

Hemtex discloses the information provided herein pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on November 26, 2008 at 07:00 p.m.

## INTERIM REPORT MAY 1, 2008 – OCTOBER 31, 2008

# Operating profit amounted to SEK 5.3 M

All figures pertain to the Group unless otherwise stated. Comparisons in the interim report refer to the corresponding period in the 2007/2008 fiscal year, unless otherwise stated.

### Six months (May 2008 – October 2008)

- Net sales amounted to SEK 661.8 M (761.0), down 13% compared with the preceding year. Sales in the Group's comparable stores decreased by 19% (neg: 2).
- Loss after tax amounted to SEK 0.3 M (profit: 58.5). A loss per share before dilution of SEK 0.01 (earnings: 2.02).
- The Group established 8 new stores (10).

### Second quarter (August 2008 – October 2008)

- Net sales amounted to SEK 309.1 M (375.4), down 18% from the preceding year. Sales in the Group's comparable stores decreased by 25% (neg: 5).
- Loss after tax amounted to SEK 6.7 M (profit: 22.6). A loss per share before dilution of SEK -0.23 (earnings: 0.77).
- The Group established 7 new stores (5).

### GROUP EARNINGS TREND (CONDENSED)

	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Full-year May-April
	2007	2008	2007	2008	2007/08	2007/08
Operating income, SEK M	378.8	312.3	766.1	667.3	1,525.2	1,623.9
Operating profit, SEK M	33.6	- 6.1	84.0	5.3	62.5	141.1
Profit before taxes, SEK M	31.5	- 9.4	81.4	- 0.4	51.0	132.7
Net profit for the period, SEK M	22.6	- 6.7	58.5	- 0.3	37.7	96.5
Operating margin, %	9.0	- 2.0	11.0	0.8	4.1	8.8
Earnings per share before dilution, SEK	0.77	- 0.23	2.02	- 0.01	1.29	3.31

Hemtex conducts retail operations involving interior decorating products through sales to consumers via proprietary stores and franchises. Hemtex's product areas are Bedroom, Bathroom, Windows and Dining & Entertaining. In November 2008, Hemtex had a total of 220 stores, of which 146 were in Sweden, 41 in Finland, 13 in Denmark, 14 in Norway, three in Estonia and three in Poland. Of the stores, 192 are owned by the Hemtex Group and 28 by franchisees. The Parent

Company, Hemtex AB, is responsible for concept development, marketing, business management, control functions and product supply to Hemtex stores. In addition to the Parent Company Hemtex AB, the Hemtex Group includes the wholly owned subsidiaries Hemtex Oy (Finland), Hemtex A/S (Denmark), Hemtex AS (Norway), Hemtex (Shanghai) Co., Ltd. and Hemtex Finans AB.

During the second quarter from August to October 2008, Hemtex's net sales declined 17.7% to SEK 309.1 M. The company reported an operating loss of SEK 6.1 M (profit: 33.6). The Hemtex Group opened seven stores during the quarter.

## CEO'S COMMENTS

The weak trend previously noted by Hemtex continued during the second quarter (August-October). Tougher times have clearly affected consumer willingness to spend and sales were notably weak in all markets, resulting in a continued decline in earnings. For the period as a whole, from May to October, this resulted in a year-on-year sales decrease of 13% and thereby a major decline in operating profit.

The Board of Directors has initiated a number of actions in order to steer Hemtex back to profitable growth in the short and long term.

- A cost-saving and efficiency-enhancement program is in progress within the Group, which will partially offset the effects of a decline in sales by reducing costs in comparable stores by at least SEK 35 M during the fiscal year. About ten stores are being monitored for potential divestment or discontinuation. We have lowered the establishment rate for the current fiscal year.
- The important adaptation of the customer offering was initiated during the quarter, meaning that, over time, Hemtex will represent a strong price offering and inspiration in terms of interior design. The "Simple changes" concept received a favorable response and will continue.
- In November, Hemtex launched its first E-commerce store in the Swedish market. The planning and assessment for starting E-commerce stores in other markets is underway.
- In accordance to the pressrelease that was published on November 10, 2008, the Board has decided to change President and CEO for Hemtex.

The gross profit margin improved during the second quarter, amounting to 59.7% (54.6). For the interim period from May to

October, the gross profit margin was 55.6% (53.5). Inventory is now in balance.

Hemtex has a strong brand name, a strong network of stores and dedicated staff, factors that represent significant potential for the improvement of the chain's profitability. Product range, price and communications strategies will be developed to realize this potential.

Kia Orback Pettersson,  
Acting President, and Board member

## SIGNIFICANT EVENTS

### Market

Hemtex maintains its strong position as market leader in the Swedish home textiles market. Measured over the latest 12-month period (October 2007 – September 2008), Hemtex's market share amounted to 26.2%, compared with 30.9% during the period October 2006 – September 2007. The closest competitors had market shares of 12.3% and 10.8%, respectively. From January to September 2008, the Swedish market for home textiles decreased by 3%, according to the latest figures from the market research company, GfK, which shows that Hemtex's market share amounted to 26.5% during the period, compared with 29.8% in the year-earlier period. In the latest quarter reported by GfK from July to September, Hemtex's market share totaled 24.9% (28.7). According to Hemtex's calculations, the market share in Finland was approximately 9%. Hemtex estimates its share of the Danish market at slightly more than 2%. The potential for continued growth in markets outside Sweden is considerable.

