

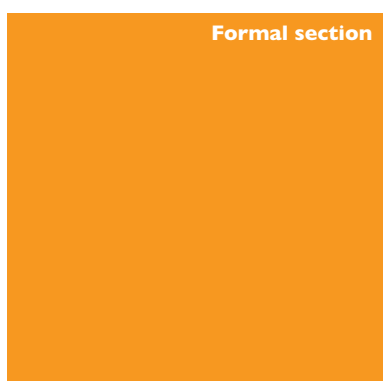
RATOS

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This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Ratos in 3 minutes



Ratos head office, Drottninggatan 2, Stockholm

A listed private equity company

Ratos aims to provide the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations.

Ratos creates added value in conjunction with acquisition, development and divestment of companies.

Long tradition as an industry-oriented financial player

Today’s Ratos rests on an over 140-year tradition of active ownership. The business had an industrial focus from the outset through its origins in the steel wholesaler Söderberg & Haak which was founded

in 1866. In the subsequent decades operations were developed and operating subsidiaries were added, primarily within trading and engineering, as well as a portfolio of listed shares. The mixed investment company Ratos was listed in 1954. Since 1999, Ratos has been operating within private equity, where added value is created through active ownership primarily in unlisted companies.

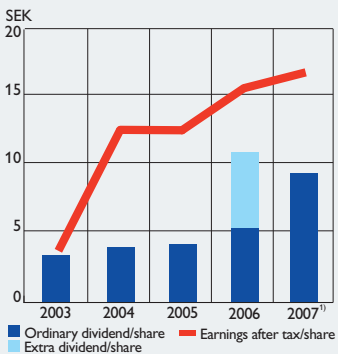
Tailor-made organisation

Ratos’s organisation consists of 40 people. The business organisation includes 23 people who work with the portfolio companies on a daily basis and analyse new investment

2007 – record result

Profit before tax for 2007 totalled SEK 3,462m, which was the highest result in Ratos’s history.

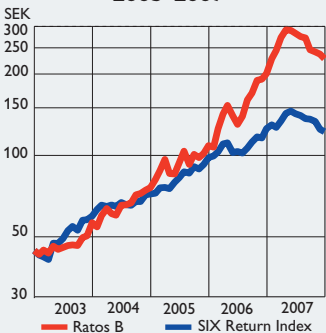
Earnings and dividend
2003-2007



¹⁾ Proposed

The target
for each
investment
is an annual
return of 20%

Total return
2003-2007



Total return +14%

Share performance 2007

Total return	+14 %
SIX RX Index	-3 %
Share price	+8 %
OMXSPI Index	-6 %
Dividend yield	5.1 %

Value creation with Ratos as owner

Ratos’s target is that each investment should generate an average annual return (IRR) of 20%. Since 1999, when Ratos switched to private equity, the average annual return has been +28%.

- professional
- active
- responsible

opportunities and six people with expertise in economy and information. In 2007, the investment operations were strengthened with an additional five people.

The business organisation is presented on pages 29-31.

- 21 holdings which have
- sales of SEK 44 billion
 - operating profit (EBITA) of SEK 5.6 billion
 - and 27,000 employees worldwide.

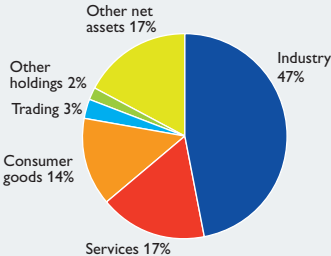
Sector-neutral with a focus on the Nordic region

Ratos carries out sector-neutral investments throughout the Nordic region.

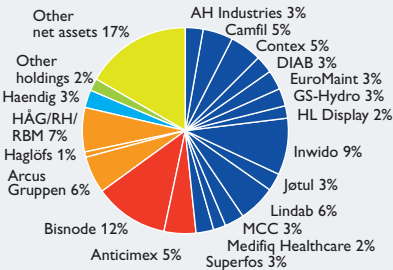
The biggest sector in terms of consolidated value is industry followed by services, consumer goods and trading.

An overview of Ratos’s holdings is presented on pages 4-6 and a detailed description of each holding is provided under the Analysis section on pages 102-143.

Sector breakdown by equity



Holdings’ share of equity



Hägglunds Drives has a negative value due to refinancing.



Ratos's 21 holdings

Read more about the holdings on pages 102-143.

AH Industries

www.ah-industries.dk

AH Industries is a Danish leading supplier of metal components and services to the wind power, offshore and marine industries.



Sales	SEK 553m
Profit before tax	SEK 73m
Number of employees	c. 210
Ratos's holding	66%
Investment year	2007

Anticimex

www.anticimex.se

Anticimex is a company that offers a broad range of services that create healthy and safe indoor environments. Operations are conducted in the Nordic region, Germany and the Netherlands.

Sales	SEK 1,510m
Profit before tax	SEK 93m
Number of employees	c. 1,000
Ratos's holding	85%
Investment year	2006



Arcus Gruppen

www.arcus.no

Arcus Gruppen is Norway's leading wine and spirits supplier. The group's best-known brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.



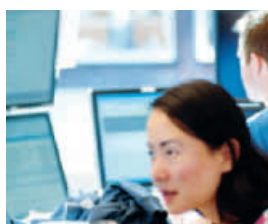
Sales	SEK 1,407m
Profit before tax	SEK 871m*
Number of employees	c. 460
Ratos's holding	83%
Investment year	2005

* Including capital gain of SEK 750m.

Bisnode

www.bisnode.com

Bisnode is a leading European supplier of digital business information with services in market, credit and product information.



Sales	SEK 3,899m
Profit before tax	SEK 419m
Number of employees	c. 3,000
Ratos's holding	70%
Investment year	2005

Camfil

www.camfilfarr.com

Camfil is the world leader in clean air technology and air filters and offers products which contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment.

Sales	SEK 4,115m
Profit before tax	SEK 313m
Number of employees	c. 3,200
Ratos's holding	30%
Investment year	2000



Contex Holding

www.contex.com
www.zcorp.com
www.vidar.com

The Danish company Contex Holding is a world leader within development and production of advanced 2D and 3D imaging solutions.

Sales	SEK 831m
Profit before tax	SEK 18m
Number of employees	c. 450
Ratos's holding	98%
Investment year	2007



DIAB

www.diabgroup.com

DIAB is a world-leading company that manufactures and develops core materials for composite structures. Key applications include blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and space rockets.



Sales	SEK 1,354m
Profit before tax	SEK 246m
Number of employees	c. 1,070
Ratos's holding	50%
Investment year	2001

EuroMaint

www.euromaint.se

EuroMaint is one of Sweden's leading maintenance companies and offers high-class maintenance services to the railway and manufacturing industries.

Sales	SEK 2,067m
Profit before tax	SEK 12m
Number of employees	c. 1,800
Ratos's holding	100%
Investment year	2007



GS-Hydro

www.gshydro.com

GS-Hydro is a leading supplier of non-welded piping systems, primarily to the marine and offshore industries as well as the pulp and paper, metals and mining, automotive and aerospace and defence industries.

Sales	SEK 1,311m
Profit before tax	SEK 153m
Number of employees	c. 530
Ratos's holding	100%
Investment year	2001



Haendig

www.haendig.com

Haendig is a leading Nordic company within bathroom furnishings. The group consists of Hafa Bathroom Group with the well-known brands Hafa and Westerbergs.



Sales	SEK 410m
Profit before tax	SEK 2m
Number of employees	c. 200
Ratos's holding	100%
Investment year	2001

Haglöfs

www.haglofs.se

Haglöfs is a Nordic market leader in equipment and clothes for an active outdoor life with a focus on high-quality clothes, sleeping bags, footwear and rucksacks.



Sales	SEK 428m
Profit before tax	SEK 14m
Number of employees	c. 90
Ratos's holding	100%
Investment year	2001

HL Display

www.hl-display.com

HL Display is a global, market leading supplier of products and systems for store merchandising and in-store communication. The company is listed on the OMX Nordic Exchange in Stockholm.

Sales	SEK 1,571m
Profit before tax	SEK 155m
Number of employees	c. 1,000
Ratos's holding	29%
Investment year	2001



HÅG/RH/RBM

www.hag.no
www.rh.se
www.rbmfurniture.dk

The HÅG/RH/RBM Group develops and produces ergonomic seating solutions with a Scandinavian design for public and private environments in the Nordic region, Germany, the UK, Benelux and France.



Sales	SEK 1,488m
Profit before tax	SEK 138m
Number of employees	c. 650
Ratos's holding	85%
Investment year	2007

Häggglunds Drives

www.haggglunds.com

Häggglunds Drives is a leading international supplier of hydraulic motors and drive systems for the mining and materials handling and marine and offshore sectors, among others.



Sales	SEK 1,761m
Profit before tax	SEK 255m
Number of employees	c. 700
Ratos's holding	100%
Investment year	2001

Inwido

www.inwido.se

Inwido develops, manufactures and sells a full range of windows and doors to the building trade, construction companies and modular home manufacturers. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK and Lyssand.

Sales	SEK 5,057m
Profit before tax	SEK 312m
Number of employees	c. 4,250
Ratos's holding	95%
Investment year	2004



Jøtul

www.jotul.com

The Norwegian company Jøtul is Europe's largest manufacturer of stoves and fireplaces with production in Norway, Denmark, France, Poland and the US.

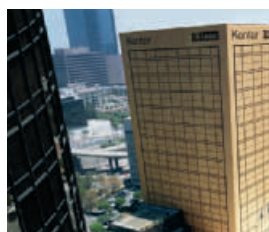


Sales	SEK 938m
Profit before tax	SEK 10m
Number of employees	c. 800
Ratos's holding	63%
Investment year	2006

Lindab

www.lindab.com

Lindab is a leading company in Europe within development, production, marketing and distribution of systems and products made of sheet metal and steel for construction applications. The company is listed on the OMX Nordic Exchange in Stockholm.



Sales	SEK 9,280m
Profit before tax	SEK 1,175m
Number of employees	c. 5,000
Ratos's holding	22%
Investment year	2001

MCC

www.mccii.com

MCC offers complete, customised climate comfort systems for buses, off-road and specialty vehicles. Approximately 65% of the company's sales take place in North America and about 35% in Europe.

Sales	SEK 698m
Profit before tax	SEK 75m
Number of employees	c. 530
Ratos's holding	60%
Investment year	2007



Medifiq Healthcare

www.medifiq.com

Medifiq Healthcare is a world-leading player in development and manufacture of medical devices for delivery and administration of pharmaceuticals.

Sales	SEK 346m
Loss before tax	SEK -44m
Number of employees	c. 430
Ratos's holding	78%
Investment year	2006



Superfos

www.superfos.com

Superfos is a Danish international group with operations in 18 countries. The company develops, produces and sells injection moulded plastic packaging to the food and chemical-technical industries.



Sales	SEK 3,332m
Profit before tax	SEK 75m
Number of employees	c. 1,550
Ratos's holding	33%
Investment year	1999

Other holdings

www.atleindustri.se

www.btj.se

www.industrikapital.com

www.overseas.se

Atle Industri consists of the companies Moving and Nordhydraulic.

BTJ Group is a leading supplier of media products and information services to libraries, bookshops, companies and organisations in the Nordic market.

Industri Kapital is an unlisted private equity company with assets under management of EUR 5.7 billion. Ratos has invested in a couple of funds.

Overseas Telecom develops and sells telecom licences for mobile telephony in developing countries. A portfolio company is located in Sri Lanka.

Read more about Ratos's holdings on pages 102-143.

2007 highlights

Significant events

- Continued strong underlying performance in holdings.
- Five new holdings added to the portfolio: AH Industries, Contex Holding, EuroMaint, HÅG/RH/RBM and MCC.
- Divestment of Alimak Hek and Bluegarden.
- Refinancing of Arcus Gruppen, DIAB and Haglöfs – Ratos received a total of SEK 1,067m.
- Property sale within Arcus Gruppen – capital gain SEK 750m.



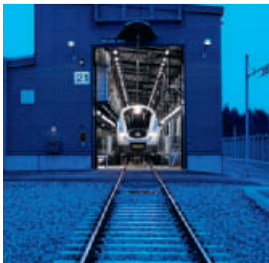
MCC



AH Industries



Contex Holding



EuroMaint



HÅG/RH/RBM

Results

SEKm	2007	2006	2005	2004	2003
Profit/share of profits	2,550	1,883	2,127	974	388
Exit gains	933	1,678	651	1,438	444
Impairment	–	-188	-29	-17	-7
Dividends from other companies	71	21	36	28	21
Profit from holdings	3,554	3,394	2,785	2,423	846
Central income and expenses	-92	-160	-140	-98	-34
Profit before tax	3,462	3,234	2,645	2,325	812
Equity	11,905	10,875	10,958	9,026	7,827

- Profit before tax
SEK 3,462m (3,234)
- Exit gains SEK 933m
(1,678)
- Equity SEK 11,905m,
corresponding to SEK 75
per share

Shares

SEK per share	2007	2006	2005	2004	2003
Earnings after tax	16.66	15.50	12.42	12.45	3.59
Equity	75	69	64	55	47
Dividend	9 ¹⁾	5.50 (11) ²⁾	4.19	3.96	3.37
Dividend yield, %	5.1 ¹⁾	3.4 (6.8) ²⁾	4.6	5.9	6.4
Total return, %	14	85	43	35	27
Market price	176	162.50	91	67	53
Market price/equity, %	235	236	142	122	113

¹⁾ Proposed ordinary dividend.

²⁾ Ordinary dividend (incl. extra dividend).

- Earnings per share
SEK 16.66 (15.50)
- Proposed ordinary dividend
SEK 9.00
- Total return +14 %

2007 – high level drama

2007 was a dramatic year in our business environment with powerful upswings and downturns in the financial markets and turbulence in the financial sector, but at the same time a stable strong development in the real economy. Since Ratos was mainly affected by the positive development trends, the year can briefly be summarised as follows:

- we achieved a profit before tax of SEK 3,462m which is the highest-ever result, in both nominal and real terms, in our almost 142-year history
- transaction activity was high with a large number of acquisitions, exits, add-on acquisitions and partial exits
- Ratos's 21 portfolio holdings showed strong overall development with a sales increase of approximately 16% and a 22% rise in operating profit
- for the ninth consecutive year Ratos's shares provided a positive total return, +14%
- conditions exist for continued improved earnings in the underlying portfolio in 2008.

Divided world

What was particularly fascinating in 2007 was that Ratos operated in two worlds, both the industrial and the financial.

During the autumn we had a large number of meetings with players in the financial world – banks, investment banks, corporate finance units, and so on – among other things because we were invited to explain how Ratos had been able to succeed so well in all the turbulence. When we left these meetings the atmosphere in the best case was grim with words like future losses, write-downs and crashes ringing in our ears.

When we then returned to what is the main part of our everyday lives, i.e. work and contacts with the industrial world, hope was always swiftly restored. One striking example was our annual Network Day, which this year was held in Örnköldsvik in conjunction with a visit to Hägglunds Drives, where some hundred directors, CEOs and others connected with Ratos were gathered. This assembly was slightly worried because they had read in the media that others were worried – but as far as they were concerned it was more a question of taking care of the effects of good growth.



So we are talking about two diametrically opposite world scenarios and the ten thousand kronor question is naturally how these will eventually interact – which force is the stronger?

From CLBU to ST

Ahead of 2007 Ratos's macroeconomic scenario was summarised by the letters CLBU, i.e. "Continued Landing Before Upturn". The decline in the global economy was expected to continue for some time – with the US on the way to levelling out and then slowly gathering pace, while large parts of the rest of the world still had a bit to

go in the downturn cycle – after which conditions for continued growth were assessed as good.

To all intents and purposes this scenario has materialised. Since the turbulence in the financial markets, however, has naturally affected both results and future prospects, we are forced to recognise that the anticipated upturn will take a little longer. In summary, our assessment is as follows:

- the global economy – including the US – will be able to avoid a formal recession. Parts of the economy, such as the housing sector in the US, will remain weak for some time to come

■ the weakening in the global economy eliminates the cyclical inflation risks that might have existed – at the moment there are no structural inflation risks – at the same time as the financial bubbles that were on the way to being blown up have now hopefully burst and/or let off steam. This will allow the central banks to gradually ease monetary policy

■ combined with a strong underlying real economy and many positive structural trends – long-term productivity growth, China/India, etc. – this indicates that the global economy will gain renewed strength later in 2008.

We have chosen to summarise this forecast as ST, Stay Tuned.

Development in the financial markets

The turbulence that has existed in the financial markets has naturally affected large parts of our business environment. In our business the most obvious effect has been that opportunities for high leverage of acquisitions have in principle been eliminated, as well as really large acquisitions, with borrowing levels in excess of SEK 10 billion, being difficult (or impossible) to finance.

But if some isolated problems have arisen in the wake of the crisis – in 2007 Ratos looked at four investment opportunities that arose due to crashes for the former owners – from our vantage point it appears that the Nordic players without exception have managed well. There is, by the way, a general conclusion that the Nordic players – regardless of whether we are talking about operating companies, banks or private equity – are in far better condition than their foreign, perhaps above all North American, equivalents.

Since Ratos has worked with a conservative financial strategy for many years, the effect of the crisis in the financial markets on our day-to-day operations has been marginal. This is described in more detail in a separate article on pages 25-26.

Exits and value-creating development

A for Ratos indirect but very marked negative effect of the turbulence in the autumn was of course the unsuccessful attempt at an IPO for Bisnode. Despite the fact that this is an attractive company in a strong development phase and despite the fact that market soundings made ahead of the IPO were very positive, the offering was not fully subscribed. The main reason for this was unfortunate timing where the market after several profit warnings fell sharply and remained weak throughout the subscription period.

In general, however, the exit market remains positive, even if the stock exchange compared with a year or so ago, is a less hot, but not excluded, alternative. Interest in our companies remains high and this includes Bisnode after the IPO withdrawal.

It is important to note, however, now as always, that most value creation in our companies is a continuous

process in their industrial development (see also article on pages 20-21). A skilfully conducted exit process can certainly create added value but a successful sale should primarily be seen as confirmation of the success of the company development process. It is important to remember this among other things for the following reasons:

■ In the drama-seeking media, the daily grind of company development is naturally not particularly exciting, which is why it does not attract much attention. Media focus is instead on transactions (purchases and sales) and, in particular, speculation surrounding these. It is therefore important to keep a cool head and understand what creates values over time and not to submit to pressure from the business environment to do deals for their own sake

■ in more troublesome times, when it actually can be difficult to carry out exits, Ratos's legal form is a strength. As a limited company we, unlike most colleagues in our industry which operate as funds, have no problem at

“... the effect of the crisis in the financial markets on our day-to-day operations has been marginal.”

all in over-wintering and continuing to create values through acquisitions and development of existing companies. In other words, we do not need to sell a company just because we are a fund approaching closure.

Having said that, we can state that 2007 was a particularly active year on the transaction side:

- we made five new investments, which are important for the future – AH Industries, Contex Holding, EuroMaint, HÅG/RH/RBM and MCC
- we sold two companies, Alimak Hek and Bluegarden
- our portfolio companies made a total of no less than 33 add-on acquisitions
- at the same time 7 partial exits were carried out in our existing holdings.

Positive total return

The positive development for Ratos shares continued in 2007. For the ninth consecutive year, the shares provided a positive total return, +14% (SIX Return Index -3%). Overall performance since 1999 thus amounts to +991%, while performance for the corresponding index (SIX Return Index) was +128%. The average annual total return on Ratos shares 1999-2007 is 30%.

Although overall performance was positive in 2007, there were big swings in Ratos shares. This might be considered surprising since our extremely well diversified portfolio – in respect of sector, geography, end-customer segment, etc. – should guarantee a stable and actually slightly dreary development. Nevertheless, ocean rollers have obviously also affected stable craft such as Ratos.

Accounting development in decay

We have in many contexts discussed and expressed opinions on developments within accounting which

in our opinion are fast heading in totally the wrong direction. We wrote about this problem in last year’s annual report and develop this question further this year (pages 22-24). In this context I would like to emphasise that our criticism is based on objective assessments and not the expression of some kind of wish to be able to choose accounting principles that suit a particular occasion. On the contrary, the fact is that with the rules that now apply and those that are on their way, we have no possibility to report the results of our operations to

the business environment in a relevant manner. It is even so bad that our opportunities to actually work with the accounts *within the framework of the rules* – in a manner that we would regard as pure cheating and therefore will naturally never use – have *increased* with the introduction of IFRS.

Perhaps the most negative aspect for the public,

however, is that this development has meant that our skilled and previously highly independent Nordic accountants in all too many cases have now been devalued (or allowed themselves to be devalued) to appendages of the major accounting firms’ central desks or rule interpreters. Instead of critically examining and holding discussions on factual issues with the companies, they tick a list of rules, when necessary with instructions from London or elsewhere, in a way that ensures they cannot be sued. The often tough but always

stimulating dialogue that previously existed between companies and their accountants has today unfortunately far too often been replaced by decrees from places far removed from the daily business.

In our opinion, first-class auditors share many characteristics with the best football referees.

“most value creation in our companies is a continuous process in their industrial development”

“For the ninth consecutive year, the shares provided a positive total return, +14%”

These can be summarised in the words *knowledge, understanding of the situation* and *independence*:

■ knowledge is obviously a basic prerequisite for being able to judge both in football and accounting. An ignorant referee/auditor is a catastrophe in both contexts

■ a really skilled referee/auditor can, however, add to this a good understanding of the individual situation, i.e. an understanding of the game or business respectively. This means, among other things, a realisation that the best thing in every situation is not to blow the whistle/report following the rule book to the letter, but that some adjustment to the situation can better reflect the game situation/reality

■ succeeding with this, however, requires an enormous measure of independence. In the referee's case from the players, trainers and 50,000 spectators in the stands. In the auditor's case from companies, CEOs, boards and their own London desk.

It is high time for more Nordic auditors to resume their former role as the accounting world's answer to the world's greatest-ever football referee, Collina.

Long-term approach

Ratos is approaching 142 years as a listed family company with representatives for the fifth generation on the board and the sixth in the list of owners. This is an enormous strength in our operations since the business environment knows what we represent and that we always keep our promises and honour our agreements.

In some contexts, however, we are positively youthful, despite the fact that the world's oldest existing family company is no longer called Kongo Gumi. The heavily indebted Japanese building company, which specialised in building Buddhist temples, was acquired last year by a major construction firm. This marked the end of a 1,400-year company history, since Kongo Gumi was founded in



578 when the Kongo family came from Korea to build the Shitennoji temple, which is said to still stand today. The destroyers didn't get there until the 40th generation.

Today the oldest among the world's family companies is instead another Japanese company Hoshi Ryokan in Komatsu, the hotel that has been run

by the Hoshi family since 718 when it was founded by a Buddhist monk. The family is now in the 46th generation (*information from Öhrling PWC's customer magazine 3/2007*).

So Ratos has many good years and generations to look forward to (even if I cannot deny that a change of CEO is likely at some point along the way...).

Prospects for 2008

Provided our relatively optimistic scenario for the global economy proves right, there are, combined with continued extensive work with both growth and efficiency enhancements that is underway in our holdings, good prospects for a further improvement in earnings in the underlying portfolio of companies in 2008.

Arne Karlsson

Vision, mission, targets and strategy

Vision

Ratos shall be perceived the best owner company in the Nordic region.

Mission

Ratos is a listed private equity company. Ratos's mission is to generate, over time, the highest possible return through the professional, active and responsible exercise of its ownership role in a number of selected companies and investment situations, where Ratos provides stock market players with a unique investment opportunity. Added value is created in connection with acquisition, development and divestment of companies.

Targets

■ The average annual return (IRR) on each individual investment to exceed 20%.

■ Total return on Ratos shares to be higher than the average on the OMX Nordic Exchange Stockholm over time.

■ An aggressive dividend policy.

■ Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality.

Investment strategy

■ Holding at least 20%

■ Normally the principal owner

■ Investment size SEK 150m-5,000m

Ratos does not invest in early phases of companies' life cycles.

**“Ratos shall
be perceived the
best owner
company in the
Nordic region”**

**“...professional,
active and
responsible
exercise of
ownership role”**

**“...return on
each individual
investment (IRR)
to exceed
20%”**

**“Nordic
acquisitions
– global
exits”**

■ 20-30 holdings

Ratos's portfolio should normally comprise 20-30 holdings, primarily unlisted companies, of varying size.

■ Active exit strategy

Ratos has an active exit strategy. Every year, the holdings' ability to continue to generate a 20% annual average return (IRR), and Ratos's ability to contribute to the continued development of the holding, are assessed. This means that Ratos does not set any limit on its ownership period.

■ Sector generalist

Ratos's core competence is not sector specific. Since added value can be created in most sectors, Ratos has chosen to be sector-neutral.

■ Focus on own deal flow

■ Nordic acquisitions – global exits

The entry point for investments is the Nordic region. Exits (divestments) can be effected globally.

■ In addition, the companies in which Ratos invests must have competitive advantages in their sector and strong management. Ratos works actively to ensure that the companies in which it invests have incentive strategies for boards and senior executives.

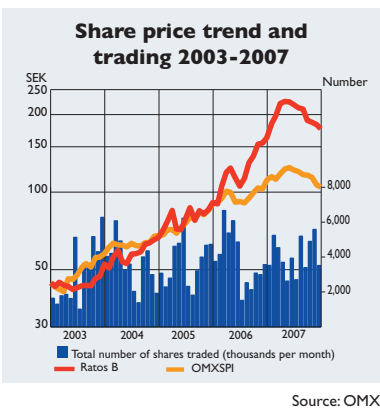
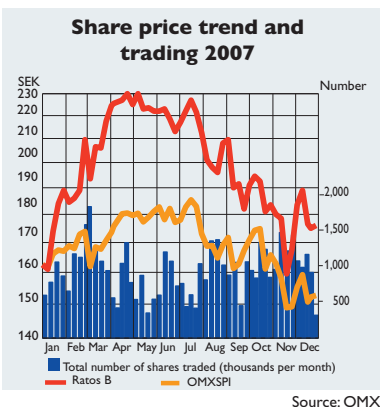
Ratos shares – total return +14%

Ratos A and B shares are listed on the OMX Nordic Exchange Stockholm, Large Cap. A round lot consists of 100 shares.

Share price performance

2007 was a turbulent year on the global stock market with sudden fluctuations. Ratos shares gave a positive performance during the year in terms of both share price development and total return. Ratos B shares rose 8% compared with the OMXSPI which fell 6% in the same period. The highest quotation during the year, SEK 238.50, occurred in April and the lowest, SEK 152.50, in November. The closing price on 28 December was SEK 176.

In 2007 the total return (price development including reinvested dividends) for Ratos B shares amounted to 14% compared with the SIX



Return Index which fell 3% in the same period.

Trading

A total of 49.1 million Ratos shares were traded during 2007 at a value of over SEK 9.7 billion. An average of 196,469 shares were traded per day, an increase of 6% compared with 2006. The turnover rate was 40%.

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 28 billion at year-end. This ranks the company at number 33 in terms of size of the 285 companies listed on the OMX Nordic Exchange Stockholm, and number 65 of the 635 companies on the joint Nordic Exchange.

Breakdown by class of share

Class	Number of shares	% of voting rights	% of capital
A	42,328,770	78	26
B	119,020,482	22	74
	161,349,252	100	100

Brief facts 2007

Share listing	OMX Nordic Exchange, Stockholm, Large Cap
Total number of shares	161,349,252
Number of shares outstanding	158,489,155
Closing price 28 Dec 2007	SEK 176
Highest/lowest quotation	SEK 238.50/152.50
Market capitalisation, 28 Dec 2007	SEK 28 billion
Reuters ticker code	RATOb.st
Bloomberg	RATOB SS

Development of share capital

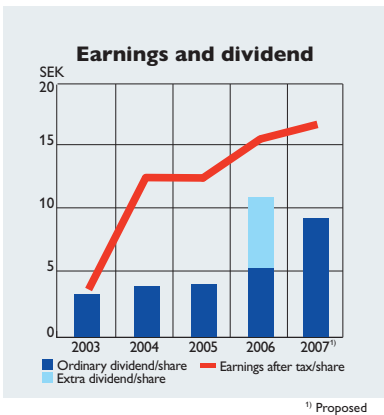
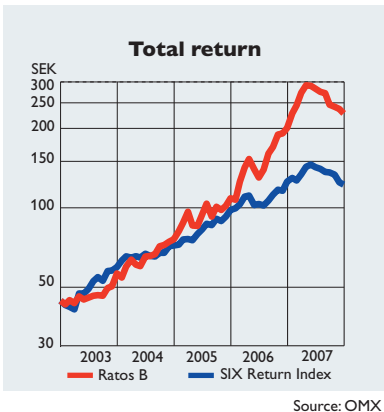
At year-end	Transaction	A shares	B shares	C shares	Preference	Share capital, SEKm
1983	Bonus issue 1:4, split 2:1	5,437,507	3,506,242		100,000	452
1985	Bonus issue 2:5	5,437,507	7,083,740		100,000	631
1988	Bonus issue 1:1	5,437,507	19,604,987		100,000	1,257
1996	Redemption preference shares	5,437,507	19,604,987			1,252
1997	Split 4:1, redemption A and B shares	21,727,060	68,550,544			1,128
1998	Redemption A and B shares, Issue C shares	21,641,127	59,679,299	9,027,760		1,129
1999	Redemption C shares	21,641,127	59,679,299			1,016
2001	Reduction	21,641,127	59,021,499			1,008
2003	Conversion of A shares to B shares	21,244,658	59,417,968			1,008
2003	New issue	21,244,658	59,497,968			1,009
2004	New issue, cancellation and conversion of A shares to B shares	21,229,056	59,445,570			1,008
2005	Conversion of A shares to B shares	22,210,036	59,464,590			1,008
2006	Bonus issue, split, redemption and conversion	42,328,770	119,020,482			1,017

Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for 2007 of SEK 9.00. In 2006, the dividend was SEK 5.50 plus an extra dividend of SEK 5.50 per share. Dividend yield amounts to 5.1% based on the closing price at year-end. Over the past nine years, Ratos's dividend has increased by an average of approximately 21% per year.

Purchase of treasury shares

A decision was made at the 2007 Annual General Meeting that up to 7% of the company's shares may be acquired until the next Annual General Meeting in 2008. During 2007, Ratos



repurchased 934,600 of its own B shares. The buy-backs were effected at an average price of SEK 202 per share. At the end of the period, Ratos owned 2,860,097 B shares, corresponding to 1.8% of the number of shares outstanding.

Conversion of shares

The 2003 Annual General Meeting resolved on a conversion clause allowing conversion of A shares to B shares. As of 31 December 2007, 953,484 A shares had been submitted for conversion into B shares.

Ownership structure

The number of shareholders amounted to approximately 36,400 at year-end.

Data per share

SEK	2007	2006	2005	2004	2003
Earnings after tax ¹⁾	16.66	15.50	12.42	12.45	3.59
Dividend per A and B share	9 ²⁾	5.50 (11) ⁵⁾	4.19	3.96	3.37
Dividend as % of earnings	54 ²⁾	35.5 (70) ⁵⁾	34.3	31.8	94.0
Dividend as % of equity	12 ²⁾	8 (15.9) ⁵⁾	6.5	7.5	7.3
Equity ³⁾	75	69	64	55	47
Closing market price, B share	176	162.50	91	67	53
Market price/equity, %	235	236	142	122	113
Dividend yield, %	5.1 ²⁾	3.4 (6.8) ⁵⁾	4.6	5.9	6.4
Total return, %	14	85	43	35	27
P/E ratio	10.6	10.5	7.5	5.4	14.7
Highest/lowest price paid, B share	238.50/152.50	171/86.32	91.16 / 67.91	68.37 / 51.16	52.56 / 40.23

Key figures

	2007	2006	2005	2004	2003
Market capitalisation, SEKm	28,376	25,719	15,812	11,328	8,877
Number of shareholders	36,396	34,233	30,549	29,345	23,699
Average number of shares outstanding	158,829,266	163,005,841	170,062,755	169,572,845	168,946,538
Number of shares outstanding at year-end ⁴⁾	158,489,155	158,276,730	170,209,628	169,650,634	168,825,790
Average number of traded Ratos shares/day, thousands	196	186	176	170	150
Dividend, SEKm	1,426 ²⁾	870 (1,741) ⁵⁾	713	673	573

¹⁾ Before dilution.

²⁾ Proposed ordinary dividend.

³⁾ Attributable to equity holders of the parent.

⁴⁾ After buy-backs.

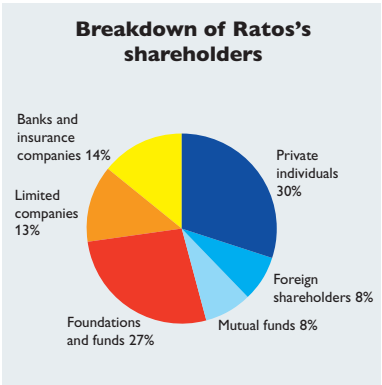
⁵⁾ Ordinary dividend (incl. extra dividend).

Definitions, see page 145.

The ten largest shareholders accounted for 77% of the voting rights and 50% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounts to 8%. 59% of Ratos's shareholders owned 500 shares or less and together accounted for 2% of the share capital.

Share capital and number of shares

Ratos's share capital at year-end 2007 amounted



Source: VPC

to SEK 1,016,500,000 divided among a total of 161,349,252 shares, of which 42,328,770 A shares and 119,020,482 B shares. The number of treasury shares at year-end was 2,860,097, which means that outstanding shares amounted to 158,489,155. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 votes.

Ratos shareholders

31 December 2007	Number		Share of	
	A shares	B shares	capital, %	voting rights, %
Söderberg family	24,479,139	6,405,190	19.1	46.3
Söderberg foundations	13,106,740	13,882,620	16.7	26.7
Foreign shareholders	2,162,549	10,542,564	7.9	5.9
AP4		4,391,850	2.7	0.8
AP6		3,391,000	2.1	0.6
AMF Pension		3,409,756	2.1	0.6
Handelsbanken funds		3,127,466	1.9	0.6
SEB		2,470,880	1.5	0.5
Swedbank Robur fund		2,149,720	1.3	0.4
AP2		1,815,291	1.1	0.3
Akademiinvest		1,626,742	1.0	0.3
Confederation of Swedish Enterprise		1,550,000	1.0	0.3
HQ funds		1,454,800	0.9	0.3
Östersjöstiftelsen		1,348,526	0.8	0.3
Treasury shares		2,860,097	1.7	–
Others	2,580,342	58,593,980	37.9	16.1
Total	42,328,770	119,020,482	100.0	100.0

Source: VPC

Range analysis

Number of shares	Number of shareholders	% of total number of shares
1 – 500	21,412	2.4
501 – 1,000	6,404	3.2
1,001 – 5,000	6,693	9.6
5,001 – 10,000	979	4.5
10,001 – 20,000	420	3.9
20,001 –	488	76.4
	36,396	100.0

Source: VPC

Analysts who monitor Ratos

ABG Sundal Collier

Jon Arnell
jon.arnell@abgsc.se
Tel: +46 8 566 286 28

Carnegie

Adam Nyström
adanys@carnegie.se
Tel: +46 8 676 88 00

Frida Willmansson
friwil@carnegie.se
Tel: +46 8 588 689 26

Cazenove & Co

Chris Brown
christopher.brown@cazenove.com
Tel: +44 20 715 581 45

Cheuvreux Nordic

David Halldén
dhallden@cheuvreux.com
Tel: +46 8 723 51 70

Handelsbanken

Magnus Dalhammar
mada07@handelsbanken.se
Tel: +46 8 701 51 14

Kaupthing Bank

Christian Hellman
christian.hellman@kaupthing.se
Tel: +46 8 791 49 71

Swedbank

Niclas Höglund
niclas.hoglund@swedbank.se
Tel: +46 8 585 925 66

UBS Investment Research

Olof Cederholm
olof.cederholm@ubs.com
Tel: +46 8 453 73 06

Private equity and Ratos

– responsible ownership

During Ratos's years as a private equity company the industrial profile has become something of a hallmark. Perhaps this is not so strange in view of Ratos's long history in Swedish industry, from the foundation of Söderberg & Haak in 1866 to the active owner Ratos is today as a listed private equity company. Since 1999, Ratos has invested in over 40 companies and made 26 divestments. Today, there are 21 companies in Ratos's portfolio and the exercise of ownership is, as always, professional, active and responsible.

Private equity in the Nordic region

Ratos operates in the Nordic private equity market – the market for investments in unlisted companies. According to the Swedish Private Equity & Venture Capital Association (SVCA), private equity is divided into buyouts (investments in companies in an expansive or mature stage of their life cycle) and venture capital (investments in early phases of companies' development). Ratos focuses on middle-segment buyouts and invests between SEK 150m and SEK 5 billion in each deal.

In Sweden, as in the rest of Europe, the significance of private equity for the economy has increased. The SVCA estimates that companies in Sweden owned by private equity account for approximately 11% of GDP and employ more than 170,000 people. At year-end 2007, more than SEK 320 billion was under management within private equity in Sweden, of which just over half was invested. Over 75% of the capital in Sweden was buyout investments and the remainder was venture capital investments.

There has been intense activity in the private equity market in the Nordic region in recent years and the trend is towards both more and bigger transactions. The Nordic region has become one of Europe's largest markets for private equity investments. Good returns, a more mature business and a continued in-flow of capital have intensified competition.

In the middle segment, in which Ratos mainly operates, most venture capital companies

are still Nordic and there are a large number of acquisition opportunities in Ratos's investment band. In the upper segment, competition is intense with fewer prospective investments and more aggressive leverage levels. Many deals in this segment are carried out through auctions where bidding wars often force up prices.

Company form important for Ratos

Ratos does not manage any funds but is one of the few listed companies in Sweden whose core business is direct investments in unlisted

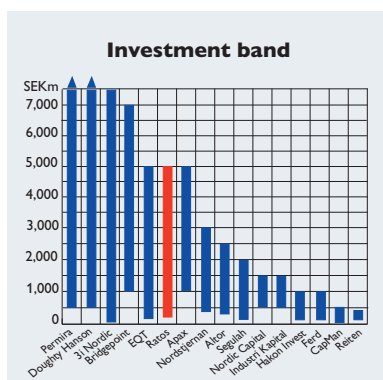
companies. Exit gains and cash flows from investments are re-invested in new companies or distributed to Ratos's shareholders. As a listed private equity company Ratos does not need to spend time and resources procuring capital for new funds. Ratos is not constrained by any maximum duration for its investments and can keep its holdings for as long as

this is financially optimal. Transparency is often greater in a listed company than in a fund. Furthermore, the investor has a liquid asset and can sell his shares, while an investment in a fund is normally locked up for the life of the fund. An advantage of funds is the fact that the fund is always fully invested while a company like Ratos can have liquidity that lacks the same opportunities for returns. Private equity funds also offer investors an opportunity to diversify away from the market risk always inherent in a listed share.

While funds are still the most common players in the market, interest in listed private equity companies has risen in recent years. A total of some 50 companies are listed in Europe.

Increased activity in other Nordic countries

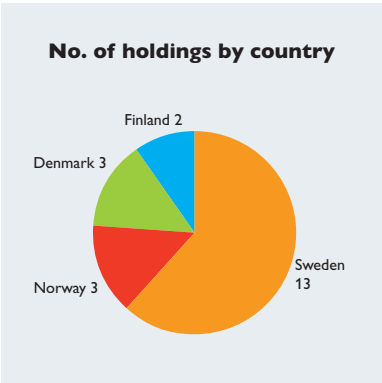
The Nordic region has been Ratos's home market since 1999. Between 1999 and 2003 the majority of investments were made in Sweden, but since 2003 investment activity in the other Nordic countries has increased. Between 1999 and 2007, ten acquisitions were made in Denmark, Norway and Finland.



Source: Swedish Private Equity & Venture Capital Association

The Nordic countries differ in several respects. These include corporate structure, sector distribution and business culture. Ratos's Nordic operations have therefore been adapted to the local conditions prevailing in each country.

Three criteria were set for Ratos's decision to increase investments in the other Nordic countries. These criteria related to market maturity, national competition and how well Ratos's profile fitted in.



In 2007, Ratos acquired five companies, one in Norway (HAG/RH/RBM), two in Denmark (AH Industries and Contex Holding) and two in Sweden (EuroMaint and MCC).

	Maturity level	National competition	Ratos's profile
Sweden	High	High	Very well
Norway	Low	Low	Very well
Denmark	Low	Medium	Very well
Finland	High	Medium	Very well

Source: Ratos

Maturity level: Relative and from a private equity perspective. Includes company structure, proportion of privately owned companies, size of companies, etc. Factors that can reflect Ratos's business opportunities. The lower the level of maturity the higher the number of business opportunities.

National competition: Number of national private equity players.

Ratos's profile: How suited Ratos is to do business in the country. How the Ratos brand is perceived.

Sweden

The Swedish private equity market is mature in an international perspective after several decades of high activity among both local and foreign private equity players. Ratos's first investment as a private equity company in Sweden was carried out in 1999 (buyout of Dahl). Ratos's industrial profile is well suited to the Swedish corporate and business culture and there are still many acquisition opportunities of the right size and structure for Ratos.

Norway

Ratos's first private equity investment in Norway was made in 2001 (Dynal Biotech). Norway was then an immature market in private equity terms with relatively few competitors and many companies with the right size and profile for Ratos. Business opportunities in Norway remain good and Ratos has a good deal flow since there are many conglomerates, family-owned companies and state-owned companies. In Norway, Ratos operates through a representative, Henning Øglænd,

and a broad network of selected people.

Denmark

Ratos made its first private equity investment in Denmark in 1999 (Superfos). In Denmark there is competition from other private equity players but it is still a relatively immature market. Ratos's profile fits in well because of Denmark's entrepreneurial tradition which is

based on a large number of conglomerates, family and foundation-owned companies. Ratos has a good flow of companies with aspects that Ratos finds attractive. Ratos is represented in Denmark through an Advisory Board, chaired by Peter Lechly, which functions as a network towards the Danish companies.

Finland

Finland is the country that is most like Sweden with regard to corporate structure. The private equity market is more mature and national private equity players have been far more active than in Norway and Denmark. Ratos's profile is also well-suited to the corporate structure in Finland. Ratos's first private equity investment in Finland was made in 2001 (GS-Hydro). Representation and structure are being built up in Finland in order to create opportunities for an even better deal flow.

Investment process

Ratos analyses about 200 companies every year. Of these, an average of three to five result in an acquisition. Such a large number of companies need to be examined in order to identify those that are expected to meet the required rate of return (IRR) of 20% and where Ratos has an opportunity to invest. Many of the companies identified drop out early in the process because they do not meet Ratos's investment criteria or for other reasons. There is no really "typical" process with a straight line from start to finish. Sometimes acquisitions take a few months, while others take longer and Ratos may have had contacts with the company for several years before an acquisition takes place.

Suggestions for potential acquisitions come from many sources. Part of Ratos's strategy is that a high portion of the deal flow must be self-generated. This may be the result of a

structured process where a specific sector or region has been mapped out, but it can also often be the result of curiosity. Since 1999 about 70% of the acquisitions carried out have been self-generated. Self-generated deals are those that are not pure auction processes and where Ratos normally acquires sole rights or is one of a small number of possible owners. Of the acquisitions carried out in 2007, 60% were self-generated.

Ratos makes sector-neutral investments in the Nordic region in companies with different conditions. Although never in companies that operate in the arms industry, pornography or are obviously detrimental to the environment.

Each acquisition is preceded by due diligence in order to reduce risk. This analysis includes several aspects such as legal, sector and business, environmental and CSR, as well as financial. The results from this examination form the basis of the investment decision made by Ratos's board.

When investing in unlisted companies there is often more information available than in listed ones. Ratos and the company's management also agree on a business plan before the final agreement is signed. If there are co-owners, there is also a detailed shareholder agreement that regulates relations between the parties. This creates better conditions for consensus regarding the investment which also reduces the risk.

What finally decides whether Ratos will invest is an assessment of whether an annual average return of 20% can be achieved.

Ratos as owner

Ratos has long and broad experience as an active owner. Ratos's approach to ownership is that it should be exercised professionally, actively and responsibly. This applies throughout the

entire holding period, from acquisition to exit. In addition to funding, a private equity investor can contribute with business development support, networks, and financial and strategic expertise. The level of involvement in the holdings differs between private equity investors, depending on the investor's own strategy and expertise as well as other factors.

Business development is always teamwork between the company's management, board and owner. Ratos plays an active role in the company's development process and functions as a sounding-board to the company's

management. When a new holding is acquired, clear financial and operational targets are set up. These are based on the business plan agreed between management and Ratos.

Ratos works in so-called holding teams and normally has the same holding team from acquisition to exit. Continuity and confidence between Ratos and management is significant for value

creation. Ratos is always represented on the holdings' boards via the person responsible for the holding. Depending on the size of the holding, Ratos can also appoint another or several other directors which may be other Ratos employees and/or, which is usual, people in Ratos's network with the relevant background.

An exit must also be made responsibly and taking the company's long-term development into account. Divestment of a holding should take place when the aims of the investment have been achieved and when Ratos's owner-

ship is no longer creating added value. Since Ratos, unlike many other private equity companies, is a limited company, there is no set holding period. The average holding period for the portfolio at the start of 2008 was just over five years and the oldest holding had been in the portfolio for twelve years.

