy President and CFO in 2001–2005. From 1995 to 2001, he was Deputy President and CFO of Servera R&S. Göran Hesseborn is a Member of the Board of Forma Publishing Group AB and Chairman of the Board of Kjell & Co Elektronik AB.

Shareholding:

Shares: 1,800

Call options: 50,000

Fredrik Hägglund

Born 1967, General Counsel

Fredrik Hägglund has been employed at Hakon Invest since 2002. He has a Bachelor of Law degree and worked as a lawyer at Clifford Chance, Brussels in 1999–2002 and assistant lawyer at Linklaters in 1996–1999. Fredrik Hägglund also worked in Anita Gradin's cabinet for the European Commission. Since 2004, he has been a Member of the ICA AB Board and of the Board of Directors of Eurocommerce and Institutet Mot Mutor (Anti-bribery Institute).

Shareholding:

Shares: 2,300

Call options: 50,000

Anders Hallgren

Born 1952, Senior Vice President Communication

Anders Hallgren has been employed at Hakon Invest since 2000. Anders Hallgren was previously information manager at ICA in 1990–2000 and was previously a journalist at the newspapers VLT (Vestmanlands läns tidning) and ICA Nyheter in 1972–1990.

Shareholding:

Shares: 3,300

Call options: 50,000

Financial calendar and contacts

Annual General Meeting, 2007

The Annual General Meeting of shareholders in Hakon Invest AB will be held on Thursday, April 26, 2007, at 16.00 CET at Grand Hôtel, Stockholm, in the Stockholm conference room. Notice of the Meeting will be issued via a notice in the daily newspapers. The notice and other information regarding the Annual General Meeting are also available at www.hakoninvest.se.

Dividend

For the 2006 fiscal year, the Board proposes to the Annual General Meeting a dividend of SEK 5.50 per common share, or a total of SEK 434 M.

Financial calendar, 2007

Interim report, January–March	May 15, 2007
Interim report, January–June	August 21, 2007
Interim report, January–September	November 13, 2007
Year-end report 2007	February 2008

The reports and other information from the company are published continuously on the company's website www.hakoninvest.se. It is also possible to subscribe to receive financial reports and other news in electronic form. Financial reports and press releases intended for the capital market are published in Swedish and English.

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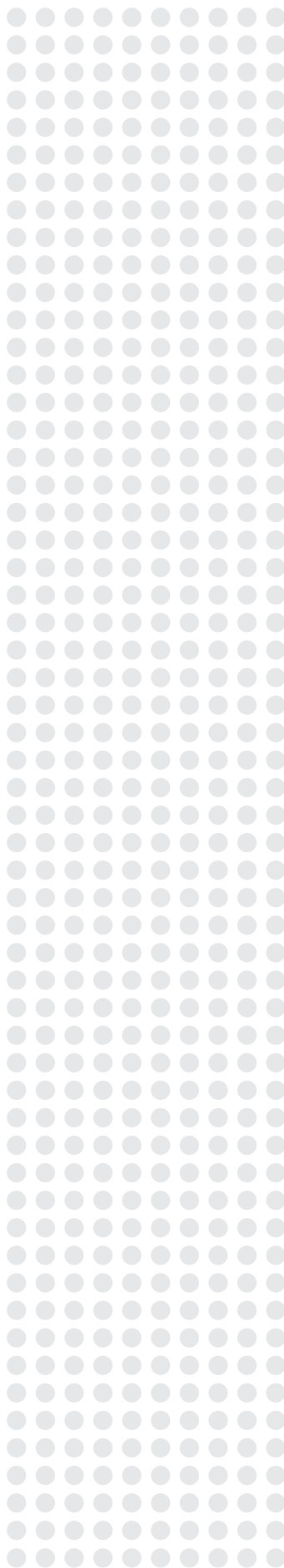
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The name Hakon Invest derives from Hakonbolaget (the Hakon Company) which was established by Hakon Swenson in 1917 and provided the base for the ICA AB of today.

PRODUCTION: HAKON INVEST AND INTELECTA COMMUNICATION, PRINTING: ALFAPRINT, SUNDBYBERG, SWEDEN 2007.
PHOTO: SYANTE REMSHAGEN, MATS LUNDQVIST, STEWEN QUIGLEY, PICTURE AGENCIES: JOHNER (Vinca Reichard, Per Magnus Persson, Alexander Crispin), MATTON, SCANPIX (Mark Eerthy).





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