### New stores

During the second quarter, August – October 2008, the Group opened seven stores. In total, the group opened eight new stores during the interim report period, of which one is located in Sweden, two in Finland, one in Denmark, two in Norway and two in Estonia. In Sweden, a store was opened in Skövde. In Finland, stores were opened in Joensuu and Borgå. In Denmark, a store was opened in Roskilde. In Norway, stores were opened in Kolbotn and Asker and in

Estonia, stores were opened in Narva and Tallin. During the second quarter, two franchise stores were opened. In total, three new franchise stores were opened during the interim report period, one in Warsaw, Poland, one in Sala, Sweden and one in Randers, Denmark.

### Acquisitions

During the first quarter, May – July, 2008, one franchise store in Östersund, Sweden, was acquired with annual sales of SEK 12.0 M. The store contributed sales of SEK 1.2 M and operating profit of SEK 0.1 M during the second quarter. During the interim report period, the net sales was affected by SEK 2.8 M, and the operating profit by SEK 0.2 M. More details regarding the acquisition are accounted for in the interim report for the period May – July 2008, published on September 3, 2008.

## THE OPERATION

### Geographic expansion

In consideration of our current objective of assigning priority to profitability within the existing store network, the Board of Directors has decided to lower its target rate for establishing new stores during the fiscal year to about 20 stores.

Expansion through the establishment of new stores in new markets is an important part of Hemtex's growth strategy. Significant potential exists for supplementing the expansion of proprietary stores with franchise stores in new and existing markets. The strength of Hemtex's concept, combined with that of entrepreneurs who possess substantial knowledge of the local markets, is a key to the successful establishment of franchise stores.

Hemtex sees potential for growth in new markets both by means of proprietary stores, as in Estonia, and through franchise agreements, as is currently the case in Poland.

### Refined product range

The Group's strong position in the home textile segment, which is the core of the company's operations, provided a solid foundation for the efforts carried out in the autumn of 2007 to refine the product range. Further development and broadening the product range has been made through the introduction of the trademark U.S. Polo in May 2008.

In addition to broadening existing stores, ten Hemtex & More has been opened in Sweden and two in Finland, since October 2007. Hemtex & More stores have retail space of 700–1,000 square meters, compared to 270 square meters of the average store, and a considerably broader and larger

range of products for the home than Hemtex was previously able to offer its customers.

Expansion conducted through the new store format and the broadening of the product range is an important part of Hemtex's growth strategy. The potential exists to establish about 40 Hemtex & More in the Nordic region.

### Hemtex presents – new pricing strategy

Our new communication strategy was launched in August 2008. The aim of the communication strategy is to increase the market impact by combining continuing strong offerings with inspiration to purchase interior-design products and to renew the home more frequently. The focus will be raised from individual products to the purchase of entire combinations. During the autumn, Hemtex has implemented a review of its pricing strategy, whereby the regular prices of a variety of products will be reduced. Reduced prices and broadened communication, combined with a refined product range, will increase the power of Hemtex's offering with a view to capturing shares of a weaker market and sharpening the Group's competitiveness in the market.

In addition to a new communication strategy, the media mix used by Hemtex has been changed. The aim is to reach more consumers within Hemtex's existing target groups and to broaden communication. With a total of 220 stores in November 2008, the potential to increase sales is considerable. Hemtex already enjoys high brand recognition and thus has a strong point of departure for further strengthening it.

## COMMENTS ON THE INCOME STATEMENT AND BALANCE SHEET

### Net Sales

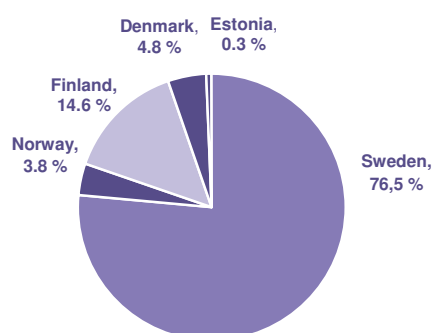
The Group's net sales consist of consumer retail sales via proprietary stores and wholesale sales to franchise stores in the Hemtex chain.

The Group's total net sales decreased during the second quarter of the fiscal year by 17.7% (increase: 8.2) to SEK 309.1 M (375.4). The sales decrease, excluding acquired units, amounted to 18.0%. With unchanged currency rates, net sales declined by 18.4%.

During the interim report period, the Group's net sales decreased by 13.0% (increase: 17.7) to SEK 661.8 M (761.0). The sales decrease, excluding acquired units, amounted to 13.4%. With unchanged currency rates, net sales declined by 13.6%. Of the Group's net sales, Finnish operations accounted for SEK 98.1 M (105.8), operations in Denmark for SEK 31.4 M (35.9), operations in Norway for SEK 23.5 M

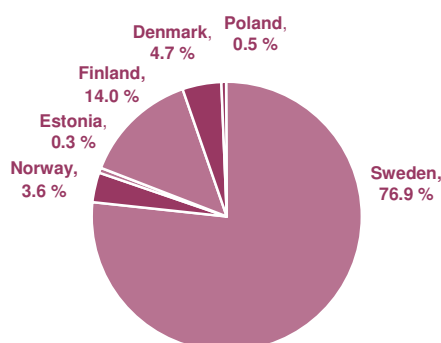
(23.1) and the operation in Estonia for SEK 2.8 M (1.7). Other operating income amounted to SEK 5.5 M (5.1) and primarily comprised franchise fees and bonus payments from suppliers and business partners.

#### The Group's net sales during the most recent 12-month period per geographical market



During the most recent 12-month period, net sales at the consumer level (including franchise stores) decreased in all markets by 5.2% to SEK 1,570 M (1,657).