Ratos as owner

- Long and broad experience as active owner

 - Professional, active and responsible
- Clear targets for every investment

 - Joint business plan
 - Incentive programme creates common interests
 - Responsible exits
- Clear and active exercise of ownership role

 - Same team works with companies from acquisition to exit

Ratos as a private equity company

- Listed

 - Liquid
 - Transparent
- Industrial focus
- Active ownership

 - Throughout holding period
- Owner for as long as Ratos creates value

 - No time limit
- Tailor-made investment organisation

Active ownership in practice

It is always difficult to describe in general terms what active ownership is and therefore the part Ratos plays in value creation in a holding. In order to make this clearer, an anonymous real example is provided below which is a simplified description of how ownership was exercised in a business development project.

When this project started in 2005 there were a number of factors that triggered a review of the company's business opportunities:

- The company had outperformed the targets in the business plan
- There were good opportunities for Ratos to sell the company
- There was a positive future scenario for the company – but this scenario was not confirmed
- Management's time was largely devoted to operational matters and long-term issues were given low priority

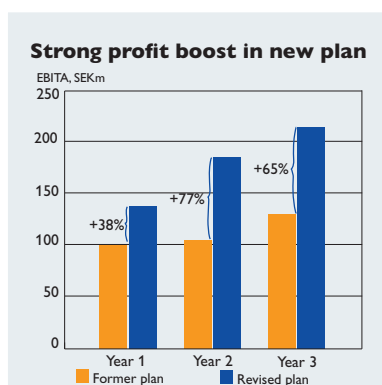
In a joint initiative by management, board and owner a project was put together. A steering group consisting of the CEO, Ratos and the chairman was responsible for carrying out the project. Internal resources at the company and Ratos were also included in the project as well as a number of local and specialised external consultants.

The aim of the project was:

1. To assess the future potential of the company
2. To set priorities for business development opportunities
3. To accelerate the business development process
4. To build structural capital in the company

Phase 1: Evaluation of growth opportunities

The company had many opportunities for continued growth in several directions: new segments, new geographic markets, new products, add-on acquisitions and an increased service content. The question was what was right for the company in the long-term. The project group identified seven prioritised growth areas which were analysed thoroughly in separate sub-projects. These analyses resulted in a growth plan and covered all the company's



geographic markets and segments.

Phase 2: Adjusting operations

Increased growth affects operations and organisation in terms of investment requirements and supplier development. There was therefore a major need to understand the effects of accelerated growth on capacity utilisation in pro-

duction in order to improve long-term planning and forecasts to subcontractors, identify the risk of bottlenecks and plan long-term investment. An additional project was carried out where Ratos assisted management to develop the long-term investment planning model.

Phase 3: New growth plan

An analysis was made of the company's historic and predicted future relation between the sales volume and cost items. This analysis was intended to provide a deeper understanding of the company's income and cost dynamics in order to assess margin and earnings development in a growth scenario.

An in-depth analysis was also made of the company's growth plan, cost structure and investment plan on the basis of different possible scenarios. Management and the company's board finally adopted a new financial plan for the company with higher sales targets and an increased gross margin. After the project, the company's financial targets were also raised significantly.

Ratos's role in the project

- To support the initiative
- To co-ordinate timetable and sub-projects
- Project management for sub-projects – resource for CEO
- To obtain answers to the board's and Ratos's critical questions.

Conclusions from the project

The new targets set up for the company have been exceeded and although this was facilitated by the economic situation, the targets for both profitability and sales could not have been achieved without the efforts described above. As a consequence of actions taken, Ratos decided to keep the company for a few more years.

Financial target exceeded – IRR +28%

Since its change of strategy in 1999, Ratos has exceeded its financial target of an average annual return of 20% on each individual investment by a wide margin. Viewed over a nine-year period the exit portfolio has generated an average annual return of 28%.

For a company operating within the private equity sector the divestment (or “exit” as it is called in the industry) is the definite proof of whether or not an investment has been successful. Basically the calculation for Ratos’s owners is relatively simple: the result of an investment comprises the selling price minus the acquisition price plus/minus any capital flows during the ownership period (add-on investments, dividends, refinancing, etc.). This simple calculation can then with the aid of a mathematical formula be re-stated as an average annual return, or IRR (internal rate of return) as it is known in the industry.

Over time the parent company’s income statement provides a good picture of Ratos’s performance. Since Ratos normally owns companies for several years, however, the parent company’s income statement is a relatively blunt instrument for continuous performance monitoring. The effects from company divestments appear here at long intervals and often with major one-time effects. For continuous monitoring, the consolidated income statement (complemented with all the information on the individual holdings Ratos provides in all its reports) can be more interesting since disclosures of subsidiaries and profit shares means that Ratos’s earnings are evened out to some extent between the years.

Ratos’s main financial target is that each individual investment should generate an average annual return (IRR) of at least 20%. In order to assess whether the company succeeds in achieving this target over time an analysis of the “exit portfolio” – the portfolio of companies that Ratos has actually sold and where the results of these investments are – is essential.

Present exit portfolio

What does Ratos’s exit portfolio look like today? During the just over nine years (1999–February 2008) Ratos has operated as a private equity company, 26 exits have been carried out. These 26 exits have together con-

tributed to Ratos’s cash flow with almost SEK 20 billion (in the same period acquisitions were made for over SEK 15 billion). So this is a robust final result in the sense that there are many individual deals and taken overall large amounts.

In total, Ratos’s exit portfolio has to date generated an IRR of over 28%. The exit portfolio has thus met the 20% return requirement by a wide margin. Naturally, this result contains both successful investments that met the goals set up when the investment was made, in 2007 for example Alimak Hek, and investments that must be summarised as less successful, in 2007 for example Bluegarden. However, the successful investments have compensated for the less successful ones by a wide margin.

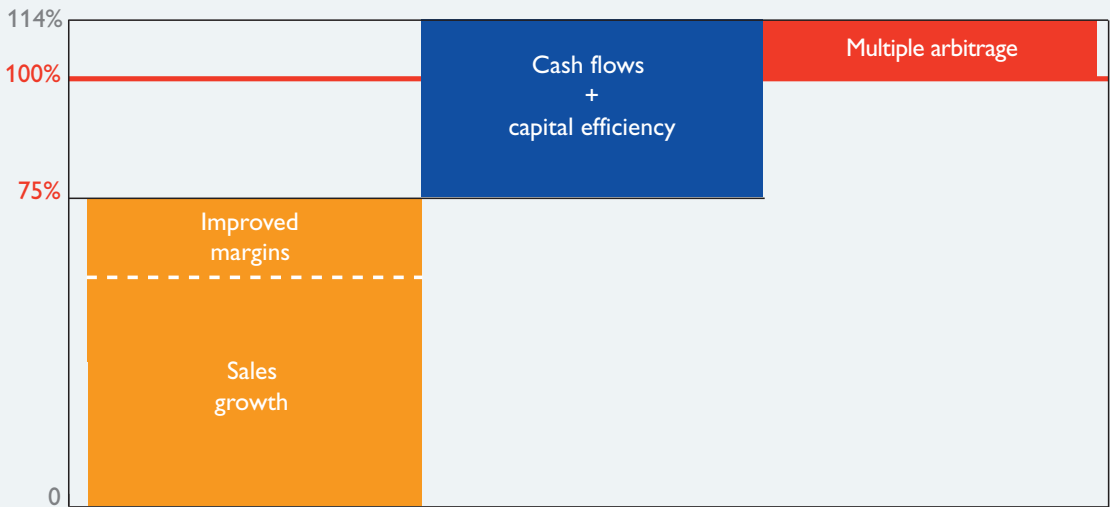
28% is also the gross figure that would be reported as a return if Ratos was a fund like most of our industry colleagues. In comparison with other private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure than most other companies in our niche. This means, all other things being equal, that a risk adjusted return improves the result for Ratos.

In addition it can be noted that Ratos has a total management cost which is approximately 1% of assets under management measured as market capitalisation. Most private equity funds have a combination of management fees and profit distribution that is clearly higher, so the difference in net return, all other things being equal, provides further improvements in Ratos’s favour.

The favourable return in the exit portfolio has mainly been created through active owner work focused on the companies’ industrial development. This differs from the standard picture of the industry’s value creation too often found in the media – i.e. that private equity companies buy companies cheaply, borrow too much money cheaply, starve the companies, dress up the bride for a sale and then sell at a premium. This standard picture evidently does not apply to Ratos but probably not to the industry as a whole either.

An analysis of value creation in the 26 companies today included in Ratos’s exit portfolio, reveals the following explanations

Average annual return, IRR +28% – how?



Industrial development +75%

Approximately 75% of value creation comes from the companies' internal, industrial development, i.e. efforts to increase sales and improve profitability. Sales growth has in its turn been created both through organic growth and acquisitions.

Financial effects +39%

Almost 40% of value creation comes from financial effects. Some of these effects, approximately half, can basically lead to an improved cash flow as a result of sales growth and improved margins. This is why approximately 90% of value creation is really explained by the internal, industrial development work in the companies. The remainder is explained by both traditional internal work with financial efficiency (inventories, accounts receivable, investment efficiency, taxes, etc.) and efforts to optimise the financial structures, which mean among other things that an acquisition is leveraged.

Multiple arbitrage -14%

The multiple arbitrage has consequently provided a negative contribution of 14%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

of how a 28% IRR was achieved (see illustration above).

Future exit portfolio

So what can be expected of the future development in the exit portfolio? At an overall level the following applies:

- Today there are some investments in the portfolio that will probably drag down the total return even if the investments themselves land up on the plus side. These investments are expected, however, to achieve a 20% annual return from today's market values.
- Many companies in the portfolio will meet the return requirement.
- Taken overall the assessment is that Ratos's exit portfolio in the years ahead as well will have generated a return that on aggregate exceeds 20%.
- Ratos's return target is naturally continuously reviewed by the Board which so far, however, has not seen any need to change it. Consequently, this means that all new investments made are expected to meet the return requirement.

Ratos vs. IFRS

Background

In Ratos's annual report for 2006 we provided an account of the many problems – specific to Ratos but also general for the market – that have resulted from IFRS (Ratos and the new accounting rules, pages 16-18). Unfortunately we find reason to continue the discussion of this subject this year as well. Further adjustments and changes for the worse are on their way in 2009, when implementation is planned for a number of new rules, including some with highly negative consequences for accounting viewed from an intellectual and reality-oriented perspective.

Let us begin, however, by reiterating something we stated last year, namely that Ratos's basic attitude in principle to accounts is well in agreement with what forms the basis of IFRS, namely that the accounts should provide information that is:

- relevant as a basis for the users' financial decision-making, and
- reliable, so that the financial reports
 - provide an accurate picture of the company's financial position, financial results and cash flows,
 - reflect *the financial significance* of transactions, other events and circumstances, and not merely their legal form,
 - are neutral, that is to say impartial,
 - are cautious, and
 - are complete in all essential respects.

The problem with the actual rules, as they have come to be formulated and interpreted, is that they do not fully succeed in meeting the requirement for clarity, reliability and intellectual consistency. Instead, many principles are devoted to creating theoretically perfect solutions that lack, however, any basis in reality which means that instead the principles make an interpretation of a company's development more difficult. This is further accentuated by the fact that several sections of the rules, despite a wealth of detail in some areas, suffer from uncertainties and an absence of guidelines and sometimes totally lack definitions.

Erroneous basic premises

There are numerous examples of areas where IFRS rules create problems for the companies preparing the accounts and, in particular, those seeking to interpret the companies' accounts. In the article in last year's annual

report we provided examples of some of these issues. Many of these problems, which will added to considerably with the changes coming in 2009 and which naturally must be debated separately, are however only symptoms of a more basic reason for IFRS's lack of basis in reality: a deeper analysis shows that the International Accounting Standards Board (IASB) has chosen to base the accounting on some new highly dubious basic premises. Application of these leads de facto to a direct conflict with the basic principle-based approach that IASB claims to have.

Balance sheet unsuitable starting-point

The first problem is that IFRS places the balance sheet in the centre for accounting.

It is of course a huge and difficult task to get the accounts to reflect reality. This applies to both income statements and cash flow statements, but undoubtedly even more to the balance sheet. If the balance sheet had reflected reality, the stock exchange's valuation of listed companies adjusted equity would not have been 200-500% over the last 15 years (at least). What this illustrates is that it is difficult, sometimes impossible, in balance sheet items to capture all the dimensions in a company that ultimately create sales and earnings.

Based on this it is hard to understand and accept that IFRS has reinstated the balance sheet as the starting-point for the accounts – particularly since we live in a world where users in reality for many decades have increasingly focused on income statement and cash flow metrics as a basis for their analyses. How many company deals have been carried out in the last ten years using the balance sheet as a basis for the valuation? How many analysts' or journalists' buy or sell recommendations are ultimately based on deliberations centred on balance sheet items? How many credit institutions have lent money to operating companies with the appearance of the balance sheet as their key parameter? It is possible that there are some, but not sufficiently many to make the fundamental change in accounting which has been carried out defensible. As things stand today, reality develops in one direction, accounting rules in another. Placing the income statement and cash flow statement in the centre is placing the church in the middle of the village, placing the balance sheet there is putting the "privy", i.e. residual items,

there instead. Of course, this does not mean that the balance sheet is uninteresting as part of the accounts and an analysis of them, but it does not defend its current central place in theory formation.

IASB has otherwise adopted recommendations which mean that in 2009 we will have one *or* two income statements. If a company chooses to only present one income statement, it will end up with earnings that include for example translation differences that arise at translation of the balance sheets of foreign subsidiaries. The traditional measurement of earnings per share, where the starting-point is profit after tax attributable to equity holders of the parent, will be placed somewhere in the middle if the alternative with two income statements is chosen. Difficult to interpret for those in the know, impossible to understand for the uninitiated.

Entity theory illogical logic

Another basic problem is that IFRS is largely based on the so-called entity theory. According to this theory the company is regarded as an independent entity which itself owns its resources. Owners are only financiers. The same applies to minority interests which are regarded as one of the owning financiers.

The theory on which consolidated accounts were based until now is owner theory. Consolidated accounts reflect the owners' interests and participations in the company. All assets and liabilities belong to the owners. Minority interests are regarded as external financiers.

Several IFRS rules, the logic of which is difficult to understand based on the intention that the accounts should reflect the economic significance of real events, become logical if viewed in the light of entity theory. One example of this is the changes in IFRS 3 and IAS 27.

When applying entity theory a decisive factor is when a parent acquires control over a subsidiary. On this date the *entire* entity (the subsidiary) is consolidated, i.e. including goodwill and other surplus values. According to the new IFRS 3 rules companies may choose between remeasuring 100% of goodwill or owned share (where the latter is *de facto* a deviation from entity theory). Strange effects then arise in the event of successive acquisitions. If ownership increases from 49% to 51%

and the magical control line is passed, the entire entity is regarded as acquired on that date. The company is re-valued and the effect of this remeasurement passes the income statement. Remeasurement can then comprise 100% or 51% or goodwill. No external "new" money accrues to group, but a profit is still presented. This means that acquisition of say 2% can have a major impact on earnings.

On the other hand, if ownership decreases from 100% to 51%, a capital gain or loss does *not* arise. The entity is then regarded as still controlled by the parent and the transaction is only regarded as a transaction between owners. Despite the fact that in this case a change in value is realised and new, external, "new" money accrues to the group, the transaction is only reported as a transfer between balance sheet items.

IASB has turned reality upside down. An acquisition can have major effects on earnings, while a significant *external* sale of a subsidiary does not pass the income statement at all.

Unfortunately, the fact that some rules become logical if the entity theory is applied does not mean that the theory is relevant *per se*. It is probably possible to build a theory on the universe that is based on the earth being at the centre of the universe – but that would firstly not make the theory correct and secondly lead to a number of peculiarities when applied. This is exactly the shortcoming from which the entity theory suffers.

Cookbook vs. principle-based solutions

A third basic fault with IFRS is that the new rules focus on detail in a totally different way than previous Swedish rules based more on principles. The reason for this is in itself well-meaning, namely the aim to harmonise accounting rules internationally. Unfortunately, this aim has had two consequences that have worsened Swedish accounting standards:

- IFRS has approached the highly rigid and today clearly partially harmful American system ("US GAAP")
- in the work with IFRS the aim has not been to set the bar as high as possible but to find the lowest common denominator (or compromise) across different countries, standards and accounting cultures. This

has certainly led to a higher level for countries which previously had a low standard of accounting while countries that started as world-class (such as Sweden) experienced a deterioration.

For this reason, as a leading Swedish auditor put it in conversation with a representative of Ratos, it is important that “we... actively fight to retain/recreate the principle-based accounting system in order to avoid a ‘cookbook solution’ with masses of detailed rules”.

More on the way

The development of rules and principles for accounting is a difficult but necessary process that must be ongoing. As with most scientific areas it is, however, extremely seldom that major, revolutionary changes are a good thing, especially if they are based on causes that fall outside the real question (read: (a few) business scandals that actually were not due to inadequate accounting rules). There is then a great risk that you throw out the baby with the bathwater and forget that it was usually a long, painstaking and careful process – and therefore not just chance – that led to the rules/principles you are trying to improve. In the field of accounting, however, we have through IFRS unfortunately experienced such a quantum leap that it is to be feared that in a number of years we will experience a backlash when the negative consequences of so many new and untried principles emerge. This development is not based on established, practice-based experience but on a chosen specific theoretical starting-point.

Unfortunately, this is not the end, with more changes on the way in a few years. Major and to some extent revolutionary changes are coming in 2009. Even leaving aside the question of the extent to whether or not these new rules represent a worsening of the situation, they mean masses of extra work for companies’ accounts departments, extra work where it is often difficult to see what good it does and for whom. New rules not only affect the accounts in real-time but also involve a lot of work in creating comparable accounts for previous years.

It is easy to sympathise with the CFO of a Swedish listed company who resignedly spoke of “this unchecked rule writing frenzy”.

Don Quixote Ratos

Given Ratos’s view of the development of accounting, how can we influence this?

Unfortunately, for obvious reasons, this is a task of Sisyphean proportions. Fighting a rule creation system, as well as a de facto well-meaning one, which operates at European and global levels and which has now succeeded in compromising itself into something that has become generally accepted – is like fighting windmills. Even so, this discussion and, where necessary, fight must be pursued. Ultimately, as far as we are concerned this is all about being able to provide Ratos’s shareholders with relevant, accurate and true and fair information.

Two keys can be mentioned in this context:

- Leading Swedish accountants must regain initiative and power in contexts where they ultimately bear responsibility (see also CEO’s comments pages 10-11) and make their voices heard more in this debate. We at Ratos have in recent years on numerous occasions been surprised by the large number of auditors with whom we have discussed these issues who actually share our opinion – obviously not in every detail but at an overall, principle level. In this context, auditors can express an opinion without being suspected of having a hidden agenda unlike us in the corporate world who naturally can always be accused, even without cause, of having dubious motives.
- Swedish companies must take clearer initiatives both for changing existing bad rules but also to influence development with regard to principles as well as details. The major problem here of course is resources. We do not need to look beyond ourselves to note that running Ratos leaves very little time over for the extensive work required to influence the development of international rules.

So – windmills or no windmills, this discussion must continue. Ultimately this issue is actually about the way the Swedish capital market functions, something which in an undesirable way is illustrated by the outflow of companies from the US stock exchange, largely as a consequence of the 21st century’s “unchecked rule writing frenzy”.

Ratos and the turbulence in the financial market

Following several years of euphoria, the financial markets in 2007 were marked by turbulence and at times chaos. The background can briefly be said to be the fact that the emergence of new, often complicated and difficult to analyse, financial instruments combined with gradually easing financial standards created conditions for higher mortgage levels and syndicated markets. A remarkably large part of these new phenomena could, in addition, be kept outside the financial institutions' balance sheets which – combined with the consequences of new ways of packaging these instruments, dubious assessment of the package on the part of the rating institutes, etc. – meant that a significant part of a global market's collected credit risks fell outside the regulated and controlled systems.

Blaming this course of events on the players who are involved would, however, be like shooting the messenger. These players were merely a symptom of an underlying real economic (and basically positive) cause.

Increased access to capital

There are many reasons for the fantastic economic growth of recent years. One dramatic consequence of what has happened can, however, be illustrated by the diagram on the right which shows that since the start of the 1980s we have experienced a situation where our real disposable incomes have increased while the price of the goods we consume has fallen. The difference is an expression of the increased prosperity we have experienced but also for the fact that it “created” money – money that must go somewhere. That somewhere has largely been financial investments, property, homes, etc.

The problems this surplus liquidity then created are mainly classical. The financial system borrows short-term (when we deposit money in the bank we want to be able to take it out the next day if we need to) and invests long-term (when the bank lends money it is for homes, investments in machinery, etc.). This creates an asymmetry which it is not easy to

handle but which over time is normally taken care of by the financial market's various rules.

Crisis of confidence

Historically, as far as we know, there is no example of an unregulated financial system that has not gone off the rails or crashed. In recent years there have been increasingly large financial flows alongside the regulated system – something that has made a strong contribution to events getting out of control. In addition, the fact that, there is a natural inherent imbalance which encourages even banks and other regulated players to tend to take risks that are slightly too big has naturally not improved the situation.

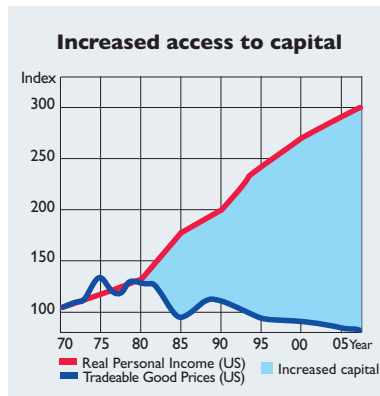
So lack of control is a main reason today's problems are so difficult to analyse and put right. When someone pulled the emergency brake and the financial train slowed down there was literally no one, not even any central banks, who had control over the situation. Neither do we know the facts today, which in turn creates uncertainty and forms the basis of the crisis of confidence that results in even healthy institutions experiencing difficulty with financing.

There was an interesting week in autumn 2007 when Ratos visited two major Nordic banks. Both banks are, as far as we can judge, in good shape and both banks also claim this to be the case. Neither of them, however, dared to lend money to the other since they did not know if there were any skeletons in the cupboard.

It is this crisis of confidence that has made the central banks go into the market with huge sums in order to safeguard the financial system. The central banks have done this with praiseworthy speed and efficiency.

Limited impact on Ratos

The description above could possibly lead people to believe that the situation is equally negative throughout the financial system. This is not the case, however, which can be illustrated with the aid of the table on the next page.



Source: BCA Research and Ratos

In its borrowing portfolio Ratos only has so-called senior debt (where senior A loans can be equated with the first mortgage when buying a house), a part of the loan market that is affected very little, if at all, by the problems. On the other hand, for those who have been active in the market for high risk loans (such as mezzanine loans), the situation over the past six months has probably been considerably tougher.

Ratos has had paragraphs in its loan agreements that prevent the loans from being syndicated, i.e. sold out in small tranches to different players, and has therefore not been affected by the collapse in the syndicated loan market.

This strategy has meant that Ratos today only has Nordic banks as lenders. The Nordic banks primarily work as relationship banks unlike many non-Nordic financial players which operate as arranger banks, i.e. arrange loans but then only keep a few percent of the loan in their own portfolio and sell the rest in the syndicated market.

Since the Nordic banks are among those least affected by the turbulence, Ratos has so far only been marginally affected by the situation that has arisen regardless of whether we are talking about the existing portfolio holdings or new investment opportunities.

It is worth noting that Ratos’s financial strategy means that we normally are unleveraged at parent company level something which, except in a few individual months, we have been throughout the 2000s. Any borrowing is in the operating companies in the portfolio, the companies that also generate the cash flow which can pay interest and amortisation on the loans.

Borrowing conditions have changed significantly during the year		
Facility	June 2007 Multiple Net debt/ EBITDA	Dec 2007 Multiple Net Debt/ EBITDA
A	3-4x	1.2-1.5x
B	4-5x	1.2-3.0x
C	5-6x	3.0-4.5x
Second lien	6-7x	—
Mezzanine, etc	6-11x	3.0-6.0x

Banks are considerably more restrictive when granting credit today and lending multiples have fallen sharply. Ratos has a conservative financial strategy and has seldom leveraged deals above levels that are still possible today. What separates the A, B and C facilities is the term to maturity of the loans. Where A has the shortest maturity.

the figure of 1 billion euros is often mentioned as an invisible limit. It is also important to note that borrowing opportunities in total terms have shrunk considerably. The table above compares borrowing conditions today with the situation just over six months ago. However, this has only had a marginal impact on Ratos, which with its conservative financial

Credit market tomorrow

How does the situation look today and what will happen in the future?

At present, the unease appears to have abated to some extent and activity is slowly rising again. Obviously this does not mean that all is well – many financial players are probably still facing major difficulties. Really large loans can in principle no longer be arranged. Here

strategy has seldom leveraged deals above the levels that are still possible today. Ratos’s average borrowing level, see table on the left, leaves margins available if times get tougher.

The situation therefore remains stable for Ratos and many other companies.

How the present situation will finally resolve itself, no one knows today. There are genuine risks of a

Net Debt/EBITDA*		
	June 2007	Dec 2007
Stock exchange	1.0x	1.1x
Ratos	3.0x	2.8x
Private equity, average	7.0-8.0x	5.5-6.5x

* EBITDA – Profit before depreciation and impairment.

Source: Ratos

really negative trend although the probability of such a scenario is low. The decisive factor will be macroeconomic development, related unemployment trends and actions by the central banks (where the misdirected concern about inflation is cause for concern – one of the greatest risks today is that the central banks cut interest rates too late and/or too little).

Our working hypotheses at the time of writing is that after one or a few turbulent quarters, we will have left the worst problems behind us and that a new equilibrium, with more normalised conditions, will then be established.

Tradition of active community involvement

Ratos and the Söderberg family, the founders of the original Ratos company Söderberg & Haak, have played an active role in the community in which they operate throughout the company's long history. At the beginning of the 20th century, Olof A Söderberg together with the Wallenberg family initiated the foundation of the Stockholm School of Economics and thus helped to ensure educational programmes that would support a business community in Sweden. Olof A Söderberg was also one of the driving forces in securing pensions for salaried employees through the foundation of what was later to become SPP. Ragnar Söderberg as CEO of Söderberg & Haak was one of the first to offer his employees social benefits such as free dental and medical care and a so-called "child allowance". The founders' involvement in and care for the community in which they worked is a key component of Ratos's corporate culture. The Ratos of today has therefore adapted its social involvement to reflect this long tradition of active community involvement in a manner that fits in with today's expectations on the company from owners, employees and other stakeholders.

Torsten and Ragnar Söderberg foundations

In 1960 the two brothers Torsten and Ragnar Söderberg, then the largest owners of Ratos, each formed a foundation to which 40,000 Ratos shares were donated. The purpose of these foundations was to "promote scientific research and scientific education and studies of benefit to the country, whereby the main focus should be on economics, medicine and law". Since 1960, the Söderberg foundations have distributed more than SEK 1 billion in today's money for different purposes such as professorships, academic theses, research projects, field studies, scientific equipment and rewards for outstanding achievements. The largest recipients of grants



Olof A Söderberg

since the start have been the Stockholm School of Economics, the Karolinska Institutet, and the universities of Uppsala, Lund and Gothenburg. The Söderberg foundations, which are today one of Sweden's biggest non-government providers of grants within its fields, allocated approximately SEK 200m in 2007.

Continued active community involvement

Ratos does not have its own production and sells neither products nor services. For this reason the Board has decided that Ratos should not be involved in outgoing and visible sponsoring. Instead, the company has chosen to work in a structured manner with a highly restricted number of projects in the form of membership of associations, research support, grants and gifts. The focus of this sponsorship is to support associations and research that are linked to Ratos's business activities or where Ratos has an historic and well-motivated involvement. In addition, the provision of grants and gifts continues the tradition of Ratos and the active role its founders played in society. The priority with regard to grants and gifts is given to project partners which like Ratos operate in the Nordic region and to projects that primarily focus on children and young people.



Torsten and Ragnar Söderberg

Selected targeted projects

Concentrating Ratos's efforts to a few selected, targeted projects, ensures that the funds provided have the greatest possible effect. In this way, and in the choice of focus, the aim is to involve employees and other Ratos stakeholders in the projects the company supports. At the same time, this allows close co-operation with each organisation which ensures that the funds provided are used in a responsible and agreed manner.

Stockholm’s City Mission

As a project partner to Stockholm’s City Mission, since 2004 Ratos has supported the house Klaragården, which is situated next to Klara church in Stockholm. Klaragården is a refuge for vulnerable women in the Stockholm area which they can visit daily for a meal, a shower and a bed for the night. For many vulnerable women Klaragården is the only security in their lives where they can also feel part of a community in a warm and cosy environment.

S:ta Clara Grannar

Since 2004, together with the association S:ta Clara Grannar (St. Clara Neighbours) Ratos has supported activities for young people. These activities have succeeded in offering an alternative meeting place and a contact network outside the so-called “Plattan” in Sergels Torg in the centre of Stockholm – a place characterised to some extent by addiction and criminality.

Norwegian Save the Children WHISPER

Ratos is a principal sponsor since the start in 2006 of the Save the Children Norway’s WHISPER project. The project’s aim is to prevent exploitation of children and to combat trading in children in Norway.

Mentor

Ratos is a corporate partner of Mentor Sweden, which is a sibling of the international Mentor Foundation based in Geneva, Switzerland. The aim is to support and work with drug addiction prevention activities among children and young people. This is done through a mentorship programme for young people and through



Klaragården is a refuge for vulnerable women in the Stockholm area



Save the Children Norway’s WHISPER project aims to prevent exploitation of children.



Mentor Sweden’s aim is to support and work with drug addiction prevention activities among children and young people.

support to parents via a parenting programme that offers courses and seminars to spread knowledge and awareness.

Stockholm School of Economics

Ratos is one of 22 so-called Capital Partners that support the Stockholm School of Economics. Funds from the partners are invested in four areas within the framework of research activities at the School.

Other projects and membership of associations

Under the auspices of Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to the Group’s activities. Ratos is represented on the board of SNS, the Stockholm Chamber of Commerce Tax Committee and Business Policy Council and the Tax Delegation for Swedish Business and Commerce.

Social responsibility in investment operations

Ratos subscribes to the UN’s Declaration of Human Rights, the UN Convention on the Rights of the Child, and the ILO’s eight core conventions. Against this background, Ratos’s board has adopted a code of social

conduct. The code includes a description of how potential holdings should be examined with regard to human rights and how Ratos as an owner should relate to issues concerning human rights in the holdings and their supplier chains.

Business organisation

Anna Ahlberg

Investment Manager.

Born 1970. MSc Econ.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance
2000-2001. PricewaterhouseCoopers
Corporate Finance 1994, 1996-2000.

Shares in Ratos: 0

Options in Ratos: 5,000 call options/2003
10,000 call options/2004
6,000 call options/2007

Jan Pomoell

Investment Manager.

Born 1976. MSc Econ.
Employed at Ratos since 2007.
Tamro Corporation 2002-2007.
The Boston Consulting Group 2000-2002.

Shares in Ratos: 0

Options in Ratos: 0

Arne Karlsson

CEO.

Responsible for the holding Camfil.
Born 1958. MSc Econ.
Employed by Ratos since 1999.
President of Atle Mergers & Acquisitions
1996-1998. Chief Analyst and member of
Atle's Management Group 1993-1998.
President of Hartwig Invest 1988-1993.
Financial Analyst, Aktiv Placering 1982-1988.

Shares in Ratos: 85,600 B shares

Options in Ratos: 100,000 call options/2003
115,000 call options/2006
100,000 call options/2007

Johan Pernvi

Investment Manager.

Born 1978. MSc Econ.
Employed at Ratos since 2006.
Bain & Co 2003-2005.

Shares in Ratos: 0

Options in Ratos: 6,000 call options/2006
8,000 call options/2007

Magdalena Aniansson

Senior Investment Manager.

Responsible for the holding GS-Hydro.

Born 1967. MSc Econ.
Employed at Ratos since 2004.
Accenture 1992-2004.

Shares in Ratos: 4,000 B shares

Options in Ratos: 20,000 call options/2005
20,000 call options/2006
30,000 call options/2007



Anna Ahlberg

Jan Pomoell

Arne Karlsson

Johan Pernvi

Magdalena Aniansson



Michael Arvidsson

Stig Karlsson

Kristina Patek

Thomas Mossberg

Michael Arvidsson

Investment Manager.

Born 1979. MSc Econ.
Employed at Ratos since 2006.
Lazard 2004-2006.

Shares in Ratos: 0

Options in Ratos: 3,000 call options/2006
5,000 call options/2007

Stig Karlsson

Investment Director. (Industrial Advisor
with effect from January 2008.)

Responsible for the holdings DIAB, Haendig,
Haglöfs, HL Display, Hägglunds Drives and
Lindab.

Born 1952. MSc Econ.
Employed by Ratos since 2001.
CEO Atle Tjänst & Handel 1996-2000.
CEO FylkInvest 1994-1996.
Skrinet Group 1984-1993.

Shares in Ratos: 153,850 B shares

Options in Ratos: 50,000 call options/2006
50,000 call options/2007

Kristina Patek

Investment Manager.

Born 1969. MSc Econ.
Employed by Ratos since 2001.
CEO Cell Innovation 2000-2001. Cell
Strategy 1999-2000. Andersen Consulting
1995-1999. Lagerkvist & Partners 1994-1995.

Shares in Ratos: 0

Options in Ratos: 7,500 call options/2003
1,000 call options/2004
10,000 call options/2007

Thomas Mossberg

Executive Vice President, Investment Director.

Responsible for Superfos and the other
holdings Atle Industri, Overseas Telecom and
Ratos's investments in Industri Kapital.

Born 1946. Doctor of Economics.
Employed by Ratos since 1977, Executive
Vice President since 1988. Chief Financial
Officer, Ratos 1981-1988, Controller, Ratos
1977-1981. Teacher and research graduate at
the Stockholm School of Economics and IFL
1970-1977.

Shares in Ratos: 400 A shares
76,200 B shares

Options in Ratos: 27,000 call options/2003
50,000 call options/2006
50,000 call options/2007



Berit Lind Bo Jungner Hans Ekelund Robin Molvin Kerstin Svanqvist



Cecilia Lundberg Henrik Blomé Carina Strid Leif Johansson Emma Rheborg

Cecilia Lundberg

Investment Manager.

Born 1978. MSc Econ.

Employed by Ratos since 2006.

Alfred Berg Corporate Finance 2003-2006.

Shares in Ratos: 0

Options in Ratos: 6,000 call options/2006

7,000 call options/2007

Henrik Blomé

Senior Investment Manager.

Responsible for the holding MCC.

Born 1974. MSc Econ.

Employed at Ratos since 2001.

Bain & Co. 1998-2001.

Shares in Ratos: 0

Options in Ratos: 10,000 call options/2003

5,000 call options/2004

12,000 call options/2007

Carina Strid

Accounts Development Manager.

(CFO with effect from 1 March 2008.)

Born 1968. MSc Econ.

Employed by Ratos since 2002.

Consultant on qualified accounting issues at KPMG 1997-2002.

Economist Pharmacia Upjohn 1988-1996.

Shares in Ratos: 200 B shares

Options in Ratos: 4,000 call options/2005

Leif Johansson

Investment Director.

Responsible for the holdings Arcus Gruppen, Contex Holding, Inwido and Medifiq Healthcare.

Born 1949. Combined engineering and business degree.

Joined Ratos 2004.

CEO LB-Invest 1985-1993.

Own consulting company 1994-2004.

Executive positions within Procuritas KB 1989-2004.

Shares in Ratos: 13,100 B shares

Options in Ratos: 50,000 call options/2005

70,000 call options/2006

50,000 call options/2007

Emma Rheborg

Investor Relations Manager.

Born 1972. MSc Econ.

Employed by Ratos since 2007.

JKL 2001-2007.

Hagströmer & Qviberg 1997-2000.

Shares in Ratos: 500 B shares

Options in Ratos: 0

Berit Lind

Investment Manager.

Born 1961. MSc Econ.

Employed by Ratos since 2000.

E. Öhman J:or 1994-1996. Öhman Corporate

Finance 1987-1994.

Own business 1996-2000.

Shares in Ratos: 0

Options in Ratos: 10,000 call options/2003

10,000 call options/2004

Bo Jungner

Investment Director.

Responsible for the holding Bisnode.

Born 1960. MSc Econ.

Employed by Ratos since 1998.

Brunner & Partners 1996-1998. SEB/

Enskilda 1983-1996.

Shares in Ratos: 206,640 B shares

Options in Ratos: 50,000 call options/2006

50,000 call options/2007

Hans Ekelund

Chief Financial Officer.

Born 1948. MSc Econ.

Employed by Ratos since 1992.

President, Executive Vice President and CFO

of Sea-Link 1987-1991. Control and finance

positions in the process, engineering and

construction industry 1973-1986.

Shares in Ratos: 18,436 B shares

Options in Ratos: 16,000 call options/2006

18,000 call options/2007

Robin Molvin

Senior Investment Manager.

Responsible for the holding AH Industries and the other holding BTJ Group.

Born 1972. MSc Econ.

Employed at Ratos since 2006.

Nordstjernen 1999-2005.

Alfred Berg 1997-1999.

Shares in Ratos: 0

Options in Ratos: 20,000 call options/2006

15,000 call options/2007

Kerstin Svanqvist

Accounts Manager.

Born 1947. BSc Econ.

Employed by Ratos since 2002.

Group Controller Scandic Hotels 1998-

2001. Accounts positions Ratos 1991-1997.

CEFA 1997, Stockholm School of Economics

Executive Education Program.

Senior accounting positions within

Lantmännen organisation and LKAB Group

1973-1990.

Shares in Ratos: 1,920 B shares

Options in Ratos: 4,000 call options/2007

Barbro Wallin

Financial Structures.
Born 1944. BSc Econ.
Joined Ratos 2003.
Nordea 1993-2002. SEB 1961-1993.
Own consulting company since 2002.

Shares in Ratos: 6,000 B shares
Options in Ratos: 15,000 call options/2006
20,000 call options/2007

Henrik Joelsson

Senior Investment Manager.

Responsible for the holdings Anticimex and EuroMaint.

Born 1969. MSc Econ. and MBA.
Employed by Ratos since 2004.
Bain & Company 1995-2003.

Shares in Ratos: 0
Options in Ratos: 15,000 call options/2004
15,000 call options/2005
18,000 call options/2006

Per Frankling

Senior Investment Manager.

Responsible for the holding Jøtul.

Born 1971. MSc Econ. MSc Eng.
Employed by Ratos since 2000.
McKinsey & Company 1999-2000.
Arkwright 1996-1999.

Shares in Ratos: 0
Options in Ratos: 5,000 call options/2003
10,000 call options/2006
15,000 call options/2007

Henrik Lundh

Investment Manager.

Born 1972. MSc. Econ.
Employed by Ratos since 2007.
Keystone Advisers 2000-2007.
UBS Warburg 1998-2000.

Shares in Ratos: 0
Options in Ratos: 15,000 call options/2007

Susanna Campbell

Senior Investment Manager.

Born 1973. MSc Econ.
Employed by Ratos since 2003.
McKinsey & Company 2000-2003.
Alfred Berg Corporate Finance 1996-2000.

Shares in Ratos: 4,300 B shares
Options in Ratos: 10,000 call options/2004
10,000 call options/2005



Barbro Wallin Henrik Joelsson Per Frankling Henrik Lundh Susanna Campbell



Thomas Hofvenstam Jenny Askfelt Ruud Johan Pålsson Clara Bolinder-Lundberg Jonathan Wallis

Thomas Hofvenstam

Senior Investment Manager.

Responsible for the holding HÅG/RH/RBM.

Born 1969. MSc Econ.
Employed by Ratos since 2001.
Booz Allen Hamilton 1996-2001.
Arla 1995-1996.
Enskilda Strategy 1994-1995.

Shares in Ratos: 0
Options in Ratos: 13,000 call options/2003
5,000 call options/2004
15,000 call options/2007

Jenny Askfelt Ruud

Investment Manager.

Born 1973. MSc Econ.
Employed by Ratos since 2007.
McKinsey & Company 2001-2007.
Arts Alliance 2000-2001.
Morgan Stanley 1998-2000.

Shares in Ratos: 0
Options in Ratos: 8,000 call options/2007

Johan Pålsson

Investment Manager.

Born 1979. MSc Econ.
Employed by Ratos since 2007.
Arthur D. Little 2004-2007.

Shares in Ratos: 0
Options in Ratos: 1,000 call options/2007

Clara Bolinder-Lundberg

Head of Corporate Communications.

Born 1958. MSc Econ.
Employed by Ratos since 2001.
Project Manager Askus and Intellecta 1995-1998. Head of Corporate Communications, Bankstödskommittén 1994-1995. Hägglöf & Ponsbach 1988-1992. Handelsbanken 1983-1988.

Shares in Ratos: 94,000 B shares
Options in Ratos: 20,000 call options/2004
15,000 call options/2007

Jonathan Wallis

Investment Manager.

Born 1974. MSc Econ.
Employed by Ratos since 2007.
Bain & Company 2000-2007.

Shares in Ratos: 0
Options in Ratos: 14,000 call options/2007

Corporate governance report 2007

Ratos AB (publ), company registration number 556008-3585, shall according to the Articles of Association acquire, manage and sell real property and chattels and conduct other activities compatible therewith. Within the framework of the company's tax status and its operations as described in the Articles of Association, the company's Board has decided that Ratos shall conduct private equity operations. The company has approximately 36,000 shareholders, the majority of whom own less than 500 shares. The company's A shares carry entitlement to 1 vote per share while B shares carry entitlement to 0.1 votes per share. Ratos's largest owner is the Torsten and Ragnar Söderberg foundations.

Swedish Code of Corporate Governance

Ratos, Ratos's Board and Ratos's Nomination Committee apply the Swedish Code of Corporate Governance (the Code). The corporate governance report states how the Code is applied. The company has not deviated from the rules in the Code. The corporate governance report has not been reviewed by the company's auditors. Neither have the auditors reviewed the section "Organisation of internal control".

Nomination Committee

The 2007 Annual General Meeting resolved that the company's Chairman in consultation with the company's major shareholders should appoint a nomination committee ahead of the 2008 Annual General Meeting. According to the Annual General Meeting decision, the Nomination Committee shall comprise a minimum of four members, one of whom is the company Chairman. If an already appointed member resigns from the Nomination Com-

mittee, the company's major shareholders shall appoint a replacement following consultation. The Nomination Committee is entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment. On the other hand, the members of the Nomination Committee do not receive any remuneration from the company.

The duties of the Nomination Committee are as follows:

- To evaluate the composition and work of the Board
- To prepare a proposal to the Annual General Meeting regarding election of the Board and the Chairman of the Board
- To prepare a proposal, in co-operation with the company's Audit Committee, to the Annual General Meeting regarding election of auditors when appropriate
- To prepare a proposal to the Annual General Meeting regarding fees to the Board and auditors
- To prepare a proposal to the Annual General Meeting regarding a chairman for the meeting.

The composition of the Nomination Committee was announced on 5 October 2007. The Nomination Committee met three times ahead of the 2008 Annual General Meeting.

Board of Directors

According to the Articles of Association Ratos's Board shall comprise a minimum of four and a maximum of nine members with a maximum

Nomination Committee

Member	Represents	Board member/not a Board member
Sarah McPhee, Chairman	AMF Pension	Not a member
Annika Andersson	AP4	Not a member
Olof Stenhammar	Chairman of the Board	Board member
Jan Söderberg	Own and related parties' holdings	Board member
Per-Olof Söderberg	Own and related parties' holdings	Board member
Maria Söderberg	Torsten Söderberg foundation	Not a member

of three deputies. At the 2007 Annual General Meeting the present board was elected which comprises eight members with no deputies. The Meeting appointed Olof Stenhammar as Chairman of the Board.

The Board has appointed two committees from among its members – the Compensation Committee and the Audit Committee, which are described below. The Annual General Meeting decided that remuneration should be paid to Board members of SEK 400,000 per member and year (although not to Ratos’s CEO) while remuneration to the Chairman of Board should amount to SEK 800,000 per year. For attendance as members of committees it was decided to pay an additional SEK 30,000 per year and committee while remuneration to committee chairmen was decided at SEK 50,000 per year and committee. All Board members are presented in more detail on pages 38-39 of this annual report.

Among the Board’s eight members, two have a non-independent relationship to one of the company’s major shareholders (in each case the persons themselves) and two Board members are non-independent of the company and its management.

The work of the Board and formal work plan
The annually adopted formal work plan for the Board includes instructions for the company’s CEO, decision-making procedures within the company, board meeting procedures, assignment of tasks, the duties of the Chairman and the provision of information between the company and the Board.

The decision-making procedures for the company’s Board and CEO relating to invest-

ment activities stipulate that all acquisitions of, and add-on investments in, companies that are to be included among Ratos’s holdings must be submitted to the Board for decision. This also applies to divestments, wholly or partly, of a holding. The Board is kept informed on an ongoing basis about the development of operations through a regular CEO’s letter. Information material and material on which decisions are to be made at board meetings are normally sent out one to two weeks prior to each meeting. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results, and forecasts for the coming year are presented. These evaluations are presented to the Board by the Investment Director or Senior Investment Manager concerned.

The Chairman of the Board ensures that an annual evaluation is carried out of the work of the Board where members are given an opportunity to express their opinions on working methods, Board material, their own and other members’ work and the scope of the assignment. The work of the Board was assessed as functioning very well and all Board members were considered to have made a constructive contribution to both strategic discussions and the governance of the company. The dialogue between the Board and management was also perceived as good.

During 2007, 14 minuted board meetings were held. The minutes were taken by the Secretary to the Board who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB.