#### The Chain's net sales during the most recent 12-month period per geographical market



During the second quarter, sales in the Group's comparable stores decreased by 25% (5), while the decrease were 19% (2) for the interim report period. All countries reported negative trends in comparable stores during the first six months and the most recent 12-month period. In Sweden, sales in comparable stores declined by 25% (3) during the quarter, and by 19% (1) during the interim report period. Sales in comparable stores in Finland declined by 27% (18) during the second quarter, and by 20% (9) during the interim report period. In Denmark, sales in comparable stores declined by 25% (increase: 3) during the second quarter, and by 20% (increase: 6) during the interim report period. The weakest market during the period was Norway, where sales declined 37% (increase: 7) during the quarter and 20%

(increase: 8) during the interim period. The Group's first store in Estonia became a comparable store in June and reduced sales by 28% during the last quarter and by 24% during the interim report period.

The efforts which are in process regarding development and broadening the product range, increased retail space and intensified brand building aim at supporting the future sales trend in comparable stores.

#### Sales trend in the Group's comparable stores

	3 months Aug–Oct	6 months May–Oct	Rolling 12 months Nov–Oct
Group	- 25%	- 19%	- 12%
Sweden	- 25%	- 19%	- 11%
Finland	- 27%	- 20%	- 14%
Denmark	- 25%	- 20%	- 11%
Norway	- 37%	- 20%	- 12%
Estonia	- 28%	- 24%	- 24%

Consolidated sales for comparable stores during the most recent 12-month period amounted to SEK 27.8 M per square meter (33.7), calculated on the basis of average floor space of 283 square meters (271).

#### Earnings

Consolidated gross profit (sales revenues less cost of goods sold) decreased by 9.6% to SEK 368.2 M (407.3). The gross profit margin increased by 2.1% to 55.6% (53.5), due to a well-developed purchasing work, favorable exchange rate effects and lower discounts in stores.

One aim of the purchasing work is to increase the share of goods purchased directly from producers to approximately 80%. The portion of current direct purchases amounted to slightly more than 78%. The objective is that the portion of purchasing from Asia will total 80 percent and the current level is 70 percent.

The change in the value of outstanding forward contracts, applying IAS 39, had a positive impact of SEK 6.9 M (0.2) on gross profit during the interim report period.

Operating expenses, excluding goods for resale and depreciation and impairment losses on tangible and intangible assets, amounted to SEK 345.8 M (311.1). As a percentage of sales, these expenses amounted to 52.3% (40.9). The weak sales trend resulted in a considerable increase in costs as a percentage of sales, a development that we were unable to reverse during the period despite a cost-saving program.

In accordance with IFRS and URA 46, earnings from the interim report period were charged with costs of SEK 0.0 M for employee stock options.

Of depreciation and impairment of tangible and intangible fixed assets, rental rights accounted for SEK 3.1 M (2.9) and other depreciation for SEK 19.5 M (14.4).

Operating profit amounted to SEK 5.3 M (84.0), corresponding to an operating margin of 0.8% (11.0). Sweden was the only market to report an operating profit during the interim period. All other markets reported losses, primarily as a result of a negative trend in the Group's comparable stores.

The results for the various markets are presented in the section on segment reporting on page 9 of this report.

Consolidated loss before tax amounted to SEK 0.4 M (profit: 81.4), resulting in a profit margin of -0.1% (pos: 10.7). Loss after tax amounted to SEK 0.3 M (profit: 58.5).

### Investments

The Group's cash-impacting net investments totaled SEK 38.2 M (32.7) during the interim report period, of which SEK 8.2 M (0.0) pertained to store acquisitions, SEK 20.2 M (27.9) to establishment of new and refurbishment of existing stores and SEK 9.8 M (4.8) to other investments.

### Cash flow

Cash flow from operating activities decreased by SEK 40.3 M to a negative SEK 16.1 M, primarily due to a decline in sales during the interim period. Cash flow after investments amounted to SEK -54.3 M (neg: 151.5) during the interim report period.

### Risk factors

Hemtex's operations are exposed to a number of risks that are fully or partly beyond the control of the company and the Group, but that can impact sales and earnings. The risks to which the Group and the Parent Company are exposed include economic trends, weather and fashion risks. The Parent Company, Hemtex AB, is responsible for the Group's external financing and, accordingly, is exposed to liquidity, interest rate and exchange rate risks. The target for Hemtex's financial management is to limit short-term effects on the Group's earnings and cash flow caused by fluctuations in the financial markets. A more detailed description of these risks is presented in the 2007/2008 Annual Report and on [www.hemtex.com](http://www.hemtex.com), Investor Relations.

### Seasonal fluctuations

As with other segments of the home furnishings industry, Hemtex's net sales, operating profit and cash flow from operating activities fluctuate throughout the year. This is because costs are relatively constant, while net sales vary. The Group's strongest earnings are generated during the first

to third fiscal quarters, meaning the period from May to January. However, Hemtex aims to reduce seasonal fluctuations on earnings through sales activities, broadening the product mix and adapting staffing in the stores.

### Financial position

On October 31, 2008, cash and cash equivalents amounted to SEK 27.8 M (25.2). Net debt, defined as interest-bearing debt less cash and cash equivalents, increased by SEK 22.3 M during the most recent 12-month period and amounted to SEK 306.1 M (283.8) at October 31, 2008. The change was due primarily to lower earnings during the period. The net debt/equity ratio at October 31, 2008 was 78% (65).

The equity/assets ratio decreased to 43%, compared with 44% on the same date in the preceding year.

### Inventories

On October 31, 2008, inventories amounted to SEK 347.8 M (449.6), which was lower than the year-earlier period. The reduction derived from a strictly controlled purchasing strategy, whereby inventory levels at the end of the quarter were deemed to be in balance. Of the total inventories, wholesale inventories accounted for SEK 101.3 M (203.6). At the end of October 2008, inventories per store within the Group averaged SEK 1.3 M (1.4).

### Goodwill

Total goodwill in the Hemtex Group, as reported in the consolidated balance sheet on October 31, 2008, amounted to SEK 286.3 M (279.3). Swedish operations accounted for SEK 267.9 M (177.3) of the Group's goodwill and Danish operations accounted for the remainder. The valuation takes into consideration the Group's accrued earnings values for acquired operations, the Group's market shares in Sweden and Denmark, the strength of the Hemtex brand in these markets, established supplier contacts and the expertise of the Group's employees.

### Earnings per share

A loss per share amounted to SEK 0.01 (earnings: 2.02) before dilution and SEK 0.01 (earnings: 2.02) after dilution. Equity per share amounted to SEK 13.46 (14.78). The number of shares in Hemtex AB amounted to 29,337,400 on October 31, 2008. The average number of shares during the Interim report period was 29,337,400.

### Average number of employees in the Group

The average number of employees in the Group during the quarter was 790 (691). The increase was primarily due to the expansion of the Group's proprietary store operations.

### Parent Company

Hemtex AB's net sales decreased during the interim report period and amounted to SEK 592.0 M (716.5). Net sales in Hemtex AB consist of consumer retail sales via proprietary stores and wholesale sales to subsidiaries and franchise stores. Of the net sales, sales in proprietary stores accounted for SEK 459.8 M (538.5) and wholesales for SEK 132.2 M (178.0).

Profit after financial items amounted to SEK 7.4 M (94.1). The Parent Company's cash-impacting net investments amounted to SEK 26.3 M (24.8).

The average number of employees in Hemtex AB during the interim report period was 562, compared with 531 employees in the preceding year.

## OTHER

### Events after the closing date

The Board of Directors of Hemtex AB has decided to appoint a new President for the company. The appointment should be viewed against the background of Hemtex's need for new leadership in conjunction with Hemtex adjusting its customer offering. During the third quarter, a provision of approximately SEK 13 M will be posted for costs arising from the stepping-down of the former President and CEO. The Acting President is Kia Orback Pettersson, who has many years of retail experience and is a Member of the Hemtex AB Board.

During November, an additional three stores were established. A franchise store was opened in Århus, Denmark.

### Reporting dates

The interim report for May 2008 to January 2009 will be published on 5 March, 2009, CET 07.00

The year-end report for May 2008 to April 2009 will be published on 11 June, 2009, CET 07.00

The annual report for 2008/2009 is scheduled to be published and distributed to shareholders who so request in mid-August 2009.

The interim report for May 2009 to July 2009 will be published on September 2, 2009. CET 14.30.

For information about future reports, refer to the financial calendar in the Investor Relations section on [www.hemtex.se](http://www.hemtex.se).

### Accounting principles

The interim report for the Group has been compiled in accordance with IAS 34 Interim Reporting. The Annual Accounts Act and the Securities Markets Act have also been applied. For the Parent Company, the Annual Accounts Act and the Securities Markets Act have been applied, in accordance with the stipulations of the Swedish Financial Reporting Council's RFR 2.1 recommendation, Interim Reporting for Legal Entities. The accounting and calculation principles used for the interim report are unchanged compared with those applied in the latest annual report.

The report is unaudited.

Borås, November 26, 2008

Hemtex AB

### Board of Directors

### Further information

For further information, contact Kia Orback Pettersson, Acting President and member of the Board: +46 (0) 705-59 11 21, or Tommy Svensson, CFO: +46 (0) 702-10 80 69.

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**CONSOLIDATED INCOME STATEMENT**

(SEK 000s)

	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Full-year May-April
	2007	2008	2007	2008	2007/08	2007/08
Net sales	375,445	309,075	760,955	661,758	1,509,132	1,608,329
Other operating income	<u>3,341</u>	<u>3,231</u>	<u>5,123</u>	<u>5,549</u>	<u>16,021</u>	<u>15,595</u>
<b>Total operating income</b>	<b>378,786</b>	<b>312,306</b>	<b>766,078</b>	<b>667,307</b>	<b>1,525,153</b>	<b>1,623,924</b>
<i>Operating expenses</i>						
Goods for resale	- 170,269	- 124,542	- 353,690	- 293,551	- 694,795	- 760,033
Other external costs	- 87,554	- 103,894	- 161,061	- 188,498	- 399,341	- 366,805
Personnel expenses	- 78,279	- 78,351	- 150,034	- 157,333	- 323,669	- 316,370
Depreciation/impairment losses on tangible and intangible assets	<u>- 9,050</u>	<u>- 11,598</u>	<u>- 17,300</u>	<u>- 22,582</u>	<u>- 44,862</u>	<u>- 39,580</u>
<b>Operating profit</b>	<b>33,634</b>	<b>-6,079</b>	<b>83,993</b>	<b>5,343</b>	<b>62,486</b>	<b>141,136</b>
<i>Result from financial items</i>						
Other interest income and similar items	120	164	248	277	706	677
Interest expenses and similar items	<u>- 2,210</u>	<u>- 3,439</u>	<u>- 2,858</u>	<u>- 5,979</u>	<u>- 12,195</u>	<u>- 9,074</u>
Total result from financial items	- 2,090	- 3,275	- 2,610	- 5,702	- 11,489	- 8,397
<b>Profit before tax</b>	<b>31,544</b>	<b>-9,354</b>	<b>81,383</b>	<b>-359</b>	<b>50,997</b>	<b>132,739</b>
Tax on profit for the period	<u>- 8,896</u>	<u>- 2,608</u>	<u>- 22,909</u>	<u>81</u>	<u>- 13,281</u>	<u>- 36,271</u>
<b>Net profit for the period</b>	<b>22,648</b>	<b>-6,746</b>	<b>58,474</b>	<b>-278</b>	<b>37,716</b>	<b>96,468</b>
Earnings per share before dilution, SEK	0.77	- 0.23	2.02	- 0.01	1.29	3.31
Earnings per share after dilution, SEK	0.77	- 0.23	2.02	- 0.01	1.29	3.31
Number of shares outstanding on the closing date	29,337,400	29,337,400	29,337,400	29,337,400	29,337,400	29,337,400
Average number of shares outstanding						
before dilution	29,337,400	29,337,400	28,971,530	29,337,400	29,337,400	29,153,466
after dilution	29,337,400	29,337,400	28,971,530	29,337,400	29,337,400	29,153,466