Board of Directors							
Member	No. of meetings attended			Remuneration, 2007, SEK	Elected	Position in relation to	
	Board	Compensation Committee	Audit Committee			Company	Major shareholders
Olof Stenhammar	14	8	5	900,000	1994	non-independent	independent
Lars Berg	13		5	430,000	2000	independent	independent
Staffan Bohman	14		5	430,000	2005	independent	independent
Göran Grosskopf	13		5	430,000	1996	independent	independent
Arne Karlsson	14				1999	non-independent	independent
Annette Sadolin ^{*)}	8		3	430,000	2007	independent	independent
Jan Söderberg	14	8	5	460,000	2000	independent	non-independent
Per-Olof Söderberg	12	8	5	460,000	2000	independent	non-independent

^{*)} Elected to Ratos’s Board in April 2007.

Compensation Committee

The company's Compensation Committee is appointed by the Board. Committee members in 2007 were Olof Stenhammar (Chairman), Jan Söderberg and Per-Olof Söderberg.

The Compensation Committee prepares and presents proposals for decision by the RatOS Board regarding:

- The CEO's terms of employment
- Terms for employees directly subordinate to the CEO according to "the grandfather principle"
- Matters of principle concerning pensions, severance pay, fees and benefits, etc.
- Matters relating to RatOS's compensation system

The Compensation Committee held eight minuted meetings during the year where the minutes were taken by the company's CEO, Arne Karlsson.

Compensation system

The guidelines for compensation and incentive systems for key people as set out below were approved by the 2007 Annual General Meeting. The following guidelines were applied throughout 2007.

The incentive system for the company's business organisation is of major strategic importance for RatOS. Against this background a compensation and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises three components – basic salary, variable salary and options – and rests on five basic principles.

- RatOS's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain within RatOS.
- Both individual effort and the Group's performance must be linked to clear targets set by the Board.
- The variable compensation that is paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's capital.
- Each year the Board sets a limit for the total variable compensation. This means that the variable compensation component can only amount at maximum to a couple of per cent of the company's profit before tax.
- Key people at RatOS shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced options programmes where employees can gain from price rises as well as taking a personal risk by paying a market price for the options.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned. With regard to the costs for proposed option programmes, refer to the Board's proposal (ahead

Terms for call options outstanding at 31 December 2007

Maturity	Price/option, SEK	Entitlement to purchase no. shares	Exercise price, SEK	Outstanding no. of options	Corresponding no. of shares
2003 – 28 March 2008	7.2	2.15	54.0	210,000	451,500
2004 – 31 March 2009	7.6	2.15	68.4	76,000	163,400
2005 – 31 March 2010	11.2	2.15	102.9	99,000	212,850
2006 – 31 March 2011	21.2	2.15	151.8	464,000	997,600
2007 – 31 March 2012	36.5	1	278	518,000	518,000
				1,367,000	2,343,350

Maximum dilution in relation to outstanding shares 1.45%.

of the 2007 Annual General Meeting) regarding call options and synthetic options. The Board shall be entitled to deviate from these guidelines if special reasons exist.

Variable compensation 2007

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2007, this return requirement was that consolidated profit before tax should correspond to at least 8% of equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which corresponds to a return on equity of 32%. An earnings bank for the result that forms that basis for calculation of variable compensation is applied. This means that earnings which in certain years exceed the 32% ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount of 8% are also transferred and charged against earnings on which compensation is based in the following year.

The return on equity before tax in 2007 amounted to 29.6% and the variable compensation paid will therefore amount to SEK 90m. At total of 27 people are included in the entitlement to receive variable compensation.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years. In order to receive full payment, the person concerned must remain active within the Ratos Group.

Call options

Annual general meetings since 2001 have decided on call option programmes directed to senior executives and other key people within Ratos. All call options have a maturity of five years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% (60% until year-end 2003) of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within the Ratos Group and still holds options acquired

from Ratos or shares acquired from options. Call options are issued on Ratos purchased treasury shares.

Synthetic options

The 2007 Annual General Meeting resolved to introduce a cash-based option programme related to the Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Audit Committee

The Board has appointed an Audit Committee in order to give work with accounting and auditing a special forum. The Audit Committee includes all members of the Board with the exception of the CEO. The company's internal control and governance systems, as well as external financial reporting are within the scope of this committee. The committee also monitors and evaluates new practice and new accounting rules. The work of the auditors is continuously evaluated and the committee is also responsible for preparing the election of new auditors when appropriate. The entire Audit Committee met the company's auditor on two occasions in 2007. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors. The Audit Committee held five minuted meetings in 2007 at which Tore Stenholm took the minutes.

Organisation of internal control

Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and have been communicated in documents such as internal

guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and the other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

In the internal control of financial reporting, the parent company is assessed separately and each individual holding is assessed separately, regardless of whether they are subsidiaries or associates. Assessments are made both ahead of an acquisition and during the ownership period. Each holding represents its own risk independent of other holdings, where an Investment Director or Senior Investment Manager has main responsibility for a holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the Investment Director or Senior Investment Manager and quarterly by the accounts/finance function to the CEO; who in turn reports to the Board. Holdings' application of IFRS in reporting to Ratos is followed up in conjunction with quarterly accounts. Ahead of an acquisition a due diligence examination of the company is performed, which includes an analysis of the accounting consequences.

Information and communications channels at Ratos are designed to promote the completeness and accuracy of financial reporting. The accounts/finance function formally controls the companies' reports and Investment Managers check reporting from a material aspect. Control within subsidiaries and associates is decided separately for each company. Ratos continuously follows up the holdings' compliance with guidelines and manuals.

Acquisitions and divestments are also examined with the auditors. In parallel with the annual evaluation which is described in the description of the work of the Board, impairment testing is performed for each holding.

Quality assurance for financial reporting

In addition to what is stated above, the Audit Committee is tasked with quality assurance of

the company's financial reporting and maintaining regular contact with the company's auditors.

It is the opinion of the Board that the quality of a company's reporting is primarily determined by the organisation's competence in accounting matters as well as how the finance and accounting functions are staffed and organised. At Ratos, the entire business organisation is deeply involved in reporting and analysis of both the individual holdings and the performance of the Group. This involvement in accounting and reporting means, among other things, that the quality of the reporting is continuously examined and raised. The finance and accounting unit is organised both on the basis of the need to provide regular accounts mainly for the parent company, and to be able to prepare closing accounts for both the parent company and the Group. A total of seven people (corresponding to six FTEs) are employed within the function headed by the company's CFO. A total of four people have a degree in economics. The employees within this unit have many years of professional experience from financial control and reporting.

Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated with the Ratos Group. Instead, the focus is on creating independent, high-quality organisations where this is part of the value-creating work with the holdings. Against this background, Ratos's Audit Committee has an ongoing dialogue with Ratos's auditors and finance function while the boards of the individual holdings are responsible for the quality of the companies' financial reporting. Ratos's finance function maintains a running dialogue with those responsible for finance at all the holdings and issues clear instructions for the preparation of each monthly, quarterly and full-year report. Every year Ratos's finance function receives audit memorandums from each holding. In order to achieve a high quality in the entire Group's reporting, Ratos has resources for follow-up and development of the finance functions and reporting of associates and subsidiaries. Ratos's finance function regularly offers training for the holdings' finance

functions in central reporting and accounting matters.

The finance function prepares monthly reports for the parent company and the Group which are submitted to Ratos's management. The Board is continuously informed about the financial development in the CEO's letter as described above. An interim report is prepared and published every quarter, of which one is reviewed by the company's auditors. In conjunction with quarterly reporting, the Board receives extensive in-depth material concerning both the Group and the individual holdings. Complete closing accounts (known as a hard close) which are reviewed by the company's auditors are prepared for the report for the third quarter. This hard close and subsequent review are conducted in order to prepare and facilitate the audit of the full-year accounts. A report from hard close work is presented to the Audit Committee. The parent company and all subsidiaries carry out a hard close. In the associates, Ratos decides in consultation with other owners whether a reviewed hard close should be prepared. The audit memorandum prepared in conjunction with the full-year accounts is presented to the Audit Committee.

Auditors

At the 2004 Annual General Meeting the audit firm KPMG Bohlins AB was elected as auditors with authorised public accountant Thomas Thiel as senior auditor for the period until the 2008 Annual General Meeting has been held. KPMG with Thomas Thiel appointed as senior auditor were appointed for the first time at the 2004 meeting. In addition to his assignment for Ratos, Thomas Thiel is an auditor for Atlas Copco, Ericsson, Holmen, Svenska Handelsbanken, Swedish Match and SKF, as well as the Torsten and Ragnar Söderberg foundations which are Ratos's largest single owner.

Auditors' fees

Fees are paid to the company's auditors in accordance with a special agreement on this matter. In 2007, audit fees amounted to SEK 2m (2) in the parent company and SEK 14m (8) in the Group. In addition, the parent company paid SEK 8m (1) in fees for other assignments

to the company's auditors and the Group as a whole paid fees for other assignments amounting to SEK 11m (3) to the company's senior auditor. The Board has established guidelines for the relation between auditing fees and consulting fees. These guidelines are continuously followed up by the Audit Committee which also evaluates the content of both auditing and consulting services.

Policies

In order to establish guidelines for the company's activities, the Board has prepared and adopted eleven internal policy documents which taken together form Ratos's code of conduct and ethics policy. The documents lay down the basic values that must characterise the organisation and the conduct of employees. In three of the documents: Code of social conduct, Ownership policy and Rules for Ratos employees – the main focus is on ethical issues.

Policy documents adopted by the Board

1. Ownership policy – Ratos's approach to its ownership role in unlisted companies
2. Environmental policy
3. Information and crisis policy
4. Sponsorship policy
5. Code of social conduct
6. Incentive policy for senior executives in Ratos's holdings
7. Rules for Ratos employees' share transactions
8. Pensions policy for senior executives in Ratos's holdings
9. Financial strategy
10. Principles for reporting options
11. IT security policy

Board of Directors and Auditors

Olof Stenhammar

Honorary Doctor of Philosophy and Economics. Born 1941.
Non-independent Chairman of the Board. Board Member since 1994
and Chairman since 1998.

Deputy CEO Bonnierföretagen 1982-1984. Founder of OMX, CEO 1984-1996
and Chairman 1996-2007. Honorary Chairman of OMX.

Chairman of Basen, Mentor Foundation and Wilhelm Stenhammar's Foundation.
Deputy Chairman of Svenska Sjöräddningssällskapet. Board Member of the
Board of Trustees of SNS (Swedish Centre for Business and Policy Studies),
the Stockholm Chamber of Commerce, the Royal Swedish Society of Naval
Sciences, and other companies.

Shares in Ratos: 20,000 A shares (company)
 600,000 B shares (private and company)



Lars Berg

MSc Econ. Born 1947.
Independent Board Member since 2000.

Previously member of executive management of Mannesmann with
special responsibility for the Telecom Division, President and CEO Telia,
and Senior positions within Ericsson.

Main assignments: European Venture Partner, Constellation Ventures.
Chairman of Eniro, Net Insight, Viamare Stockholm and dahlia Televisión.

Shares in Ratos: 18,000 B shares (private)



Staffan Bohman

MSc Econ. Born 1949.
Independent Board Member since 2005.

Formerly President and CEO DeLaval, Gränges and Sapa.

Deputy Chairman of EDB Business Partner and Swedfund International.
Board Member of Atlas Copco, Boliden, Inter IKEA Holding, OSM, Scania,
Trelleborg, and other companies.

Shares in Ratos: 30,000 B shares (private)



Göran Grosskopf

Professor, Doctor of Law and Honorary Doctor of Economics. Born 1945.
Independent Board Member since 1996.

Formerly Professor of Taxation Law and Executive Chairman of Tetra Laval.

Chairman of Ingka Holding and Peab. Board Member of Svox.

Shares in Ratos: 80,000 B shares (private)





Annette Sadolin

LL.B. Born 1947.

Independent Board Member since 2007.

Formerly senior positions within General Electric.

Board Member of Topdanmark, Dansk Standard, Lindab, Skodsborg Kurhotel og Spa and Østre Gasværk Teater.

Shares in Ratos: 0



Jan Söderberg

MSc Econ. Born 1956.

Non-independent Board Member since 2000.

Formerly CEO Bröderna Edstrand.

Chairman of Andrén & Söner, Elisolation HTM, STI Plast, Svenska Industriplast and Henjo Plåtteknik. Board Member of Mecopak and Mecopak Pl. Advisory Board Lund School of Economics and Management.

*Shares in Ratos: 6,675,824 A shares (private and company)
108,400 B shares (private)*



Per-Olof Söderberg

MSc Econ and MBA Insead. Born 1955.

Non-independent Board Member since 2000.

Formerly CEO Dahl.

Chairman of Söderberg & Partners, Scandinavian Photo and Skandia Investment. Board member of Oxigene, the Stockholm School of Economics Association, and other companies.

Shares in Ratos: 7,890,695 A shares (private and company)



Arne Karlsson

MSc Econ. Born 1958.

CEO of Ratos since 1999.

Non-independent Board Member since 1999.

Formerly President Atle Mergers & Acquisitions, President Hartwig Invest, among others.

Board Member of Bonnier, Camfil, Haglöfs and SNS. Member of the Swedish Securities Council.

Shares in Ratos: 85,600 B shares (private)

Number of options

in Ratos: 100,000 call options/2003

115,000 call options/2006

100,000 call options/2007

Auditors

KPMG Bohlins

Thomas Thiel
Authorised Public
Accountant, Senior
Auditor.

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Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2007. The registered office of the Board is in Stockholm, Sweden.

Company's activities

Ratos is a listed private equity company. Activities comprise acquisition, development and divestment of primarily unlisted companies. Holdings are normally at least 20%, investment size is SEK 150m-5,000m and the number of holdings 20-30. Ratos is a sector generalist with acquisitions within the Nordic region and global exits. Ratos should normally be the largest owner. Ratos has an active exit strategy.

Since Ratos's mission is to acquire, develop and divest companies, the development and results of the business depend on how successfully these three phases can be carried out. The success of company acquisitions primarily depends on Ratos's search process and the process for carrying out an acquisition as well as the general conditions in the market for company transfers. A number of circumstances, including the price, must be evaluated before an acquisition is made. The development of an acquired company depends, among other things, on chosen strategy, the ability of the company's management and employees to conduct operations in an effective manner as well as development of the industry and the economy. Ratos's active ownership also includes HR issues such as equal opportunities, working environment and skills development. Ratos's exit strategy involves identification of potential buyers and choice of sales process, which are decisive for success.

Acquisition, development and divestment of companies are dependent on the business climate in various respects. The relative share of profit between current profit and exit result can vary considerably over time.

Events during the year

Acquisitions

Five acquisitions were carried out during the year.

The Swedish office chair producer RH Form, the Danish RBM and the Norwegian HÅG were acquired in the spring. Ratos then owned 85% of the newly formed HÅG/RH/RBM group. The climate systems company Mobile Climate Control (MCC) was acquired in April. The holding amounts to 60%. Sweden's leading train maintenance company EuroMaint, as well as the Danish companies AH Industries and Contex Holding were acquired just after the summer. Holdings in these three companies amount to 100%, 66% and 98% respectively. AH Industries supplies components and services to customers within wind power, marine and offshore industry. Contex Holding is a world leader within development, manufacture and marketing of innovative 2D and 3D imaging solutions.

Add-on acquisitions were made in Anticimex, Bisnode, Inwido, Jøtul and Superfos, among others. Inwido acquired the Swedish DeCasa operations from Haendig. Since both Inwido and Haendig are Ratos-owned companies, the inter-company profit is eliminated.

Divestments (exits)

The sale of Alimak Hek was completed in January and generated an exit gain of SEK 727m, corresponding to an average annual return (IRR) of 30%. Bluegarden was sold in the summer which provided an exit gain of SEK 160m and an average annual return of 6%.

Divestments were carried out in Bisnode and Haglöfs among others. Arcus Gruppen sold its property in central Oslo which generated a capital gain of SEK 750m.

The exits carried out by Industri Kapital during the year contributed SEK 46m to Ratos's earnings.

Refinancing

A refinancing was carried out in Haglöfs at the beginning of the year which meant that Ratos AB received SEK 100m. At the end of the year, a refinancing was also carried out of DIAB's parent company Laholm Intressenter. Through redemption of shares, Ratos AB received SEK 500m. As a result of Arcus Gruppen's sale of its property in Oslo a decrease in the share capital was made possible through redemption whereby Ratos AB received SEK 467m.

Acquisition of subsidiaries and associates totalled SEK 3,693m and divestments and redemptions SEK 3,153m.

Ratos had 21 holdings at year-end.

Environmental impact

Operations that require a permit under the Environmental Protection Act are conducted within the subsidiaries. Permits relate to environmental impact from emissions of solvents to air, dust, effluent and noise.

Results

The Ratos Group's profit before tax (see Note 2) amounted to SEK 3,462m (3,234). This result includes profit from holdings of SEK 3,554m (3,394), of which exit gains amounted to SEK 933m (1,678), as well as management costs of SEK 347m (275) and net financial items of SEK 255m (115). The exit gains mainly stem from the sale of Alimak Hek.

The parent company's profit before and after tax amounted to SEK 1,285m (4,466).

Financial position

Cash and cash equivalents in the Group amounted to SEK 4,240m (5,009) at year-end, of which short-term fixed-income investments accounted for SEK 2,282m (3,969).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 2,296m (4,007) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

For further information, refer to Note 31 Financial risks and risk policy.

Events after the closing date

Ratos together with other owners decided on a refinancing of Bisnode. The refinancing was made possible by the earnings trend in recent years and means that Ratos will receive approximately SEK 600m in spring 2008.

Future development

Ratos's strategy means that in the future the return to shareholders will mainly depend on Ratos's ability to acquire, develop and divest holdings, and to take any other action to create shareholder value. The general economic trend and development of the value level for company transfers are also significant.

The work of the Board of Directors

During the year, Ratos's Board of Directors consisted of eight members elected by the Annual General Meeting. The CEO is a member of the Board.

The work of the Board is regulated by an annually adopted formal work plan. This stipulates among other things

- instructions to the CEO
- decision-making procedures within the company
- board meeting procedures and assignment of tasks
- the duties of the chairman
- the provision of information between the company and the Board

The decision-making procedures stipulate, among other things, that all decisions regarding investments and divestments of Ratos's holdings must be submitted to the Board.

The Board has appointed an Audit Committee which comprises all members of the Board with the exception of the CEO.

The Board has appointed a Compensation Committee which comprises Olof Stenhammar (Chairman), Jan Söderberg and Per-Olof Söderberg. This committee deals with remuneration to the CEO and to senior executives who report to the CEO, as well as remuneration issues of a fundamental nature. Note 9 provides an account of the guidelines for remuneration to senior executives decided at the 2007 Annual General Meeting to apply until the 2008 Annual General Meeting.

The Board's proposal for a decision on guidelines for compensation to senior executives

(2008 Annual General Meeting)

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background a compensation and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises three components – basic salary, variable salary and options – and rests on five basic principles.

- Ratos's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain within Ratos.
- Both individual effort and the Group's performance must be linked to clear targets set by the Board.
- The variable compensation that is paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's capital.
- Each year the Board sets a limit for the total variable compensation. This means that the variable compensation component can only amount at maximum to approximately one per cent of equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced options programmes where employees can gain from price rises alternatively realised increases in value as well as taking a personal risk by paying a market price for the options.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned.

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options.

The Board shall be entitled to deviate from these guidelines if special reasons exist.

Ratos shares

Total number of A shares at year-end	42,328,770
Total number of B shares at year-end	119,020,482
Total number of shares	161,349,252

Class A shares carry entitlement to one vote and Class B shares to 1/10 of a vote. A shares can be issued in a maximum number that corresponds to 27% of the share capital and B shares in a number that corresponds to 100%.

The Söderberg family and the Söderberg foundations together own 73% of the voting rights and 36% of the capital.

The company knows of no agreements between shareholders that might lead to restrictions in the right to transfer shares.

Individual executives cannot trigger severance pay except in one case, a change of principal owner.

Holdings of treasury shares

A decision was made at the 2007 Annual General Meeting that A or B shares may be repurchased during the period until the next Annual General Meeting. The company's holding may not at any time exceed 7% of all the shares in the company.

Share buy-backs are carried out in order to improve the company's capital structure and thereby increase shareholder value. This includes hedging of call options issued within the framework of Ratos's incentive programme.

During the year, 934,600 shares were acquired. The acquired shares correspond to 0.6% of the share capital. A total of SEK 189m was paid in cash for the acquisition. At year-end, the company held 2,860,097 treasury shares, corresponding to 1.8% of the share capital. A total of SEK 297m has been paid for the shares.

During the year no A shares were converted into B shares.

Proposed distribution of profit

The following amounts are at the disposal of the Annual General Meeting:

	SEKm
Retained earnings	8,553
Fair value reserve	27
Profit for the year	1,285
Total	9,865
The Board of Directors propose the following distribution of profit:	
Dividend to holders of A and B shares SEK 9.00 per share ¹⁾	1,426
To be carried forward	8,439

¹⁾ Based on the number of shares outstanding on 20 February 2008. The number of repurchased shares on that date was 2,860,097 and may change during the period until the record date for dividends.

Consolidated income statement

SEKm	Note 2, 4	2007	2006
Net sales	3	21,179	16,156
Other operating income	5	223	144
Change in inventories		18	-35
Raw materials and consumables		-8,171	-6,735
Employee benefit costs	9, 27	-6,694	-4,749
Depreciation and impairment of tangible and intangible non-current assets	13, 14	-622	-666
Other costs	10, 32	-4,257	-3,063
Capital gain from the sale of group companies	7	995	89
Capital gain from the sale of associates	8	741	1,617
Share of profit of associates	8	559	733
Operating profit		3,971	3,491
Financial income	11, 19	370	204
Financial expenses	11, 19	-879	-461
Net financial items		-509	-257
Profit before tax		3,462	3,234
Tax	12	-516	-572
Profit for the year		2,946	2,662
Attributable to			
Equity holders of the parent		2,646	2,527
Minority interests		300	135
Earnings per share, SEK	25		
– before dilution		16.66	15.50
– after dilution		16.56	15.41

Consolidated balance sheet

SEKm	Note 4	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Intangible assets	13	18,066	10,466
Property, plant and equipment	14	3,091	2,124
Investments in associates	15	2,331	2,601
Financial investments	19	257	232
Non-current receivables	19, 21, 27	190	96
Deferred tax assets	12	291	187
Total non-current assets		24,226	15,706
Current assets			
Inventories	22	2,941	1,696
Tax assets		105	84
Trade and other receivables	19	4,329	3,083
Prepaid expenses and accrued income		467	362
Other receivables	19, 21	474	337
Cash and cash equivalents	19, 36	4,240	5,009
Assets held for sale	37		445
Total current assets		12,556	11,016
Total assets		36,782	26,722
EQUITY AND LIABILITIES			
Equity			
Share capital		1,017	1,017
Other capital provided		286	286
Reserves	24	102	-135
Retained earnings including profit for the year		10,500	9,707
Equity attributable to equity holders of the parent		11,905	10,875
Minority interests		1,965	939
Total equity	24	13,870	11,814
Liabilities			
Non-current interest-bearing liabilities	19, 26	11,113	6,878
Other non-current liabilities	19	178	196
Other financial liabilities	9, 19	240	
Provisions for pensions	26, 27	627	577
Other provisions	28	413	264
Deferred tax liabilities	12	750	588
Total non-current liabilities		13,321	8,503
Current interest-bearing liabilities	19, 26	2,094	1,254
Trade and other payables	19	1,811	1,130
Tax liabilities		340	212
Other liabilities	19, 29	2,827	1,766
Accrued expenses and deferred income	19	2,090	1,466
Provisions	28	429	392
Liabilities attributable to Assets held for sale	37		185
Total current liabilities		9,591	6,405
Total liabilities		22,912	14,908
Total equity and liabilities		36,782	26,722

For information about the Group's pledged assets and contingent liabilities, see Note 33.

Consolidated cash flow statement

SEKm	Note 36	2007	2006
Operating activities			
Consolidated profit before tax		3,462	3,234
Adjustment for non-cash items		-1,238	-1,531
		2,224	1,703
Income tax paid		-379	-325
Cash flow from operating activities before change in working capital		1,845	1,378
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-719	-84
Increase (-)/Decrease (+) in operating receivables		232	-265
Increase (+)/Decrease (-) in operating liabilities		633	-68
Cash flow from operating activities		1,991	961
Investing activities			
Acquisitions, group companies		-3,590	-1,542
Sales, group companies		1,445	513
Acquisition of shares in associates and other holdings		-103	-10
Sale and redemption, shares in associates and other holdings		1,708	3,897
Acquisition of other intangible/tangible assets		-824	-445
Investments, financial assets		-826	-390
Sale, financial assets		96	142
Cash flow from investing activities		-2,094	2,165
Financing activities			
Purchase of treasury shares		-189	-71
Transfer of treasury shares		68	28
Option premiums		23	12
Minority interest in issue		30	63
Dividend paid		-1,754	-715
Payment at redemption of shares			-1,510
Dividend paid and redemption, minority		-93	-6
Loans raised		1,913	1,280
Amortisation of loans		-724	-837
Cash flow from financing activities		-726	-1,756
Cash flow for the year		-829	1,370
Cash and cash equivalents at the beginning of the year		5,009	3,677
Exchange differences in cash and cash equivalents		60	-38
Cash and cash equivalents at the end of the year		4,240	5,009

Consolidated changes in shareholders' equity

SEKm	Note 24	Equity attributable to equity holders of the parent					Minority interest	Total equity
		Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total		
Opening equity at 1 January 2006		1,008	286	135	9,529	10,958	596	11,554
Change in translation reserves for the year				-343		-343	-39	-382
Change in hedging and fair value reserve for the year				73	-73	0	6	6
Tax attributable to items recognised directly in equity							-2	-2
Total changes in income recognised directly in equity		1,008	286	-135	9,456	10,615	561	11,176
Profit for the year					2,527	2,527	135	2,662
Total changes in income excluding transactions with equity holders		1,008	286	-135	11,983	13,142	696	13,838
Dividend					-715	-715	-6	-721
Redemptions					-1,510	-1,510		-1,510
Purchases/sales of treasury shares					-43	-43		-43
Bonus issue	9				-9	0		0
New issue							63	63
Option premiums					14	14		14
Acquired minority							-44	-44
Minority at acquisition							219	219
Minority in sold company							-2	-2
Reallocation of capital contribution					-13	-13	13	0
Closing equity 31 December 2006		1,017	286	-135	9,707	10,875	939	11,814
Opening equity at 1 January 2007		1,017	286	-135	9,707	10,875	939	11,814
Change in translation reserves for the year				203		203	57	260
Change in hedging and fair value reserve for the year				38		38	-1	37
Tax attributable to items recognised directly in equity				-4		-4		-4
Total changes in income recognised directly in equity		1,017	286	102	9,707	11,112	995	12,107
Profit for the year					2,646	2,646	300	2,946
Total changes in income excluding transactions with equity holders		1,017	286	102	12,353	13,758	1,295	15,053
Dividend					-1,754	-1,754	-5	-1,759
Purchase/sales of treasury shares					-121	-121		-121
New issue							327	327
Redemptions							-94	-94
Option premiums					23	23	1	24
Acquired minority							-5	-5
Minority at acquisition							445	445
Reallocation of capital contribution					-1	-1	1	0
Closing equity at 31 December 2007		1,017	286	102	10,500	11,905	1,965	13,870

Parent company income statement

SEKm	Note	2007	2006
Other operating income	5	3	5
Other operating expenses	10	-90	-77
Personnel costs	9, 27	-251	-192
Depreciation of property, plant and equipment	14	-1	-2
Other operating expenses	6	-4	-3
Operating profit/loss		-343	-269
Profit from participations in group companies	7	389	2,851
Profit from participations in associates	8	890	1,704
Result from other securities and receivables accounted for as non-current assets	11, 19	257	160
Other interest income and similar profit/loss items	11, 19	124	71
Interest expenses and similar profit/loss items	11, 19	-32	-51
Profit after financial items		1,285	4,466
Tax	12		
Profit for the year		1,285	4,466

Parent company cash flow statement

SEKm	Note 36	2007	2006
Operating activities			
Profit before tax		1,285	4,466
Adjustment for non-cash items		-1,053	-4,435
		232	31
Income tax paid		—	—
Cash flow from operating activities before change in working capital		232	31
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		16	-23
Increase (+)/Decrease (-) in operating liabilities		-108	124
Cash flow from operating activities		140	132
Investing activities			
Acquisition of shares, subsidiaries		-1,685	-2,309
Sale of shares, subsidiaries		910	3,700
Acquisition, shares in associates		-25	-5
Sale and redemption, shares in associates		1,597	2,674
Acquisition of other property, plant and equipment		-2	-1
Investment, financial assets		-1,074	-622
Sales, financial assets		152	109
Cash flow from investing activities		-127	3,546
Financing activities			
Purchase of treasury shares		-189	-71
Transfer of treasury shares		68	28
Option premiums		19	10
Dividends paid		-1,754	-715
Payment at redemption of shares			-1,510
Loans raised		229	74
Amortisation of loans		-97	
Cash flow from financing activities		-1,724	-2,184
Cash flow for the year		-1,711	1,494
Cash and cash equivalents, opening balance		4,007	2,513
Cash and cash equivalents, closing balance		2,296	4,007

Parent company balance sheet

SEKm	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Property, plant and equipment	14	14	14
Financial assets			
Participations in group companies	35	6,187	4,468
Participations in associates	15, 17	1,488	2,281
Receivables from group companies	18, 19	1,329	1,073
Receivables from associates	19	26	
Other securities held as non-current assets	19, 20	154	202
Other non-current receivables	21	1	8
Total non-current assets		9,199	8,046
Current assets			
Current receivables			
Receivables from group companies	18, 19	361	118
Other receivables	19	21	60
Tax assets		2	2
Prepaid expenses and accrued income	23	12	12
Short-term investments, other	19	2,278	3,965
Cash and bank balances		18	42
Total current assets		2,692	4,199
Total assets		11,891	12,245

SEKm	Note	31 Dec 2007	31 Dec 2006
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital: A shares 42,328,770			
B shares 119,020,482	24	1,017	1,017
Statutory reserve		286	286
Unrestricted equity			
Retained earnings		8,553	5,943
Fair value reserve		27	
Profit for the year		1,285	4,466
Total equity		11,168	11,712
Provisions			
Provisions for pensions	26, 27	3	3
Non-current liabilities			
Non-interest bearing liabilities			
Other liabilities	19, 29	202	78
Interest-bearing liabilities			
Liabilities to group companies	19, 26	188	141
Total non-current liabilities		390	219
Current liabilities			
Non-interest bearing liabilities			
Trade and other payables	19	3	9
Liabilities to group companies	19	14	29
Other liabilities	19	8	45
Accrued expenses and deferred income	30	138	109
Interest-bearing liabilities			
Liabilities to group companies	19, 26	167	119
Total current liabilities		330	311
Total equity and liabilities		11,891	12,245
Pledged assets		None	None
Contingent liabilities		None	None

Parent company's changes in shareholders' equity

SEKm	Note 24	Restricted equity		Unrestricted equity			Total equity
		Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit for the year	
Opening balance at 1 January 2006		1,008	286		6,834	1,376	9,504
Other disposition of earnings					1,376	-1,376	0
Profit for the year						4,466	4,466
Total change in income excluding transactions with equity holders		1,008	286		8,210	4,466	13,970
Dividend					-715		-715
Redemption					-1,510		-1,510
Bonus issue		9			-9		0
Purchase of treasury shares					-71		-71
Call options exercised					28		28
Option premiums					10		10
Closing balance at 31 December 2006		1,017	286		5,943	4,466	11,712
Other disposition of earnings					4,466	-4,466	0
Change in fair value reserve				27			27
Profit for the year						1,285	1,285
Total change in income excluding transactions with equity holders		1,017	286	27	10,409	1,285	13,024
Dividends					-1,754		-1,754
Purchase of treasury shares					189		-189
Call options exercised					68		68
Option premiums					19		19
Closing balance, 31 December 2007		1,017	286	27	8,553	1,285	11,168

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Notes to the Financial Statements

Note 1 Accounting principles

Compliance with standards and laws

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the European Commission for application within the EU. In addition, the Swedish Financial Accounting Standards Council's recommendation RR 30:06, Complementary accounting rules for groups, is applied.

The parent company applies the same accounting principles as the Group except in cases specified below in the section Parent company accounting principles.

In one case Ratos has reached the conclusion that application of IFRS leads to misleading financial reports and that it is therefore necessary to differ from the recommendation in order to achieve a true and fair view. The disclosures that are required in accordance with IAS 1, Presentation of Financial Statements, paragraph 18 in the event of departure from IFRS accounting standards are presented below.

New IFRS recommendations and interpretations that have come into effect

IFRS 7 Financial instruments: Disclosures and a complementary amendment to IAS 1 Presentation of Financial Statements have not resulted in any change in accounting principle but only led to additional disclosures in the consolidated financial statements for 2007.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies is effective from the 2007 financial year but has no effects on the consolidated financial statements.

IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 11 IFRS 2: Group and Treasury Share Transactions are effective from the 2007 financial year but have no effects on the consolidated financial statements.

IFRIC 10 Interim Financial Reporting and Impairment prohibits reversal of impairments recognised in earlier interim periods relating among other things to goodwill. Since no such reversals have taken place, the interpretation has no effect on the Group's financial statements.

New IFRS recommendations and interpretations that have not yet come into force

The International Accounting Standards Board (IASB) has issued the following new and changed standards which when this annual report was issued had not yet come into force:

IFRIC Standard	Effective in financial year that starts on:
IFRIC 11	1 March 2007 or later
IFRIC 12 Service Concession Arrangements ^{*)}	1 January 2008 or later
IFRIC 13 Customer Loyalty Programmes ^{*)}	1 July 2008 or later
IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset Minimum Funding Requirement and their Interaction ^{*)}	1 January 2008 or later
IFRS 8 Operating Segments	1 January 2009 or later
Amendments to IAS 1 ^{*)}	1 January 2009 or later
Amendments to IAS 27 ^{*)}	1 July 2009
Amendments to IFRS 3 ^{*)}	1 July 2009
Amendments to IAS 23 ^{*)}	1 January 2009

^{*)} Not yet approved by the EU for application

Ratos expects that the introduction of amendments to IAS 27 and IFRS 3 may have a significant effect on the consolidated financial statements in the future. Above all, with respect to partial sales and partial acquisitions. The amendment to IAS 1 will affect, among other things, the presentation of the income statement.

Segment reporting is not prepared in accordance with IAS 14

Ratos considers that the company's financial reports provide a true and fair view of the company's financial position, results and cash flow. The intention of not reporting segments according to IAS 14 is to give a true and fair view of the company's operations.

Ratos's operations are controlled and reported entirely on the basis of the holdings that (at any given time) are contained in the Ratos portfolio. Segments – geographical, industry or other – are without practical interest both for internal control and reporting and for external monitoring of Ratos. Nor are investment decisions made in relation to a specific segment. Segment reporting with regard to geography, industry or other gives a picture of a structure and a risk exposure that is fictitious. The group companies' exposure to a segment does not reflect the exposure of the total portfolio.

All Ratos holdings – regardless of whether they are subsidiaries or associates – are treated as independent and equal units. For this reason it is desirable that the same information is provided for all holdings.

Segment reporting according to IAS 14 means that different information is provided about group companies and associates. A summary in the notes that only includes group companies, with regard to sales for example, does not reflect opportunities and risks from Ratos's perspective. Segment reporting would therefore be misleading.

Extensive and separate company information is provided for each holding in a special section of the annual report.

The variance of not reporting segments according to IAS 14 has no effect on the company's results, assets, liabilities, equity or cash flow.

Conditions for preparation of the financial statements of the parent company and the Group

The parent company's functional currency is Swedish kronor (SEK) which also comprises the presentation currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts are rounded to the nearest million.

Measurement of assets and liabilities is based on historical cost. The following assets and liabilities are measured in another manner:

- Financial instruments are measured either at fair value, cost or amortised cost.
- Associates are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are valued at the lower of cost and net realisable value.
- Provisions are valued at the amount required to settle an obligation, with any present value calculation.

■ A net obligation relating to defined benefit pension plans is valued at the present value of an estimate of the future benefit earned by the employees with deduction for any assets linked to the respective pension plan applying the corridor rule.

The Group's accounting principles, summarised below, are applied consistently to all periods presented in the Group's financial reports. These principles are also applied consistently to reporting and consolidation of parent companies, group companies, joint ventures and associates.

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are revised on a regular basis. The effects of changes in estimations are reported in the period in which the changes were made if the changes affected this period only, or in the period the changes were made and future periods if the changes affect both the current period and future periods.

When applying IFRS, assessments which have a material effect on the financial statements and estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 39 to the consolidated accounts.

Classification

Non-current assets and non-current liabilities essentially only comprise amounts expected to be recovered or paid after more than 12 months from the balance sheet date.

Current assets and current liabilities in the parent company and the Group essentially comprise amounts that are expected to be recovered or paid within 12 months from the balance sheet date.

Consolidated financial statements

The consolidated financial statements are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated applying the purchase method. Associates are consolidated applying the equity method according to IAS 28 Investments in Associates. Participations in joint ventures are reported in accordance with IAS 31 Interests in Joint Ventures.

Subsidiaries – purchase method

Subsidiaries are companies over which Ratos AB exercises control. Control represents directly or indirectly the right to determine a company's financial and operating policies in order to obtain economic benefits. In the event of ownership of more than 50% of the votes control is assumed. Circumstances in the individual case may also provide control in the event of ownership of less than 50% of the votes.

Subsidiaries are reported according to the purchase method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The method means that 100% of the subsidiary's income and expenses as well as assets and liabilities are reported on the respective line in the income statement and balance sheet. A minority interest's share

of net assets is recognised as part of equity. In conjunction with the income statement disclosure is provided on the distribution of earnings between the majority and any minority.

Associates – equity method

Associates are companies over which Ratos AB exercises a significant influence. A significant influence means the possibility of participating in decisions concerning a company's financial and operating strategies, but does not imply control or joint control. Normally, ownership corresponding to not less than 20% and not more than 50% of the voting rights means that a significant influence exists.

Associates are reported according to the equity method of accounting. The equity method means that the book value in the Group of the shares in associates corresponds to the Group's share of equity in associates, any residual values on consolidated surplus and deficit values minus any intra-group profits. In the consolidated income statement, the Group's share of associates' profits after financial income and expenses and depreciation consolidated surplus values and dissolution of consolidated deficit values is reported as "Share of profits of associates". The Group's share of associates' reported taxes is included in consolidated tax expenses. Dividends received from associates reduce carrying amounts.

Joint ventures – proportionate consolidation

Joint ventures are companies in which the Group through a partnership agreement with one or more parties has joint control over operational and financial activities. Holdings in joint-venture companies are consolidated in the accounts according to proportionate consolidation. Proportionate consolidation means for joint-venture companies that the Group's share of the companies' income and expenses and assets and liabilities respectively are reported in the Group's income statement and balance sheet respectively.

Potential voting rights

When assessing whether a significant or controlling influence exists, potential shares carrying voting entitlement that can be utilised or converted without delay are taken into account. Potential voting rights include, for example, convertibles and options. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company. Consolidation is normally carried out on the basis of the current participating interest.

Acquisition analysis

An acquisition analysis is prepared in conjunction with acquisition of an associate, subsidiary or joint venture. In the analysis a cost of the participations is determined as well as the fair value on the acquisition date of acquired identifiable assets as well as assumed liabilities and contingent liabilities.

The acquisition date is the date on which the acquirer receives control or a significant influence over the acquired unit.

Cost comprises the fair values at the transfer date of assets, liabilities arisen or taken over and issued equity instruments provided as payment in exchange for the acquired net assets as well as transaction costs that are directly attributable to the acquisition.

IFRS requires intangible assets to be identified and measured at acquisition. To the extent that intangible assets can be identified and measured, goodwill decreases to a corresponding extent.

When the cost exceeds the net value of acquired assets and assumed liabilities as well as contingent liabilities, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, as well as unrealised gains or losses arising from intra-group transactions between Group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

Acquisition and divestment

At acquisition the company's earnings are included in consolidated earnings from the acquisition date. Companies sold during the year are included in the consolidated income statement with income and expenses until the date a controlling or significant interest ceases. An exit result is the capital gain or loss that arises when a holding is sold.

Ratos has chosen to report transactions where a participating interest decreases but control over a subsidiary is retained in the income statement as a capital gain or loss.

Foreign currency

Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate that exists on the closing date. Exchange differences that arise on translation are recognised in the income statement. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit.

Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement. The exchange rate fluctuation is then reported in the same way as other changes in value relating to assets or liabilities.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing on the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are reported directly in equity as a translation reserve.

Net investment in foreign operations

Translation differences that arise in conjunction with translation of a foreign net investment and related effects of hedges of net investments are reported directly in the translation reserve in equity. In the event of a sale of a foreign operation the accumulated translation differences attributable to the operations are realised after deduction for any currency hedging in the consolidated income statement.

Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods and services are transferred

to the purchaser and the economic benefits accrue to the company. The Group does not subsequently retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the income and expenditure that arose or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Revenues from service assignments are recognised in the income statement when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in the income statement in relation to the percentage of completion of the assignment.

Revenues related to insurance contracts are recognised on a straight-line basis over the term of the contract for one-year contracts. For multi-year insurance contracts, revenue is recognised attributable to the first contract year in accordance with the percentage of completion method based on the relationship between expenditure disbursed and estimated total expenditure. The revenues attributable to subsequent years are accrued on a straight line basis over the period of the contract.

Operating leases

Costs for operating leases are recognised in the income statement on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in the income statement as a reduction of leasing charges on a straight-line basis over the maturity of the lease. Variable charges are recognised as an expense in the period in which they arise.

Financial income and expenses

Net financial items include dividends, interest, calculated using the effective interest method, costs for raising loans and exchange-rate fluctuations relating to financial assets and liabilities. Capital gains or losses and impairment of financial assets are also reported in net financial items. Unrealised and realised changes in value relating to financial assets valued at fair value via the income statement, including derivative instruments that are not recognised directly in equity due to hedge accounting, are reported directly in equity.

In addition, payments relating to finance leases are divided between interest expense and amortisation. Interest expense is recognised as a financial expense.

Intangible assets

Goodwill

If at acquisition of a business a positive difference arises between cost and fair value of acquired assets, assumed liabilities and contingent liabilities, the difference comprises goodwill.

Goodwill is valued at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment. Goodwill that arose at acquisition of associates is included in the carrying amount for participations in associates.

Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the assets, the intention is and conditions exist for using the assets and the expenditure can be calculated in a reliable manner. Depreciation

is started when the product goes into operation and distributed on a straight line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible non-current assets

Other intangible non-current assets acquired by the Group are reported at cost with deduction for impairment and, if the asset has a determinable useful life, cumulative depreciation.

Costs incurred for internally generated goodwill and internally generated trademarks are reported in the income statement when the cost is incurred.

Subsequent expenditure

Subsequent expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only if it increases the future economic benefits for the specific asset to which it is attributable. All other expenditure is recognised as an expense when it arises.

Amortisation

Amortisation is reported in the income statement on a straight-line basis over the estimated useful life of intangible assets, provided such useful lives are not indeterminable.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

No. of years	Group
Trademarks	10 - 20
Databases	5 - 10
Customer relations	4 - 2
Business systems	5 - 10
Contract portfolio	4 - 20
Other intangible assets	3 - 20

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised as an asset in the balance sheet if it is probable that future economic benefits will accrue to the Group and the cost of the assets can be calculated in a reliable manner.

Property, plant and equipment are reported in the Group at cost after deduction for cumulative depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to put it in place and in a condition to be utilised in accordance with the purpose of its acquisition. Examples of directly attributable costs included in cost are costs for delivery and handling, installation, registration of title, consulting services and legal services.

The carrying amount of property, plant and equipment is derecognised from the balance sheet at disposal or sale or when no future economic benefits are expected from use or disposal/sale of the asset. Gains or losses that arise from sale or disposal of an asset comprise the difference between the selling price and the carrying amount of the asset with deduction for direct selling costs. Gains and losses are reported as other operating income/expense.

Leased assets

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease exists when the economic risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, it is an operating lease.

Assets that are leased according to a finance lease are recognised as an asset in the consolidated balance sheet. The obligation to pay future leasing charges is reported as a liability. Leased assets are depreciated according to plan while leasing payments are reported as interest and amortisation of liabilities.

Borrowing costs

Borrowing costs that are directly attributable to the purchase, construction or production of an asset and which take a significant time to complete for its intended use or sale are included in the cost of the asset. Capitalisation of borrowing costs is carried out provided it is probable that they will lead to future economic benefits and the costs can be measured in a reliable manner.

Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises.

Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset. In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The Group applies component depreciation which means that the estimated useful life of the components forms the basis for depreciation.

No. of years	Group	Parent company
Buildings	10 - 100	35 - 100
Equipment	3 - 15	3 - 10

The residual value and useful life of an asset is assessed annually.

Impairment losses

On each closing date an assessment is made of whether there is any indication that an asset has an impaired value. If such indication exists, the recoverable amount of the asset is calculated.

Assessment of carrying amount is performed in another manner for certain assets. This applies to inventories, assets held for sale, assets under management used for financing of employee benefits and deferred tax assets as well as financial instruments, see respective headings.