**GROUP KEY RATIOS**

	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Full-year May-April
	2007	2008	2007	2008	2007/08	2007/08
Sales growth, %	8.2	- 17.7	17.7	- 13.0	- 4.8	9.4
Sales growth, comparable stores, %	- 5.2	- 25.1	- 2.2	- 18.8	- 11.5	- 3.8
Gross profit margin, %	54.6	59.7	53.5	55.6	53.6	52.7
Operating margin, %	9.0	- 2.0	11.0	0.8	4.1	8.8
Profit margin, %	8.4	-3.0	10.7	- 0.1	3.4	8.3
Return on equity, %	18.4	- 6.2	25.3	- 0.1	9.1	20.0
Return on capital employed, %	20.0	-3.4	25.8	1.6	8.6	22.8
Return on operating capital, %	21.1	- 3.7	27.4	1.6	8.8	24.5
Equity/asset ratio, %	44.1	42.6	44.1	42.6	42.6	53.4
Cash flow after investments, SEK M	- 138.4	- 95.4	- 151.5	-54.3	55.0	- 42.1
Number of warrants outstanding, 000s	240.0	240.0	240.0	240.0	240.0	240.0
Cash flow after investments per share, SEK	- 4.72	- 3.25	- 5.23	- 1.85	1.88	- 1.45
Shareholders' equity per share, SEK	14.78	13.46	14.78	13.46	13.46	16.10
Number of full-year employees	691	790	691	790	790	757

**CONSOLIDATED CASH-FLOW STATEMENT (CONDENSED)**

(SEK 000s)	6 months May 1–October 31		Full-year May-April
	2007	2008	2007/08
<b>Cash flow from operating activities before changes in working capital</b>	<b>74,205</b>	<b>- 4,740</b>	<b>108,686</b>
<b>Cash flow from changes in working capital</b>			
Inventories	- 184,642	- 4,830	- 71,283
Operating receivables	- 10,255	- 7,411	-7,584
Non-interest bearing liabilities	<u>898</u>	<u>896</u>	<u>- 5,579</u>
<b>Cash flow from operating activities</b>	<b>- 118,794</b>	<b>- 16,085</b>	<b>24,240</b>
Cash flow from investing activities	<u>- 32,664</u>	<u>- 38,200</u>	<u>- 66,392</u>
<b>Cash flow for the period after investments</b>	<b>- 151,458</b>	<b>- 54,285</b>	<b>- 42,152</b>
Cash flow from financing activities	<u>119,510</u>	<u>50,471</u>	<u>16,213</u>
<b>Cash flow for the period</b>	<b>- 31,948</b>	<b>- 3,814</b>	<b>- 25,939</b>
Net debt at the end of the period	283,769	306,086	174,005

**CONSOLIDATED BALANCE SHEET (CONDENSED)**

(SEK 000s)	October 31		April 30
	2007	2008	2008
Intangible fixed assets <sup>1)</sup>	330,959	341,289	330,190
Tangible fixed assets	118,484	129,084	123,376
Financial assets	5,722	26,132	5,625
Inventories	449,635	347,838	337,936
Current receivables	53,113	55,532	56,319
Cash and cash equivalents	<u>25,221</u>	<u>27,845</u>	<u>31,490</u>
<b>Total assets</b>	<b>983,134</b>	<b>927,720</b>	<b>884,936</b>
Shareholders' equity	433,462	394,828	472,456
Long-term liabilities <sup>2)</sup>	32,460	95,588	85,938
Short-term liabilities <sup>2)</sup>	<u>517,212</u>	<u>437,304</u>	<u>326,542</u>
<b>Total equity and liabilities</b>	<b>983,134</b>	<b>927,720</b>	<b>884,936</b>
<sup>1)</sup> Of which. goodwill	279,336	286,331	279,238
<sup>2)</sup> Of which. interest-bearing liabilities	308,990	333,931	205,495

**STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

(SEK 000s)	6 months May 1–Oct 31		Full-year May-April
	2007	2008	2007/08
<b>Total shareholders' equity at the beginning of the period</b>	<b>491,255</b>	<b>272,456</b>	<b>491,255</b>
New share issue	23,690		23,690
Paid-in option premiums	1,896		1,896
Exchange-rate differences	433	394	1,433
Dividend	- 142,286	- 77 744	- 142,286
Net profit	<u>58,474</u>	<u>- 278</u>	<u>96,468</u>
<b>Total shareholders' equity at the end of the period</b>	<b>433,462</b>	<b>394,828</b>	<b>472,456</b>



## SEGMENT REPORTING (CONDENSED)

Net sales per geographical market (SEK 000s)tkr	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Helåret May-April
	2007	2008	2007	2008	2007/08	2007/08
Sweden	295,533	240,723	594,403	505,934	1,156,940	1,245,409
Finland	50,448	43,144	105,798	98,088	219,608	227,318
Denmark	16,636	13,479	35,916	31,364	71,761	76,313
Norway	12,021	10,210	23,112	23,545	56,728	56,295
Estonia	807	1,519	1,726	2,827	4,095	2,994
<b>Total</b>	<b>375,445</b>	<b>309,075</b>	<b>760,955</b>	<b>661,758</b>	<b>1,509,132</b>	<b>1,608,329</b>

Operating profit per geographical market (SEK 000s)tkr	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Helåret May-April
	2007	2008	2007	2008	2007/08	2007/08
Sweden	33,238	80,061	80,061	30,513	85,784	135,332
Finland	- 331	4,705	4,705	- 8,647	- 9,567	3,785
Denmark	1,099	1,859	1,859	-4,929	- 3,024	3,764
Norway	- 298	-2,507	- 2,507	- 10,768	- 9,257	- 996
Estonia	- 74	- 125	- 125	- 826	- 1,450	- 749
<b>Total</b>	<b>33,634</b>	<b>83,993</b>	<b>83,993</b>	<b>5,343</b>	<b>-62,486</b>	<b>141,136</b>

Operating margin per geographical market (SEK 000s)tkr	3 months Aug-Oct		6 months May-Oct		Rolling 12 Nov-Oct	Helåret May-April
	2007	2008	2007	2008	2007/08	2007/08
Sweden	11.2	5.6	13.5	6.0	7.4	10.9
Finland	- 0.7	- 17.7	4.4	-8.8	- 4.4	1.7
Denmark	6.6	- 18.7	5.2	- 15.7	- 4.2	4.9
Norway	- 2.5	- 86.4	- 10.8	- 45.7	- 16.3	- 1.8
Estonia	- 9.2	- 30.7	- 7.2	- 29.2	- 35.4	- 25.0
<b>Total</b>	<b>9.0</b>	<b>-2.0</b>	<b>11.0</b>	<b>0.8</b>	<b>4.1</b>	<b>8.8</b>

The segments' operating profit includes earnings from retail operations in each market and the earnings of Swedish wholesale operations from sales to each market. Profit from sales to franchisees is reported under the Swedish segment.

## NUMBER OF STORES

	April 30					October 31	
	2004	2005	2006	2007	2008	2007	2008
Sweden	21	44	70	113	120	117	122
Finland	5	12	22	34	38	37	40
Denmark	6	6	8	8	10	8	11
Norway	-	-	1	8	11	10	13
Estonia	-	-	-	-	1	1	3
<b>Total stores in the Group</b>	<b>32</b>	<b>62</b>	<b>101</b>	<b>163</b>	<b>180</b>	<b>173</b>	<b>189</b>
Franchise stores in Sweden	75	67	52	23	23	23	23
Franchise stores in Denmark	-	-	-	-	-	-	1
Franchise stores in Poland	-	-	-	-	2	1	3
<b>Total stores in the chain</b>	<b>107</b>	<b>129</b>	<b>153</b>	<b>186</b>	<b>205</b>	<b>197</b>	<b>216</b>

# QUARTERLY EARNINGS – GROUP

	2006/07	2006/07	2007/08	2007/08	2007/08	2007/08	2008/09	2008/09
SEK M	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	501.2	322.7	385.5	375.5	523.2	324.2	352.7	309.1
Other operating income	<u>5.2</u>	<u>2.6</u>	<u>1.8</u>	<u>3.3</u>	<u>5.4</u>	<u>5.1</u>	<u>2.3</u>	<u>3.2</u>
<b>Total operating income</b>	<b>506.4</b>	<b>325.3</b>	<b>387.3</b>	<b>378.8</b>	<b>528.6</b>	<b>329.3</b>	<b>355.0</b>	<b>312.3</b>
<i>Operating expenses</i>								
Goods for resale	- 226.7	- 152.3	- 183.4	- 170.3	- 232.8	- 173.6	- 169.0	- 124.5
Other external costs	- 91.0	- 78.7	- 73.5	- 87.5	- 103.6	- 102.3	- 84.6	- 103.9
Personnel expenses	- 68.9	- 68.2	- 71.8	- 78.3	- 91.7	- 74.6	- 79.0	- 78.4
Depreciation/impairment losses on tangible and intangible assets	<u>- 7.5</u>	<u>- 7.3</u>	<u>- 8.3</u>	<u>- 9.1</u>	<u>- 10.2</u>	<u>- 12.0</u>	<u>- 11.0</u>	<u>- 11.6</u>
<b>Operating profit</b>	<b>112.3</b>	<b>18.8</b>	<b>50.3</b>	<b>33.6</b>	<b>90.3</b>	<b>-33.2</b>	<b>11.4</b>	<b>- 6.1</b>
<i>Operating margin. %</i>	<i>22.4</i>	<i>5.8</i>	<i>13.1</i>	<i>9.0</i>	<i>17.3</i>	<i>- 10.2</i>	<i>3.2</i>	<i>-2.0</i>
Result from financial items	- 0.6	- 0.5	- 0.5	- 2.1	- 3.4	- 2.4	- 2.4	- 3.3
<b>Profit after financial items</b>	<b>111.7</b>	<b>18.3</b>	<b>49.8</b>	<b>31.5</b>	<b>86.9</b>	<b>- 35.6</b>	<b>9.0</b>	<b>- 9.4</b>
Tax on profit for the period	<u>- 31.3</u>	<u>- 4.8</u>	<u>- 14.0</u>	<u>- 8.9</u>	<u>- 25.4</u>	<u>12.0</u>	<u>- 2.5</u>	<u>2.5</u>
<b>Net profit for the period</b>	<b>80.4</b>	<b>13.5</b>	<b>35.8</b>	<b>22.6</b>	<b>61.5</b>	<b>- 23.6</b>	<b>6.5</b>	<b>- 6.7</b>

# MULTI-YEAR REVIEW

	2003/04	2004/05	2005/06	2006/07	2007/08	Rolling 12 Nov-Oct 2007/08
Net sales, SEK M	590.1	804.6	1,159.7	1,470.5	1,608.3	1,509.1
Net sales growth, %	19.3	36.4	44.1	26.8	9.4	- 4.8
Gross profit margin, %	32.4	39.1	47.2	52.2	52.7	53.6
Operating profit, SEK M	54.1	93.0	180.9	221.5	141.1	62.5
Operating margin, %	9.2	11.6	15.6	15.1	8.8	4.1
Net profit, SEK M	36.5	69.2	130.5	159.5	96.5	37.7
Cash flow after investments, SEK M	9.4	79.3	13.2	- 43.3	-42.2	55.0
Return on equity, %	42.2	40.9	42.6	35.9	20.0	9.1
Return on capital employed, %	35.2	45.9	55.7	45.5	22.8	8.6
Return on operating capital, %	37.3	55.0	75.2	54.7	24.5	8.8
Return on total capital, %	25.3	31.0	38.6	32.3	16.9	6.6
Equity/assets ratio, %	49.6	60.3	68.0	61.6	53.4	42.6
Net debt/EBITDA, times	0.5	- 0.3	- 0.5	0.1	1.0	2.9
Capital turnover ratio, times	4.1	4.8	4.8	3.6	2.8	2.1
Earnings per share before dilution, SEK	1.95	2.77	4.76	5.69	3.31	1.29
Earnings per share after dilution, SEK	1.95	2.76	4.60	5.47	3.31	1.29
Cash flow after investments per share, SEK	0.50	3.18	0.48	- 1.54	- 1.45	1.88
Equity per share, SEK	5.18	8.09	14.21	17.53	16.10	13.46
Number of full-year employees	162	284	433	602	757	790

# PARENT COMPANY'S INCOME STATEMENT

	3 months Aug-Oct		6 months May-Oct		Full-year May-April
(SEK 000s)	2007	2008	2007	2008	2007/08
Net sales	364,697	284,041	716,523	592,008	1,478,290
Other operating income	<u>5,040</u>	<u>2,907</u>	<u>8,716</u>	<u>4,990</u>	<u>20,180</u>
<b>Total operating income</b>	<b>369,737</b>	<b>286,948</b>	<b>725,239</b>	<b>596,998</b>	<b>1,498,470</b>
<i>Operating expenses</i>					
Goods for resale	- 187,186	- 151,030	- 372,765	- 311,303	- 777,440
Other external costs	- 67,626	- 81,133	- 121,015	- 140,246	- 295,948
Personnel expenses	- 61,165	- 56,243	- 115,862	- 115,846	- 248,596
Depreciation/impairment losses on tangible and intangible assets	<u>- 8,973</u>	<u>- 10,933</u>	<u>- 22,077</u>	<u>- 21,439</u>	<u>- 42,196</u>
<b>Operating profit</b>	<b>44,787</b>	<b>- 12,391</b>	<b>93,520</b>	<b>8164</b>	<b>134,290</b>
<i>Result from financial items</i>					
Other interest income and similar items	1,673	2,527	3,224	5,034	7,511
Interest expenses and similar items	<u>- 2,008</u>	<u>- 3,354</u>	<u>- 2,650</u>	<u>- 5,847</u>	<u>- 8,559</u>
Total result from financial items	- 335	- 827	574	- 813	- 1,048
<b>Profit after financial items</b>	<b>44,452</b>	<b>- 3,218</b>	<b>94,094</b>	<b>7,351</b>	<b>133,242</b>
Appropriations	-	-	-	-	- 12,317
<b>Profit before tax</b>	<b>44,452</b>	<b>- 13,218</b>	<b>94,094</b>	<b>7,351</b>	<b>120,295</b>
Tax	<u>- 12,510</u>	<u>3,690</u>	<u>- 26,468</u>	<u>- 2,078</u>	<u>- 36,782</u>
<b>Net profit for the period</b>	<b>31,942</b>	<b>- 9,528</b>	<b>67,626</b>	<b>5,273</b>	<b>84,143</b>