In the Ratos Group, goodwill and intangible assets with an indeterminable useful life are attributed to a holding, i.e. a subsidiary or associate, where each holding comprises a cash-generating unit. Testing of carrying amounts is performed per holding, including the value of goodwill and intangible assets which are attributable to the holding in question. Testing is carried out annually by calculating a recoverable amount regardless of whether an indication of impairment exists or not. In between, the value is tested if an indication of impairment exists.

An impairment loss is charged to the income statement. Impairment attributable to a holding is allocated in the first instance to goodwill.

Calculation of recoverable amount

The recoverable amount is the higher of fair value with deduction for selling costs and value in use. For a more detailed description, see Note 13.

Reversal of impairment losses

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the estimates that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Financial assets and liabilities

General principles

A financial asset or a financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities can be measured at fair value, cost or amortised cost. Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are recognised at fair value via profit or loss which are initially measured at fair value excluding transaction costs.

Fair value for listed financial assets corresponds to the listed purchase price of the asset on the balance sheet date. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments and discounted cash flows. Investments in shares and participations that do not have a listed market price and the value of which cannot be determined in a reliable manner, are classified as Available-for-sale financial assets and measured at cost.

Amortised cost is determined on the basis of effective interest that is calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

A division of financial assets and liabilities is made into the categories listed below. A combination of the purpose of the holding of a financial asset or liability at the original acquisition date and type of financial asset or liability are decisive for the division into categories. Category classification is not specified in the balance sheet.

A financial asset and a financial liability are offset and recognised with a net amount in the balance sheet only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the assets and settle the liabilities.

A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or the company loses control over them. A financial liability is derecognised from the balance sheet when the contractual obligation is met or otherwise extinguished.

Acquisition and divestment of financial assets are reported on the trade date which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities when settlement date accounting is applied.

– Financial assets at fair value through profit or loss

Assets held for trading are classified in this category which means that the intention is to sell them in the short term. Derivative instruments are always classified in this category unless hedge accounting is applied, see below.

Ratos has chosen to classify financial investments managed and measured based on fair value in this category.

Assets in this category are remeasured on a current basis at fair value with changes in value recognised in profit or loss. The intention of a derivative instrument, that is not classified as a hedging instrument, decides whether the change in value is recognised in net financial items or in operating profit.

If the maturity or the anticipated holding period of a financial investment is longer than one year, the investment is called a financial non-current asset and if maturity is less than one year a short term investment.

– Held to maturity investments

Investments held to maturity are financial assets that include fixed-income securities with fixed or determinable payments and set maturities that the company has an expressed intention and ability to hold to maturity. Assets in this category are measured at amortised costs. This category includes investments such as treasury bills.

– Loans and receivables

This category comprises financial assets with fixed or determinable payments, that are not quoted in an active market. Assets in this category are measured at amortised cost.

This category includes trade receivables, loan receivables and other receivables. Trade receivables are taken up in the balance sheet when the invoice has been sent. Trade receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of accounts receivable is recognised in operating expenses. Trade receivables have a short remaining maturity and are therefore valued at a nominal amount without discount.

For loan receivables and other receivables if the anticipated holding period exceeds one year they are reported as non-current receivables, in other cases as other receivables.

– Available-for-sale financial assets

This category includes financial assets that cannot be classified in any other category. Assets in this category are measured on a current basis at fair value with changes in value recognised in equity. Investments in shares and participations that do not have a quoted market price and whose fair value cannot be determined in a reliable manner, are measured at cost with deduction for any impairment.

– Financial liabilities at fair value through profit or loss

This category comprises derivative instruments that are not used for hedge accounting. These are valued on a current basis at fair value with changes of value recognised in profit or loss. The purpose of the derivative instrument determines whether a change in value is recognised in net financial items or in operating profit or loss. Change

in value of financial liabilities attributable to issued synthetic options where market premiums have been paid is recognised within net financial items.

– Other financial liabilities

Interest-bearing and non-interest-bearing liabilities that are not held for trading are reported in this category. A liability is taken up when the counterparty has performed and a contractual liability exists to pay, even if an invoice has not been received. Measurement is at amortised cost. Amortised cost is determined on the basis of the effective interest calculated when the liability was incurred. This means that surplus and deficit values are allocated over the term of the liability.

Direct transaction costs for raising loans are included in cost and accrued over the maturity of the loan.

Trade payables are taken up when an invoice is received. Trade and other payables, that have a short anticipated maturity are measured at nominal amounts without discount.

Impairment of financial assets

On each reporting date the company evaluates whether there are objective indications that a financial asset or group of financial assets are impaired. The decline must be significant or lengthy.

For unlisted shares and participations in the Available-for-sale financial assets category, measured at cost, the impairment loss is calculated as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted to a current market return for a similar financial asset. The same applies to listed shares and participations in the category Available-for-sale financial assets measured at fair value. When impairment is recognised for these assets previously recognised cumulative loss in equity is rebuked to the income statement. An impairment loss is recognised in the income statement. Such impairments are not reversed.

For assets in the Loan receivables and trade and other receivables category, which are recognised at amortised cost, the recoverable amount of an asset is calculated as the present value of future cash flows discounted with an effective interest that applied when the asset was recognised for the first time. No discounting is made on assets with short maturities. The impairment loss is recognised in the income statement. Reversal of earlier impairment is made if a subsequent increase in the recoverable amount can objectively be attributed to an event that took place after the impairment was recognised. Reversals are recognised in the income statement.

Derivative instruments and hedge accounting

The Group uses various types of derivative instruments (forward contracts, options and swaps) in order to hedge different financial risks, primarily currency risks and interest rate risks.

All derivative instruments are recognised at fair value in the balance sheet. Initially derivatives are recognised at fair value which means that transaction costs are charged against profit. The changes in value that arise on remeasurement can be recognised in different ways depending on whether the derivative instrument is classified as a hedging instrument or not.

If a derivative instrument is not classified as a hedging instrument the change in value is then recognised directly in profit or loss.

For derivative instruments that comprise hedging instruments in a cash flow hedge, the effective part of the change in value is recognised in equity, while the ineffective part is recognised directly in profit or loss.

The part of change in value that is recognised in equity is then taken to the income statement, which takes place in the later period when the hedge item affects profit or loss. If the hedged item is no longer expected to occur, the change in value recognised in equity is immediately taken to profit or loss.

If the hedge accounting is discontinued before the maturity of the derivative instrument the derivative instrument returns to classification as a financial asset or liability valued at fair value through profit or loss, and the future changes in value of the derivative instrument are thereby recognised directly in profit or loss.

Cash flow hedges are mainly used in the following cases: (i) when forward exchange contracts are used to hedge currency risk in future purchases and sales in different foreign currencies and (ii) when interest swaps are used in order to replace borrowing at floating interest to interest payments at fixed interest.

In order to meet the requirements for hedge accounting according to IAS 39, there must be an unequivocal link to the hedged item. Furthermore, it is required that the hedge effectively protects the hedged item, that hedging documentation is prepared and that effectiveness can be shown to be sufficiently high through effectiveness measurement. Gains and losses related to hedges are recognised in profit or loss at the same time as gains or losses are recognised for the hedged items.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a holding, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the balance sheet. Measurement takes place at the lower of carrying amount and fair value with deduction for selling costs.

Share capital

Acquisition of treasury shares is reported as a deductible from equity. Proceeds from the sale of treasury shares are reported as an increase in equity. Any transaction costs are recognised directly in equity.

Employee benefits

Defined contribution plans

Obligations relating to contributions to defined contribution plans are recognised as an expense in the income statement when they arise.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Councils Emerging Issues Task Force, URA 42, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available. The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. This remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate on the balance sheet date for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. Where there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in the income statement allocated on a straight line over the average period until the benefits are totally earned. If the benefits have been fully earned, an expense is recognised directly in the income statement.

All actuarial gains and losses that arise from calculation of the Group's obligations for different plans are calculated according to the corridor rule. The corridor rule means that the portion of accumulated actuarial gains and losses that exceeds 10% of the larger of the present value of the obligations and the fair value of the plan assets is recognised in profit or loss over the anticipated average remaining period of service for the employees covered by the plan. Otherwise, actuarial gains and losses are not taken into account.

When the calculations lead to an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised expenses for past service and the present value of future repayments from the plan or decreased future payments to the plan. When there is a difference between how the pension cost is determined in a legal entity and group, a provision or receivable is reported relating to special payroll tax based on this difference. The provision or receivable is not calculated at present value.

Other long-term benefits

The portion of variable compensation to employees that is only paid if the employee remains in service, is reported under Other non-current liabilities.

Incentive programmes

Ratos AB's call option programmes are secured through purchases of treasury shares. Purchases of treasury shares are reported as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Synthetic option programmes with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost

for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options is recognised as a financial item, as are other income and expenses relating to financial assets and liabilities. If a synthetic option is utilised by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realised profit or loss is recognised in the income statement as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

If a market premium is not paid with relation to a synthetic options programme an issued option is recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that a company shall bear the cost that it incurred by not receiving a market premium. An expense and a liability is recognised corresponding to the fair value of the options through application of an options valuation model. The expense is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in the income statement as employee benefits.

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to equity holders of the parent.

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, at the average market price for Ratos shares, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

When calculating earnings per share, the redemption combined with a split carried out in 2006, are taken into account for periods prior to the transaction.

Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made. When the effect of the timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

A provision for an onerous contract is recognised when the expected economic benefits to the Group from a contract are lower than the unavoidable costs of meeting obligations under the contract.

Provisions for insurance contracts relate to share of the insurance premiums received regarding current insurance contracts that are attributable to outstanding risks, unearned premiums, and insurance claims based on assessment of claims received and estimates of claims incurred but not yet received. On each balance sheet date a test is performed of the extent to which reported insurance liabilities are

adequate by making current assessments of future cash flows according to these insurance contracts.

Tax

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised directly in equity, when the inherent tax effect is recognised in equity.

Deferred tax is calculated on the basis of the difference between reported and tax assessment value of assets and liabilities if it is probable that recovery or adjustment respectively of the difference is probable. A valuation is performed based on the tax rates and tax regulations decided or announced as per the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carry forwards are only recognised to the extent it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer assessed as not probable that they can be used.

Contingent liabilities

A contingent liability is recognised when there is a possible assumption that stems from events that have taken place and when their occurrence is only confirmed by one or more uncertain future events or when there is an assumption that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RR 32:06 Accounting for legal entities. Statements from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force for listed companies are also applied. RR 32:06 means that the parent company in the annual accounts for a legal entity must apply all EU approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS. The differences between the Group's and the parent company's accounting principles are stated below.

The accounting principles set out below for the parent company are applied consistently to all periods presented in the parent company's financial reports.

Revenue recognition

Dividends in the parent company are taken to income to the extent the dividend relates to profits earned after acquisition. The residue reduces the book value of the participations.

Financial instruments

The parent company applies the rules in the Swedish Annual Accounts Act Chapter 4, §14 a-e which allows measurement of some financial instruments at fair value.

Associates

Participations in associates are reported in the parent company according to the acquisition cost method.

Defined benefit pension plans

In the parent company, other bases are used for calculation of defined benefit pension plans than those stated in IAS 19. The parent company follows the regulations in the Income Security Act and directives from the Swedish Financial Supervisory Authority since this is a pre-requisite for the right to deduct tax. The most important differences compared with the rules in IAS 19 are how the discount rate is determined, that calculation of the defined benefit obligations is based on current salary without an assumption on future salary increases, and that all actuarial gains and losses are recognised in the income statement as they arise.

Group contributions and shareholder contributions

The parent company reports shareholder contributions in accordance with the statement from the Emerging Issues Task Force. Shareholder contributions are recognised as an asset in shares and participations to the extent no impairment is recognised.

The parent company is taxed in accordance with the rules for investment companies which means that the parent company can neither give nor receive Group contributions.

Tax

The parent company is taxed according to the rules for investment companies. This means that any capital gains that arise are not liable to tax.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received are reported as income. Net interest and overheads are tax deductible as are dividends paid. The parent company normally pays no tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

SEKm	2007	2006
Holdings		
Profit from group companies	2,005	1,164
Exit gains, group companies	160	-14
Impairment, group companies		-178
Share of profits of associates	545	719
Exit gains, associates	727	1,617
Impairment, associates		
Dividends, other holdings	71	21
Exit gains, other holdings	46	75
Impairment, other holdings		-10
Profit from holdings	3,554	3,394
Central income and expenses		
Management costs	-347	-275
Financial items	255	115
Net expenses	-92	-160
Profit before tax	3,462	3,234
Tax	-516	-572
Profit for the year	2,946	2,662
Attributable to		
Equity holders of the parent	2,646	2,527
Minority interests	300	135

For formal reasons Ratos has chosen to report the income statement in accordance with IAS 1. Ratos's mission is to acquire, develop and subsequently divest companies. This means that Ratos has many clear special characteristics in relation to a "normal" operating company and is not a group in the traditional sense. Sales change if a group company is sold and an associate is acquired or vice versa, although such changes are part of the company's operations. In order to better reflect Ratos's operations, group companies are also reported in this note according to the equity method. The lines which have the same values in both presentation forms are therefore profit before tax, tax and profit after tax.

Note 3 Revenue breakdown

SEKm	2007	2006
Breakdown of net sales		
Sales of goods	15,285	11,277
Service assignments	5,417	4,477
Insurance services	477	402
	21,179	16,156

Note 4 Business combinations 2007

During the year Ratos acquired RH Form, RBM, HÅG, MCC, Contex Holding, EuroMaint and AH Industries. All these acquisitions were carried out by newly formed acquisition companies. Ratos's investment pertains to capital provided including any shareholder loan to the acquisition companies where identifiable assets, assumed liabilities and contingent liabilities were measured at fair value. Ratos's acquisition analyses therefore only recognise goodwill where acquired assets, liabilities and contingent liabilities in conjunction

with the acquisition had already been measured at fair value in sub-groups. In the acquisition companies' preliminary acquisition analyses the difference between the cost and fair value of acquired identifiable assets and liabilities is attributed to goodwill.

At the beginning of the year, Ratos acquired 85% of the two office chair producers RH Form and RBM. In June, Ratos acquired 85% of the Norwegian office chair producer HÅG. The three companies have merged into a new group, HÅG/RH/RBM. RH/RBM is included in Ratos's earnings with effect from 1 January and HÅG with effect from 1 June. Sales during the period amounted to SEK 1,123m and profit before tax was SEK 45m. If the acquisitions had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 1,488m and profit before tax SEK 69m. The acquisition company's interest expenses were reported pro forma to correspond to a full-year figure. Ratos's investment amounted to SEK 747m. The goodwill recognised for HÅG/RH/RBM reflects a strong position in the Nordic office chair market, significant cost and revenue synergies between HÅG, RH Form and RBM, strong organisational skills in the newly created group, which provides the capacity to carry out continued consolidation, and not least the special skills within ergonomics, design, quality and environment that will provide the group with competitiveness, high profitability and future expansion opportunities as well as additional possibilities to improve internal efficiency. In addition, goodwill also represents intangible assets that cannot be identified and measured separately from goodwill.

In April, Ratos acquired 60% of MCC. The company is included in Ratos's earnings with effect from 1 May. Sales during the period totalled SEK 472m and profit before tax SEK 50m. If the acquisition had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 698m and profit before tax SEK 75m. The acquisition company's interest expenses were reported pro forma to correspond to a full-year figure. Ratos's investment amounted to SEK 298m. The goodwill recognised for MCC represents the company's market position and its underlying strengths as a profitable niche company with growth potential. Goodwill also represents the technical skills of the employees and the company's business concept that involves a focus on customers with short series and a low level of standardisation, as well as intangible assets that cannot be identified and measured separately from goodwill.

On 31 August 2007, Ratos acquired 100% of EuroMaint. The company is included in Ratos's earnings from 1 September 2007. Sales during the period totalled SEK 740m and loss before tax was SEK 29m. If the acquisition had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 2,067m and loss before tax SEK 13m. The acquisition company's interest expenses were reported pro forma to correspond to a full-year figure. Ratos's investment amounted to SEK 417m. In the preliminary acquisition analysis the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities was attributed to goodwill. The goodwill recognised for EuroMaint represents a well-functioning organisation with the ability to continuously develop and improve the efficiency of its operations, make profitable agreements, a business model that generates strong cash flows and a leading market position as well as intangible assets that cannot be identified and measured separately from goodwill.

Note 4, Cont.

Ratos acquired 66% of AH Industries at 31 August 2007. The company is included in Ratos's earnings from 1 September. Sales during the period totalled SEK 202m and profit before tax was SEK 23m. If the acquisition had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 553m and profit before tax SEK 73m. The acquisition company's interest expenses were reported pro forma to correspond to a full-year figure. Ratos's investment amounted to SEK 304m. In the preliminary acquisition analysis the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities was attributed to goodwill. The goodwill recognised for AH Industries represents the company's strong market position in Europe as a leading niche company with major growth potential, a competent management as well as intangible assets that cannot be identified and measured separately from goodwill.

At the beginning of September 2007, Ratos acquired 98% of Contex Holding. The company is included in Ratos's earnings from 1 September. Sales during the period totalled SEK 313m and profit before tax was SEK 27m. If the acquisition had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 831m and profit before tax SEK 18m. The acquisition company's interest expenses were reported pro forma to correspond to a full-year figure. Ratos's investment amounted to SEK 683m. In the preliminary acquisition analysis the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities was attributed to goodwill. The goodwill recognised for Contex Holding represents a strong market position, a strong organisational ability and technical expertise and experience, possibilities for future enhancement of the efficiency of its cost structure and thus the company's profitability as well as intangible assets that cannot be identified and measured separately from goodwill.

Ratos's acquisitions

The table below shows fair value on the acquisition date.

SEKm	MCC	HÄG/RH /RBM	AH Industries	Euro Maint	Contex
Intangible non-current assets		23	0	18	56
Property, plant and equipment	26	185	133	156	68
Financial assets	1	2	4	7	2
Current assets	223	329	166	761	211
Cash and cash equivalents	23	128	11	23	125
Non-current liabilities	408	1,811	397	1,022	1,051
Current liabilities	216	236	114	427	119
Net, identifiable assets and liabilities	-351	-1,380	-197	-484	-708
Consolidated goodwill	842	1,619	644	692	1,409
Purchase price, total	491	239	447	208	701
Ratos's holding, %	60	85	66	100	98
Purchase price paid	295	194	296	208	683
Costs directly attributable to acquisition	3		8		
In addition, shareholder loan		553		209	
Total investment	298	747	304	417	683

Acquisitions carried out by group companies

During the year Inwido acquired companies in the Nordic region and the UK. These investments totalled SEK 1,404m. The largest acquisitions were the Danish company KPK, the Finnish company Tiivitoute Oy and DeCasa. DeCasa was previously part of the Haendig group. In addition a number of smaller acquisition were also made. The acquired companies are included in consolidated sales with SEK 935m and in profit before tax with SEK 105m. The companies' sales and profit before tax respectively amount to SEK 1,574m and SEK 162m respectively calculated from the start of the year. These earnings figures do not include DeCasa, since the company was already part of the Ratos Group.

During the year, Bisnode acquired the Dutch company WDM BV, a leading supplier of marketing services to consumers in the Netherlands, Belgium and France.

In addition, a number of smaller acquisitions were made. The acquired companies are included in consolidated sales with SEK 527m and in profit before tax with SEK 54m. The companies' sales and profit before tax respectively amounted to SEK 846m and SEK 47m calculated from the start of the year.

In September, Anticimex acquired the Finnish company Rak-systems. The company's sales totalled SEK 101m during the year and profit before tax amounted to SEK 10m calculated from the start of the year. Corresponding figures included in consolidated earnings are SEK 30m and SEK 6m respectively.

During the year Jøtul acquired Hammerstrøm AS, Norway's leading supplier of flues and chimney accessories. Hammerstrøm AS is included in consolidated sales with SEK 27m and in profit before tax with SEK 26m, of which SEK 20m was attributable to a property sale. If the company had been included in the consolidated figures for the full year, sales would have been SEK 43m and profit before tax and property sale SEK 3m.

SEKm	Inwido ¹⁾	Bisnode	Anticimex	Jøtul	Total
Intangible non-current assets		334	1		335
Property, plant and equipment	329	102	2	47	480
Financial assets	17	3			20
Inventories	112	32		17	161
Other receivables	207	212	14	5	438
Cash and cash equivalents	103	150	13		266
Non-current liabilities and provisions	317	202	3	31	553
Current liabilities and provisions	277	295	16	15	603
Net identifiable assets and liabilities	174	336	11	23	544
Consolidated goodwill	999	860	96	26	1,981
Total purchase price	1,173	1,196	107	49	2,525
Less minority interests		-43			-43
Purchase price paid	1,173	1,153	107	49	2,482

¹⁾ Excluding internal acquisition of DeCasa.

cont. next page

Note 4, Cont.

Adoption of preliminary acquisition analyses for previous year

Acquisition analyses for Jøtul and Medifiq have been adopted. In Jøtul's definite acquisition analysis brands are measured. In Medifiq's definite acquisition analysis customer relations are measured.

Jøtul SEKm	Preliminary acquisition balance sheet	New valuation	Definite acquisition balance sheet
Intangible non-current assets	13	208	221
Property plant and equipment	235		235
Financial assets	11		11
Current assets	468		468
Cash and cash equivalents	110		110
Non-current liabilities and provisions	898	58	956
Current liabilities	463		463
Net identifiable assets and liabilities	-524	150	-374
Consolidated goodwill	689	-150	539
Purchase price, total	165	0	165
Ratos's holding, %	62.5		62.5
Purchase price paid	103		103
Additional shareholder loan	172		172
Total investment	275	0	275

Medifiq SEKm	Preliminary acquisition balance sheet	New valuation	Definite acquisition balance sheet
Intangible non-current assets	18	8	26
Property plant and equipment	199		199
Current assets	100		100
Cash and cash equivalents	70		70
Non-current liabilities and provisions	310	2	312
Current liabilities	63		63
Net identifiable assets and liabilities	14	6	20
Consolidated goodwill	343	-6	337
Purchase price, total	357	0	357
Ratos's holding, %	78.5		78.5
Purchase price paid	280		280
Total investment	280	0	280

2006

During the year Ratos completed the acquisition of Anticimex, Jøtul and Medifiq Healthcare. In each case the acquisitions were made by newly formed acquisition companies. Ratos's investment relates to capital provided to the acquisition companies where identifiable assets, assumed liabilities and contingent liabilities were measured at fair value. In Ratos's acquisition analyses goodwill is thus only recognised when acquired assets, liabilities and contingent liabilities in connection with the acquisition have already been measured at fair value in sub-groups.

At the beginning of the year Ratos acquired 85% of Anticimex which is a Nordic market leader within pest control. Operations also

include a broad range of services with the aim of creating healthy indoor environments. The remaining 15% is owned by the company's management. Anticimex is included in Ratos's earnings from 1 February. Sales during the period were SEK 1,167m and profit before tax SEK 54m. If the acquisition had been carried out at 1 January 2006, sales reported in the Ratos Group during the period would instead have been approximately SEK 1,400m and profit before tax SEK 80m. The acquisition company's interest expenses were stated pro forma in order to correspond to a full-year figure. Ratos's investment amounts to SEK 535m. The intangible assets identified in the acquisition analysis relate to a contract portfolio valued at SEK 116m. The goodwill recognised for Anticimex represents a well functioning organisation with the ability to broaden the product offering and the ability to conclude agreements with partners, a business model that provides strong cash flows, a market leading position as well as intangible assets that cannot be identified and measured separately from goodwill.

In June, an agreement was signed on acquisition of 62.5% of the Norwegian stove and fireplace manufacturer Jøtul. The former principal owner Accent Equity remains as part owner with 22.5%. Members of company management have acquired the remaining shares. Jøtul was founded in 1853 and is Scandinavia's leading manufacturer of stoves. The company has production facilities in Norway, Denmark, the US, and France. Jøtul is included in Ratos's earnings with effect from July. Sales during the period were SEK 625m and profit before tax SEK 56m. If the acquisition had been carried out at 1 January 2006, sales reported in the Ratos Group during the period would instead have been SEK 1,000m and profit before tax SEK 50m. The acquisition company's interest expenses were stated pro forma in order to correspond to a full-year figure. Jøtul's acquisition of Krog Iversen is included from the beginning of the year. Ratos's investment amounts to SEK 275m. In the preliminary acquisition analysis the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities, was attributed to goodwill. The goodwill reported for Jøtul represents a strong market position, a distribution organisation with good relationships with retailers, the strong management with a detailed acquisition strategy and a business plan based on a growth programme. Goodwill also represents synergy effects between Jøtul and Krog Iversen as well as intangible assets that cannot be identified and measured separately from goodwill.

In August, Ratos concluded a purchase agreement for acquisition of 78% of the shares in Perlos's medical division Perlos Healthcare. The acquisition was completed in November and the name of the company changed to Medifiq Healthcare. The former owner Perlos Oy still owns 20% and the remaining 2% is owned by the company's management. Medifiq Healthcare develops and manufactures drug delivery devices for pharmaceuticals, contraceptives, devices for blood sampling as well as accessories for healthcare providers within a number of areas. Medifiq Healthcare is included in Ratos's earnings with effect from November. Sales during the period amounted to SEK 94m and profit before tax SEK 4m. Ratos's investment amounted to SEK 280m. If the acquisition had been carried out at 1 January 2006, sales reported in the Ratos Group during the period would instead have been SEK 490m and profit before tax SEK 10m. The acquisition company's interest expenses were stated pro forma in order to correspond to a full-year figure. In the preliminary acquisition analysis the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities, was attributed to

goodwill. Goodwill is attributed to the company's organisation and market position as well as intangible assets that cannot be identified and measured separately from goodwill.

In December, an agreement was concluded on acquisition of 100% of the two office chair producers Swedish company RH Form and the Danish company RBM. RH Form produces various types of ergonomic office and work chairs as well as offering a range of special chairs. RBM in addition to office chairs also has chairs for conference, educational and canteen premises in its range. Both companies design and produce their chairs. Ratos's investment amounted to almost SEK 190m. The acquisitions are subject to approval from the relevant authorities. The acquisitions were carried out at the beginning of 2007. Closing accounts for the new group have not yet been adopted.

The table below shows fair value at acquisition date.

Ratos's acquisitions

SEKm	Anticimex	Jøtul	Medifiq	Total
Intangible non-current assets	118	13	18	149
Property plant and equipment	124	235	199	558
Financial assets	33	6		39
Deferred tax asset	34	5		39
Inventories	30	237	67	334
Other receivables	290	231	33	554
Cash and cash equivalents	35	110	70	215
Non-current liabilities and provisions	1,367	898	310	2,575
Deferred tax liability	121			121
Current liabilities and provisions	526	463	63	1,052
Net identifiable assets and liabilities	-1,350	-524	14	-1,860
Consolidated goodwill	1,750	689	343	2,782
Purchase price, total	400	165	357	922
Ratos's holding, %	85	62.5	78.5	
Purchase price paid	340	103	280	723
Additional shareholder loan	195	172		367
Total investment	535	275	280	1,090

Major acquisitions made by group companies

At the beginning of the year, Bisnode completed acquisition of Bonniers' German operations. In addition, a number of small acquisitions were made. A total of SEK 611m was invested. Ratos provided SEK 379m. The acquired companies are included in the Group's sales with SEK 390m and in profit before tax with SEK 10m. The companies' sales and profit before tax respectively amount to approximately SEK 600m and SEK 20m measured from the start of the year.

During the year Inwido acquired companies in Sweden, Finland, Norway and Poland. These investments totalled SEK 568m. The acquired companies are included in the Group's sales with SEK 598m and SEK 40m in profit before tax. The companies' sales and profit before tax respectively amount to approximately SEK 1,100m and SEK 50m calculated from the start of the year.

Arcus Gruppen acquired 60% of the Swedish Vingruppen, one of Sweden's major suppliers of wine. Vingruppen is included in sales with SEK 94m and in profit before tax with SEK 10m.

Analyses of acquired intangible assets were carried out for each acquisition. The intangible assets that then emerged include brands, databases and customer relations.

The tables below show fair value at acquisition date. In some cases the acquisition analyses are preliminary.

SEKm	Arcus Gruppen	Bisnode	Inwido	Total
Intangible non-current assets	2	206	36	244
Property plant and equipment	1	13	119	133
Financial assets	2	60	1	63
Inventories	33	1	89	123
Other receivables	63	98	184	345
Cash and cash equivalents	14	182	60	256
Non-current liabilities and provisions	2	234	34	270
Current liabilities and provisions	73	317	236	626
Net identifiable assets and liabilities	40	9	219	268
Consolidated goodwill	70	602	349	1,021
Purchase price, total	110	611	568	1,289
Of which Ratos provided shareholder's contribution and shareholder loan		379		

Adoption of previous year's preliminary acquisition analyses

Acquisition analyses for Bisnode and Arcus Gruppen have been adopted. Adjustment of Bisnode meant that the participating interest was reported taking dilution into account, i.e. 70%. The acquisition balance was not affected by this adjustment only the allocation between majority and minority owners. The value of Arcus Gruppen's properties has been determined and a reallocation between goodwill and property values was therefore made.

Arcus Gruppen SEKm	Preliminary acquisition balance sheet	New valuation	Definite acquisition balance sheet
Intangible non-current assets	291		291
Property plant and equipment	700	-183	517
Financial assets	25		25
Inventories	319		319
Other receivables	507		507
Cash and cash equivalents	142		142
Non-current liabilities and provisions	788	-51	737
Current liabilities and provisions	980		980
Net identifiable assets and liabilities	216	-132	84
Consolidated goodwill	354	132	486
Purchase price, total	570	0	570
Ratos's holding, %	83		83
Purchase price paid	474		474

Note 5 Other operating income**Group**

SEKm	2007	2006
Rental income	4	11
Gain from the sale of non-current assets	60	33
Exchange gains on receivables/operating liabilities	22	8
Government grant	3	
Other	134	92
	223	144

Parent Company

SEKm	2007	2006
Rental income	2	4
Other	1	1
	3	5

Note 6 Other operating expenses**Parent Company**

SEKm	2007	2006
Property costs	-4	-3
	-4	-3

Note 7 Capital gain from the sale of group companies**Group**

SEKm	2007	2006
Bluegarden	160	
Gadelius		-14
Companies within Arcus Gruppen	748	-16
Companies within Bisnode	77	66
Companies within BTJ Group		19
Companies within Haendig	177	14
Intra-group profit	-167	
Companies within Inwido		20
	995	89

Result from participations in group companies**Parent Company**

SEKm	2007	2006
Dividends	73	100
Result from sale of shares	316	2,850
Impairment		-99
	389	2,851

Note 8 Share of profits of associates**Group**

SEKm	2007	2006
Share of profits		
Atle Industri	19	20
Camfil	93	73
DIAB	100	122
HL Display	44	26
Lindab	264	379
Superfos	24	11
Alimak Hek		88
	544	719
Share of profits of associates, owned by group companies	15	14
	559	733

Exit gains

Alimak Hek	727	
Lindab		1,419
LRT/Tornet		198
	727	1,617

Share of profits of associates, owned by group companies	14	
	741	1,617

Result from participations in associates	1,300	2,350
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Result from participations in associates**Parent Company**

SEKm	2007	2006
Dividends	92	19
Result from sale of shares	800	1,685
Impairment	-2	
	890	1,704

Note 9 Employees, personnel costs and remuneration to senior executives and the Board

Average number of employees

	2007 Total	2007 Of whom men, %	2006 Total	2006 Of whom men, %
Parent company	35	51	32	50
Group companies	14,336	62	9,592	66
Group total	14,371	62	9,624	66
Of whom in				
Sweden	6,173	50	4,026	63
Norway	2,006	73	1,725	70
Finland	1,130	61	942	62
Denmark	1,254	75	786	74
Poland	646	69	324	71
UK	571	71	505	64
Germany	558	63	383	64
Canada	423	95	19	84
Netherlands	236	73	67	69
USA	234	82	163	86
Ireland	188	82	57	67
France	126	61	106	81
Russia	122	66		
Belgium	108	60	14	57
Switzerland	74	54	71	54
Austria	71	58	55	58
China	71	76	54	78
Czech Republic	58	43	47	38
Hungary	53	26	53	26
Spain	43	86	43	88
Slovenia	40	48	41	42
Australia	34	82	34	88
Korea	31	94	12	83
Japan	20	75	20	80
India	20	95	9	78
Singapore	19	84	14	86
Slovakia	15	7	11	18
Brazil	13	92	13	92
Italy	11	82	9	78
Lithuania	9	44	12	50
Estonia	8	13	5	60
Mexico	4	75	4	75
Latvia	2	50		

Gender distribution in boards and senior executives

	31 Dec 2007 Men	31 Dec 2006 Men
Boards		
Parent company	87%	87%
Group total	92%	92%
Company management		
Parent company	83%	83%
Group total	81%	80%

Group

Salaries and other remuneration

SEKm	Board and senior executives	Other employees	Total
2007			
Group, total	520	4,299	4,819
– of which bonus	125		125
Of which in Sweden	244	1,686	1,930
– of which bonus	88		88
Of which in other countries	276	2,613	2,889
– of which bonus	37		37
Number of people	1,026		
2006			
Group, total	362	3,062	3,424
– of which bonus	86		86
Of which in Sweden	197	1,432	1,629
– of which bonus	67		67
Of which in other countries	165	1,630	1,795
– of which bonus	19		19
Number of people	894		

Social security costs

SEKm	2007	2006
Social security costs	1,506	1,129
(of which pension costs)	(380)	(302)

Of the Group's pension costs SEK 74m (34) refers to the Board of Directors and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 17m (16).

The average number of employees, salaries and other remuneration and social security costs only relate to group companies in the Group at year-end.

cont. next page

Note 9, Cont.

Parent company

Salaries and other remuneration

SEKm	2007	2006
Senior executives, CEO and Deputy CEO		
Number of people	6	6
Salaries and other remuneration	82	65
– of which bonus	(66)	(50)
Other employees	74	59
Total	156	124

Social security costs

SEKm	2007	2006
Social security costs	88	65
(of which pension costs)	(28)	(22)

Of the Parent Company's pension costs, SEK 2m (3) refers to the present and former Board of Directors and CEO. The company's outstanding pension commitments to these amount to SEK 3m (3) and pertain to former Board members who were employees.

Absence due to illness as a percentage of working hours

	2007	2006
Total absence due to illness		
Total absence due to illness as % of normal working hours	1.0	1.1
Proportion of contiguous absence due to illness of 60 days or more	–	–
Gender breakdown		
Men	0.4	0.7
Women	1.7	1.5
Age breakdown		
< 30 years	0.2	0.1
30-49 years	1.4	0.8
> 50 years	0.5	1.9

The 2007 Annual General Meeting guidelines for compensation to senior executives

The incentive system for the company's business organisation is of major strategic importance for Ratios. Against this background a compensation and incentive system has been drawn up designed to offer competitive terms at the same times as the company's employees are motivated to work in the interests of shareholders. The system comprises three components – basic salary, variable salary and options – and rests on five basic principles.

- Ratios's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain within Ratios.
- Both individual effort and the Group's performance must be linked to clear targets set by the Board.
- The variable compensation that is paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's capital.

– Each year the Board sets a limit for the total variable compensation. This means that the variable compensation component can only amount at maximum to a couple of per cent of the company's profit before tax.

– Key people at Ratios shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced options programmes where employees can gain from price rises as well as taking a personal risk by paying a market premium for the options.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable salary, however, is booked in its entirety in the year in which the compensation was earned.

With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. The board shall be entitled to deviate from these guidelines if special reasons exist.

Previously decided remuneration that has not fallen due for payment includes previously decided bonus and subsidies of option premiums. At year-end this amounted to SEK 158m.

Information about variable compensation and option programmes

Variable compensation 2007

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2007, this return requirement was that consolidated profit before tax should correspond to at least 8% of equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which corresponds to a profit before tax of 32% of equity. Profit before tax for 2007 amounted to 29.6% of equity and variable compensation therefore amounts to SEK 90m and will be paid in 2008-2010. A total of 27 people are entitled to receive variable compensation.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years. In order to receive full payment, the person concerned must remain active within Ratios Group.

Call option programme

Annual general meetings 2003-2007 have decided on call option programmes directed to senior executives and other key people within Ratios. All call options have a maturity of five years. Employees have paid a market premium for the call options in all programmes. Acquisition of call options is subsidised by the purchaser receiving extra remuneration corresponding to a maximum of 50% (60% until year-end 2003) of the option premium after deduction for 55% standard tax, whereby the compensation is divided into equal parts for five years and provided the person remains active within the Ratios Group. Starting with the 2005/2010 option programme, in order to receive a subsidy the person concerned must continue to hold the options to which the subsidy relates or shares acquired through the options.

Call options are issued on Ratios purchased treasury shares.

Call options

	31 Dec 2007		31 Dec 2006	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	1,382,500	2,972,375	1,180,500	2,538,075
Issued	518,000	518,000	464,000	997,600
Exercised ¹⁾	-533,500	-1,147,025	-262,000	-563,300
Outstanding at end of period	1,367,000	2,343,350	1,382,500	2,972,375

¹⁾ Average exercise price SEK 59 (50) per share, average share price when the options were exercised was SEK 204 (115).

Details of options issued during the period

	2007	2006
Maturity	31 Mar 2012	31 Mar 2011
Exercise price per share, SEK	278.00	151.80
Each option carries entitlement to purchase of number of shares	1.00	2.15
Total option premium payments, SEKm	18.9	9.8
Total payments to Ratos if shares acquired, SEKm	144.0	151.4

Terms for options outstanding at end period:

Maturity	Option price SEK	Exercise price, SEK	Number of shares/ options	31 Dec 2007		31 Dec 2006	
				Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
30 March 2007	10.40	62.90	2.15			307,500	661,125
28 March 2008	7.20	54.00	2.15	210,000	451,500	436,000	937,400
31 March 2009	7.60	68.40	2.15	76,000	163,400	76,000	163,400
31 March 2010	11.20	102.90	2.15	99,000	212,850	99,000	212,850
31 March 2011	21.20	151.80	2.15	464,000	997,600	464,000	997,600
31 March 2012	36.50	278.00	1.00	518,000	518,000		
				1,367,000	2,343,350	1,382,500	2,972,375

Maximum increase in number of shares in relation to outstanding shares at end of period, %

1.5%

1.8%

Cash amount that the company may receive on redemption of outstanding options amounts to SEK 353m.

Synthetic options

The 2007 Annual General Meeting resolved to introduce a cash-based option programme related to Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year. Financial liabilities relating to synthetic options amounted to SEK 8m at 31 December 2007.

Remuneration to Board and senior executives

2007

SEKm	Basic salary/ Board fee	Variable compensation	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	0.9				0.9	—
Lars Berg, Board member	0.4				0.4	—
Staffan Bohman, Board member	0.4				0.4	—
Göran Grosskopf, Board member	0.4				0.4	—
Annette Sadolin, Board member	0.4				0.4	—
Jan Söderberg, Board member	0.5				0.5	—
Per-Olof Söderberg, Board member	0.5				0.5	—
Arne Karlsson, CEO	5.5	17.6	0.1	2.1	25.3	—
Thomas Mossberg, Deputy CEO	2.4	11.5	0.1	1.3	15.3	—
Other senior executives (4 people)	7.9	36.6	0.3	5.7	50.5	—

2006

SEKm	Basic salary/ Board fee	Variable compensation	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	0.7				0.7	—
Lars Berg, Board member	0.4				0.4	—
Staffan Bohman, Board member	0.4				0.4	—
Peggy Bruzelius, Board member	0.4				0.4	—
Göran Grosskopf, Board member	0.4				0.4	—
Jan Söderberg, Board member	0.4				0.4	—
Per-Olof Söderberg, Board member	0.4				0.4	—
Arne Karlsson, CEO	4.5	13.7	0.1	1.7	20.0	—
Thomas Mossberg, Deputy CEO	2.3	8.7	0.1	1.3	12.4	—
Other senior executives (4 people)	7.8	27.6	0.3	2.5	38.2	—

Call options

Holding 31 Dec 2007

	2003 Number	2004 Number	2005 Number	2006 Number	2007 Number	Benefit
Chairman of the Board						
Other Board members						
Arne Karlsson, CEO	100,000			115,000	100,000	—
Thomas Mossberg, Deputy CEO	27,000			50,000	50,000	—
Other senior executives		20,000	50,000	170,000	165,000	—

Holding 31 Dec 2006

	2002 Number	2003 Number	2005 Number	2006 Number	Benefit
Chairman of the Board					
Other Board members					
Arne Karlsson, CEO		105,000	100,000	115,000	—
Thomas Mossberg, Deputy CEO		23,000	50,000	50,000	—
Other senior executives		82,000	105,000	50,000	185,000

2007

Synthetic options, senior executives

SEKm	Paid in premium	Benefit
Board of Directors	—	—
Senior executives, CEO and Deputy CEO	3	—

Remuneration to the CEO

Variable compensation

The size of variable compensation is decided by Board based on a proposal from the Compensation Committee and within the framework of the variable compensation component for senior executives and other key people. Acquisition of call options is subsidised within the framework of the option programme for senior executives.

Pension terms

Pension premiums are paid with 25% of basic salary plus variable compensation up to 50% of basic salary according to a special calculation model. The pension is a defined contribution plan. No retirement age has been agreed.

Terms for severance pay

The mutual notice period is 6 months. Severance pay corresponding to two annual salaries is paid and may not be triggered by the CEO. Remuneration from a third party is deducted.

Other senior executives

Remuneration to the other five senior executives is set out in the table above.

Pension terms

Pension is paid from the age of 65 with some exceptions. When determining pension premiums, a variable compensation component up to 50% of basic salary carries pension entitlement.

Severance pay

No other senior executives in the Ratos Group have agreements on severance pay which amount to more than two annual salaries. Severance pay may not be triggered by an individual executive, except in one instance, in the event of a change of principal owner.

Incentive programmes in Ratos's holdings

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions. IFRS 2 Share-based payments is applicable to the exceptions. These did not have a material effect on the Ratos Group's income statement and balance sheet. In total, financial liabilities relating to synthetic option programmes relating to Ratos's holdings amounted to SEK 232m at 31 December 2007. In 2007 the Group's earnings were charged with SEK 103m due to remeasurement of synthetic option liabilities relating to the holdings.

Note 10 Fees and disbursements to auditors

SEKm	2007		2006	
	Group	Parent co.	Group	Parent co.
KPMG				
Audit assignment	14	2	8	2
Other assignments	11	8	3	1
Other auditors	52	7	30	5
	77	17	41	8

Audit assignment refers to examination of the annual accounts and accounting records as well as the administration by the Board of Directors and the CEO, other tasks which are the business of the company's auditors, and advice or other assistance which is caused by observations on such examination or implementation of such work tasks. Everything else is other assignments.

Note 11 Financial income and expenses

Group

SEKm	Financial income	
	2007	2006
Dividends	73	21
Result from sales of shares	50	75
Interest income	188	84
Other financial income	59	24
	370	204

Group

SEKm	Financial expenses	
	2007	2006
Interest expenses	-688	-398
Exchange rate fluctuations, net	-23	-1
Impairment	-2	-12
Synthetic option programmes	-103	
Other financial expenses	-63	-50
	-879	-461

Parent company

SEKm	Result from other securities and receivables accounted for as non-current assets		Other interest income and similar profit/loss items	
	2007	2006	2007	2006
Dividends	71	21		
Result from sale of shares	46	74		
Impairment		-10		
Interest income				
Group companies	138	75	25	24
Associates	1			
Other	1		97	47
Exchange rate fluctuations, net			2	
	257	160	124	71

SEKm	Interest expenses and similar profit/loss items	
	2007	2006
Interest expenses		
Group companies	-8	-26
Other	-1	-2
Exchange rate fluctuations, net		-15
Other financial expenses	-23	-8
	-32	-51

Note 12 Taxes

Recognised in the income statement

SEKm	2007	2006
Tax expense for the period	-398	-341
Adjustment of tax attributable to previous years	4	-6
Share in tax of associates	-101	-207
	-495	-554
Deferred tax relating to temporary differences:		
Property, plant and equipment	-6	-2
Intangible non-current assets	-3	14
Financial assets	-3	8
Inventories	15	5
Trade and other receivables		1
Pension provisions	5	8
Other provisions	-15	-11
Tax allocation reserves and similar	-53	-46
Other	-7	3
Deferred tax income due to changed tax rates	3	
Deferred tax income in capitalised tax value in loss carry forward during the year	54	34
Deferred tax expense due to utilisation of early capitalised tax value in loss carry forward	-11	-32
	-21	-18
Total recognised tax expense in the Group	-516	-572

Reconciliation effective tax, Group

SEKm	2007	2006
Profit before tax	3,462	3,234
Less profit from associates	-559	-733
	2,903	2,501
Tax according to current tax rate, 28%	-812	-700
Effect of special taxation rules for investment companies	202	58
Effect of different tax rates in other countries	-12	-6
Non-deductible expenses	-93	-83
Non-taxable income	340	373
Increase in loss carry forward without corresponding capitalisation of deferred tax	-40	-14
Use of previously non-capitalised tax loss carry forward	12	10
Tax attributable to previous years	4	-6
Effect of changed tax rates/and tax rules	3	1
Other	-19	2
Tax in associates	-101	-207
Reported effective tax	-516	-572

Tax items recognised directly in equity

SEKm	2007	2006
Deferred tax attributable to hedging reserve	7	-2
Other	2	
	9	-2

Recognised deferred tax assets and liabilities

Group

SEKm	Deferred tax asset		Deferred tax liability	
	2007	2006	2007	2006
Property, plant and equipment	29	14	88	78
Intangible non-current assets	18	24	462	352
Financial assets		3	10	
Inventories	13	5	18	1
Trade and other receivables	8	15		
Interest-bearing liabilities	14	3	5	1
Provisions for pensions	112	49		
Other provisions	21	39		
Other	54	59	24	27
Loss carry forward	168	91	0	
Tax allocation reserves			289	244
Tax assets/tax liabilities	437	302	896	703
Offsets	-146	-115	-146	-115
Tax assets/tax liabilities, net	291	187	750	588

Of recognised deferred tax assets, SEK 40m falls due within one year and SEK 200m has no due date. Of deferred tax liabilities, SEK 51m falls due within one year and SEK 333m has no due date.

Unrecognised deferred tax assets

SEKm	2007	2006
Deductible temporary differences	10	
Tax deficit	979	896
	989	896

Approximately SEK 340m (400) of the unmeasured loss carry forwards are attributable to subsidiaries administered centrally by Ratios. SEK 100m (64) of the tax deficit falls due in 2009-2016. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit corresponds to a tax value amounting to SEK 273m (243).

Since it is improbable that unrecognised tax assets will lead to lower tax payments in the future, these have not been assigned any value.

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise are not liable to tax. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year and where the holding is less than 10%. Dividends received are reported as income. Net interest and overheads are tax deductible as are dividends paid.

Note 13 Intangible non-current assets

Group

SEKm	Acquired intangible assets							Internally generated	Total
	Goodwill	Trade-marks	Customer relations	Contract portfolio	Data-bases	Business relations	Other assets	Other assets	
Accumulated cost									
Opening balance 1 January 2006	5,947	353	143		234		430		7,107
Investments					31		153		184
Reclassification					6		-4		2
Business combinations	3,833	9	139	116	62		71		4,230
Disposals	-149				-15		-43		-207
Reclassified to Assets held-for-sale	-26						-3		-29
Exchange differences for the year	-225	-22	-6		-8		-19		-280
Closing balance 31 December 2006	9,380	340	276	116	310		585		11,007
Adopted acquisition balance sheets	-156	208	8						60
Adjusted closing balance, 31 Dec. 2006	9,224	548	284	116	310		585		11,067
Opening balance 1 January 2007	9,224	548	284	116	310		585		11,067
Investments					35	21	101	24	181
Reclassification		7			99	57	-109		54
Business combinations	7,261	24	128	20	282	60	43	85	7,903
Disposals	-535				-2		-36		-573
Transferred to Assets held for sale							-183		-183
Exchange differences for the year	275	41	7		11	5	15	-1	353
Closing balance 31 December 2007	16,225	620	419	136	735	143	416	108	18,802
Accumulated amortisation and impairment losses									
Opening balance 1 January 2006		-2	-9		-46		-227		-284
Amortisation for the year		-14	-39	-5	-31		-51		-140
Impairment for the year	-204				-22		-6		-232
Reclassification							3		3
Accumulated amortisation in acquired companies					-9		-21		-30
Disposals					13		31		44
Transferred to Assets held for sale	23						2		25
Exchange differences for the year		1			2		10		13
Closing balance 31 December 2006	-181	-15	-48	-5	-93		-259		-601
Accumulated amortisation and impairment									
Opening balance 1 January 2007	-181	-15	-48	-5	-93		-259		-601
Amortisation for the year		-10	-51	-7	-55	-5	-49	-8	-185
Impairment for the year	-3							-4	-7
Reclassification						-54			-54
Accumulated amortisation in acquired companies			-4	-9	-146		-21	-10	-190
Disposals	195				2				197
Accumulated amortisation in sold companies							130		130
Exchange differences for the year	-11	-2	-1		-5	-1	-6		-26
Closing balance 31 December 2007	0	-27	-104	-21	-297	-60	-205	-22	-736
Value according to consolidated balance sheet	16,225	593	315	115	438	83	211	86	18,066

Note 13, Cont.

Impairment testing for goodwill and intangible assets with indeterminable useful lives attributable to group companies

The Ratos Group's goodwill and intangible fixed assets with indeterminable useful lives are distributed as follows:

	2007		2006	
	Goodwill	Intangible non-current assets ^{*)}	Goodwill	Intangible non-current assets ^{*)}
Bisnode	3,914		3,025	
Inwido	3,155		2,047	
Anticimex	1,857		1,729	
HÅG/RH/RBM	1,656			
Contex Holding	1,367			
	11,949		6,801	
Subsidiaries without significant goodwill values, total	4,276	441	2,242	406
	16,225	441	9,043	406

^{*)} Relates to intangible assets with indeterminable useful lives and which are therefore not amortised.

Goodwill and other intangible assets with indeterminable useful lives are attributable when subject to impairment testing to separate subsidiaries, since these constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Bisnode, Inwido, Anticimex, HÅG/RH/RBM and Contex Holding are of a significant size on their own in relation to the Ratos Group's total goodwill.

Subsidiaries without significant goodwill, total

Goodwill attributable to Ratos subsidiaries, except Bisnode, Inwido, Anticimex, HÅG/RH/RBM and Contex Holding, are not significant on their own in relation to the Ratos Group's total goodwill.

Estimated recoverable amount for subsidiaries comprises either value in use or fair value with deduction for selling costs.

Methods for estimating key variables differ between subsidiaries since each holding is itself an independent unit with different conditions.

Value in use

Value in use is calculated as Ratos's share of present value of future estimated cash flows generated by the holding until a planned exit date as well as estimated proceeds on final divestment.

Estimations of future cash flows are based on reasonable and verifiable assumptions that comprise Ratos's best estimations of the economic conditions that are expected to prevail until the exit date, whereby great weight is given to external factors. Assessments of future cash flows are based on the most recent budget/forecasts decided. These cover the period until the exit date, a maximum of five years. If the exit date in any case should be further away than five years, assessments of future cash flows are based on an assumption of an unchanged or declining growth rate unless an increasing growth rate can be motivated.

Estimates of future cash flows do not cover future payments attributable to future restructuring that the holding is not yet bound to implement. As soon as the holding is bound to implement restructuring, future cash flows contain savings and other advantages that restructuring and payments such as restructuring are expected to produce.

Neither do estimated future cash flows include payments received or made from financing activities. On the other hand tax receipts and payments are included. When valuing a company it is normal to also include taxes. The estimated value in use should be compared with the carrying amount of the holding which includes tax assets and tax liabilities. In order for the valuation to be comparable with the carrying amount, Ratos chooses to include receipts and payments in the estimated future cash flows instead of reducing the consolidated value with tax liabilities and assets.

Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset. The discount factor does not reflect risks that are taken into account when future cash flows are estimated. Calculation of the discount rate is based on the company's weighted average cost of capital, the company's marginal borrowing rate and other market borrowing rates independent of Ratos's capital structure.

Fair value minus selling costs

The best expression for a fair value minus selling costs is the price in a binding agreement between independent parties. If this does not exist, the market price can be used provided the asset is sold in an active market. The immediately preceding transaction can provide a basis from which the value can be determined when current purchase rates are not available.

If this is not available, fair value minus selling costs comprises the price that is expected to be obtained in the event of a sale of the asset between parties who are independent of each other, well informed and have an interest in the transaction. When the amount is determined the result of sales of similar assets, including profit multiples, made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

Bisnode

Impairment testing for Bisnode is based on a calculation of fair value minus selling costs. Key variables in this calculation are profit multiples and future profitability level. The value estimations are based on prior experiences and external sources.

The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Inwido

Impairment testing for Inwido is based on the calculation of fair value minus selling costs. Key variables in the calculation are profit multiple at exit and profit forecast. The basis for estimating these values is the units' prior experiences and external sources. Forecast is also based on the effect of the Group's newly acquired companies.

The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Anticimex

Impairment testing for Anticimex is based on a calculation of fair value minus selling costs. Key variables in this calculation are profit multiples and future profitability level. The value estimations are based on prior experiences and external sources.

The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

HÅG/RH/RBM

Impairment testing for HÅG/RH/RBM is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2010, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of approximately 8% after tax. Sales growth and profit multiple at exit are key variables for calculating HÅG/RH/RBM's value in use. The anticipated future scenario is in accordance with HÅG/RH/RBM's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Contex Holding

Impairment testing for Contex Holding is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2010, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of just under 8% after tax. Sales growth and profit multiple at exit are key variables for calculating Contex Holding's value in use. The anticipated future scenario is in accordance with Contex Holding's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2006	970	2,239	112	3,321
Reclassification	-3	78	-83	-8
Investments	114	319	33	466
Transferred from construction in progress	24		-24	0
Disposals	-145	-43		-188
Assets in acquired companies	314	794	8	1,116
Assets in sold companies	-54	-138	-2	-194
Transferred to Assets held for sale		-12		-12
Exchange differences for the year	-40	-92	-4	-136
Closing balance 31 December 2006	1,180	3,145	40	4,365
Opening balance 1 January 2007	1,180	3,145	40	4,365
Reclassification	-15	-154		-169
Investments	33	450	178	661
Transferred from construction in progress	14	59	-73	0
Disposals	-250	-209		-459
Assets in acquired companies	496	1,629	55	2,180
Assets in sold companies	-155	-78		-233
Exchange differences for the year	44	136	2	182
Closing balance 31 December 2007	1,347	4,978	202	6,527
Accumulated depreciation and impairment				
Opening balance 1 January 2006	-212	-1,565		-1,777
Reclassification	-1	-2		-3
Depreciation for the year	-29	-265		-294
Disposals	47	35		82
Accumulated depreciation acquired companies	-70	-349		-419
Accumulated depreciation in sold companies	7	91		98
Transferred to Assets held for sale		7		7
Exchange differences for the year	5	60		65
Closing balance 31 December 2006	-253	-1,988		-2,241
Opening balance 1 January 2007	-253	-1,988		-2,241
Reclassification	15	154		169
Depreciation for the year	-39	-391		-430
Disposals	4	233		237
Accumulated depreciation in acquired companies	-137	-984		-1,121
Accumulated depreciation in sold companies	23	9		32
Exchange differences for the year	-7	-75		-82
Closing balance 31 December 2007	-394	-3,042		-3,436
Value according to consolidated balance sheet	953	1,936	202	3,091
Of which finance leases	82	85		167

Paid leasing charges during the year SEK 64m (24). Charges to pay within 1 year SEK 69m (26), within 2-5 years SEK 160m (36) and after 5 years SEK 132m(18).

Tax assessment values in Sweden

SEKm	31 Dec 2007	31 Dec 2006
Buildings	131	118
Land	47	56

Disclosures on government grants

The total cost for the period of the assets covered by the grant amounts to SEK 0m (4). This cost has been reduced by SEK 0m (3) relating to government grant received.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2006	17	15	32
Investments	3		3
Disposals	1	1	2
Closing balance 31 December 2006	21	16	37
Opening balance 1 January 2007	21	16	37
Investments		1	1
Closing balance 31 December 2007	21	17	38
Accumulated depreciation according to plan			
Opening balance 1 January 2006	-7	-12	-19
Reclassification	-3		-3
Depreciation for the year		-1	-1
Closing balance 31 December 2006	-10	-13	-23
Opening balance 1 January 2007	-10	-13	-23
Depreciation for the year		-1	-1
Closing balance 31 December 2007	-10	-14	-24
Value according to the balance sheet	11	3	14

Tax assessment values in Sweden

SEKm	31 December 2007	31 December 2006
Buildings	54	32
Land	35	42

Note 15 Participations in associates

Change in carrying amounts

Group

SEKm	31 Dec 2007	31 Dec 2006
Carrying amount 1 January	2,601	3,715
Investments	27	7
Associates that became group companies	-67	
Divestment of associates	-94	-1,095
Redemptions	-500	
Dividends	-137	-133
Share in profit of associates ¹⁾	458	526
Translation differences	38	-145
Change in other reserves	3	
Other changes in associates' equity	2	
Transferred to Assets held for sale		-274
Carrying amount at year-end	2,331	2,601

¹⁾ Share in associates' profit after tax and minority.

Holdings

The below specifications show the Group's associates. The Group's share of profit includes companies during the period of the year and with the owned participations that applied during the period. Profit shares do not include any impairment losses or reversals of impairment losses.

2007

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and minority	Consolidated value
Atle	50%		-3	47	19	28	-2	14
Atle Industri (see Note 17)	50%	571	36	370	197	173	15	72
Camfil	30%	4,115	236	3,351	1,853	1,498	70	570
HL Display ¹⁾	29%	1,571	108	892	420	472	31	276
Laholm Intressenter ²⁾	50%	1,354	225	2,258	1,581	677	113	338
Lindab Intressenter ³⁾	22%	9,280	897	7,696	4,731	2,965	206	667
Superfos Industries	33%	3,329	44	3,547	2,462	1,085	9	367
Associates owned by Ratos							442	2,304
AddNode ⁴⁾							12	
Racasse	25%	8	1	7	2	5	0	3
Compass-Verlag ⁵⁾							1	
IRN Services ⁵⁾							0	
VisTech Windows	33%	0	0	1	0	1	0	0
UAB Panorama	40%	7	0	3	2	1	0	2
Inwido Academy	34%	4	2	4	1	3	1	1
Viniunic	32%	1	1	1	0	1	0	2
SAS de L'île Madame	34%	141	6	226	161	65	2	19
Associates owned by subsidiaries							16	27
Total							458	2,331

¹⁾ Share of voting rights 20.2% Market value SEK 434m.

²⁾ Parent company, DIAB group.

³⁾ Market value SEK 2,606m.

⁴⁾ Reclassified to other shares.

⁵⁾ Divested during the year.

2006

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and minority	Consolidated value
Alimak Hek ¹⁾	50%	1,617	124	1,503	1,033	470	62	
Atle	50%		6	32	0	32	0	16
Atle Industri (see Note 17)	50%	745	84	479	223	256	19	144
Camfil	30%	3,763	184	3,062	1,732	1,330	55	520
HL Display ²⁾	29%	1,448	62	877	489	388	17	251
Laholm Intressenter ³⁾	50%	1,205	185	2,017	490	1,527	95	733
Lindab Intressenter ⁴⁾	22%	4,609	585	7,077	4,887	2,190	275	488
Superfos Industries	33%	3,170	-22	2,823	2,496	327	-9	346
Associates owned by Ratos							514	2,498
AddNode ⁵⁾	15%	657	26	825	375	450	10	76
Compass-Verlag	51%	86	-2	37	44	-7	0	5
IRN Services	25%	7	0	1	1	0	0	0
Racasse	25%	6	1	5	1	4	0	3
SAS de L'île Madame	34%	0	0	22	11	11	2	19
Associates owned by subsidiaries							12	103
Total							526	2,601

¹⁾ Reclassified to Assets held for sale.

²⁾ Share of voting rights 20.2%. Market value SEK 409m.

³⁾ Parent company, DIAB group.

⁴⁾ Holding 48% until 30 November. Market value SEK 2,305m.

⁵⁾ Share of voting rights 22.7%.

Note 16 Participations in joint ventures

In the previous year there was 50% holding in the joint venture company Dansk Vindues Industri AS which was included in the Group's financial statements corresponding to the Group's holding as specified below. The company was acquired during the year.

SEKm	2007	2006
Income		15
Expenses		-18
Profit/loss		-3
Non-current assets		31
Current assets		9
Total assets		40
Non-current liabilities		34
Current liabilities		5
Total liabilities		39
Net assets		1

Note 17 Specification of parent company's participations in associates

Change in carrying amounts

SEKm	31 Dec 2007	31 Dec 2006
Accumulated cost		
at 1 January	2,903	3,759
Investments	25	5
Redemptions	-500	-578
Divestments	-550	-283
Closing balance	1,878	2,903
Accumulated impairment		
at 1 January	-622	-544
Investments		
Divestments	280	37
Dividends	-45	-115
Impairment for the year	-3	
Closing balance	-390	-622
Value according to the balance sheet	1,488	2,281

For more information about parent company's associates, see Note 15.

cont. next page

Note 17, Cont.

Associates, company reg. no., reg. office	No of shares	Holding, %	Book value 2007	Book value 2006
Alimak Hek AB, 556064-1739, Stockholm				204
Atle AB, 556454-8799, Stockholm	50,000	50%	14	16
Atle Industri AB, 556563-2899, Stockholm ¹⁾	5,000	50%		127
Atle Industri AB, 556725-7885, Stockholm	5,000	50%	40	
Camfil AB, 556230-1266, Trosa	3,379,310	30%	450	450
HL Display AB, 556286-9957, Stockholm ²⁾	2,225,070	29%	229	229
Laholm Intressenter AB, 556603-1711, Laholm ³⁾	1,250	50%	114	614
Lindab Intressenter AB, 556606-5446, Stockholm	17,699,157	22%	236	236
Superfos Industries A/S, Vipperød, Denmark	3,433,571	33%	405	405
Total			1,488	2,281

¹⁾ Liquidated through division in 2007.

²⁾ Share of voting rights 20.2%.

³⁾ Parent company, DIAB group.

Note 18 Receivables from group companies and associates

Parent company

SEKm	Non-current receivables group companies		Non-current receivables associates	
	2007	2006	2007	2006
Accumulated cost				
at 1 January	1,073	493		
Invested	948	681	26	
Settled	-591	-101		
Reclassifications	-101			
Closing balance	1,329	1,073	26	
SEKm	Current receivables group companies			
	2007	2006		
Accumulated cost				
at 1 January	118	114		
Invested	176	1,278		
Settled	-34	-1,274		
Reclassifications	101			
Closing balance	361	118		

Note 19 Financial instruments

Fair value

Fair value for listed shares and securities is determined on the basis of official listings on the balance sheet date. Carrying amounts for current receivables and liabilities correspond to fair value. Fair value for receivables and liabilities with floating interest correspond to their carrying amounts. Forward contracts are measured at fair value taking interest rates and prices on balance sheet date into account.

Group

Assets per category of financial instrument	Fair value through profit or loss		Held to maturity investments	Loans and receivables	Available-for-sale financial assets			Total
	Measured according to fair value option	Derivatives, not hedge accounted			Cost	Fair value	Derivatives, hedge accounted	
Non-current assets								
Financial investments	11				161	85		257
Non-current receivables	1	8	73	100			8	190
	12	8	73	100	161	85	8	447
Current assets								
Trade and other receivables				4,329				4,329
Other receivables (part of)	23	17		304		2	13	359
Cash and cash equivalents								
– Short-term investments	2,278		4					2,282
	2,301	17	4	4,633		2	13	6,970

Liabilities per category of financial instrument	Fair value through profit or loss		Financial liabilities measured at amortised cost	Derivatives, hedge accounted	Total
	Measured according to fair value option	Derivatives, not hedge accounted			
Non-current liabilities					
Non-current interest-bearing liabilities (part of)			10,867		10,867
Other non-current liabilities			175	3	178
Other financial liabilities		240			240
		240	11,042	3	11,285
Current liabilities					
Current interest-bearing liabilities (part of)			2,055		2,055
Trade and other payables			1,811		1,811
Other liabilities (part of)		5	2,085		2,090
Accrued expenses (part of)			30		30
		5	5,981		5,986

Profit/loss per category of financial instrument	Fair value through profit or loss				Available-for-sale financial assets		Derivatives, hedge accounted	Financial liabilities at amortised cost	Other non-financial instruments	Total
	Measured according to fair value option	Derivatives, not hedge accounted	Held to maturity investments	Loans and receivables	Cost	Fair value				
Financial income	92	7	2	177	119	4			10	411
– net accounting of currency effects										-41
										370
Financial expenses		-106		-32			-24	-728	-30	-920
– net accounting of currency effects										41
										-879
	92	-99	2	145	119	4	-24	-728	-20	-509

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 96m. Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 689m.

Impairment of financial assets

Non-current assets non-interest bearing	-2
Trade and other receivables	-20
Total impairment losses	-22

2006

Assets per category of financial instrument	Fair value through profit or loss		Held to maturity investments	Loans and receivables	Available-for-sale financial assets		Derivatives, hedge accounted	Total
	Measured according to fair value option	Derivatives, not hedge accounted			Cost	Fair value		
Non-current assets								
Financial investments					232			232
Non-current receivables	1		39	53			3	96
	1		39	53	232		3	328
Current assets								
Trade and other receivables				3,083				3,083
Other receivables (part of)	13	1		188			47	249
Cash and cash equivalents								
– Short-term investments	3,965				4			3,969
	3,978	1		3,271	4		47	7,301

Note 19, Cont.

Liabilities per category of financial instrument	Fair value through profit or loss		Financial liabilities measured at amortised cost	Derivatives, hedge accounted	Total
	Measured according to fair value option	Derivatives, not hedge accounted			
Non-current liabilities					
Non-current interest-bearing liabilities (part of)			6,824		6,824
Other non-current liabilities			191	5	196
Other financial liabilities					
			7,015	5	7,020
Current liabilities					
Current interest-bearing liabilities (part of)			1,247		1,247
Trade and other payables			1,130		1,130
Other liabilities (part of)		1	1,287	12	1,300
		1	3,664	12	3,677

Profit/loss per category of financial instrument	Fair value through profit or loss		Loans and receivables	Available-for-sale financial assets		Other non-financial instruments	Total
	Measured according to fair value option	Derivatives, not hedge accounted		Cost	Financial liabilities at amortised cost		
Financial income	44		64	96			204
Financial expenses		-66	-2	-10	-362	-21	-461
	44	-66	62	86	-362	-21	-257

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 41m. Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 361m.

Parent company

2007

Assets per category of financial instrument	Fair value through profit or loss		Loans and receivables	Available-for-sale financial assets		Total
	Measured according to fair value option	Derivatives, not hedge accounted		Cost		
Non-current assets						
Receivables from group companies				1,329		1,329
Receivables from associates				26		26
Other non-current securities					154	154
				1,355	154	1,509
Current assets						
Receivables from group companies				361		361
Other receivables				21		21
Cash and cash equivalents						
– Short-term investments	2,278					2,278
	2,278			382		2,660

Liabilities per category of financial instrument	Fair value through profit or loss		Financial liabilities at amortised cost	Total
	Measured according to fair value option	Derivatives, not hedge accounted		
Non-current liabilities				
Liabilities to group companies, interest-bearing			188	188
Other liabilities		82	120	202
		82	308	390
Current liabilities				
Trade and other payables			3	3
Liabilities to group companies, non-interest bearing			14	14
Other liabilities (part of)			7	7
Liabilities to group companies, interest bearing			167	167
			191	191

Profit/loss per category of financial instrument	Fair value through profit or loss		Loans and receivables	Available-for-sale financial assets		Financial liabilities measured at amortised cost	Total
	Measured according to fair value option	Derivatives, not hedge accounted		Cost			
Result from other securities and receivables held as non-current assets			139	118			257
Other interest income and similar profit/loss items	92		32				124
Interest expenses and similar profit/loss items		-19	-4			-9	-32
	92	-19	167	118		-9	349

2006

Assets per category of financial instrument	Fair value through profit or loss		Loans and receivables	Available-for-sale financial assets		Total
	Measured according to value option			Cost		
Non-current assets						
Receivables from group companies			1,073			1,073
Other non-current securities				202		202
Other non-current receivables			8			8
			1,081	202		1,283
Current assets						
Receivables from group companies			118			118
Other receivables			60			60
Cash and cash equivalents						
– Short-term investments	3,965					3,965
	3,965		178			4,143

Liabilities per category of financial instrument	Fair value through profit or loss		Financial liabilities measured at amortised cost	Total
	Measured according to fair value option			
Non-current liabilities				
Liabilities to group co., interest-bearing			141	141
			141	141
Current liabilities				
Trade and other payables			9	9
Liabilities to group co., non-interest bearing			29	29
Other liabilities			45	45
Liabilities to group co., interest-bearing			119	119
			202	202

Profit/loss per category of financial instrument	Fair value through profit or loss		Loans and receivables	Available-for-sale financial assets		Financial liabilities measured at amortised cost	Total
	Measured according to fair value option			Cost			
Result from other securities and receivables held as non-current assets			75	85			160
Other interest income and similar profit/loss items	44		27				71
Interest income and similar profit/loss items						-51	-51
	44		102	85		-51	180

Note 20 Other securities held as non-current assets

Parent company

SEKm	31 Dec 2007	31 Dec 2006
Accumulated cost at 1 January	202	306
Invested		
Divested	-48	-94
Impairment loss for the year		-10
	154	202

Note 21 Receivables

Group

Non-current receivables

SEKm	31 Dec 2007	31 Dec 2006
Receivables from associates, interest-bearing	25	4
Receivables from associates, non-interest bearing	1	
Derivatives	16	3
Interest-bearing receivables	107	63
Non-interest bearing receivables	41	26
	190	96

Other receivables held as current assets

SEKm	31 Dec 2007	31 Dec 2006
Advances to suppliers	116	88
Derivatives	30	48
Interest-bearing receivables	17	30
Non-interest bearing receivables	311	171
	474	337

Parent company

Other non-current receivables

SEKm	31 Dec 2007	31 Dec 2006
Accumulated cost at 1 January	8	26
Settled receivables		-9
Reclassifications	-7	-9
	1	8

Note 22 Inventories

Group

SEKm	31 Dec 2007	31 Dec 2006
Raw materials and consumables	1,136	455
Products in progress	401	204
Finished products and goods for resale	1,404	1,037
	2,941	1 696

Note 23 Prepaid expenses and accrued income

Parent company

SEKm	31 Dec 2007	31 Dec 2006
Interest income	8	8
Other	4	4
	12	12

Note 24 Equity

Specification of equity reserves

Group

SEKm	2007	2006
Foreign currency translation reserve		
Opening translation reserve	-145	198
Translation differences for the year	210	-334
Translation differences attributable to discontinued operations	-7	-9
Closing translation reserve	58	-145
Hedging reserve		
Opening hedging reserve	10	-65
Hedging reserves attributable to discontinued operations	4	73
Cash flow hedges		
Recognised in net financial items	-31	
Recognised directly in equity	22	2
Tax attributable to change in hedging reserve	1	
Closing hedging reserve	6	10
Fair value reserve		
Opening fair value reserve	0	2
Fair value reserves attributable to discontinued operations		-2
Remeasurement recognised directly in equity	43	
Tax attributable to remeasurements for the year	-5	
Closing fair value reserve	38	0
Total reserves		
Opening reserves	-135	135
Change in translation reserve	203	-343
Change in hedging reserve	-4	75
Change in fair value reserve	38	-2
Closing reserves	102	-135

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Parent company

	2007	2006
Fair value reserve		
Opening balance		
Remeasurements recognised directly in equity	27	
Tax attributable to remeasurements for the year		
Closing balance	27	
Purchase of treasury shares		
Opening balance	-173	-124
Repurchase of shares	-189	-71
Call options exercised	65	22
Closing balance	-297	-173

Share capital

	Number	Quota value	SEKm
Ordinary A	42,328,770	à 6.30	266.7
Ordinary B	119,020,482	à 6.30	749.8
	161,349,252		1,016.5

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. No conversions took place during the year.

Call options 2003-2007

The 2003-2007 Annual General Meetings decided to issue call options on treasury shares.

Number of shares reserved for transfer according to option programmes

AGM	Number of call options decided	Number of call options acquired	Outstanding unexercised call options	Entitle to number of shares	Option price, SEK/option	Exercise price/ SEK/share	Maturity date
2003	510,000	436,000	210,000	451,500	7.20	54.00	28 March 2008
2004	250,000	76,000	76,000	163,400	7.60	68.40	31 March 2009
2005	150,000	99,000	99,000	212,850	11.20	102.90	31 March 2010
2006	500,000	464,000	464,000	997,600	21.20	151.80	31 March 2011
2007	775,000	518,000	518,000	518,000	36.50	278.00	31 March 2012

Total no. of reserved shares	2,343,350
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Group**Other capital provided**

Relates to capital provided from the owners. This includes premium reserves paid in conjunction with new issues.

Reserves

The foreign currency translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor. In addition, the translation reserve comprises exchange rate differences that arise at remeasurement of liabilities taken up as hedging instruments from a net investment in a foreign operation.

Ratos's targets

- Average annual return (IRR) to exceed 20% on each individual investment.
- Total return for Ratos shares shall over time outperform the average on the OMX Nordic Exchange Stockholm.
- Dividend policy shall be aggressive.

Treasury shares included in the equity item accumulated profit including profit for the year

	2007	2006
Opening treasury shares	3,072,522	1,476,086
Combined split and redemption		1,476,086
Purchased during the year	934,600	646,000
Sold during the year (o. programme)	-1,147,025	-525,650
Closing treasury shares	2,860,097	3,072,522
Number of shares outstanding		
Total number of shares	161,349,252	80,674,626
Combined split and redemption		80,674,626
Treasury shares	-2,860,097	-3,072,522
	158,489,155	158,276,730

The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

The fair value reserve includes the accumulated net change in fair value of Available-for-sale financial assets until the asset is derecognised from the balance sheet.

Accumulated profit including profit for the year

Accumulated profit including net profit for the year includes profit in the parent company and its subsidiaries, associates and joint-venture companies. Prior provisions to a statutory reserve, excluding transferred premium reserves, are included in this item.

cont. next page

Parent company

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the premium reserve prior to 1 January 2006.

Premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the premium reserve. After 1 January 2006, an allocation to a premium reserve comprises unrestricted equity.

Accumulated profit

The previous year's unrestricted equity after profit distribution comprises accumulated profit. Together with profit for the year, premium reserve and fair value reserve comprises the sum of unrestricted equity, i.e. the amount that is available for dividends to shareholders.

Fair value reserve

The fair value reserve includes the accumulated net change in fair value of Available-for-sale financial assets until the asset is derecognised from the balance sheet.

Treasury shares

Treasury shares comprise cost of own shares held by the parent company.

Dividend

After the balance sheet date, the Board of Directors proposed the following dividend:

SEKm	2007	2006
Ordinary dividend per share SEK 9.00 (5.50)	1,426	870
Extra dividend per share SEK 5.50	0	871
Total to be distributed to shareholders	1,426	1,741

The dividend will be proposed for decision at the Annual General Meeting on 9 April 2008.

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

	2007	2006
Profit for the year attributable to equity holders of the parent, SEKm	2,646	2,527
Weighted average number of shares		
Total number of ordinary shares		
1 January	161,349,252	80,674,626
Combined split and redemption		80,674,626
Effect of treasury shares	-2,519,986	1,656,589
Weighted average number before dilution	158,829,266	163,005,841 ¹⁾
Effect of share options	935,317	1,008,882
Weighted average number after dilution	159,764,583	164,014,723 ¹⁾
Earnings per share before dilution	16.66	15.50
Earnings per share after dilution	16.56	15.41

¹⁾ Restatement factor 0.4653 due to split and redemption.

Instruments that can lead to potential dilution effects

In 2007, the company had an outstanding call option programme for which the exercise price, SEK 278.00, exceeded the average price for ordinary shares. These options are therefore regarded as having no dilution effect and were excluded from the calculation of earnings per share after dilution. If the market price in future rises to a level above the exercise price, these options will lead to dilution.

Note 26 Interest-bearing liabilities

Group

SEKm	2007	2006
Non-current		
Liabilities to credit institutions, non-current	10,247	6,144
Other long-term liabilities, interest-bearing	866	734
	11,113	6,878
Current		
Liabilities to credit institutions, non-current	1,355	938
Bank overdraft	632	305
Other current liabilities	107	11
	2,094	1,254
Pension provisions	627	577
	13,834	8,709

For further information on the company's risk policy and exposure, see Note 31.

Parent company

SEKm	2007	2006
Non-current liabilities, group companies	188	141
Current liabilities, group companies	167	119
	355	260
Pension provisions	3	3
	358	263

Pension provisions do not have credit insurance with FPG/PRI.

Note 27 Pensions

Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

Defined contribution pensions

Pension plans mainly comprise retirement pension. Pension premiums are salary-related and expensed on a current basis.

Group

Pension cost

SEKm	2007	2006
Cost regarding current service period	62	67
Interest expense	55	49
Anticipated return on plan assets	-38	-28
Recognised actuarial gains and losses	2	3
Past service costs	2	
Effect of curtailments and settlements	1	
Pension costs	84	91
Pension cost for defined contribution pensions, Alecta	72	59
Pension cost for defined contribution pensions, other	219	163
Pension costs	375	313

Pension costs are included on the line Employee benefits with the exception of interest expense and anticipated return which are included in net financial items.

Defined benefit pension plans

SEKm	2007	2006
Present value of funded obligations	1,375	1,147
Fair value of plan assets	-1,015	-684
	360	463
Present value of unfunded obligations	276	159
Unrecognised actuarial gains (plus) and losses (minus)	-31	-50
Unrecognised past service costs	5	
Effect of limitation rule for net assets	17	1
Net liability in the balance sheet	627	573
Amounts disclosed in the balance sheet (specification of net liability)		
Provisions for pensions	627	577
Non-current receivables	0	-4
Net debt in the balance sheet	627	573

Specification of changes in the net liability recognised in the balance sheet

SEKm	2007	2006
Net liability at 1 January	573	350
Net cost recognised in the income statement	84	91
Premiums and pensions paid	-71	-46
Exchange differences on foreign plans	25	-22
Reclassified as Liabilities attributable assets held for sale		-2
Net transferred pension obligations in conjunction with sale of companies	-19	-10
Net pension obligations assumed through business combinations	35	212
Effects of settlements	0	
Net liability at 31 December	627	573

Actuarial gains and losses

Adjustments based on experience are made as a consequence of the result due to mortality, morbidity, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Specification of actuarial gains and losses during the year

	2007
Experience-based adjustment relating to plan assets	7
Experience-based adjustment relating to defined benefit obligations	
– salary increase	4
– other	13
Effect of changed actuarial assumptions (net)	1
Actuarial gains and losses	25

Plan assets comprise the following

	2007
Equity instruments	162
Financial fixed-income assets	266
Properties	7
Insurance contracts	512
Other assets	68
	1,015

For the Group as a whole these adjustments based on experience were relatively marginal in the comparative year 2006, even regarding plan assets. Among the subsidiaries, it is Arcus Gruppen that accounts for the largest portion of total plan assets and in Arcus Gruppen a significant proportion of the return is attributable to Norwegian government bonds via insurance contracts. Anticipated return on plan assets is largely determined by the return on these assets.

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2007, Alecta's surplus in the form of the collective funding ratio amounted to 152% (144). The collective funding ratio comprises the market value of Alecta's assets expressed as a percentage of insurance obligations calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

Key actuarial assumptions used on balance sheet date

	2007	2006
Discount rate, %	3.8-5.1	4.1-5.5
Inflation, %	1.3-2.8	2.0-2.9
Anticipated rate of salary increase, %	2.2-4.5	2.2-4.5
Annual increase in pensions and paid-up policies, %	1.3-4.3	1.6-2.9
Anticipated return on plan assets, %	4.5-6.6	4.5-6.5

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 28m (22) of which SEK 3m (3) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounted to SEK 3m (3).

Note 28 Provisions

Group

Provisions that are non-current liabilities

SEKm	31 Dec 2007	31 Dec 2006
Guarantee commitments		
Cost opening balance	19	18
Provisions for the year	28	2
Reclassification	-11	
Utilised provisions		-1
Provisions in acquired companies	16	
	52	19
Technical provisions		
Cost opening balance	72	
Provisions for the year	23	17
Provisions in acquired companies		55
	95	72
Other		
Cost opening balance	173	62
Provisions for the year	11	8
Reclassification	3	12
Utilised provisions	-29	-14
Provisions in sold companies		-3
Provisions in acquired companies	97	109
Translation difference	11	-1
	266	173
Total non-current provisions	413	264

Provisions that are current liabilities

SEKm	31 Dec 2007	31 Dec 2006
Guarantee provisions		
Cost opening balance	6	10
Provisions for the year	3	
Reclassification	-6	
Utilised provisions	-3	
Provisions in acquired companies	2	
Provisions in sold companies		-4
	2	6
Technical provisions		
Cost opening balance	347	
Provisions for the year		28
Reclassification	-202	
Utilised provisions	-15	
Provisions in acquired companies		319
	130	347
Other		
Cost opening balance	39	225
Provisions for the year	82	32
Reclassification	211	
Utilised provisions	-43	-234
Provisions in acquired companies	7	16
Translation difference	1	
	297	39
Total current provisions	429	392

Note 29 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 509m (647) and advances from customers of SEK 734m (466).

Parent company

Other non-current liabilities include liability to employees for variable compensation of SEK 79m (51).

Note 30 Accrued expenses and deferred income

Parent company

SEKm	2007	2006
Personnel costs	132	97
Other	6	12
	138	109

Note 31 Financial risks and risk policy

Principles for funding and financial risk management

The financial strategy for Ratos's parent company and Ratos's holdings, wholly or partly owned, is decided independently of each other as are other strategic matters.

Parent company

The Board stipulates Ratos's financial policy. The parent company shall normally be unleveraged. The parent company shall have a credit facility for bridge financing of acquisitions. This credit facility should also be able to finance dividends and day-to-day running expenses during a period of few or no exits. Since the beginning of 2005, the parent company has a rolling five-year loan facility that amounts to SEK 1.3 billion, including a bank overdraft facility.

Investment of cash and cash equivalents may only be in fixed-income securities with very low risk and high liquidity. Currency hedging is not effected unless special reasons exist.

At acquisition of a holding a leveraged acquisition company may be used in order to achieve a suitable financial structure.

The parent company must not pledge assets nor stand as guarantor for the holdings' commitments.

Group companies

Group companies decide independently, via their boards, on their financial strategy.

In the companies risks are mainly minimised in transaction exposure through forward cover following possible offset of inflows and outflows in the same currency. Currency risk in financial cash flows related to loans and investments is minimised by the companies borrowing and investing in local currency. Exchange rate fluctuations for net assets in foreign currency are not hedged. On the other hand, dividends from foreign subsidiaries are sometimes hedged once a dividend decision has been made.

Fixed-interest periods in group companies are adjusted to each company's structure and strategy.

Loan agreements in group companies contain terms for some financial key ratios. The most usual key ratios are net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

Interest rate risks

Interest rate risk is the risk that the value of a financial instrument will change due to changes in market interest rates. One significant factor that affects interest rate risk is the fixed-interest period. Long fixed-interest periods mainly affect price risk while shorter fixed-interest periods affect cash flow risk.

Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk regarding liabilities. The parent company must have good preparedness to pay for investments. Liquid assets are therefore invested in fixed-income securities with high liquidity and short maturities.

Of the Group's interest-bearing liabilities the fixed-interest period expires to 72% (43) within 1 year, 26% (27) within 1-5 years and 2% (29) after 5 years.

Maturity dates

Of the Group's interest-bearing liabilities 14% (16) mature within 1 year, 55% (52) within 1-5 years and 31% (32) after 5 years. The Group's liquidity and short-term investments mature within 1 year.

Credit risks

The credit risk is limited to the carrying amount for financial assets recognised in the balance sheet. There is no significant concentration of credit risks.

2007

Trade and other receivables	Nominal	Impairment	Book value
Not overdue	3,230	-2	3,228
Overdue 0 - 60 days	893	-6	887
Overdue 60 - 365 days	208	-22	186
Overdue more than 1 year	52	-24	28
Total	4,383	-54	4,329

2006

Trade and other receivables	Nominal	Impairment	Book value
Not overdue	2,305		2,305
Overdue 0 - 60 days	641	-8	633
Overdue 60 - 365 days	166	-28	138
Overdue more than 1 year	27	-20	7
Total	3,139	-56	3,083

Currency risks

Currency risk is the risk that exchange rate fluctuations have a negative impact on the consolidated income statement, balance sheet and cash flow. Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of short flows, normally in 1-3 month intervals. Translation exposure is related to foreign group companies' equity in foreign currency as well as any surplus values that arose at acquisition.

Forward cover is only taken out for transaction exposure.

Translation exposure

The Group's foreign net assets mainly comprise Norwegian and Danish kroner and euro.

Hedging transaction exposure

Risks in the Group's transaction exposure are minimised by forward cover after net accounting of inflows and outflows in the same currency.

Forward cover effected with relation to forecast cash flows mainly pertains to maturities within one year. Transaction exposure is hedged through currency derivatives.

The fair value of forward contracts is recognised from 2005 onwards in a hedging reserve within equity.

Specification of cash flow hedges

	Maturity within 1 year	Maturity within 1-5 years
Maturity of hedged cash flow	372	-135

Hedge accounting and derivatives – Group

	Hedge accounting			Other derivatives	Total derivatives	Total fair value
	Fair value	Cash flow	Total			
Non-current receivables						
Interest rate swaps	1	7	8	3	11	11
Forward contracts				5	5	5
Current receivables						
Interest rate swaps		2	2	8	10	10
Forward contracts		11	11	9	20	20
Non-current liabilities						
Interest rate swaps		-2	-2		-2	-2
Current liabilities						
Interest rate swaps		-1	-1	-2	-3	-3
Forward contracts				-3	-3	-3
	1	17	18	20	38	38

Note 32 Operating leases

Leases where the company is the lessee

Leasing charges paid during the financial year relating to operating leases, as well as future charges for agreements entered into amount to:

Group

Minimum lease charges

SEKm	2007	2006
Paid during the year	137	214
Charges within 1 year	294	195
1-5 years	622	283
Later than 5 years	496	334
	1,412	812

Note 33 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	31 Dec 2007	31 Dec 2006
Real estate mortgages	1,256	781
Chattel mortgages	2,085	833
Shares in group companies	7,078	3,446
Other pledged assets	1,756	760
	12,175	5,820

Contingent liabilities	238	293
------------------------	-----	-----

Relate to pledged assets and contingent liabilities in group companies.

Parent company

The parent company has no pledged assets or contingent liabilities.

Note 34 Related party disclosures

Transactions with related parties are conducted on market terms.

Group

Receivable from associates amounted to SEK 26m (4) at 31 December.

Parent company

The parent company has a related party relationship with its group companies and with its associates, see Note 16 and Note 35.

During the year dividends from subsidiaries and associated amounted to SEK 276m (234), of which SEK 165m (119) is recognised in profit or loss.

Shareholder contributions and shareholder loans were provided in conjunction with acquisitions during the year.

Transactions with key management personnel

Remuneration to key management personnel and Board members is specified in Note 9.

Note 35 Participations in group companies

Parent company

SEKm	31 Dec 2007	31 Dec 2006
Accumulated cost		
at 1 January	4,567	3,108
Invested	691	784
Shareholder contribution	1,888	1,505
Divestments	-893	-830
Closing balance	6,253	4,567
Accumulated impairment		
losses at 1 January	-99	
Divestments	99	
Dividends	-66	
Impairment losses for the year		-99
Closing balance	-66	-99
Value according to balance sheet	6,187	4,468

cont. next page

Subsidiaries, company reg. no., reg. office	Number	Share, %	2007	2006
AHI Intressenter AB, 556726-7744, Stockholm ¹⁾	100,000	100	304	0
Anticimex Holding AB, 556696-2568, Stockholm	10,119,047	85	340	340
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway	833,278	83	7	475
Bisnode AB, 556681-5725, Stockholm	84,412,286	70	1,293	600
Bluegarden Holding AS, 986 338 632, Oslo, Norway	0	0	0	131
BTJ Group AB, 556678-3998, Lund	65,759	59	16	16
EMaint AB, 556731-5378, Stockholm ¹⁾	100,000	100	208	0
GS-Hydro Oy, 1494075-7, Hämeenlinna, Finland	28,301,900	100	135	135
Haendig AB, 556554-3625, Halmstad	1,220,845	100	204	270
Haglöfs Holding AB, 556101-0785, Stockholm ²⁾	30,000	100	200	60
Haglöfs Scandinavia AB, 556054-8694, Avesta	0	0	0	143
Hägglunds Drives Holding AB, 556309-8481, Mellansel ³⁾	10,000	100	1,371	1,371
Image Matters Intressenter AB, 556733-1854, Stockholm ¹⁾	100,000	100	684	0
Inwido AB, 556633-3828, Malmö	107,634,252	95	538	538
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway	875,000	63	103	103
Medifiq Healthcare Oy, 2046714-2, Vantaa, Finland	784,847	78	280	280
Myggvärmare AB, 556723-5667, Stockholm ¹⁾	1,000	100	295	0
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6
Ratos Limfac Holding AB, 556730-7565, Stockholm	1,000	100	0	0
Spin International AB, 556721-4969, Stockholm ¹⁾	1,000,000	100	203	0
			6,187	4,468

¹⁾ AHI Intressenter AB is an owner company to AH Industries, EMaint AB is an owner company to EuroMaint, Image Matters Intressenter is an owner company to Contex Holding, Myggvärmare AB is an owner company to MCC and Spin International AB is an owner company to HÄG/RH/RBM.

²⁾ Formerly Allmän Spedition i Göteborg AB.

³⁾ Formerly Fastighets AB Strömparterren.

Note 36 Cash flow statement

SEKm	2007	Group	2006	2007	Parent company	2006
Dividends	335		254	334		254
Interest received	185		75	89		47
Interest paid	-631		-310	-1		-1

Adjustment for non-cash items

SEKm	2007	Group	2006	2007	Parent company	2006
Share of profits of associates	-559		-733			
Dividends received from associates	137		133			
Capital gains/losses	-1,781		-1,779	-1,163		-4,607
Deprecation and impairment of assets	622		666	4		111
Dividend that reduced book value of shares				111		115
Other	343		182	-5		-54
Adjustment for non-cash times	-1,238		-1,531	-1,053		-4,435

Cash and cash equivalents

SEKm	2007	Group	2006	2007	Parent company	2006
Cash and bank balances	1,958		1,040	18		42
Short-term investments, on a par with cash and cash equivalents	2,282		3,969	2,278		3,965
Cash and cash equivalents	4,240		5,009	2,296		4,007

Short-term investments are classified as cash and cash equivalents when they have an insignificant risk of value fluctuations, can easily be converted into cash and cash equivalents and have a maximum maturity of three months from the acquisition date.