# PARENT COMPANY'S BALANCE SHEET (CONDENSED)

	October 31		April 30
(SEK 000s)	2007	2008	2007/08
Intangible fixed assets <sup>1)</sup>	284,857	282,164	278,341
Tangible fixed assets	72,761	76,803	74,759
Financial assets	23,761	28,793	24,598
Inventories	366,640	255,728	254,824
Current receivables	175,175	213,543	181,891
Cash and cash equivalents	<u>15,421</u>	<u>13,355</u>	<u>19,534</u>
<b>Total assets</b>	<b>938,615</b>	<b>870,386</b>	<b>833,947</b>
Shareholders' equity	394,953	340,493	412,624
Untaxed reserves	48,167	58,867	58,867
Provisions	6,216	5,328	5,328
Long-term liabilities <sup>2)</sup>	-	57,500	57,500
Short-term liabilities <sup>2)</sup>	<u>489,279</u>	<u>408,198</u>	<u>299,628</u>
<b>Total equity and liabilities</b>	<b>938,615</b>	<b>408,198</b>	<b>833,947</b>
<sup>1)</sup> Of which, goodwill	235,473	228,824	229,069
<sup>2)</sup> Of which, interest-bearing liabilities	292,947	319,281	198,786

## THE HEMTEX SHARE

Hemtex AB's share capital amounts to SEK 73.3 M. represented by 29,337,400 shares each with a par value of SEK 2.50. Each share entitles the holder to one vote at General Meetings and all shares carry equal rights to participation in the Company's assets and profits. The Hemtex share is listed on the OMX Nordic Stock Exchange Stockholm. Mid Cap. since October 6, 2005. The introduction price for the share was SEK 56. The price of the Hemtex-share decreased 36% from SEK 44.50 on August 1, 2008 to SEK 28.40 on October 31, 2008.

### Shareholders

At October 31, 2008. Hemtex AB had 4,917 shareholders. The information in the table below pertains to the circumstances at that date according to the share register maintained by the Swedish Securities Register Center (VPC AB).

Owner	Total no. of shares	Share of voting rights and capital
Hakon Invest AB	7,755,138	26.4%
AB Industrivärden	3,700,000	12.6%
Andra AP-Fonden	2,634,843	9.0%
Orkla ASA	2,394,700	8.2%
Nordea Bank Norge Nominee	1,466,000	5.0%
Nordnet Pensionsförsäkring AB	632,098	2.1%
EFG Private Bank S.A., W8IMY	606,724	2.1%
Unionen	586,000	2.0%
Trollhassel AB m.fl.	433,829	1.5%
HL Hemtextil AB	400,000	1.4%
Övriga ägare	8,728,068	29.7%
<b>Total</b>	<b>29,337,400</b>	<b>100.0%</b>

### Ownership structure

Number of shares	Number of owners	% of all owners	Number of shares	% of capital
1 - 200	2,828	57.5%	367,343	1.3%
201 - 1,000	1,567	31.9%	862,734	2.9%
1,001 - 10,000	394	8.0%	1,243,203	4.2%
10,001 - 100,000	102	2.1%	3,356,597	11.4%
100,001 -	26	0.5%	23,507,523	80.2%
<b>Total</b>	<b>4,917</b>	<b>100.0%</b>	<b>29,337,400</b>	<b>100.0%</b>

Distribution of owners	Share of voting rights and capital
Foreign owners	20.9%
Swedish owners	79.1%
of which	
Legal entities	84.1%
Private individuals	15.9%

Updated information concerning owners, ownership structure and distribution of owners is available at Investor Relations. [www.hemtex.com](http://www.hemtex.com)

## DEFINITIONS

**Capital employed** – The balance-sheet total less non-interest bearing liabilities including deferred tax liabilities.

**Cash flow after investments** – Profit before depreciation/impairment losses plus/minus financial items less tax paid plus/minus changes in operating capital minus investments.

**Cash flow after investments per share** – Cash flow after investments divided by the average number of shares outstanding during the period.

**Comparable stores** – Stores that have been operational for more than 12 months.

**Earnings per share** – Profit after tax divided by the average number of shares outstanding during the period.

**Earnings per share after dilution** – Profit after tax divided by the number of shares outstanding on the closing date as well as warrants outstanding adjusted for possible dilution effects.

**EBITDA** – Operating profit excluding depreciation/amortization and impairment losses.

**Equity/assets ratio** – Shareholders' equity as a percentage of total assets.

**Gross profit margin** – Net sales for the period less the cost of goods sold as a percentage of net sales.

**Hemtex** – "Hemtex" refers to the Hemtex brand or to the entire retail chain including the stores operated by franchises.

**Hemtex AB** – Refers to the legal entity Hemtex AB that is the Parent Company of the Group and the franchisor in the Hemtex franchise system.

**Net debt** – Interest-bearing liabilities less cash and bank balances.

**Net debt/equity ratio** – Interest-bearing liabilities less cash and bank balances as a percentage of shareholders' equity.

**Net debt/EBITDA** – Interest-bearing liabilities divided by EBITDA.

**Number of annual employees** – The total number of hours of attendance divided by the normal working hours for the particular country.

**Operating capital** – Total assets less cash and cash equivalents, other interest-bearing assets and non-interest bearing liabilities.

**Operating margin** – Operating profit as a percentage of net sales for the period.

**Profit margin** – Profit before tax as a percentage of net sales for the period.

**Rate on capital turnover** – Sales divided by average operating capital.

**Return on capital employed** – Return before tax plus financial expenses as a percentage of average capital employed.

**Return on equity** – Profit after tax as a percentage of average shareholders' equity.

**Return on operating capital** – Operating profit as a percentage of average operating capital.

**Shareholders' equity per share** – Shareholders' equity divided by the number of shares on the closing date.