Unutilised credit facilities

Unutilised credit facilities amount to SEK 1,969m (2,671) for the Group and SEK 1,300m (1,300) for the parent company.

cont. next page

Note 36, Cont

Acquisition of group companies – Group

SEKm	2007	2006
Intangible assets	7,629	4,068
Tangible assets	1,052	910
Financial assets	18	110
Deferred tax asset	54	40
Inventories	495	458
Current receivables	1,762	894
Cash and cash equivalents	582	478
Total assets	11,592	6,958
Minority interests	439	154
Non-current liabilities	5,104	2,816
Deferred tax liabilities	135	253
Current liabilities	1,742	1,682
Total liabilities	7,420	4,905
Purchase price paid	4,172	2,053
Minus: Sales note		-33
Minus: Cash and cash equivalents in the acquired operations	-582	-478
Effect on Group's cash and cash equivalents	3,590	1,542

Sold companies – Group

SEKm	2007	2006
Intangible assets	407	167
Tangible assets	334	75
Financial assets	2	14
Deferred tax asset	7	20
Inventories	1	235
Current receivables	123	438
Cash and cash equivalents	20	25
Assets held for sale	97	
Total assets	991	974
Non-current liabilities and provisions	189	102
Current liabilities and provisions	218	421
Liabilities attributable to Assets held for sale	91	
Total liabilities	498	523
Selling price	1,465	540
Minus: Promissory note		-2
Minus: Cash and cash equivalents in the sold operations	-20	-25
Effect on Group's cash and cash equivalents	1,445	513

Note 37 Assets held for sale

The previous year's figures relate to Alimak Hek, Penope and Sven Svensson (Haendig) and Alfa Skofabrik (Haglöfs).

Assets held for sale

SEKm	31 Dec 2007	31 Dec 2006
Intangible non-current assets		4
Property, plant and equipment		5
Financial assets		276
Inventories		64
Trade and other receivables		96
Total assets reclassified		445

Liabilities attributable to assets held for sale

SEKm	31 Dec 2007	31 Dec 2006
Interest-bearing liabilities		55
Non-interest bearing liabilities		130
Total liabilities reclassified		185

Note 38 Events after the balance sheet date

Bisnode

Ratos together with co-owners decided on a refinancing of Bisnode whereby Ratos will receive a cash payment of approximately SEK 600m. The refinancing was made possible by the positive earnings trend in recent years.

Note 39 Key assumptions

The most important assumptions about the future in estimations in the balance sheet affect:

Impairment testing of goodwill and other intangible assets

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. a value in use or fair value with deduction for selling costs for each company. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Although impairment tests involve assumptions about the future, this is not judged to represent a significant risk for a significant adjustment of carrying amounts for goodwill and associates in the next financial year.

Note 40 Risk related to insurance operations

Insurance risk is the risk that is attributable to the insurance operations in Anticimex, which are concentrated to Sweden and Norway. The insurance operations are based on insurance related to pests, transfer of real property and excess compensation in the event of water damage as well as for all requisite regular insurance inspections. Anticimex assesses that the risk in its insurance operations is well balanced in relation to the size of the premiums. This is also supported by an historically acceptable and stable claims result.

Guidelines for the risks for which the company may assume responsibility and what net retained line should apply are established by Anticimex Försäkringar AB's board taking into account the articles of association and the limits that apply to the company with regard to its equity and in other respects taking into account the limits contained in the Insurance Business Act. The company's board shall also ensure that the company has adequate reinsurance cover for the risks covered. The scope of Anticimex's reinsurance is defined in the group's reinsurance and credit policy, which is reviewed and approved annually by the board of Anticimex Försäkringar AB.

Note 41 Parent company details

Ratos AB is a Swedish registered limited company with its registered office in Stockholm. The parent company's shares are registered on OMX Nordic Exchange Stockholm, Large Cap. The address of the head office is Box 1661, SE-111 96 Stockholm and the street address is Drottninggatan 2.

The consolidated accounts for 2007 comprise the parent company and its group companies, together with the said Group. The Group also includes the owned portion of associates.

The Board of Directors' certification

The consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Board of Directors' Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 20 February 2008



Olof Stenhammar

Chairman



Lars Berg



Staffan Bohman



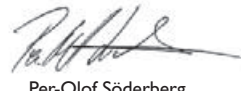
Göran Grosskopf



Annette Sadolin



Jan Söderberg



Per-Olof Söderberg



Arne Karlsson

CEO

The annual accounts and the consolidated accounts were approved for publication by the Board on 20 February 2008. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 9 April 2008.

Audit Report

To the Annual General Meeting of Ratos AB (publ)
Corporate identity number 556008-3585

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Ratos AB for the year 2007. The company's annual accounts are included in the printed version of this document on pages 41-93. The Board of Directors and the CEO 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 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 reasonable assurance that the annual accounts and the consolidated accounts are free from material misstatement. An audit includes examination, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our

opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated 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 directors' 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 directors' report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 20 February 2008

KPMG Bohlins AB



Thomas Thiel

Authorised Public Accountant

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Analysis of results

The Ratos Group's profit before tax for 2007 amounted to SEK 3,462m (3,234), which is the highest-ever result since Ratos's predecessor Söderberg & Haak was founded in 1866. This result includes profit from the holdings of SEK 3,554m (3,394), of which share of the holdings' current profit amounted to SEK 2,550m (1,883). This result includes SEK 750m which stems from the property sale within Arcus Gruppen. Exit gains amounted to SEK 933m (1,678m). Exit gains are mainly attributable to the sale of Alimak Hek and Bluegarden.

In the 2007 annual accounts an impairment test was performed on all Ratos's holdings whereby the carrying amount was compared with the recoverable amount. The recoverable amount is the higher of net realisable value and value in use for each holding. This valuation of the holdings did not identify any impairment losses for 2007.

Central income and expenses

Ratos's net income and expenses amounted to SEK -92m (-160), of which personnel costs were SEK 251m (192). The variable portion of personnel costs amounted to SEK 186m (104). The increase is due to more employees and higher variable compensation. Other management costs were SEK 96m (83). Financial items amounted to SEK +255m (+115).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status, capitalisation of loss carry forwards and by non-taxable capital gains.

Financial position

Cash flow from operating activities and investing activities was SEK -103m (3,126) and the Group's cash and cash equivalents at year-end amounted to SEK 4,240m (5,009) of which short-term interest-bearing investments accounted for SEK 2,282m (3,969). Interest-bearing debt amounted to SEK 13,834m (8,709).

Parent company

The parent company's profit before tax was SEK 1,285m (4,466). The parent company's cash and cash equivalents, including short-term interest-bearing investments, was SEK 2,296m (4,007). Taking into account financial transactions agreed but not yet carried out, Ratos had an investment capacity of approximately SEK 2.9 billion at

Ratos's results 2007

SEKm	2007	2006
Profit/share of profits before tax ¹⁾		
AH Industries (66%)	23	
Anticimex (85%)	69	54
Arcus Gruppen (83%)	858	63
Bisnode (70%)	331	283
Camfil (30%)	93	73
Contex Holding (98%)	27	
DIAB (50%)	100	122
EuroMaint (100%)	-29	
GS-Hydro (100%)	133	86
Haendig (100%)	8	29
Häglöfs (100%)	14	9
HL Display (29%)	44	26
HÄG/RH/RBM (85%)	45	
Häggglunds Drives (100%)	255	247
Inwido (95%)	296	265
Jøtul (63%)	-21	56
Lindab (22%)	264	379
MCC (60%)	50	
Medifiq Healthcare (78%)	-44	4
Superfos (33%)	24	11
Other holdings ²⁾	19	47
Alimak Hek		88
Bluegarden	-9	23
Gadelius		18
Total profit/share of profits	2,550	1,883
Exit gains		
Alimak Hek	727	
Bluegarden	160	
Gadelius		-14
Lindab		1 419
LRT/Tornet		198
Other holdings ³⁾	46	75
Total exit gains	933	1,678
Impairment, Bluegarden		-178
Impairment, Other holdings		-10
Dividends from Other holdings ³⁾	71	21
Profit from holdings	3,554	3,394
Net expenses	-92	-160
Consolidated profit before tax	3,462	3,234

¹⁾ Subsidiaries' profits included with 100% and associates' with respective holding percentage.

²⁾ Relates to subsidiary BTJ Group and associate Atle Industri.

³⁾ Relates to holdings in Overseas Telecom and Industri Kapital.

the end of the year without needing to utilise existing credit facilities.

Equity

At 31 December 2007 Ratos's equity (attributable to equity holders of the parent) amounted to SEK 11,905m (10,875 at 31 December 2006) corresponding to SEK 75 per outstanding share (SEK 69 at 31 December 2006).

Financial targets and strategies

Ratos's main financial target is that each individual investment should achieve an annual average return, IRR, of 20%. During the over nine years that Ratos has operated as a private equity company, the IRR on all 26 completed exits amounted to 28%. In conjunction with the annual valuations performed on all holdings in the portfolio, conservative internal valuations (which are not published) are also carried out. Based on the result of these internal valuations, the holdings in Ratos's core business (i.e. excluding cash and the former asset management activities) provided an IRR of approximately 28% since 1 January 1999. This figure includes both current and divested portfolio companies.

One of Ratos's financial targets is that the total return on Ratos shares over time shall outperform the average on the OMX Nordic Exchange Stockholm. The total return on Ratos shares, accumulated over the period 1999-2007, was 991% compared with 128% for the SIX Return Index.

Ratos also has an aggressive dividend policy. During the past nine years Ratos's dividend has increased by an average of approximately 21% per year.

When Ratos has surplus liquidity in relation to the investment opportunities that can be identified in the foreseeable future, Ratos is able to exercise the buy-back mandate provided by the Annual General Meeting. In 2007, 934,600 Ratos shares were acquired at an average price of SEK 202. The number of call options exercised during the year corresponded to 1,147,025 shares. At year-end 2007, Ratos therefore owned 2,860,097 B shares which corresponds to 1.8% of the number of shares outstanding.

The financial strategies in Ratos's parent company and Ratos's holdings, wholly or partly owned, are entirely separate. The board of each company decides and has independent responsibility for each company's financial strategy. The companies are also responsible for their own financing.

Equity

SEKm	31 Dec 2007	%
AH Industries	319	3
Anticimex	653	5
Arcus Gruppen	768	6
Bisnode	1,408	12
Camfil	570	5
Contex Holding	664	5
DIAB	339	3
EuroMaint	406	3
GS-Hydro	306	3
Haendig	392	3
Häglöfs	68	1
HL Display	276	2
HÅG/RH/RBM	826	7
Häggblunds Drives	-339	-3
Inwido	1,061	9
Jøtul	322	3
Lindab	667	6
MCC	322	3
Medifiq Healthcare	237	2
Superfos	367	3
Other holdings ¹⁾	281	2
Total	9,913	83
Other net assets in central companies	1,992	17
Equity attributable to equity holders of the parent	11,905	100
Equity per share, SEK	75	

¹⁾ Other holdings include the subsidiary BTJ Group, associate Atle Industri and holdings in Overseas Telecom and Industri Kapital.

The parent company should normally be unleveraged. Since the beginning of 2005 the parent company has had a rolling five-year credit facility amounting to SEK 1.3 billion including a bank overdraft facility. The purpose of the credit facility is that it can be used if bridging financing is required for acquisitions and to finance dividends and day-to-day operating expenses in periods with few or no exits. At 31 December 2007, the credit facility was unutilised.

Investment of cash and cash equivalents may only be made in fixed-income securities with

a low risk and high liquidity. Currency hedging is not effected except in special cases.

When holdings are acquired, a leveraged holding company may be used in order to achieve a tailor-made financial structure. This method is particularly suitable in operations with positive cash flows.

Accounting principles according to IFRS

The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). Interim reports are prepared in accordance IAS 34, Interim Financial Reporting and the Annual Accounts Act. The Group's accounting principles are unchanged compared with the most recent annual report.

The key accounting principles applied by Ratos are described below.

Associates

As previously, Ratos applies the equity method for consolidation of associates.

IFRS requires uniform accounting principles within a group. This requirement applies to both associates and subsidiaries.

Acquisition analyses

An acquisition analysis is preliminary until it is adopted, which must take place within 12 months of the acquisition. In cases where an acquisition analysis is changed, income statements and balance sheets are adjusted for the comparative period. The acquisition analysis for Jøtul was handled as set out above. In Jøtul's final acquisition analysis trademarks were valued at NOK 190m and in Medifiq Healthcare customer relations were valued at EUR 0.9m. In both cases goodwill was reduced taking deferred tax into account.

During the year Ratos acquired RH Form, RBM, HÅG, MCC, Contex Holding, EuroMaint and AH Industries. All these acquisitions were carried out by newly formed acquisition companies. Ratos's investment pertains to capital provided including any shareholder loan to the acquisition companies where identifiable assets, assumed liabilities and contingent liabilities were measured at fair value. Ratos's acquisition analyses therefore only recognise goodwill where acquired assets, liabilities and contingent liabilities in conjunction with the acquisition had already been measured at fair value in sub groups. In the acquisition companies' preliminary acquisition analyses the difference between the cost and fair value of acquired identifiable assets and liabilities is attributed to goodwill.

Goodwill and intangible assets

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified and measured, goodwill decreases correspondingly. Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent an amortisation period can be determined. In such cases, testing for impairment is only carried out when there is an indication of a decline in value. If the amortisation period cannot be determined

and amortisation is therefore not effected, an annual impairment test must be performed regardless of whether or not there is any indication of impairment.

Goodwill and intangible assets with an indeterminable useful life are attributable when testing for impairment to a separate subsidiary, since these comprise a cash-generating unit. Testing of carrying amounts is performed per holding, including the value of goodwill and intangible non-current assets attributable to the holding. Testing is conducted annually by calculating a

recoverable amount regardless of whether or not there is any indication of impairment. Testing is conducted between annual periods if there is any indication of impairment.

Ratos's holdings at 31 December 2007

SEKm	Net sales		EBITA		EBT ¹⁾	
	2007	2006	2007	2006	2007	2006
AH Industries ¹⁾	553	397	97	73	73	49
Anticimex ¹⁾	1,510	1,373	164	140	93	84
Arcus Gruppen ^{2) 3)}	1,407	1,111	862	95	871	77
Bisnode	3,899	3,389	580	528	419	366
Camfil	4,115	3,763	352	279	313	246
Contex Holding ¹⁾	831	897	111	151	18	45
DIAB ⁴⁾	1,354	1,205	260	258	246	244
EuroMaint ¹⁾	2,067	2,037	69	102	12	57
GS-Hydro	1,311	985	184	101	153	86
Haendig ^{2) 5)}	410	451	5	48	2	45
Haglöfs ^{2) 6)}	428	412	22	29	14	22
HL Display	1,571	1,448	161	107	155	92
HÄG/RH/RBM ¹⁾	1,488	1,336	219	170	138	98
Hägglands Drives ⁶⁾	1,761	1,547	360	261	255	206
Inwido	5,057	3,285	481	390	312	272
Jøtul ¹⁾	938	1,042	54	89	10	52
Lindab	9,280	7,609	1,318	903	1,175	797
MCC ¹⁾	698	614	118	107	75	73
Medifiq Healthcare ¹⁾	346	491	-29	21	-44	10
Superfos ²⁾	3,332	3,026	175	115	75	32
Other holdings ^{2) 7)}	1,394	1,345	53	36	47	31
Total	43,750	37,763	5,616	4,003	4,412	2,984
Change	16%		40%		48%	
Excluding capital gain in Arcus³⁾	43,750	37,763	4,866	4,003	3,662	2,984
Change	16%		22%		23%	

¹⁾ Earnings with restored interest expenses on shareholder loan.

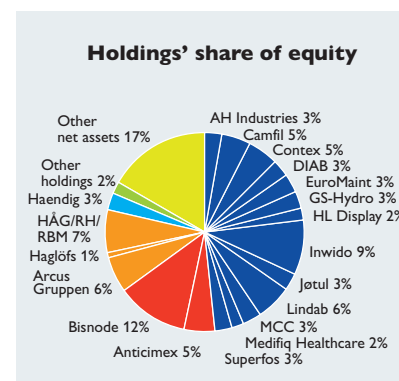
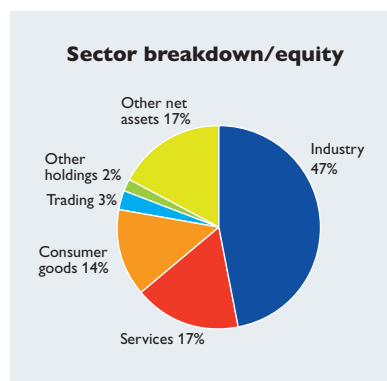
^{2*)} Investments excluding company acquisitions.

^{3**)} Cash flow refers to cash flow from operating activities and investing activities before acquisition and divestment of companies.

^{4***)} Equity includes shareholder loans. Interest-bearing net debt excludes shareholder loans.

¹⁾ A new parent company was formed in conjunction with the acquisition, which partly loan-financed the acquisition. Earnings for the acquisition year are pro forma taking this leverage into account.

²⁾ Comparative figures are calculated pro forma taking Group restructuring in 2006 into account.



Hägglands Drives has a negative value due to refinancing.

Depreciation 2007	Investments ^{*)} 2007	Cash flow ^{***)} 2007	Equity ^{****)} 31 Dec 2007	Interest bearing net debt ^{****)} 31 Dec 2007	Average no. of employees 2007	Consolidated value 31 Dec 2007	Ratos holding, 31 Dec 2007	SEKm
17	—	—	470	440	210	319	66%	¹⁾ AH Industries
33	89	88	757	905	1,032	653	85%	¹⁾ Anticimex
33	33	36	950	-157	456	768	83%	^{2) 3)} Arcus Gruppen
91	187	312	2,434	2,307	2,790	1,408	70%	Bisnode
103	223	103	1,498	666	3 191	570	30%	Camfil
16	—	—	680	846	448	664	98%	¹⁾ Contex Holding
53	278	-24	677	1,230	1,067	339	50%	⁴⁾ DIAB
27	—	—	406	806	1,781	406	100%	¹⁾ EuroMaint
19	30	-23	326	250	527	306	100%	GS-Hydro
6	5	-19	337	-98	191	392	100%	^{2) 5)} Haendig
4	4	30	212	104	91	68	100%	^{2) 6)} Håglöfs
40	51	95	475	-46	985	276	29%	HL Display
59	—	—	881	1,106	655	826	85%	¹⁾ HåG/RH/RBM
29	81	168	1,549	994	706	-339	100%	⁶⁾ Hägglands Drives
113	224	12	1,537	2,637	3,591	1,061	95%	Inwido
47	66	-51	467	733	799	322	63%	¹⁾ Jøtul
194	195	698	2,969	2,237	5,013	667	22%	Lindab
5	—	—	530	527	534	322	60%	¹⁾ MCC
34	6	-23	301	240	397	237	78%	¹⁾ Medifiq Healthcare
247	289	5	1,085	1,477	1,546	367	33%	²⁾ Superfos
33	46	20	258	-1	615	127	—	^{2) 7)} Other holdings

³⁾ Earnings for 2007 include capital gain from sale of property.

⁴⁾ Earnings figures and cash flow and investments pertain to the old group structure while balance sheet and consolidated value include the new structure with new financing.

⁵⁾ Haendig's sale of DeCasa and the SEK 177m capital gain from the sale are recognised as "discontinued operations". This means that DeCasa's operating earnings until the sale and the capital gain are reported net in earnings after tax. Comparative figures for 2006 are calculated pro forma taking the sale into account.

⁶⁾ Comparative figures are calculated pro forma taking the new capital structure into account.

⁷⁾ "Other holdings" include the subsidiary BTJ Group and the associate Atle Industri.

AH Industries – new holding in Denmark

In 2007 Ratos acquired 66% of the shares in AH Industries. Co-owners are the company's founder Arne Hougaard Mikkelsen (26%), the company's CEO (5%) and other management and board members (3%). Ratos invested a total of SEK 304m in AH Industries.

The consolidated book value in Ratos at year-end was SEK 319m.

Ratos is represented on the board by Robin Molvin (responsible for the holding) with Leif Johansson and Anna Ahlberg as deputies.

Operations

AH Industries supplies large metal components and services to the wind turbine, offshore and marine industries. The group currently has four business areas: Flanges, Components, Services and Transport. Flanges, which is the company's core business, is a leading supplier of flanges (which are used to attach the tower components in a wind turbine) to the wind power industry. Components machines other large metal components such as shafts and hubs, also primarily for the wind power industry. The group also includes the smaller operations, Services (services and lifting devices) and Transport (logistics). AH Industries has a total of approximately 210 employees and production facilities in Kolding, Horsens and Ejby in Denmark.

Market

The wind power industry originated in Europe. The European market accounts for over half of all newly installed wind turbines worldwide. Several interacting driving forces create growth in the wind power industry. These include increased demand for energy, eco-political interests and high oil prices. The global wind power industry has seen annual growth of over 20% during the past five years.

AH Industries' strategy is to be a complete supplier of large steel components to selected markets offering an integrated logistics solution and a high level of technical expertise. AH Industries has a strong market position in Europe and has strengthened its strategic position in recent years by establishing contacts and general agreements directly with wind turbine manufacturers.



AH Industries specialises in manufacture and machining of heavy metal components where precision requirements are high.

The year at a glance

AH Industries saw significant growth in 2007 due, among other things, to a strong underlying wind power market. Pro forma sales totalled DKK 446m (319), an increase of 40%. Operating profit (EBITA) pro forma amounted to DKK 79m (59) corresponding to an operating margin of 17.7% (18.5).

Future prospects

The underlying wind power market was strong in 2007 with global growth of 30%. Prospects for the wind power industry remain favourable, which is expected to benefit AH Industries.



Steffen Busk Jespersen, CEO

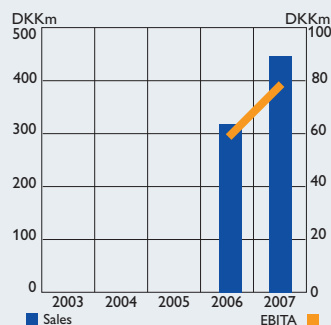
Board of Directors

Anders C. Karlsson	Chairman
Peter Leschly	Deputy chairman
Arne Hougaard Mikkelsen	
Erik Jørgensen	
Robin Molvin	
Anna Ahlberg	Deputy
Leif Johansson	Deputy

Management

Steffen Busk Jespersen	CEO
Henning Dahl	CFO

Sales and earnings



AH Industries

DKKm	2007 ¹⁾	2006 ¹⁾	2005	2004	2003
Income statement					
Net sales	446	319			
Operating expenses	-358	-248			
Other income/expenses	0	0			
Share of profits of associates	0	0			
Divestment result	4	0			
Items affecting comparability	0	0			
EBITDA	92	71			
Depreciation	-13	-12			
EBITA	79	59			
Amort. and impair. of intangible assets	0	0			
Impairment of goodwill	0	0			
EBIT	79	59			
Financial income	1	1			
Financial expenses	-21	-20			
EBT	59	40			
Tax	-15	-10			
Profit of the year	44	30			
Attrib. to equity holders of the parent	44	30			
Attributable to minority interests	0	0			
Balance sheet					
Goodwill	511	—			
Other intangible assets	0	—			
Tangible assets	123	—			
Financial assets, interest-bearing	0	—			
Financial assets, non-interest bearing	3	—			
Total non-current assets	637	—			
Inventories	61	—			
Receivables, interest-bearing	0	—			
Receivables, non-interest bearing	67	—			
Cash, bank and other short-term invest.	2	—			
Total current assets	130	—			
Total assets	767	—			
Equity attrib. to equity holders of parent	370	—			
Equity attrib. to minority interests	0	—			
Provisions, interest-bearing	0	—			
Provisions, non-interest bearing	0	—			
Liabilities, interest-bearing	348	—			
Liabilities, non-interest bearing	49	—			
Financial liabilities, other	0	—			
Total equity and liabilities	767	—			
Cash flow statement					
Cash flow from operating activities before change in working capital	—	—			
Change in working capital	—	—			
Cash flow from operating activities	—	—			
Investments in non-current assets	—	—			
Disposals of non-current assets	—	—			
Cash flow before acquis./divest. of companies	—	—			
Net investments in companies	—	—			
Cash flow after investing activities	—	—			
Change in loans	—	—			
New issues	—	—			
Dividends paid	—	—			
Other	—	—			
Cash flow from financing activities	—	—			
Cash flow of the year	—	—			
Key figures					
EBITA margin %	17.7	18.5			
EBT margin, %	13.2	12.5			
Return on equity %	—	—			
Return on capital employed, %	—	—			
Equity ratio, %	48	—			
Interest-bearing net debt, DKKm	346	—			
Debt/equity ratio, times	0.9	—			
Average number of employees	210	173			

¹⁾ Pro forma taking Ratos's acquisition into account.

Anticimex – good profitability trend

Ratos acquired 85% of the shares in Anticimex in 2006. Co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 653m at year-end.

Ratos is represented on the board by Henrik Joelsson, who is responsible for this holding, Bo Jungner and Cecilia Lundberg.

Operations

Anticimex was founded back in 1934, when vermin and insects were a major problem in Swedish homes. Anticimex soon became recognised as a company that both carried out decontamination and could provide a guarantee for a pest-free future. Today, Anticimex is an international company with operations in Sweden, Norway, Denmark, Finland, Germany and the Netherlands. From operating solely within pest control, more than half of sales now come from new services such as property transfer inspections, dehumidifying, hygiene assurance, and insurance. The company's aim is to create healthy and safe indoor environments through preventive measures, a protective service programme and insurance solutions.

Operations are divided into five business areas: Pests, Food Hygiene, Building Environments, Energy and Fire Protection.

Within Pests the company sells a commitment for a pest-free environment where the company both removes pests and works with preventive programmes and measures.

Food Hygiene works to ensure hygiene in food production and to protect the grocery trade and restaurants against bacteria and pests.

Building Environments works with dehumidifying after water damage, property transfer inspections, insurance for house buyers and sellers. There has been a marked increase in damage from damp and mildew in recent years, and today this is costing society large sums of money. The insurance industry is also under intense pressure from rising claims costs which increases the need for Anticimex's services.

Within Energy, the company is accredited to carry out energy declarations for multi-storey buildings and single-family homes. The market is driven by statutory requirements since all multi-storey buildings must complete energy declarations by the end of 2008 and all single-family homes that are sold (about 65,000 per year) must submit an energy declaration from 2009 onwards.

Fire Protection is the most recent specialist area. Here customers are offered a service programme that prevents fires and minimises



Anticimex was accredited to perform energy declarations in 2007 which affect all multi-storey buildings and the approximately 65,000 single-family homes sold in Sweden every year.

the risks in the event of a fire through regular training of customers' employees, performing risk analyses and preparing a control programme for the company.

Anticimex offers a broad range of services where the customer can combine the different services. In Sweden, Finland and Norway, customers are in both the private and corporate sectors. In Denmark, Germany and the Netherlands, Anticimex works solely in the corporate sector. Customers in the corporate sector include restaurants and food service operators, the food industry, the food retail sector and retailers as well as property owners, hotels, industrial companies, farms and public authorities. Sales are conducted through the company's own sales organisation and some 30 franchisees as well as through sales with partners such as insurance companies and estate agents.

Market

Anticimex is the market leader in Sweden and Norway. Outside the Nordic region the markets are highly fragmented with many small businesses. Demand is driven, among other things, by new rules and laws, but Anticimex has also been successful in broadening its range of products and services.

The year at a glance

Anticimex noted continued favourable development during the year. Sales rose 10% and amounted to SEK 1,510m (1,373). The Swedish operations had the strongest growth. Operating profit (EBITA) was SEK 164m (140) which improved the operating margin to 10.9% (10.2). Cash flow before acquisition and divestment of companies amounted to SEK 88m. In September, Anticimex acquired Finland's leading building survey company Raksystems. The company was merged with Anticimex's Finnish subsidiary.

Future prospects

Anticimex is the market leader in Sweden with a very strong brand and continued good growth opportunities in the home market. In the other countries there is major potential to expand Anticimex's market offering. The company works actively to develop new products and services.

Financial targets

Long-term annual growth	>11%
EBITA margin	>12%



Peter Carrick, CEO

Board of Directors

Mikael Hellberg	Chairman
Ulf Holmlund	
Bo Ingemarson	
Henrik Joelsson	
Bo Jungner	
Cecilia Lundberg	

Management

Peter Carrick	CEO
Gunnar Åkerblom	Deputy CEO
Mikael Roos	CFO

Anticimex



SEKm	2007	2006 ¹⁾	2005 ¹⁾	2005 ²⁾	2004	2003
Income statement						
Net sales	1,510	1,373	1,275	1,274	1,162	1,064
Operating expenses	-1,313	-1,203	-1,130	-1,134	-1,047	-983
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	2	0	0
Items affecting comparability	0	0	0	0	-44	13
EBITDA	197	170	145	142	71	94
Depreciation	-33	-30	-27	-28	-24	-29
EBITA	164	140	118	114	47	65
Amort. and impair. of intangible assets	-6	-5	-5	0	0	0
Impairment of goodwill	0	0	0	0	0	-65
EBIT	158	135	113	114	47	0
Financial income	6	2	1	10	2	2
Financial expenses ³⁾	-71	-53	-56	-61	-66	-68
EBT	93	84	58	63	-17	-66
Tax	-26	-19	-41	-41	36	-1
Profit for the year	67	65	17	22	19	-67
Attrib. to equity holders of the parent	67	65	17	22	19	-67
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	1,857	1,729	1,751	708	760	821
Other intangible assets	129	134	118	1	2	3
Tangible assets	109	101	124	98	101	112
Financial assets, interest-bearing	76	43	31	0	0	0
Financial assets, non-interest bearing	43	41	35	53	48	10
Total non-current assets	2,214	2,048	2,059	860	911	946
Inventories	30	29	28	41	37	32
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	353	300	297	147	135	139
Cash, bank and other short-term invest.	79	75	41	55	42	54
Total current assets	462	404	366	243	214	225
Total assets	2,676	2,452	2,425	1,103	1,125	1,171
Equity attrib. equity holders of parent	757 ⁴⁾	660	625	292	300	307
Equity attrib. to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	45	43	42	40	36	42
Provisions, non-interest bearing	646	419	377	341	237	197
Liabilities, interest-bearing	1,015	1,005	1,048	255	377	474
Liabilities, non-interest bearing	213	325	333	175	175	151
Financial liabilities, other	0	0	0	0	0	0
Total equity and liabilities	2,676	2,452	2,425	1,103	1,125	1,171
Cash flow statement						
Cash flow from operating activities before change in working capital	200	132	–	133	114	92
Change in working capital	-27	19	–	54	49	114
Cash flow from operating activities	173	151	–	187	163	206
Investments in non-current assets	-89	-55	–	-36	-50	-4
Disposals of non-current assets	4	9	–	0	0	0
Cash flow before acquis./divest. of companies	88	105	–	151	113	202
Net investments in companies	-94	0	–	0	0	0
Cash flow after investing activities	-6	105	–	151	113	202
Change in loans	10	-71	–	-138	-125	-259
New issues	0	0	–	0	0	61
Dividends paid	0	0	–	0	0	0
Other	0	0	–	0	0	0
Cash flow from financing activities	10	-71	–	-138	-125	-198
Cash flow for the year	4	34	–	13	-12	4
Key figures						
EBITA margin, %	10.9	10.2	9.3	8.9	4.0	6.1
EBT margin %	6.2	6.1	4.5	4.9	neg.	neg.
Return on equity, %	9.5	10.1	–	7.4	6.1	neg.
Return on capital employed, %	9.3	8.0	–	19.1	6.8	0.2
Equity ratio, %	28	27	26	26	27	26
Interest-bearing net debt, SEKm	905	930	1,080	240	371	462
Debt/equity ratio, times	1.4	1.6	1.7	1.0	1.4	1.7
Average number of employees	1,032	970	909	909	927	1,174

¹⁾ Pro forma taking Ratos's acquisition into account.

²⁾ Anticimex Europe.

³⁾ Excluding interest on shareholder loan.

⁴⁾ Equity includes shareholder loan of SEK 264m.

Arcus Gruppen – improved capital efficiency

Ratos acquired 83% of the Norwegian company Arcus Gruppen in 2005. Co-owners are HOFF Norske Potetindustrier with almost 10%, and the company's management and board with 7%.

Consolidated book value in Ratos amounted to SEK 768m at year-end.

Ratos is represented on the board by Leif Johansson, who is responsible for this holding, and Magdalena Aniansson.

Operations

Arcus Gruppen develops, produces, bottles, imports, markets and sells wine and spirits. The company originated in the state-owned Vinmonopolet founded back in 1922. Arcus Gruppen was formed in 1996 to take over production, imports and exports, as well as national distribution of wine and spirits from Vinmonopolet. The Norwegian Parliament (Stortinget) decided to privatise Arcus Gruppen in 1998.

Today the Group has three operating areas: Spirits, Wine and Distribution.

Arcus is the market leader for sales of spirits in Norway. These sales account for 40% of the Group's total sales. The best-known own brands include Linie Aquavit, Braastad Cognac, and Vikingfjord Vodka.

Arcus with its subsidiary Vinordia is also the market leader within wine sales in Norway. In Sweden, Arcus is seeing strong growth through its 63%-owned subsidiary Vingruppen. Wine sales account for 40% of the group's total sales and include producers such as Château Lafite Rothschild, Bodega Julian Chivite, Odfjell and others.

Distribution accounts for 20% of sales via the subsidiary Vectura, Norway's leading logistics company for importers, producers and agents for alcoholic beverages.

Market

Arcus Gruppen holds a leading position in its home market, Norway, and has significant sales within certain segments in the other Nordic markets, primarily of wine in Sweden and aquavit in Denmark. Growing but so far small market positions within spirits can be noted in other export markets, Finland, Germany and the US. Substantial sales also take place within tax free and travel retail. The spirits market is dominated by major international brands such as Absolut, Bacardi and Pernod Ricard. In Arcus's main spirits segment, aquavit, the market mainly consists of local players with tastes and consumption patterns varying considerably between different markets. The wine market includes a significant portion of international producers whose products are mainly sold through local agents.



Arcus Gruppen is Norway's leading wine and spirits supplier.

Wine and spirits products are consumed at largely the same level regardless of the economic situation. In recent years, however, a shift in consumption patterns from spirits to wine has been noted in Norway and Sweden.

The year at a glance

Arcus Gruppen retained its strong position in the spirits sector in Norway and sales abroad continued to develop well. The acquisition of the Swedish company Vingruppen (VinUnic) in 2006 has proved successful and provided strong positions within wine in Sweden. Ongoing improvement programmes are proceeding well and the planned cost savings are being achieved.

The property in Hasle was sold in June which generated a capital gain of NOK 650m. Arcus started to invest in a new site at Gjelleråsen for a new production and distribution plant. Arcus Gruppen will lease the Hasle property until the new plant is ready.

As a result of the sale, Arcus Gruppen carried out a redemption of shares corresponding to NOK 474m in December, of which Ratos received NOK 395m (corresponding to SEK 467m).

Arcus Gruppen's sales in 2007, excluding alcohol tax and charges, amounted to NOK 1,219m (965). Operating profit (EBITA), excluding the property sale, was NOK 97m (83). The improved earnings are mainly attributable to higher product margins, a change in the product mix and completed action programmes.

Future prospects

Market prospects are favourable and Arcus Gruppen is expected to show stable future development.

The company has a unique position in the Norwegian market with a strong market share. There is also potential for further internationalisation of most of the spirits brands. The extensive action programme, which has been under way for two years, is designed to rationalise production, administration and distribution. The new production facility is expected to provide further efficiency gains.



Jan Tore Føsund, CEO

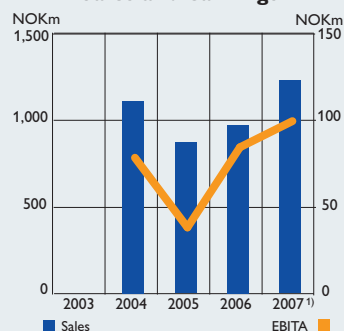
Board of Directors

Kaare Frydenberg Chairman
Magdalena Aniansson
Stefan Elving
Trond Fidje
Leif Johansson
Gro Myking
Birgitta Stymne Göransson
Henning Øglænd

Management

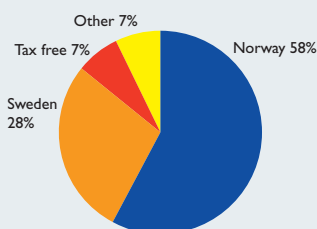
Jan Tore Føsund CEO
Leif Ove Rørnes CFO
Rolf Kragerud Strategy Director
Synnøve Olsbø HR Director
Thomas Patay Wine Director
Jan Oluf Skarpnes Managing Director Arcus AS and Spirits Director
Claes Strømbom Managing Director Vectura AS
Ther Thurmann-Moe Head of Communications

Sales and earnings

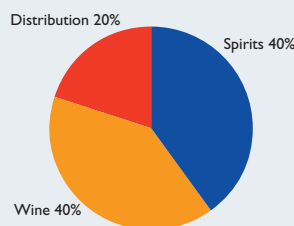


¹⁾ Excluding gain from divestments.

Sales by market



Sales by business area



Arcus Gruppen

NOKm	2007	2006 ¹⁾	2005 ^{1) 2)}	2004 ^{2) 3)}	2004	2003
Income statement						
Net sales	1,219	965	863	1,101	2,076	1,973
Operating expenses	-1,094	-869	-793	-983	-1,958	-1,856
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	2	0	0	0	0	0
Divestment result	649	18	0	0	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	776	114	70	118	118	117
Depreciation	-29	-31	-33	-41	-41	-39
EBITA	747	83	37	77	77	78
Amort. and impair. of intangible assets	-3	-3	-3	-1	0	0
Impairment of goodwill	0	0	0	0	-4	-3
EBIT	744	80	34	76	73	75
Financial income	41	16	9	9	9	10
Financial expenses	-31	-29	-31	-24	-6	-8
EBT	754	67	12	61	76	77
Tax	-31	-18	-2	-19	-24	-23
Loss from discontinued operations	0	-12	-1	—	—	—
Profit for the year	723	37	9	42	52	54
Attrib. to equity holders of the par.	711	35	9	42	52	54
Attributable to minority interests	12	2	0	0	0	0
Balance sheet						
Goodwill	462	447	296	—	31	34
Other intangible assets	238	240	243	—	39	45
Tangible assets	108	385	597	—	273	278
Financial assets, interest-bearing	13	8	8	—	0	0
Financial assets, non-interest bearing	18	16	16	—	12	8
Total non-current assets	839	1,096	1,160	—	355	365
Inventories	169	150	169	—	269	257
Receivables, interest-bearing	7	0	0	—	0	0
Receivables, non-interest bearing	837	873	795	—	667	580
Cash, bank and other short-term invest.	635	267	203	—	271	311
Total current assets	1,648	1,290	1,167	—	1,207	1,148
Total assets	2,487	2,386	2,327	—	1,562	1,513
Equity attrib. equity holders of parent	776	554	519	—	394	431
Equity attrib. to minority interests	24	16	0	—	0	0
Provisions, interest-bearing	173	172	169	—	4	5
Provisions, non-interest bearing	21	63	32	—	19	12
Liabilities, interest-bearing	350	427	481	—	11	10
Liabilities, non-interest bearing	1,143	1,154	1,126	—	1,134	1,055
Financial liabilities, other	0	0	0	—	0	0
Total equity and liabilities	2,487	2,386	2,327	—	1,562	1,513
Cash flow statement						
Cash flow from operating activities before change in working capital	96	90	60	—	119	117
Change in working capital	-36	10	-16	—	20	-3
Cash flow from operating activities	60	100	44	—	139	114
Investments in non-current assets	-29	-31	-26	—	-47	-91
Disposals of non-current assets	0	0	0	—	10	1
Cash flow before acquis./divest. of co.	31	69	18	—	102	24
Net investments in companies	890	-53	-844	—	0	0
Cash flow after investing activities	921	16	-826	—	102	24
Change in loans	-75	-47	479	—	-2	-9
New issues	0	1	475	—	-35	0
Dividends paid	0	0	0	—	-105	-46
Other	-479	0	0	—	0	0
Cash flow from financial activities	-554	-46	954	—	142	-55
Cash flow for the year	367	-30	128	—	-40	-31
Key figures						
EBITA margin, %	61.3	8.6	4.3	7.0	3.7	4.0
EBT margin %	61.9	6.9	1.4	5.5	3.7	3.9
Return on equity, %	106.9	6.5	—	—	12.6	11.5
Return on capital employed, %	63.0	8.2	—	—	19.2	17.8
Equity ratio, %	32	24	22	—	25	28
Interest-bearing net debt, NOKm	-132	324	439	—	-256	-296
Debt/equity ratio, times	0.7	1.1	1.3	—	0.0	0.0
Average number of employees	456	435	592	559	559	571

¹⁾ Pro forma taking discontinued operations in 2006 into account.

²⁾ Pro forma taking Ratoss's acquisition into account.

³⁾ Changed accounting principles.

Bisnode – strong earnings trend

Ratos acquired BTJ Infodata in 2004. In 2005, Ratos effected a buy-out of Infodata in order to merge the company with Bonnier Business Information. The newly formed group's name was changed to Bisnode. Ratos owns 70% of the votes and capital in the company. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,408m at year-end.

Ratos is represented on the board by Bo Jungner, who is responsible for this holding, and Henrik Joelsson.

Operations

Bisnode is one of Europe's leading suppliers of digital business information with services within market, credit and product information.

Operations are conducted within five business areas: CRM & Direct Marketing, Credit & Risk Information, Product Databases & Tradepress, Business & Market Information, and Services & Venture Development. The company works mainly with national and international databases specialised in marketing, credit and market information, supplier and product information, as well as advanced IT solutions for the supply of information to companies, organisations, governments and municipalities. Bisnode has approximately 3,000 employees and conducts operations in 19 European companies.

Market

Bisnode operates in the European market for digital business information. This market is estimated to be worth approximately SEK 75 billion and Bisnode's market share is about 5%. The company is the market leader in the Nordic region with a market share of approximately 40%. The European market for digital business information is fragmented with individual competitors in all Bisnode's business areas. The market is characterised by relatively high fixed costs for data collection and database management as well as low margin costs for customisation, packaging and distribution. The market for business information in Europe is expected to grow slightly faster than GDP over a business cycle. Market growth is driven by increased global competition and an overabundance of information that increase the need for good decision-making support, fast digital distribution and easily accessible business information in order to reduce business risks and increase sales.



Bisnode has approximately 3,000 employees and conducts operations in 19 countries in Europe.

The year at a glance

Bisnode made 14 add-on acquisitions during the year. The largest was the acquisition of WDM with sales of approximately SEK 555m in 2006. The acquisition of WDM strengthens Bisnode's position as a provider of marketing services to consumers in the Netherlands, Belgium and France, and raises competence in the CRM & Direct Marketing business area.

Bisnode's total sales amounted to SEK 3,899m (3,389), which corresponds to an increase of 15%. Operating profit (EBITA) was SEK 580m (528) and profit before tax amounted to SEK 419m (366).

An IPO of Bisnode was planned during the year but was withdrawn in October due to the turbulent market situation at the time.

In January 2008 a refinancing of Bisnode was carried out where the owners received SEK 864m. Ratos's share was SEK 605m (SEK 360m in January and SEK 245m in April). The refinancing was made possible by the positive earnings trend in recent years. CEO Lars Save resigned in February 2008. Recruitment of a new CEO is under way.

Future prospects

Bisnode will continue to develop its market offering in order to strengthen its position in the European market. This will be achieved by establishing successful services in new countries and through acquisitions of strategically suitable companies. As it increases in size, Bisnode will improve its opportunities to implement cost rationalisations within information purchasing, data storage and other back-office functions.

Financial targets

Growth	10% over a business cycle
EBITA margin	≥ 15% over a business cycle

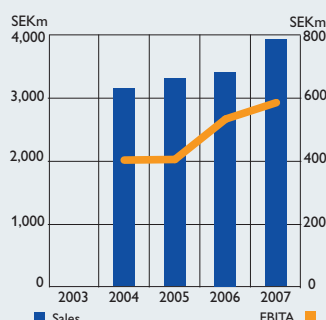
Board of Directors

Håkan Ramsin	Chairman and acting CEO from 4 Feb 2008
Torgny Eriksson	
Henrik Joelsson	
Bo Jungner	
Birgitta Klasén	
Jonas Nyrén	
Carl Wilhelm Ros	

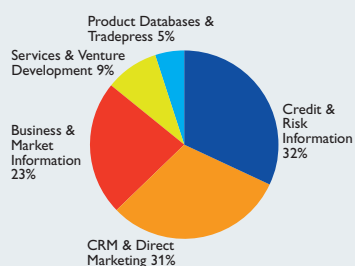
Management

Lars Save	CEO until 4 Feb 2008
Fredrik Åkerman	CFO
Jonas Edström	Services & Venture Development
Mats Erwald	Business & Market Information
Geir Feltstykket	CRM & Direct Marketing
Alistair Pauline	Credit & Risk Information
Peter Villa	Product Databases & Tradepress

Sales and earnings



Sales by market



Bisnode

SEKm	2007	2006 ¹⁾	2005 ^{1) 2)}	2004 ^{1) 2)}	2003
Income statement					
Net sales	3,899	3,389	3,283	3,126	
Operating expenses	-3,397	-2,893	-2,850	-2,767	
Other income/expenses	65	25	0	12	
Share of profits of associates	13	11	0	0	
Divestment result	91	66	25	91	
Items affecting comparability	0	0	0	0	
EBITDA	671	598	458	462	
Depreciation	-91	-70	-58	-64	
EBITA	580	528	400	398	
Amort. and impair. of intangible assets	-82	-62	-46	-46	
Impairment of goodwill	0	0	0	0	
EBIT	498	466	354	352	
Financial income	60	30	10	8	
Financial expenses ³⁾	-139	-130	-97	-93	
EBT	419	366	267	267	
Tax	-66	-109	-43	-71	
Profit for the year	353	257	224	196	
Attrib. to equity holders of the parent	347	255	213	189	
Attributable to minority interests	6	2	11	7	
Balance sheet					
Goodwill	4,199	3,311	3,492	–	
Other intangible assets	963	633	436	–	
Tangible assets	327	191	208	–	
Financial assets, interest-bearing	2	6	12	–	
Financial assets, non-interest bearing	230	215	286	–	
Total non-current assets	5,721	4,356	4,434	–	
Inventories	7	6	23	–	
Receivables, interest-bearing	18	0	129	–	
Receivables, non-interest bearing	896	785	659	–	
Cash, bank and other short-term invest.	214	298	438	–	
Total current assets	1,135	1,089	1,249	–	
Total assets	6,856	5,445	5,683	–	
Equity attrib. to equity holders of the parent	2,382	2,051	1,826	–	
Equity attributable to minority interests	52	3	21	–	
Provisions, interest-bearing	309	219	256	–	
Provisions, non-interest bearing	360	297	219	–	
Liabilities, interest-bearing	2,232	1,776	2,117	–	
Liabilities, non-interest bearing	1,521	1,019	1,244	–	
Financial liabilities, other	0	0	0	–	
Total equity and liabilities	6,856	5,445	5,683	–	
Cash flow statement					
Cash flow from operating activities before change in working capital	426	353	294	–	
Change in working capital	44	-132	45	–	
Cash flow from operating activities	470	221	339	–	
Investments in non-current assets	-187	-147	-176	–	
Disposals of non-current assets	29	19	47	–	
Cash flow before acquis./divest. of companies	312	93	210	–	
Net investments in companies	-806	46	0	–	
Cash flow after investing activities	-494	139	210	–	
Change in loans	403	-269	26	–	
New issues	0	0	0	–	
Dividends paid	0	-5	0	–	
Other	0	0	0	–	
Cash flow from financing activities	403	-274	26	–	
Cash flow for the year	-91	-135	236	–	
Key figures					
EBITA margin, %	14.9	15.6	12.2	12.7	
EBT margin %	10.7	10.8	8.1	8.5	
Return on equity, %	15.7	13.2	–	–	
Return on capital employed, %	12.4	12.0	–	–	
Equity ratio, %	36	38	33	–	
Interest-bearing net debt, SEKm	2,307	1,691	1,794	–	
Debt/equity ratio, times	1.0	1.0	1.3	–	
Average number of employees	2,790	2,527	2,450	2,086	

¹⁾ Pro forma including operations in Germany.

²⁾ Pro forma taking Ratos's acquisition into account.

³⁾ Excluding interest on shareholder loan.

Camfil – continued good growth and profitability

Ratos acquired 30% in Camfil in 2000. Co-owners are members of the Larson and Markman families.

Consolidated book value in Ratos amounted to SEK 570m at year-end.

Ratos is represented on the board by Arne Karlsson, who is responsible for this holding, and by Henrik Joelsson as a deputy.

Operations

Camfil is a family company dating back two generations. The company was founded in 1963. When Ratos became a shareholder in 2000, Camfil was able to acquire its US competitor Farr. The Group has four product areas: Comfort, Clean Processes, Safety & Protection and Power Systems. Comfort (45% of sales) comprises filter products that contribute to a good indoor climate. Clean Processes (36%) offers filter solutions for sensitive manufacturing processes, including clean rooms. Safety & Protection (6%) manufactures filters that protect the environment from discharges from dirty and hazardous manufacturing processes, such as nuclear power stations, mines and chemical plants. Power Systems (13%) supplies filters, inlet air systems and protective structures for gas turbines for power plants and offshore industry.

Manufacturing is carried out in 23 plants on four continents and the group is represented by subsidiaries and agents in over 55 countries.

Market

Camfil Farr has a leading position in the market for air filters with a global market share of approximately 17%. The group is the market leader in Europe and among the four largest companies in the US. Camfil has a strong position in the value chain and to a large extent sells its filters directly to end users. Camfil supplies a number of markets and industries and since a significant portion of sales are replacements, there is limited sensitivity to economic fluctuations. In the Power Systems business area Camfil is one of the three largest global suppliers.



Research and development – an important factor behind Camfil Farr's leading-edge products – is mainly conducted at the group's research centre in Trosa, Sweden.

The year at a glance

Camfil had a very strong sales and earnings trend during the year, mainly due to favourable development in Europe and Asia. Sales increased by a total of 9%, of which organic growth accounted for half, and amounted to SEK 4,115m (3,763). The company made an acquisition during the year, Kaare Rustad in Norway. New production facilities were established in Slovakia and China. Operating profit (EBITA) was SEK 352m (279). Profit before tax amounted to SEK 313m (246). During the year a number of activities were carried out to improve the company's long-term development within the framework of the business plan.

Future prospects

Camfil Farr has strong market positions in Europe and North America. The operations in Asia gained momentum during the year, with continued good opportunities for growth. Implementation of the activities identified and given priority in the company's business plan will continue. These efforts are designed to achieve both continued profitability improvements and continued growth.



Alan O'Connell, CEO

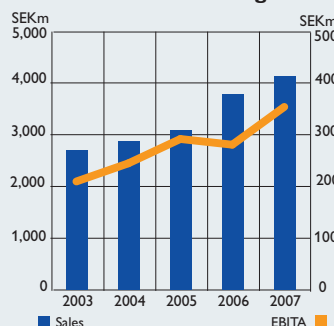
Board of Directors

Jan Eric Larson	Chairman
Eric Giertz	
Arne Karlsson	
Mats Lönnqvist	
Johan Markman	
Carl Wilhelm Ros	
Christer Zetterberg	
Rolf Wikström	Employee representative
Henrik Joelsson	Deputy
Björn Larson	Deputy
Erik Markman	Deputy
Christer Stavström	Deputy, employee representative

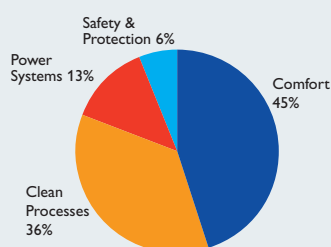
Management

Alan O'Connell	CEO
Johan Ryrberg	Deputy CEO, CFO

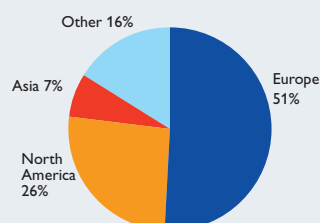
Sales and earnings



Sales by application



Sales by market



Camfil

SEKm	2007	2006	2005	2004	2003
Income statement					
Net sales	4,115	3,763	3,083	2,855	2,691
Operating expenses	-3,679	-3,389	-2,711	-2,538	-2,426
Other income/expenses	5	8	5	6	25
Share of profits of associates	0	0	0	0	0
Divestment result	14	0	0	0	0
Items affecting comparability	0	0	0	0	-1
EBITDA	455	382	377	323	289
Depreciation	-103	-103	-87	-80	-81
EBITA	352	279	290	243	208
Amor. and impair. of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	-47
EBIT	352	279	290	243	161
Financial income	45	55	87	75	63
Financial expenses	-84	-88	-112	-108	-85
EBT	313	246	265	210	139
Tax	-77	-62	-79	-63	-53
Profit of the year	236	184	186	147	86
Attrib. to equity holders of the parent	236	184	186	147	86
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	788	777	657	557	605
Other intangible assets	4	5	7	5	0
Tangible assets	711	622	620	503	543
Financial assets, interest-bearing	52	42	51	0	0
Financial assets, non-interest bearing	59	57	58	99	94
Total non-current assets	1,614	1,503	1,393	1,164	1,242
Inventories	522	466	412	358	322
Receivables, interest-bearing	7	2	0	0	0
Receivables, non-interest bearing	882	832	706	597	552
Cash, bank and other short-term investments	326	262	215	167	382
Total current assets	1,737	1,562	1,333	1,122	1,256
Total assets	3,351	3,065	2,726	2,286	2,498
Equity attrib. to equity holders of the parent	1,498	1,330	1,312	1,065	1,045
Equity attributable to minority interests	0	0	0	0	0
Provisions, interest-bearing	115	106	114	101	51
Provisions, non-interest bearing	29	14	92	152	165
Liabilities, interest-bearing	936	878	683	509	807
Liabilities, non-interest bearing	773	737	525	459	430
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	3,351	3,065	2,726	2,286	2,498
Cash flow statement					
Cash flow from operating activities before change in working capital	324	271	210	229	218
Change in working capital	-18	-30	-36	-62	5
Cash flow from operating activities	306	241	174	167	223
Investments in non-current assets	-223	-131	-206	-110	-109
Disposals of non-current assets	20	19	62	49	8
Cash flow before acquis./divest. of companies	103	129	30	106	122
Net investments in companies	-40	-284	0	0	0
Cash flow after investing activities	63	-155	30	106	122
Change in loans	50	253	69	-301	-80
New issues	0	0	0	3	0
Dividends paid	-57	-40	-68	-28	-26
Other	0	0	0	0	0
Cash flow from financing activities	-7	213	1	-326	-106
Cash flow for the year	56	58	31	-220	16
Key figures					
EBITA margin, %	8.6	7.4	9.4	8.5	7.7
EBT margin, %	7.6	6.5	8.6	7.4	5.2
Return on equity, %	16.7	13.9	15.6	13.8	8.1
Return on capital employed, %	16.3	15.1	19.9	19.0	11.0
Equity ratio, %	45	43	48	47	42
Interest-bearing net debt, SEKm	666	678	531	443	476
Debt/equity ratio, times	0.7	0.7	0.6	0.6	0.8
Average number of employees	3,191	2,949	2,693	2,619	2,602

Contex – new international holding

Ratos acquired 98% of the Danish company Contex Holding from EQT (60%) and a number of other investors in 2007. Co-owners are the company's management and board. Ratos has invested a total of SEK 683m in Contex Holding.

The company is included in Ratos's earnings from 1 September 2007.

Consolidated value in Ratos at year-end was SEK 664m.

Ratos is represented on the board by Leif Johansson, who is responsible for this holding, and by Magdalena Aniansson.

Operations

Contex Holding is the world leader in development, production and marketing of innovative 2D and 3D imaging solutions. The group consists of three subsidiaries: Contex A/S, Z Corporation and Vidar Systems.

Contex A/S develops, produces and markets large-format scanners and related software.

Z Corporation develops, produces and markets equipment for 3D printers with related accessories. The company also sells 3D scanners. The products are used, among other things, for concept modelling and fast prototype manufacture.

Vidar Systems develops, produces and sells equipment for digitalisation of analogue radiographic images. Vidar Systems' main product radiology film digitisers are sold both for pure archiving and in conjunction with the sale of digital radiology equipment that allows the end-customer to compare new radiographic images with previous ones. Vidar Systems also develops products for closely related operations.

The group and Contex A/S have their head office in Allerød, Denmark. Z Corporation is located in Boston, Massachusetts, USA, and Vidar Systems is located in Hendon, Virginia, USA.

Market

Contex A/S is the world leader in its segment and currently covers two of three sub-segments in the market for large format scanners – free-standing large format scanners and colour systems with large format scanners combined with colour printers. The third sub-segment is monochrome systems. In free-standing large format scanners, Contex has a share of approximately 50% of the world market. The market is expected to grow slightly faster than GDP. The market for colour systems is driven by the fact that a growing number of people are changing from black and white to colour. Contex A/S has a very strong position in this market due to its OEM contracts with printer



Z Corporation's printers offer fast and cost-effective production of 3D prototypes.

market leaders HP and Océ. The market is expected to continue to show good growth. The market for monochrome systems is expected to show a weaker volume growth. Competitors include Graphtec and Colortrac.

Z Corporation's market is showing good growth. The customer base for 3D printers, mainly companies within product development, architecture, education and medical departments, is expected to continue to grow. Z Corporation is a global market leader in early phases of customers' product development. The company is the only supplier that can offer colour print-outs and also has a competitive advantage when it comes to printing speeds. The main competitor is Stratasys, as well as Objet and 3D Systems to some extent.

Vidar Systems is the market leader and sells its products to OEMs and independent distributors. Customers include hospitals and health centres and the products are sold via retailers and OEM partners. The US is the largest market. The market is showing low growth but the company is also developing products within related and fast-growing segments.

The year at a glance

Contex A/S was affected by some delayed product launches among its customers during the year that also had an impact on sales growth.

During the year Contex A/S was also negatively affected by the weaker dollar rate against the Danish krona.

Z Corporation enjoyed good growth and demand for its products. The company's margins continued to rise. In 2007 the company's middle-segment product ZPrinter 450 was launched successfully.

Vidar Systems was affected during the year by budget cuts in the US which had a negative impact on the healthcare sector's willingness to invest. The market for the main product digitisers showed signs of falling growth but Vidar Systems continued to capture market share.

The group's sales increased in USD during the year by 1% to USD 122.9m (121.5). Operating profit (EBITA) amounted to USD 16.4m (20.5). The operating margin decreased to 13.4% (16.9).

Future prospects

Within all three operating areas Contex Holding has a strong global market position and is well placed for profitable growth. All operating areas continue with product development in order to strengthen their technical competitive edge. There are also good opportunities to participate in future consolidation and restructuring in each sector.



Svann Poulsen, CEO

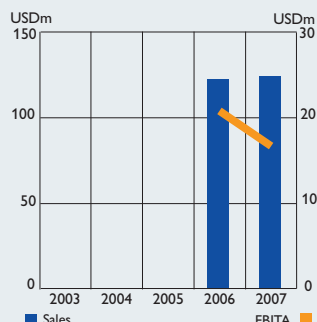
Board of Directors

Arne Frank	Chairman
Magdalena Aniansson	
Leif Johansson	
Kaj Juul-Pedersen	
Peter Leschly	
Brian Steen Jensen	Employee representative
Søren Thuun Jensen	Employee representative

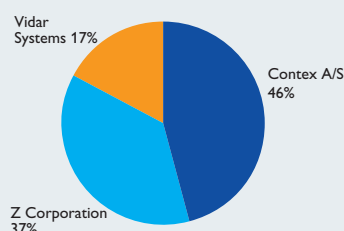
Management

Svann Poulsen	CEO Contex Group, CEO Contex A/S
Tom Bak	Acting CFO Contex Group, CFO Contex A/S
Thomas Clay	CEO Z Corporation
Trevor Fennell	CEO Vidar Systems

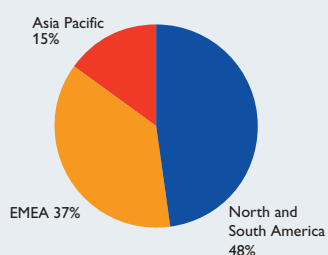
Sales and earnings



Sales by company



Sales by market



Context Holding

USDm	2007 ¹⁾	2006 ¹⁾	2005	2004	2003
Income statement					
Net sales	122.9	121.5			
Operating expenses	-105.0	-99.7			
Other income/expenses	0.9	0.7			
Share of profits of associates	0.0	0.0			
Divestment result	0.0	0.0			
Items affecting comparability	0.0	0.0			
EBITDA	18.8	22.5			
Depreciation	-2.4	-2.0			
EBITA	16.4	20.5			
Amort. and impair. of intangible assets	-1.4	-1.2			
Impairment of goodwill	0.0	0.0			
EBIT	15.0	19.3			
Financial income	1.9	1.3			
Financial expenses	-14.4	-14.5			
EBT	2.6	6.1			
Tax	-4.9	-5.8			
Profit for the year	-2.3	0.3			
Attrib. to equity holders of the parent	-2.3	0.3			
Attributable to minority interests	0.0	0.0			
Balance sheet					
Goodwill	211.4	—			
Other intangible assets	9.6	—			
Tangible assets	10.4	—			
Financial assets, interest-bearing	0.0	—			
Financial assets, non-interest bearing	2.2	—			
Total non-current assets	233.6	—			
Inventories	12.2	—			
Receivables, interest-bearing	1.2	—			
Receivables, non-interest bearing	22.7	—			
Cash, bank and other short-term investments	24.5	—			
Total current assets	60.6	—			
Total assets	294.2	—			
Equity attrib. to equity holders of the parent	105.2	—			
Equity attributable to minority interests	0.0	—			
Provisions, interest-bearing	0.0	—			
Provisions, non-interest bearing	4.8	—			
Liabilities, interest-bearing	156.5	—			
Liabilities, non-interest bearing	27.7	—			
Financial liabilities, other	0.0	—			
Total equity and liabilities	294.2	—			
Cash flow statement					
Cash flow from operating activities before change in working capital	—	—			
Change in working capital	—	—			
Cash flow from operating activities	—	—			
Investments in non-current assets	—	—			
Disposals of non-current assets	—	—			
Cash flow before acquis./divest. of companies	—	—			
Net investments in companies	—	—			
Cash flow after investing activities	—	—			
Change in loans	—	—			
New issues	—	—			
Dividends paid	—	—			
Other	—	—			
Cash flow from financing activities	—	—			
Cash flow for the year	—	—			
Key figures					
EBITA margin, %	13.4	16.9			
EBT margin, %	2.1	5.0			
Return on equity, %	—	—			
Return on capital employed, %	—	—			
Equity ratio, %	36	—			
Interest-bearing net debt, USDm	131	—			
Debt/equity ratio, times	1.5	—			
Average number of employees	448	466			

¹⁾ Pro forma taking Ratoss acquisition into account.

DIAB – continued growth

Ratos became an owner in DIAB in 2001 in connection with the acquisition of Atle. Ratos's holding amounts to 50% and the remaining 50% is owned by 3i.

Consolidated book value in Ratos amounted to SEK 339m at year-end.

Ratos is represented on the board by Stig Karlsson, who is responsible for this holding, with Henrik Blomé as a deputy.

Operations

DIAB is a world-leading company that manufactures and develops core materials for composite structures, including blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and space rockets. DIAB's core material, which is based on cell plastic material or balsa wood, has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

DIAB's core material has potential for a range of applications within different customer segments. Sales in 2007 were as follows: Wind Energy 45%, Marine 40%, Industry 9%, Transport 2% and Aerospace 4%.

The company has nine production units. Block production is carried out in Sweden (Laholm), Italy (Longarone), the US (DeSoto, Texas). There are material processing units in Lithuania, China, Thailand and Australia. A project for processing products in India was started in autumn 2007 and own production is expected to start in spring 2008. Finally, there is a unit in Ecuador that produces core material made from balsa. DIAB has its own sales organisation in 13 countries and more than 95% of sales take place outside Sweden.

Market

DIAB has a very strong strategic position as the world-leading manufacturer of core materials for sandwich structures made from polymers and balsa materials. The market, particularly in the wind power segment, is in a strong growth phase and new applications are constantly being developed. Market conditions were generally good in 2007. Demand for wind power has grown, mainly due to high energy prices and global investments in renewable energy sources. Demand in the marine segment remained strong in Europe, while the trend in North America was weaker. The largest competitor is the Swiss company Alcan Airex.



Applications for DIAB's core material include blades for wind power turbines.

The year at a glance

DIAB's sales totalled SEK 1,354m (1,205), representing growth of 12% (15% in local currency). Growth was particularly strong in Asia. Invoicing during the second half of the year was negatively affected by delayed wind power projects, stock reductions by wind power customers and a weaker dollar.

Operating profit (EBITA) for the year improved from SEK 258m to SEK 260m. Increased sales had a positive impact on earnings, while delivery and production disruptions in the US had a highly negative impact on earnings in the fourth quarter. A major investment programme was carried out during the year which included investments in capacity expansion in DeSoto and Laholm, setting up production in India, and investments in production capacity for new materials that broaden DIAB's offering and strengthen the company's competitiveness in new applications.

DIAB's high earnings and a lower investment level in the years ahead provided the foundation for a refinancing of the company during the year, whereby SEK 1,000m was distributed to the owners in December via a redemption. Ratos's share was SEK 500m.

Future prospects

DIAB has a strategically strong position as a world-leading manufacturer of core materials for customer segments with a strong, underlying long-term growth. The company's growth is primarily driven by the strong market growth of its customer segments, the potential to broaden use of the core material within the current applications, as well as a long-term potential to develop new applications, due among other things to the current broader product programme. A completed investment programme has created capacity for continued strong growth on a global basis.

Financial targets

Growth	>20%
EBITA margin	>22%



Anders Paulsson, CEO

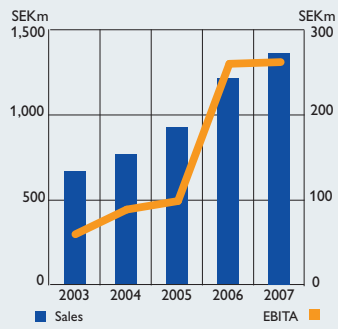
Board of Directors

Carl-Erik Ridderstråle	Chairman
Georg Brunstam	
Tomas Ekman	
Sven-Åke Henningsson	
Stig Karlsson	
Maria Ek	Employee representative
Jonas Henningsson	Employee representative
Henrik Blomé	Deputy
Christer Nilsson	Deputy
Per Månsson	Deputy, Employee representative
Vancea Valerian	Deputy, Employee representative

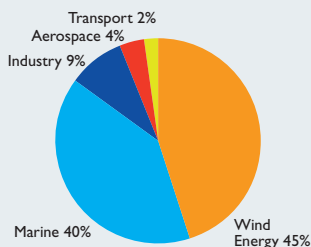
Management

Anders Paulsson	CEO
Peter Sundback	CFO

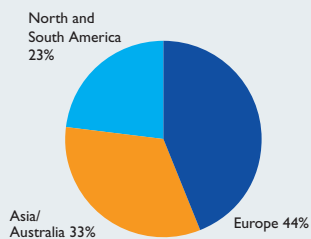
Sales and earnings



Sales by customer segment



Sales by market



DIAB

SEKm	2007 ¹⁾	2007	2006	2005	2004	2003
Income statement						
Net sales	—	1,354	1,205	918	759	658
Operating expenses	—	-1,035	-910	-782	-637	-565
Other income/expenses	—	-6	3	0	0	0
Share of profits of associates	—	0	0	0	0	0
Divestment result	—	0	0	0	0	0
Items affecting comparability	—	0	0	0	0	0
EBITDA	—	313	298	136	122	93
Depreciation	—	-53	-40	-39	-35	-35
EBITA	—	260	258	97	87	58
Amort. and impair. of intangible assets	—	0	0	0	0	0
Impairment of goodwill	—	0	0	0	0	-1
EBIT	—	260	258	97	87	57
Financial income	—	2	1	3	1	2
Financial expenses	—	-16	-15	-10	-7	-7
EBT	—	246	244	90	81	52
Tax	—	-70	-80	-29	-23	-17
Profit for the year	—	176	164	61	58	35
Attrib. to equity holders of the parent	—	176	164	61	58	35
Attributable to minority interests	—	0	0	0	0	0
Balance sheet						
Goodwill	1,008	0	0	0	0	0
Other intangible assets	26	26	7	0	0	0
Tangible assets	621	621	415	348	304	294
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	75	8	10	10	7	11
Total non-current assets	1,730	655	432	358	311	305
Inventories	220	220	183	177	134	128
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	257	256	223	197	149	133
Cash, bank and other short-term investments	51	51	79	30	22	23
Total current assets	528	527	485	404	305	284
Total assets	2,258	1,182	917	762	616	589
Equity attrib. to equity holders of the parent	677	577	409	288	209	301
Equity attributable to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	31	31	31	13	13	12
Provisions, non-interest bearing	18	18	15	29	30	31
Liabilities, interest-bearing	1,250	250	209	264	220	129
Liabilities, non-interest bearing	244	306	253	168	144	116
Financial liabilities, other	38	0	0	0	0	0
Total equity and liabilities	2,258	1,182	917	762	616	589
Cash flow statement						
Cash flow from operating activities before change in working capital	—	231	267	123	119	82
Change in working capital	—	13	16	-62	-11	-38
Cash flow from operating activities	—	244	283	61	108	44
Investments in non-current assets	—	-278	-139	-78	-53	-31
Disposals of non-current assets	—	10	0	0	5	0
Cash flow before acquis./divest. of companies	—	-24	144	-17	60	13
Net investments in companies	—	-8	0	0	0	0
Cash flow after investing activities	—	-32	144	-17	60	13
Change in loans	—	43	-44	29	98	4
New issues	—	0	0	0	-14	0
Dividends paid	—	-10	-25	0	-144	-10
Other	—	-31	-24	-6	0	0
Cash flow from financing activities	—	2	-93	23	-60	-6
Cash flow for the year	—	-30	51	6	0	7
Key figures						
EBITA margin, %	—	19.2	21.4	10.6	11.5	8.8
EBT margin, %	—	18.2	20.2	9.8	10.7	7.9
Return on equity, %	—	35.7	47.1	24.5	27.8	11.9
Return on capital employed %	—	34.8	42.7	19.9	19.9	13.5
Equity ratio, %	30	49	45	38	34	51
Interest-bearing net debt, SEKm	1,230	230	161	247	211	118
Debt/equity ratio, times	1.9	0.5	0.6	1.0	1.1	0.5
Average number of employees	—	1,067	892	734	788	654

¹⁾ New group structure with new financing.

EuroMaint – leader within maintenance

Ratos acquired EuroMaint in June 2007. EuroMaint is included in Ratos's earnings from 1 September 2007 and Ratos's holding is 100%. Ratos invested a total of SEK 417m in EuroMaint.

Consolidated book value in Ratos amounted to SEK 406m at year-end.

Ratos is represented on the board by Henrik Joelsson, who is responsible for the holding, Jonathan Wallis and Bo Jungner as deputy.

Operations

EuroMaint is one of Sweden's leading maintenance companies. Operations are conducted in three subsidiaries: EuroMaint Rail (85% of sales), EuroMaint Industry (13%) and EuroMaint Tracksupport (2%). EuroMaint's companies are specialists which offer qualified maintenance services to the rail transport sector and manufacturing industry. The group's operations are conducted in a total of 18 locations in Sweden, Latvia, and the US.

Market

EuroMaint Rail has a strong position in the Swedish train maintenance market. Operations are conducted in close co-operation with rail operators, where EuroMaint normally takes full responsibility for rolling stock accessibility at a fixed price per kilometre. This allows customers optimal operation and gives them control of maintenance costs. EuroMaint Industry works in the growing market for industrial maintenance. The company originated in the automotive sector and offers qualified services for operational reliability and production optimisation as well as automated production equipment and component servicing. EuroMaint Tracksupport is a leading, independent supplier of maintenance of railway track equipment.



The trend within maintenance is increasingly towards full-service assignments that include preventive, remedial, restorative and enhancing maintenance.

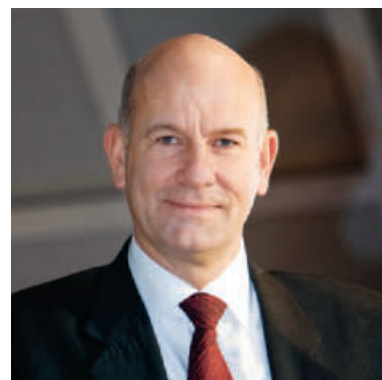
The year at a glance

Sales for the full year amounted to SEK 2,067m, which corresponds to an increase of 1.5% compared with 2006. Growth was particularly favourable for EuroMaint Industry +18%, where one of the major challenges during the year was recruitment of a sufficient number of new employees. Operating profit (EBITA) amounted to SEK 69m (102). The entire decline in earnings was due to extraordinary costs of SEK 44m for the cost-cutting programme and early retirements within EuroMaint Rail. Profit before tax was SEK 12m (57).

Taking extraordinary items into account, operating profit improved by approximately 11%.

Future

EuroMaint Rail has a strong market position in Sweden and good prospects for continued development and efficiency enhancement of its operations. There are also good international opportunities due to the current deregulation of the railway operator market. EuroMaint Industry performed well during the year and there are still good opportunities to develop and expand the company both organically and through acquisitions. Work in 2008 will focus on both growth and improved profitability.



Pether Wallin, CEO

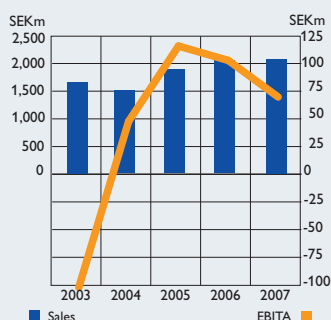
Board of Directors

Ole Kjørrefjord	Chairman
Knut Hansen	
Henrik Joelsson	
Wille Laurén	
Jonathan Wallis	
Per Granström	Employee representative
Anders Gustafsson	Employee representative
Bertil Hallén	Employee representative
Bo Jungner	Deputy

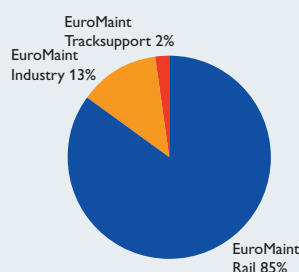
Management

Pether Wallin	CEO and acting President EuroMaint Rail
Åke Finn	Executive Vice President & CFO
Björn Sundén	Executive Vice President, Strategy & Business Development
Cecilia Beer	Vice President Human Resources
Ingela Carlsson	Vice President Communication
Nicklas Falk	Vice President EuroMaint Industry

Sales and earnings



Sales by operating area



EuroMaint

SEKm	2007 ¹⁾	2006 ¹⁾	2006	2005	2004	2003
Income statement						
Net sales	2,067	2,037	2,037	1,872	1,493	1,653
Operating expenses	-1,972	-1,902	-1,906	-1,734	-1,427	-1,733
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	1	-4	-4	1	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	96	131	127	139	66	-80
Depreciation	-27	-29	-25	-24	-19	-23
EBITA	69	102	102	115	47	-103
Amort. and impair. of intangible assets	-2	-2	-2	-1	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	67	100	100	114	47	-103
Financial income	6	3	3	1	1	2
Financial expenses ²⁾	-61	-46	-12	-12	-11	-13
EBT	12	57	91	103	37	-114
Tax	5	-5	-21	-10	15	8
Profit for the year	17	52	70	93	52	-106
Attrib. to equity holders of the parent	17	52	70	93	52	-106
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	692	—	30	30	0	0
Other intangible assets	18	—	12	14	0	0
Tangible assets	167	—	131	132	119	100
Financial assets, interest-bearing	0	—	0	0	0	0
Financial assets, non-interest bearing	12	—	34	45	41	13
Total non-current assets	889	—	207	221	160	113
Inventories	285	—	269	259	241	335
Receivables, interest-bearing	0	—	0	0	0	0
Receivables, non-interest bearing	588	—	507	434	322	355
Cash, bank and other short-term invest.	0	—	45	66	14	0
Total current assets	873	—	821	759	577	690
Total assets	1,762	—	1,028	980	737	803
Equity attrib. eq. holders of parent	406 ³⁾	—	249	178	81	18
Equity attrib. to minority interests	0	—	0	0	0	0
Provisions, interest-bearing	36	—	39	38	41	49
Provisions, non-interest bearing	21	—	32	40	5	5
Liabilities, interest-bearing	770	—	270	340	250	264
Liabilities, non-interest bearing	529	—	438	384	360	467
Financial liabilities, other	0	—	0	0	0	0
Total equity and liabilities	1,762	—	1,028	980	737	803
Cash flow statement						
Cash flow from operating activities before change in working capital	—	—	105	94	-27	-39
Change in working capital	—	—	-28	-32	75	-2
Cash flow from operating activities	—	—	77	62	48	-41
Investments in non-current assets	—	—	-35	-21	-51	-13
Disposals of non-current assets	—	—	3	2	17	24
Cash flow before acquis./divest. of co.	—	—	45	43	14	-30
Net investments in companies	—	—	0	-81	0	0
Cash flow after investing activities	—	—	45	-38	14	-30
Change in loans	—	—	-70	90	0	10
New issues	—	—	0	0	0	0
Dividends paid	—	—	0	0	0	0
Other	—	—	4	0	0	20
Cash flow from financing activities	—	—	-66	90	0	30
Cash flow for the year	—	—	-21	52	14	0
Key figures						
EBITA margin, %	3.3	5.0	5.0	6.1	3.1	neg.
EBT margin, %	0.6	2.8	4.5	5.5	2.5	neg.
Return on equity, %	—	—	32.8	71.8	26.3	neg.
Return on capital employed, %	—	—	18.5	24.8	13.7	neg.
Equity ratio, %	23	—	24	18	11	2
Interest-bearing net debt, SEKm	806	—	264	312	277	313
Debt/equity ratio, times	2.0	—	1.2	2.1	3.6	17.4
Average number of employees	1,781	1,746	1,746	1,669	1,534	1,597

¹⁾ Pro forma taking Ratos's acquisition into account.

²⁾ Excluding interest on shareholder loan.

³⁾ Equity includes shareholder loan with SEK 218m.

GS-Hydro – strong earnings growth

Ratos became an owner of Arcorus (former parent company of GS-Hydro) in conjunction with the acquisition of Atle in 2001. Arcorus ceased to be a group with effect from 1 January 2005 and GS-Hydro became a wholly owned holding in Ratos.

The consolidated book value at year-end was SEK 306m.

Ratos is represented on the board by Magdalena Aniansson, who is responsible for the holding, with Leif Johansson as a deputy.

Operations

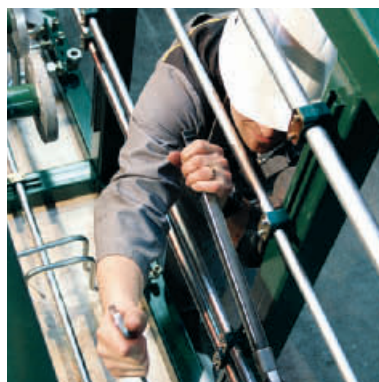
GS-Hydro is a leading supplier of non-welded piping systems. Piping systems are mainly used in hydraulic high-pressure systems but are also used in other systems that require fast installation, a high degree of cleanliness and a minimum of operating shutdowns. The company also supplies components for piping systems, complete piping systems, prefabricated pipe modules and services. Services include project management, design, installation, documentation and flushing of piping systems. The products are mainly used within marine and offshore industry as well as in land-based industry such as the pulp and paper, mining and metals, automotive and aerospace, and defence industries. The company has approximately 530 employees in 17 countries. The head office is in Finland.

Market

GS-Hydro has worldwide operations. The largest individual market is Norway where the marine and offshore sectors are strong.

There has been strong growth in demand in the marine market segment. The increasingly long life of ships means higher quality demands which favours suppliers of non-welded systems such as GS-Hydro. New environmental requirements and the introduction of double hulls are also driving market demand. Today the shipyards have full order books until 2011. GS-Hydro's products and services are primarily used for hydraulic and fire systems on ships and can be installed in confined spaces, which is an important competitive advantage.

Demand for new installations has also been strong in the offshore segment. Longer lives for oil rigs place demands on quality and maintenance of the piping systems. Non-welded systems offer clear advantages on oil rigs since no welding flame is needed for installation and maintenance which also allows production to continue without expensive shutdowns for customers. Other key demands from customers are high pressure resistance, low risk of dirt



GS-Hydro supplies both complete piping systems and components and services.

in the system and fast maintenance. The order books of rig manufacturers (shipyards) are also full until 2010 – 2011.

The other market segments (land-based) face greater competition from welded systems. Market growth is less cyclical and more affected by general economic growth in each industry.

The strong growth in all market segments has made fast deliveries and delivery precision key competitive advances, while several subcontractors have had problems with deliveries.

The year at a glance

GS-Hydro showed a continued strong sales growth in all markets except in the US, where competition from welded piping systems remains strong. Sales rose 33% and totalled EUR 141.8m (106.3). Operating profit (EBITA) was EUR 19.9m (10.9). Adjusted for items affecting comparability, operating profit improved by 51%.

The company acquired the Norwegian company Slangeservice Stord for NOK 3.5m in December. A number of key recruitments were made to strengthen strategic functions.

Future prospects

Market prospects for GS Hydro's unique complete solutions and project deliveries continue to look good. GS-Hydro is carrying out a number of restructuring measures to position the company for continued growth and improved profitability. The company will continue its expansion in new geographic markets and further development of the product offering.



Thomas Rönnholm, CEO

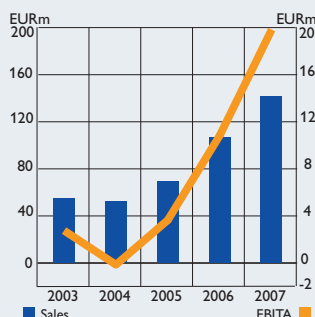
Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Magdalena Aniansson	
Staffan Paues	
Eli K. Vassenden	
Thomas Rönnholm	CEO
Leif Johansson	Deputy

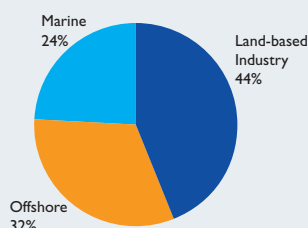
Management

Thomas Rönnholm	CEO
Jyrki Pihlava	CFO

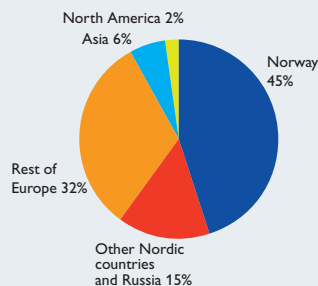
Sales and earnings



Sales by segment



Sales by market



GS-Hydro

EURm	2007	2006	2005	2004	2003
Income statement					
Net sales	141.8	106.3	69.1	52.6	55.2
Operating expenses	-123.4	-93.8	-63.8	-51.4	-51.2
Other income/expenses	0.0	0.0	0.0	0.0	0.0
Share of profits of associates	0.0	0.0	0.0	0.0	0.0
Divestment result	3.6	0.0	-0.1	0.0	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0
EBITDA	22.0	12.5	5.2	1.2	4.0
Depreciation	-2.1	-1.6	-1.5	-1.3	-1.2
EBITA	19.9	10.9	3.7	-0.1	2.8
Amort. and impair. of intangible assets	0.0	0.0	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	-1.2
EBIT	19.9	10.9	3.7	-0.1	1.6
Financial income	0.0	0.0	0.0	0.1	0.3
Financial expenses	-3.3	-1.7	-0.9	-1.1	-1.3
EBT	16.6	9.2	2.8	-1.1	0.6
Tax	-5.6	-2.4	-1.2	-0.4	-
Profit for the year	11.0	6.8	1.6	-1.5	-
Attrib. to equity holders of the parent	11.0	6.8	1.6	-1.5	-
Attributable to minority interests	0.0	0.0	0.0	0.0	-
Balance sheet					
Goodwill	15.1	15.1	13.8	13.9	13.9
Other intangible assets	0.0	0.0	0.5	0.5	0.4
Tangible assets	7.2	8.6	7.0	6.1	6.1
Financial assets, interest-bearing	0.0	0.0	0.0	0.0	0.0
Financial assets, non-interest bearing	0.9	1.0	1.7	1.3	0.7
Total non-current assets	23.2	24.7	23.0	21.8	21.1
Inventories	34.9	23.8	16.9	13.9	13.0
Receivables, interest-bearing	0.0	0.0	0.0	0.0	0.0
Receivables, non-interest bearing	35.9	29.6	16.4	12.5	12.0
Cash, bank and other short-term investments	7.2	0.2	3.4	1.4	3.1
Total current assets	78.0	53.6	36.7	27.8	28.1
Total assets	101.2	78.3	59.7	49.6	49.2
Equity attrib. to equity holders of the parent	34.4	23.1	16.8	15.0	15.1
Equity attributable to minority interests	0.0	0.0	0.0	0.0	0.0
Provisions, interest-bearing	0.0	0.0	0.1	0.2	0.0
Provisions, non-interest bearing	0.2	0.6	0.4	0.4	0.4
Liabilities, interest-bearing	33.6	30.5	29.5	25.6	25.0
Liabilities, non-interest bearing	30.6	23.1	12.9	8.4	8.7
Financial liabilities, other	2.4	1.0	0.0	0.0	0.0
Total equity and liabilities	101.2	78.3	59.7	49.6	49.2
Cash flow statement					
Cash flow from operating activities before change in working capital	14.1	8.0	3.3	-0.4	2.6
Change in working capital	-13.4	-8.0	-3.1	-0.1	-0.8
Cash flow from operating activities	0.7	0.0	0.2	-0.5	1.8
Investments in non-current assets	-3.2	-2.0	-2.2	-1.8	-2.9
Disposals of non-current assets	0.0	0.0	0.0	0.0	0.0
Cash flow before acquis./divest. of companies	-2.5	-2.0	-2.0	-2.3	-1.1
Net investments in companies	6.4	-2.0	0.0	0.0	0.0
Cash flow after investing activities	3.9	-4.0	-2.0	-2.3	-1.1
Change in loans	3.1	1.0	3.9	3.2	7.5
New issues	0.0	0.0	0.0	6.3	0.0
Dividends paid	0.0	0.0	0.0	-8.8	-6.6
Other	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	3.1	1.0	3.9	0.7	0.9
Cash flow for the year	7.0	-3.0	1.9	-1.6	-0.2
Key figures					
EBITA margin, %	14.0	10.3	5.3	neg.	5.1
EBT margin, %	11.7	8.7	4.0	neg.	1.1
Return on equity, %	38.3	34.1	9.9	neg.	-
Return on capital employed, %	32.7	21.8	8.4	-	4.7
Equity ratio, %	34	29	28	30	31
Interest-bearing net debt, EURm	26.4	30.3	26.2	24.4	21.9
Debt/equity ratio, times	1.0	1.3	1.8	1.7	1.7
Average number of employees	527	404	315	307	291

Haendig – streamlining completed

Ratos became the owner of Haendig in 2001 in conjunction with the acquisition of Atle. Following add-on investments in 2004, Haendig became a wholly owned Ratos subsidiary.

Consolidated book value in Ratos amounted to SEK 392m at year-end.

Ratos is represented on the board by Stig Karlsson, who is responsible for the holding, and by Henrik Blomé.

Operations

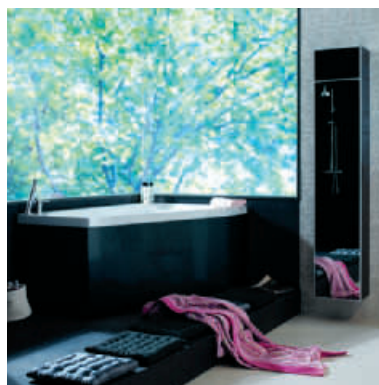
The streamlining process undergone by Haendig in recent years was completed in 2007 with the sale of the furnishings company DeCasa (with subsidiaries Lundbergs Produkter and Duri) to the Inwido Group. Following the sale of DeCasa, Haendig consists of Hafa Bathroom Group, with the Hafa and Westerbergs brands, which is the only remaining operating company.

Hafa Bathroom Group is a leading supplier of bathroom furnishings in the Nordic market. The company supplies a broad range of bathroom furnishings such as furniture, shower solutions and hydro massage baths, to retailers in the Nordic region. The product range is sold and marketed under two brands, Hafa which is mainly sold in the DIY trade, and Westerbergs which is mainly sold to water, heating and plumbing professionals and builders' merchants.

Hafa Bathroom Group designs complete product ranges that are manufactured by sub-contractors. The company assembles massage baths in Skene, Sweden.

Market

Hafa Bathroom Group operates in the Nordic bathroom market. This market has shown good growth due to a strong construction climate, growing interest in furnishings and design, rising property prices and a clear DIY trend. Competition in this market is highly fragmented and there are a large number of players which focus on different product categories, customer segments and channels as well as geographic markets. Despite its modest market share, Hafa Bathroom Group is a significant player within its niche of bathroom fittings and furnishings to the building materials, DIY and heating and plumbing trade.



Hafa Bathroom Group sells bathroom furnishings to retailers in the Nordic region under the Hafa and Westerbergs brands.

The year at a glance

Haendig's sales for 2007, excluding discontinued and sold operations, amounted to SEK 410m (451). Sales for the Hafa brand showed strong development, while the repositioning of the Westerbergs brand carried out during the year, had a negative impact on growth.

Haendig's operating profit (EBITA), excluding discontinued operations, amounted to SEK 5m (48, of which SEK 24m comprised a capital gain from a property sale). The decline in earnings was due to a decline in profit for Hafa Bathroom Group as well as costs related to discontinuation of remaining structures and involvement in Haendig. Operating profit (EBITA) in Hafa Bathroom Group amounted to SEK 16m (28).

Profit after tax from discontinued operations was SEK 175m (-8) and mainly comprised the capital gain from the sale of DeCasa. The sale of DeCasa contributed to a strong cash flow during the year and a sharp fall in debt in the group, despite a SEK 125m dividend paid to Ratos during the year.

Future prospects

The streamlining of Haendig has been completed and from 2008 the subsidiary Hafa Bathroom Group will have a more independent role in Ratos and be presented as a separate company.

Hafa Bathroom Group is a leading player in the Nordic bathroom market which is showing favourable growth due to a positive construction market, rising interest in home furnishings and design and a clear DIY trend. Hafa Bathroom Group has good long-term growth potential in the Nordic region. In the short term, however, the focus is on completing the repositioning of Westerbergs and improving profitability in the existing sales volume.



Thomas Holmgren, CEO

Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	
Stefan Elving	
Bengt Olsson	
Thomas Holmgren	CEO

Management

Thomas Holmgren	CEO
Ulf Carlsson	CFO
Ola André	President Hafa Bathroom Group

Haendig

SEKm	2007	2006 ¹⁾	2006 ²⁾	2005 ²⁾	2004	2003
Income statement						
Net sales	410	451	727	594	1,291	1,194
Operating expenses	-399	-432	-689	-579	-1,208	-1,112
Other income/expenses	0	9	9	3	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	24	24	3	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	11	52	71	21	83	82
Depreciation	-6	-4	-9	-8	-13	-17
EBITA	5	48	62	13	70	65
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	-10
EBIT	5	48	62	13	70	55
Financial income	4	0	2	0	1	2
Financial expenses	-7	-3	-5	-4	-16	-18
EBT	2	45	59	9	55	39
Tax	-3	-8	-11	-8	-15	-12
Profit from discontinued operations	175	-8	-19	20	—	—
Profit for the year	174	29	29	21	40	27
Attrib. to equity holders of the parent	174	29	29	21	40	27
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	97	—	113	139	117	117
Other intangible assets	1	—	1	1	2	3
Tangible assets	19	—	26	116	133	148
Financial assets, interest-bearing	0	—	0	0	0	0
Financial assets, non-interest bearing	3	—	1	2	4	0
Total non-current assets	120	—	141	258	256	268
Inventories	118	—	144	285	267	247
Receivables, interest-bearing	100	—	0	0	0	0
Receivables, non-interest bearing	104	—	152	246	212	189
Cash, bank and other short-term investments	0	—	8	15	20	6
Assets held for sale	0	—	164	0	0	0
Total current assets	322	—	468	546	499	442
Total assets	442	—	609	804	755	710
Equity attrib. to equity holders of the parent	337	—	286	266	260	222
Equity attributable to minority interests	0	—	0	0	0	0
Provisions, interest-bearing	0	—	14	13	16	14
Provisions, non-interest bearing	21	—	26	37	25	22
Liabilities, interest-bearing	2	—	6	280	260	294
Liabilities, non-interest bearing	79	—	111	208	194	158
Financial liabilities, other	3	—	3	0	0	0
Liabilities attributable to assets held for sale	0	—	163	0	0	0
Total equity and liabilities	442	—	609	804	755	710
Cash flow statement						
Cash flow from operating activities before change in working capital	-8	—	12	41	62	51
Change in working capital	-10	—	-7	-51	-9	28
Cash flow from operating activities	-18	—	5	-10	53	79
Investments in non-current assets	-5	—	-7	-7	-11	-14
Disposals of non-current assets	4	—	2	29	6	0
Cash flow before acquis./divest. of companies	-19	—	0	12	48	65
Net investments in companies	240	—	162	-24	0	0
Cash flow after investing activities	221	—	162	-12	48	65
Change in loans	-18	—	-164	27	-34	-58
New issues	0	—	0	0	0	0
Dividends paid	-125	—	0	-20	0	-9
Other	-100	—	0	0	0	0
Cash flow from financing activities	-243	—	-164	7	-34	-67
Cash flow for the year	-22	—	-2	-5	14	-2
Key figures						
EBITA margin, %	1.2	10.6	8.5	2.2	5.4	5.4
EBT margin, %	0.5	10.0	8.1	1.5	4.3	3.3
Return on equity, %	—	—	—	—	15.4	12.6
Return on capital employed, %	—	—	—	—	13.2	10.3
Equity ratio, %	76	—	47	33	34	31
Interest-bearing net debt, SEKm	-98	—	12	278	256	302
Debt/equity ratio, times	0.0	—	0.1	1.1	1.1	1.4
Average number of employees	191	—	258	437	391	399

¹⁾ Pro forma taking discontinued operations in 2007 into account.

²⁾ Pro forma taking sale of DeCasa into account.

Haglöfs – a flat year

Ratos became the owner of Haglöfs in 2001 in conjunction with the acquisition of Atle. Haglöfs is 100% owned by Ratos.

Consolidated book value in Ratos amounted to SEK 68m at year-end.

Ratos is represented on the board by Stig Karlsson, who is responsible for this holding, and Arne Karlsson.

Operations

Haglöfs is the leading outdoor brand in the Nordic region. The company develops, produces and markets equipment and clothes for an active outdoor life. As a complete supplier, the company offers rucksacks, sleeping bags, clothes and footwear. Sales are conducted in 15 countries. Haglöfs has established itself successfully in selected export markets primarily in Europe. Approximately 30% of sales take place outside the Nordic region. Annual sales growth during the period 1989-2007 averaged 20%.

Market

In a short time, Haglöfs has become an internationally recognised outdoor brand and consolidated its role as an innovative supplier of technical outdoor products. The outdoor market is growing faster than the global sports market due to increased health awareness and demand for active holidays. Greater insight into the correlation between outdoor life and wellness means that a growing number of people wish to try various outdoor activities. There is also growing interest from enthusiasts who invest more and more time in their outdoor pursuits. A growing customer group is "everyday users" – people who realise the advantages of good technical outdoor products in every context. Taken together these trends are leading to continued stable consumption mainly in Europe and providing Haglöfs with continued favourable growth and major opportunities to sell products to a broader target group. Today, Haglöfs is the market leader in its Nordic home market and has a significant position in Europe. Haglöfs' main international competitors are The North Face, Marmot, Mountain Hardware and Arc'teryx.



A growing customer group is "everyday users" who wear Haglöfs' outdoor products in every context.

The year at a glance

The mild autumn and winter of 2006/2007 had a considerable impact on the outdoor sector. Haglöfs' sales amounted to SEK 428m (412) an increase of 4%. Delayed deliveries at the beginning of the year and problems with distribution in Norway had a negative impact on sales. Excluding Norway, sales rose by a total of 9%. The other Nordic markets developed well, +9% (excluding Norway). Export sales increased by 9%. The gross margin increased steadily during the year. Operating profit (EBITA) amounted to SEK 22m (30). Earnings were charged with nonrecurring costs of SEK 9m relating to a trademark dispute and costs of early cessation of shoe development projects with Alfa Skofabrik.

Future prospects

The outdoor market is primarily global and can be provided with global products, despite distinct geographic differences in the definition of outdoor, distribution and consumer behaviour. There are few global outdoor companies and Haglöfs has major potential to become a global player within all product groups. Haglöfs is conducting a number of projects to ensure continued improvements in profitability and delivery reliability.

Financial targets

Growth	>10%
EBITA margin	>10%



Mats Hedblom, CEO

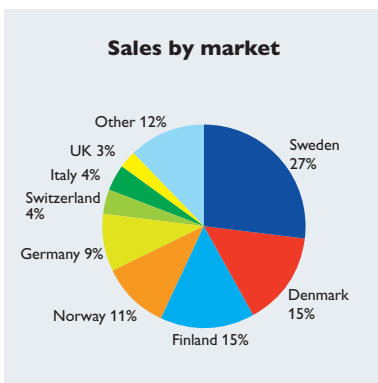
Board of Directors

Stig Karlsson	Chairman
Lars Göthlin	
Arne Karlsson	
Anders Reuthammar	
Mats Hedblom	CEO

Management

Mats Hedblom	CEO
Jim Jonsson	CFO
Claes Broqvist	Sales & Marketing Director
Johnny Claus	Product Director

Haglöfs



SEKm	2007	2006 ¹⁾	2006	2005 ²⁾	2004 ²⁾	2003 ²⁾
Income statement						
Net sales	428	412	412	328	269	261
Operating expenses	-402	-379	-379	-295	-244	-241
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	0	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	26	33	33	33	25	20
Depreciation	-4	-3	-3	-3	-3	-2
EBITA	22	30	30	30	22	18
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	22	30	30	30	22	18
Financial income	1	0	0	0	0	0
Financial expenses	-9	-8	-2	-1	-2	-3
EBT	14	22	28	29	20	15
Tax	-3	-8	-8	-9	-6	-4
Profit from discontinued operations	0	-17	-17	-2	-4	-1
Profit for the year	11	-3	3	18	10	10
Attrib. to equity holders of the parent	11	-3	3	18	10	10
Attributable to minority interest	0	0	0	0	0	0
Balance sheet						
Goodwill	204	204	0	0	4	3
Other intangible assets	2	1	1	1	2	3
Tangible assets	17	19	18	11	14	17
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	1	1	2	1	4	3
Total non-current assets	224	225	21	13	24	26
Inventories	66	80	80	81	74	79
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	73	71	79	73	68	54
Cash, bank and other short-term investments	18	9	11	17	23	23
Assets held for sale	0	0	31	45	-	-
Total current assets	157	160	201	216	165	156
Total assets	381	385	222	229	189	182
Equity attrib. to equity holders of the parent	212	200	96	95	75	62
Equity attributable to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	0	0	0	0	2	0
Provisions, non-interest bearing	4	3	3	3	2	3
Liabilities, interest-bearing	122	139	41	62	65	76
Liabilities, non-interest bearing	41	43	50	42	45	41
Financial liabilities, other	2	0	0	0	0	0
Liabilities attributable to assets held for sale	0	0	32	27	-	-
Total equity and liabilities	381	385	222	229	189	182
Cash flow statement						
Cash flow from operating activities before change in working capital	14	-	15	23	17	12
Change in working capital	20	-	13	-36	-5	-12
Cash flow from operating activities	34	-	28	-13	12	0
Investments in non-current assets	-4	-	-12	-2	-1	-3
Disposals of non-current assets	0	-	0	0	0	0
Cash flow before acquis./divest. of companies	30	-	16	-15	11	-3
Net investments in companies	0	-	0	0	0	0
Cash flow after investing activities	30	-	16	-15	11	-3
Change in loans	-22	-	-20	10	-11	16
New issues	0	-	0	0	0	0
Dividends paid	0	-	0	0	0	0
Other	0	-	0	0	0	0
Cash flow from financing activities	-22	-	-20	10	-11	16
Cash flow for the year	8	-	-4	-5	0	13
Key figures						
EBITA margin, %	5.1	7.0	7.3	9.1	8.2	6.9
EBT margin, %	3.3	5.3	6.8	8.8	7.4	5.7
Return on equity %	5.3	-	20.9	-	-	-
Return on capital employed, %	6.8	-	20.4	-	-	-
Equity ratio, %	56	52	43	41	40	34
Interest-bearing net debt, SEKm	104	130	30	45	44	53
Debt/equity ratio, times	0.6	0.7	0.4	0.7	0.9	1.2
Average number of employees	91	72	72	58	52	48

¹⁾ Pro forma taking new capital structure and financing into account.

²⁾ Pro forma taking discontinued operations in 2006 into account.

HL Display – continued profitability improvement

Ratos became an owner of HL Display in 2001 in conjunction with the acquisition of Atle. Ratos's holding amounts to 29% of the share capital and 20% of the voting rights.

The consolidated book value amounted to SEK 276m at year-end. Market value on the same date was SEK 383m.

Ratos is represented on the board by Stig Karlsson, who is responsible for this holding.

Operations

HL Display is a market-leading international supplier of products and solutions for in-store communication and merchandising. The customer base is in the retail sector (food and non-food) and brand suppliers.

The company manufactures and sells shelf-edge strips, shelving systems, shelf partitions, display stands, floor stands, coupon hooks and poster frames, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastic.

The company's main market is Europe, but sales also take place in Asia and the US. The company was formed in 1954 and has been listed on the OMX Nordic Exchange Stockholm since 1993. Production is carried out in Sundsvall and Karlskoga, Sweden, and Suzhou, China, (extrusions/injection moulding) and Falun, Sweden, and Shipley, UK, (screen printing/hot bending). Extrusions have been made in the US since 1996 in a 50/50-owned joint venture. HL Display has approximately 980 employees in 31 countries. Approximately 90% of sales take place outside Sweden. HL Display is the only global player in its market. Competition comes mainly from small, local companies.

Market

Demand is generally good in all HL Display's markets. Customer investment in store equipment has been stable over the years despite intensifying competition within food retail. Demand is driven by an increase in floor space in the stores in both supermarkets and specialty stores. Stores are refurbished more and more often to meet consumer demands for bright, new stores.

The year at a glance

The Group's net sales rose 8% in 2007 to SEK 1,571m (1,448). Excluding the acquired operations in Display Team and Sooni, sales growth was 4%. Turkey, Russia, Asia, Norway and Poland had very high growth rates. Russia is a market with huge potential where HL Display's sales in 2007 amounted to SEK 100m with very good profitability.



Using Bulk Bins allows effective, attractive and hygienic display of goods.

Earnings also improved during the year. Operating profit (EBITA) amounted to SEK 161m (107) corresponding to an EBITA margin of 10.2% (7.4). The improved margins are due to implemented efficiency enhancements as well as a fall in overhead costs in relative numbers.

The closure of Pictoria (metal display frames) manufacture in Falkenberg, Sweden, where 14 people were laid off, was announced in February. This product range will in future be produced by external parties. In April, HL Display gave notice of dismissal to 35 out of a total of 98 employees in Falun. Manufacture of simple plastic products that are highly labour intensive will be outsourced for production in eastern Europe.

Display Team Oy, a small Finnish industry colleague was acquired in February. This acquisition is in line with HL Display's focus on brand suppliers as support for more effective product launches in the retail sector. Display Team has annual sales of SEK 60m. Operations within Sooni Oy, which has acted as an agent for HL Display in the Finnish market for 15 years, were acquired in May, the company had net sales in 2006 of approximately SEK 35m.

Future prospects

HL Display developed a new business plan during the year which includes the following initiatives:

- simplification and rationalisation of the product range
- reduced overheads
- more uniform sales companies with a focus on sales
- more efficient production and better co-ordination
- focused product development
- increased focus on the customer segments brands and specialised retail
- new logistics model
- new IT organisation

Organic growth is the main focus but acquisitions may be made to achieve a broader product range and/or new geographic markets.

Financial targets

Financial targets were adjusted in 2007. The new targets:

Organic growth (more if acquisitions are made)	5-10%
EBITA margin (within a couple of years)	≥12%



Gérard Dubuy, CEO

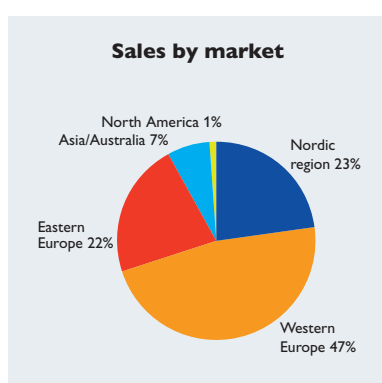
Board of Directors

Anders Remius	Chairman
Jan-Ove Hallgren	
Stig Karlsson	
Åke Modig	
Lis Remius	
Mats-Olof Ljungkvist	
Gérard Dubuy	CEO

Management

Gérard Dubuy	CEO
Kent Hertzell	Deputy CEO and CFO
Elisabeth Tylstedt	IT
Håkan Eriksson	Marketing
Staffan Forslund	Human Resources
Birger Nilsson	Development
Xavier Volpato	Logistics

HL Display



Major shareholders

	Capital, %	Votes, %
Remius family	28.6	59.2
Ratos	28.8	20.1
Lannebo funds	9.7	4.7
Skandia	5.7	2.8
Didner & Gerge Aktiefond	4.9	2.4
Unionen	1.5	0.7

Source:VPC

Financial calendar

Interim Report Jan-March: 15 April 2008

Interim Report Jan-June: 16 July 2008

Interim Report Jan-Sept: 22 October 2008

www.hl-display.com

SEKm	2007	2006	2005	2004	2003
Income statement					
Net sales	1,571	1,448	1,285	1,249	1,129
Operating expenses	-1,376	-1,296	-1,175	-1,097	-1,059
Other income/expenses	6	-1	0	7	6
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	0	0	0
Items affecting comparability	0	0	0	0	-33
EBITDA	201	151	110	159	43
Depreciation	-40	-44	-47	-51	-45
EBITA	161	107	63	108	-2
Amort. and impair. of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	-2
EBIT	161	107	63	108	-4
Financial income	4	2	11	3	3
Financial expenses	-10	-17	-12	-18	-8
EBT	155	92	62	93	-9
Tax	-47	-30	-19	-30	-1
Profit from discontinued operations	0	0	-7	-15	0
Profit for the year	108	62	36	48	-10
Attrib. to equity holders of the parent	108	61	35	47	-10
Attributable to minority interest	0	1	1	1	0
Balance sheet					
Goodwill	23	0	0	0	1
Other intangible assets	12	6	3	3	6
Tangible assets	138	208	224	231	137
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	22	20	15	14	27
Total non-current assets	195	234	242	248	171
Inventories	154	137	133	116	128
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	365	343	304	291	251
Cash, bank and other short term investments	178	163	81	112	95
Total current assets	697	643	518	519	474
Total assets	892	877	760	767	645
Equity attrib. to equity holders of the parent	472	386	342	328	293
Equity attributable to minority interests	3	2	0	0	0
Provisions, interest-bearing	4	9	2	0	0
Provisions, non-interest bearing	23	19	13	16	14
Liabilities, interest-bearing	128	202	189	195	143
Liabilities, non-interest bearing	262	259	214	228	195
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	892	877	760	767	645
Cash flow statement					
Cash flow from operating activities before change in working capital	148	137	71	121	35
Change in working capital	-10	-17	-28	-19	9
Cash flow from operating activities	138	120	43	102	44
Investments in non-current assets	-51	-32	-42	-45	-41
Disposals of non-current assets	8	0	0	0	0
Cash flow before acquis./divest. of companies	95	88	1	57	3
Net investments in companies	-25	0	0	0	0
Cash flow after investing activities	70	88	1	57	3
Change in loans	-32	14	-18	-26	7
New issues	1	5	0	1	0
Dividends paid	-27	-23	-19	-13	-13
Other	1	0	0	0	0
Cash flow from financing activities	-57	-4	-37	-38	-6
Cash flow for the year	13	84	-36	19	-3
Key figures					
EBITA margin, %	10.2	7.4	4.9	8.6	neg.
EBT margin, %	9.9	6.4	4.8	7.4	neg.
Return on equity, %	25.2	16.8	10.4	15.1	neg.
Return on capital employed, %	27.4	19.3	14.0	23.1	neg.
Equity ratio %	53	44	45	43	45
Interest-bearing net debt, SEKm	-46	48	110	83	48
Debt/equity ratio, times	0.3	0.5	0.6	0.6	0.5
Average number of employees	985	949	933	967	975

HÅG/RH/RBM – leading producer of office chairs established

Ratos acquired the office chair producers RH Form in Sweden and RBM in Denmark in January 2007. The Norwegian company HÅG was acquired in May 2007 and the companies were merged to form the new group HÅG/RH/RBM Group A/S. Ratos has invested a total of SEK 747m in HÅG/RH/RBM.

RH/RBM is included in Ratos's earnings from 1 January 2007 and HÅG from 1 June 2007.

Consolidated book value at year-end amounted to SEK 826m. Ratos's holding amounts to 85%. The other shareholders are HÅG/RH/RBM's management.

Ratos is represented on the board by Thomas Hofvenstam, who is responsible for this holding, with Leif Johansson and Henrik Lundh as deputies.

Operations

HÅG/RH/RBM Group develops and produces ergonomic chairs with a Scandinavian design for private and public office environments. The product range includes office chairs, chairs for conferences, canteens and educational environments. The products are sold under the HÅG, RH and RBM brands and mainly distributed through independent retail outlets to end-users in companies and organisations.

The group is currently represented in Norway, Sweden, Denmark, Germany, the UK, Benelux and France. The Nordic region is the core market which accounts for approximately 65% of sales. The group has a total of some 655 employees. Production takes place at plants in Norway, Sweden and Denmark. Combined sales for the HÅG/RH/RBM Group were almost SEK 1,500m in 2007, which places the group among the three largest chair players in Europe with a market share of about 6%.

Market

The west European market for office furniture has annual sales of approximately SEK 68 billion and is divided into four product segments: seating products, storage, desks and meeting-room tables. HÅG/RH/RBM Group focuses on seating products, which with one-third of the total market, comprises the biggest product segment. The market is mainly driven by GDP development, employment levels, construction of commercial premises and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.



HÅG/RH/RBM is a new group formed following Ratos's acquisition of the Norwegian company HÅG, Swedish RH and Danish RBM.

The year at a glance

The new HÅG/RH/RBM Group was established in mid-2007. A number of integration projects were then carried out to exploit synergy gains between HÅG, RH and RBM. Key synergies include purchasing, production and administration. Marketing and sales activities will be conducted under each brand. The company's markets in the Nordic region and Germany performed well during the year and organic growth was 11%. Sales increased to SEK 1,289m (1,160). Operating profit (EBITA) rose 28% to SEK 190m (148).

Future prospects

The HÅG/RH/RBM Group has a strong market position in the Nordic countries and profitable niche positions particularly in Germany, the Netherlands and the UK, where the company's products have a clear differentiation compared with other European players. The market for ergonomic seating solutions is expected to continue to show good underlying growth and there are good opportunities for continued export activities. Ongoing synergy projects are expected to make a positive contribution to the company's profitability in the years ahead.



Lars I. Røiri, CEO

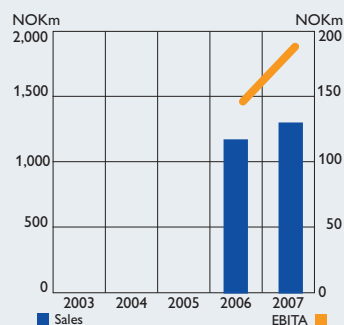
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Torgny Eriksson	
Thomas Hofvenstam	
Olav Kjell Holtan	
Niels-Peter Pretzmann	
Sven-Gunnar Schough	
Leif Johansson	Deputy
Henrik Lundh	Deputy

Management

Lars I. Røiri	CEO
Jon-Erlend Alstad	Senior Vice President HÅG Commercial brand
Peter Eklund	Senior Vice President RH Commercial brand
Lillevi Øglænd Ivarson	Senior Vice President HR & Organisational development
Torbjörn Iversen	Senior Vice President Production & Logistics
André Jaeger	CFO
Leif Kvalvik	Senior Vice President RBM Commercial brand
Hilde Britt Mellbye	Senior Vice President Research & Development

Sales and earnings



HÅG/RH/RBM

NOKm	2007 ¹⁾	2006 ¹⁾	2005	2004	2003
Income statement					
Net sales	1,289	1,160			
Operating expenses	-1,048	-968			
Other income/expenses	0	1			
Share of profits of associates	0	0			
Divestment result	0	0			
Items affecting comparability	0	0			
EBITDA	241	193			
Depreciation	-51	-45			
EBITA	190	148			
Amort. and impair. of intangible assets	0	0			
Impairment of goodwill	0	0			
EBIT	190	148			
Financial income	2	7			
Financial expenses ²⁾	-73	-70			
EBT	119	85			
Tax	-41	-38			
Profit for the year	78	47			
Attrib. to equity holders of the parent	78	47			
Attributable to minority interests	0	0			
Balance sheet					
Goodwill	1,395	—			
Other intangible assets	29	—			
Tangible assets	159	—			
Financial assets, interest-bearing	0	—			
Financial assets, non-interest bearing	29	—			
Total non-current assets	1,612	—			
Inventories	82	—			
Receivables, interest-bearing	0	—			
Receivables, non-interest bearing	181	—			
Cash, bank and other short-term investments	113	—			
Total current assets	376	—			
Total assets	1,988	—			
Equity attrib. to equity holders of the parent	742 ³⁾	—			
Equity attributable to minority interests	0	—			
Provisions, interest-bearing	5	—			
Provisions, non-interest bearing	10	—			
Liabilities, interest-bearing	1,039	—			
Liabilities, non-interest bearing	192	—			
Financial liabilities, other	0	—			
Total equity and liabilities	1,988	—			
Cash flow statement					
Cash flow from operating activities before change in working capital	—	—			
Change in working capital	—	—			
Cash flow from operating activities	—	—			
Investments in non-current assets	—	—			
Disposals of non-current assets	—	—			
Cash flow before acquis./divest. of companies	—	—			
Net investments in companies	—	—			
Cash flow after investing activities	—	—			
Change in loans	—	—			
New issues	—	—			
Dividends paid	—	—			
Other	—	—			
Cash flow from financing activities	—	—			
Cash flow for the year	—	—			
Key figures					
EBITA margin, %	14.7	12.8			
EBT margin, %	9.2	7.3			
Return on equity, %	—	—			
Return on capital employed, %	—	—			
Equity ratio, %	37	—			
Interest-bearing net debt, NOKm	931	—			
Debt/equity ratio, times	1.4	—			
Average number of employees	655	633			

¹⁾ Pro forma taking Ratos's acquisition into account.

²⁾ Excluding interest on shareholder loan.

³⁾ Equity includes shareholder loan with NOK 520m.

Hägglands Drives – record result

Ratos became an owner of Arcorus (former parent company of Hägglands Drives) in conjunction with the acquisition of Atle in 2001. Arcorus ceased to be a group from January 2005 and Hägglands Drives became a separate holding in Ratos.

Ratos's stake amounts to 100% and the consolidated book value at year-end was SEK -339m (negative consolidated value due to the refinancing carried out in November 2006).

Ratos is represented on the board by Stig Karlsson, who is responsible for this holding, and Henrik Blomé.

Operations

Hägglands Drives is a global supplier of hydraulic drive systems intended for applications that require high torque and variable revolutions. The drive systems are used in the mining and materials handling, recycling, pulp and paper, marine and offshore, rubber, plastics and sugar industries. Hägglands Drives has its head office and production plant in Mellansel outside Örnsköldsvik, Sweden. The company has a global sales and aftermarket organisation with subsidiaries in 16 countries, employees in 20 countries and distributors in a further some 20 countries. Of the company's sales, the Nordic region accounts for 22%, the rest of Europe for 22%, North America for 18%, Asia/Australia for 31% and other countries for 7%.

Market

Drive systems from Hägglands are used worldwide in many different applications. The market was strong in 2007 and willingness to invest among customers was positively affected by a strong global economy. The investment requirement in raw material intensive industries was considerable, mainly due to high mineral and metal prices as well as high energy prices, particularly for oil. This benefited Hägglands' operations within mining and materials handling as well as the marine and offshore sectors.

The main competition to Hägglands' drive systems comes from drive systems based on the use of alternative technology, electromechanical drive systems which consist of an electric engine with frequency steering together with a gear box.



A car crusher needs a drive system that – in a tough environment – can be started and stopped quickly and can withstand shock loads.

The year at a glance

Sales for the year totalled SEK 1,761m (1,547) which represents an increase of 14% compared with the previous year. Sales increased in almost all geographic markets. Development in the North American market was initially weak but improved in the second half of the year. The good growth was largely due to development in the mining and materials handling, and marine and offshore segments.

Operating profit (EBITA) increased strongly by +38% from SEK 261m to SEK 360m. The increased sales, high capacity utilisation and good project margins explain the strong improvement in earnings during the year. The weakening of the US dollar had a negative impact on sales and earnings.

Despite significant investments, the cash flow from operating activities remained strong, SEK +168m.

Future prospects

Hägglands Drives' strong niche position is based on long experience of deliveries of complete drive systems, in-depth applications expertise within the global sales organisation, and a focused, high-quality product programme. Potential exists for continued favourable growth through continuous cultivation of existing markets and widening the use of hydraulic system solutions. In addition, Hägglands Drives is focusing on growth in new geographic markets, developing its offering for new applications and developing the company's aftermarket services.

Financial targets

For the next three years:

Organic growth	≥8%
EBITA margin	≥20%



Per Nordgren, CEO

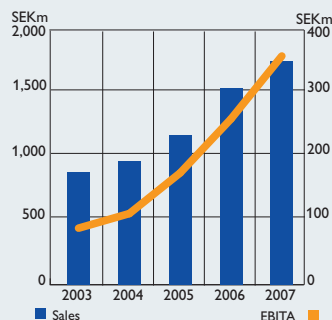
Board of Directors

Anders Lindblad	Chairman
Henrik Blomé	
Magnus Groth	
Stig Karlsson	
Carina Malmgren Heander	
Lars Näsman	
Arnfinn Ruud	
Per Nordgren	CEO
Sture Kallin	Employee representative
Gunborg Karlsson	Employee representative
Johnny Lundberg	Employee representative
Uno Sundelin	Employee representative

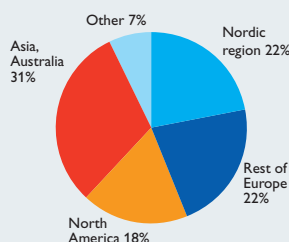
Management

Per Nordgren	CEO
Ulf Wiklund	CFO
Bengt Norell	Market
Magnus Moberg	Aftermarket
Björn Leidelöf	R&D
Jan Olof Andersson	IT
Bo Hörnsten	Strategic development
Per Olof Nilsson	President HD Production AB

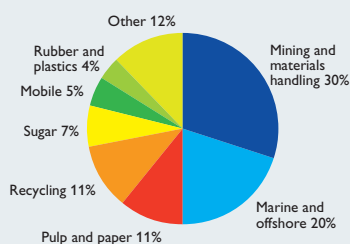
Sales and earnings



Sales by market



Sales by segment



Häggblunds Drives

SEKm	2007	2006 ¹⁾	2006	2005	2004	2003
Income statement						
Net sales	1,761	1,547	1,547	1,175	970	887
Operating expenses	-1,373	-1,260	-1,260	-976	-835	-775
Other income/expenses	1	0	0	1	0	1
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	0	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	389	287	287	200	135	113
Depreciation	-29	-26	-26	-24	-23	-24
EBITA	360	261	261	176	112	89
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	-1
EBIT	360	261	261	176	112	88
Financial income	3	1	1	2	1	2
Financial expenses	-108	-56	-8	-7	-7	-6
EBT	255	206	254	171	106	84
Tax	-95	-74	-74	-55	-23	-22
Profit for the year	160	132	180	116	83	62
Attrib. to equity holders of the parent	160	132	180	116	83	62
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	2,045	2,045	7	7	0	7
Other intangible assets	13	21	11	14	14	10
Tangible assets	206	156	156	139	128	112
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	42	5	5	4	2	2
Total non-current assets	2,306	2,227	179	164	144	131
Inventories	304	258	258	241	178	154
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	391	362	351	299	223	240
Cash, bank and other short-term investments	77	35	33	24	24	39
Total current assets	772	655	642	564	425	433
Total assets	3,078	2,882	821	728	569	564
Equity attrib. to equity holders of the parent	1,549	1,381	328	282	161	284
Equity attributable to minority interest	0	0	0	0	0	0
Provisions, interest-bearing	76	71	70	68	61	59
Provisions, non-interest bearing	41	13	5	14	6	9
Liabilities, interest-bearing	995	1,093	93	101	113	62
Liabilities, non-interest bearing	360	316	325	263	228	150
Financial liabilities, other	57	8	0	0	0	0
Total equity and liabilities	3,078	2,882	821	728	569	564
Cash flow statement						
Cash flow from operating activities before change in working capital	202	-	212	187	79	89
Change in working capital	47	-	-27	-122	38	-68
Cash flow from operating activities	249	-	185	65	117	21
Investments in non-current assets	-81	-	-42	-36	-44	-23
Disposals of non-current assets	0	-	1	1	0	5
Cash flow before acquis./divest. of companies	168	-	144	30	73	3
Net investments in companies	0	-	0	-16	0	0
Cash flow after investing activities	168	-	144	14	73	3
Change in loans	-126	-	-5	-13	0	0
New issues	0	-	0	0	0	0
Dividends paid	0	-	-100	0	-140	-20
Other	0	-	-30	0	0	0
Cash flow from financing activities	-126	-	-135	-13	-140	-20
Cash flow for the year	42	-	9	1	-67	-17
Key figures						
EBITA margin, %	20.4	16.9	16.9	15.0	11.5	10.0
EBT margin, %	14.5	13.3	16.4	14.6	10.9	9.5
Return on equity, %	10.9	-	59.0	52.4	51.6	22.7
Return on capital employed, %	14.1	-	55.6	45.3	33.7	22.6
Equity ratio, %	50	48	40	39	28	50
Interest-bearing net debt, SEKm	994	1,129	130	145	150	82
Debt/equity ratio, times	0.7	0.8	0.5	0.6	1.1	0.4
Average number of employees	706	638	638	554	514	489

¹⁾ Pro forma taking new group structure and financing into account.

Inwido – strengthened strategic position

In 2004 Ratos acquired 95% of the leading Swedish window and exterior door manufacturer Inwido (formerly Elitfönster) from the venture capital company Triton and the company's management. The other shareholders are senior executives in Inwido.

Consolidated value in Ratos amounted to SEK 1,061m at year-end.

Ratos is represented on the board by Leif Johansson, who is responsible for this holding, and Thomas Hofvenstam.

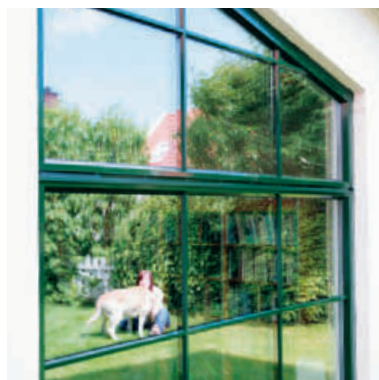
Operations

Inwido operates in the window and exterior door market, primarily in the Nordic region but also in selected countries in Northern Europe. From being Sweden's leading window manufacturer, due to a large number of add-on acquisitions during Ratos's ownership period, the company has also established strong market positions in Finland, Denmark and Norway. Today, Inwido is the leading Nordic player in windows and exterior doors. The company also has operations in the UK, Ireland, Poland and Russia.

The company's products are windows and exterior doors made of wood and wood/aluminium. The products are sold to the building materials trade, construction companies and modular home manufacturers. The company's best-known brands are Elitfönster, Allmogenfönster and SnickarPer in Sweden, Storke Vinduer, KPK and Outline in Denmark, Tiivi, Pihla and Eskopuu in Finland, Lyssand, Frekhaug and Diplomatdörren in Norway, Allan Brothers in the UK, Carlson and Dansk Windows in Ireland, and Sokolka in Poland. The number of employees totals approximately 4,250.

Market

The total Nordic window and door market is estimated at approximately EUR 2.1 billion with exterior doors accounting for approximately 25% and façade windows about 75%. The Nordic markets are all relatively the same size. The markets in different countries are fragmented and national with their own window systems, fittings and dimensions. There is relatively limited export between the countries. Market development is driven by repairs and extensions to existing properties and new construction of homes and other buildings. Approximately two-thirds of Inwido's sales are related to the repairs and extensions market.



Inwido is today the leading Nordic player for windows and exterior doors.

The year at a glance

The acquisition rate remained high in 2007 with eight completed acquisitions. The main acquisitions were the Finnish company Tiivi, Swedish A-Gruppen, British Allan Brothers, Swedish DeCasa Interiör and Danish KPK. The total enterprise value for companies acquired in 2007 is approximately SEK 1.4 billion.

Inwido's market continued to show good development in 2007 and the company's organic growth during the year exceeded 9%. Inwido strengthened its positions in the Finnish and Norwegian markets. Inwido's sales rose by approximately SEK 1.8 billion to SEK 5,057m (3,285). Operating profit (EBITA) amounted to SEK 481m (390). Operating margin (EBITA) was 9.5% (11.9%). The lower margin was a consequence of rapid and high price increases for raw materials as well as production disruptions in Denmark and Poland.

Future prospects

Inwido has leading market positions in each Nordic country with competitive advantages within production, product range and distribution. The company is well placed for continued growth in the window and exterior door market in the Nordic region and the rest of Northern Europe and for continued active participation in the restructuring of the industry. Inwido also has opportunities to improve profitability as a result of initiated efficiency programmes and consolidation of the acquisitions made in recent years.



Sven-Gunnar Schough, CEO

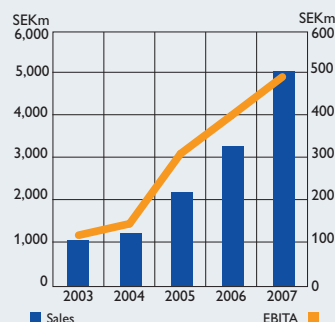
Board of Directors

Anders C. Karlsson	Chairman
Bengt Adolfsson	
Benny Ernstson	
Thomas Hofvenstam	
Leif Johansson	
Sven-Gunnar Schough	CEO

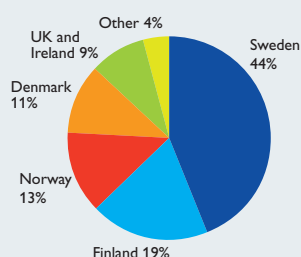
Management

Sven-Gunnar Schough	CEO
Börje Bellinger	Vice President Inwido Sweden
Stefan Carlsson	Head of Finance and Accounting
Arne Dyngeland	President Inwido Norway
Anders Isaksson	President Inwido Sweden
Timo Luhtaniemi	President Inwido Finland
Niels-Peter Pretzmann	President Inwido Denmark
Anders Rothstein	Executive Vice President
Peter Welin	CFO

Sales and earnings



Sales by market



Inwido

SEKm	2007	2006	2005	2004	2004 ¹⁾	2003
Income statement						
Net sales	5,057	3,285	2,197	1,235	1,235	1,080
Operating expenses	-4,510	-2,837	-1,858	-1,072	-1,071	-951
Other income/expenses	46	0	5	0	0	4
Share of profits of associates	1	0	-1	0	0	-1
Divestment result	0	20	1	0	0	0
Items affecting comparability	0	0	0	1	1	0
EBITDA	594	468	344	164	165	132
Depreciation	-113	-78	-44	-29	-29	-24
EBITA	481	390	300	135	136	108
Amort. and impair. of intangible assets	-5	-6	-33	-14	0	0
Impairment of goodwill	0	0	0	0	-14	-14
EBIT	476	384	267	121	122	94
Financial income	12	0	6	1	1	1
Financial expenses ²⁾	-176	-112	-75	-41	-26	-53
EBT	312	272	198	81	97	42
Tax	-81	-73	-62	-28	-28	27
Profit for the year	231	199	136	53	69	69
Attrib. to equity holders of the parent	191	165	111	52	68	67
Attributable to minority interests	40	34	25	1	1	2
Balance sheet						
Goodwill	3,322	2,048	1,740	863	185	198
Other intangible assets	52	42	9	1	1	1
Tangible assets	1,070	650	469	231	231	211
Financial assets, interest-bearing	8	2	2	0	0	0
Financial assets, non-interest bearing	38	13	6	3	3	17
Total non-current assets	4,490	2,755	2,226	1,098	420	427
Inventories	823	505	311	194	194	167
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	740	474	357	180	166	134
Cash, bank and other short-term inv.	356	132	277	64	29	43
Total current assets	1,919	1,111	945	438	389	344
Total assets	6,409	3,866	3,171	1,536	809	771
Equity attrib. equity holders of parent	1,285 ³⁾	914	759	500	204	179
Equity attributable to minority inter.	252	173	139	7	7	6
Provisions, interest-bearing	2	0	0	0	0	0
Provisions, non-interest bearing	122	65	58	20	20	5
Liabilities, interest-bearing	2,999	1,960	1,736	752	337	384
Liabilities, non-interest bearing	1,700	710	479	257	241	197
Financial liabilities, other	49	44	0	0	0	0
Total equity and liabilities	6,409	3,866	3,171	1,536	809	771
Cash flow statement						
Cash flow from operating activities before change in working capital	385	298	230	–	140	-13
Change in working capital	-181	-3	25	–	-14	21
Cash flow from operating activities	204	295	255	–	126	8
Investments in non-current assets	-224	-177	-163	–	-40	-41
Disposals of non-current assets	32	1	7	–	5	169
Cash flow before acquis./divest. of co.	12	119	99	–	91	136
Net investments in companies	-614	-467	-879	–	0	0
Cash flow after investing activities	-602	-348	-780	–	91	136
Change in loans	640	182	830	–	-61	-149
New issues	30	28	162	–	0	0
Dividends paid	0	0	0	–	-44	0
Other	146	0	0	–	0	0
Cash flow from financing activities	816	210	992	–	-105	-149
Cash flow for the year	214	-138	212	–	-14	-13
Key figures						
EBITA margin, %	9.5	11.9	13.7	10.9	11.0	10.0
EBT margin, %	6.2	8.3	9.0	6.6	7.9	3.9
Return on equity %	17.4	19.7	17.6	–	35.5	46.4
Return on capital employed, %	12.9	13.5	14.0	–	22.0	17.4
Equity ratio %	24	28	28	33	26	24
Interest-bearing net debt, SEKm	2,637	1,826	1,457	688	308	341
Debt/equity ratio, times	2.0	1.8	1.9	1.5	1.6	2.1
Average number of employees	3,591	2,123	1,615	995	995	1,011

¹⁾ Elitfönster AB.

²⁾ Excluding interest on shareholder loan.

³⁾ Equity includes shareholder loan with SEK 259m.

Jøtul – weak development in 2007

Ratos became an owner of Jøtul in 2006. Ratos's holding amounts to 63%. Co-owners are Accent Equity Partners and the company's management.

Consolidated book value at year-end amounted to SEK 322m.

Ratos is represented on the board by Per Frankling, who is responsible for this holding, and by Johan Pernvi with Bo Jungner as a deputy.

Operations

Jøtul is the largest manufacturer of stoves and fireplaces in Europe and is the market leader in Norway as well as holding strong positions in Denmark, France and the US. The company, which is one of Norway's oldest companies dating back to 1853, manufactures cast-iron stoves and fire places, cassettes, built-ins and accessories for stoves and fireplaces. The Group's most important brands are Jøtul and Scan. Manufacturing takes place in Norway, Denmark, France, Poland and the US. Products are sold worldwide via sales subsidiaries, and via importers. Products reach the end-consumer through specialised stores and, in some markets, through DIY channels.

Market

The global market for Jøtul's products amounts to approximately NOK 15 billion with anticipated annual growth of 5-6%. Market growth is driven by an increased focus on heating with renewable energy and by rising prices for electricity, oil and natural gas. Facts such as weather, interest rate trends and house prices also affect market growth. After more than ten years of unbroken market growth the global market for stoves and fireplaces fell by about 15% in 2007. Over the past ten years, Jøtul has had average annual growth of 10%.

The largest markets are the US, Scandinavia and Germany. Jøtul has a strong position in Scandinavia with a market share of about 25%. Other players in Scandinavia are Nibe, Hwam, Morsø and Dovre.



Jøtul is Europe's largest stove manufacturer.

The year at a glance

Jøtul enjoyed major sales success during the year in Norway, Sweden and France with its modern designed model F370 which was launched in the second half of 2006. The Norwegian company Hammerstrøm which manufactures flue pipes and distributes a range of accessories for stoves was acquired in June.

The sales trend was weak during the year in the American, German and Danish markets, while sales in Norway and Sweden showed strong development in the first nine months of the year. In the fourth quarter a weaker trend was noted in the Norwegian and Swedish markets, due among other things to the late start to the winter. According to available statistics, Jøtul succeeded in increasing its market shares in a number of markets, including Sweden. As a result of the weak sales trend, cost adjustments were carried out.

Sales decreased by 10% and amounted to NOK 812m (905). Operating profit (EBITA) amounted to NOK 47m (77). The operating margin declined from 8.5% to 5.8%.

Future prospects

Cost adjustments will continue during 2008. At the same time, Jøtul will continue to focus on product development. The industry is fragmented and offers opportunities for acquisitions in the future.



Erik Moe, CEO

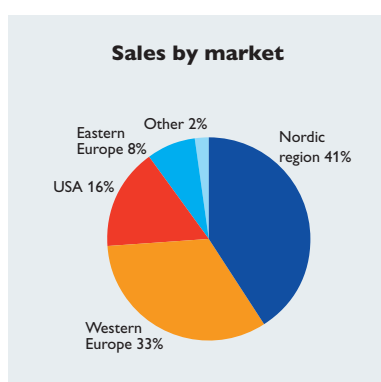
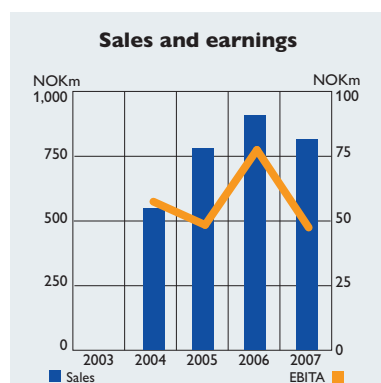
Board of Directors

Anders Lindblad	Chairman
Per Frankling	
Olav Kjell Holtan	
Lennart Rappe	
Niklas Sloutski	
Johan Pernvi	
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Svein Erik Pedersen	Employee representative
Bo Jungner	Deputy

Management

Erik Moe	CEO
Gunnar Hjortaa	CFO

Jøtul



NOKm	2007	2006 ^{1) 2)}	2005 ^{1) 2)}	2005	2004
Income statement					
Net sales	812	905	777	587	547
Operating expenses	-742	-793	-685	-515	-463
Other income/expenses	0	0	0	0	0
Share of profits of associates	0	0	0	0	0
Divestment result	18	0	0	0	0
Items affecting comparability	0	0	0	0	0
EBITDA	88	112	92	72	85
Depreciation	-41	-35	-44	-32	-28
EBITA	47	77	48	40	57
Amort. and impair. of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0
EBIT	47	77	48	40	57
Financial income	8	12	0	6	2
Financial expenses ³⁾	-46	-44	-32	-34	-11
EBT	9	45	16	12	48
Tax	3	-8	-1	-5	-15
Profit for the year	12	37	15	7	33
Attributable to equity holders of the parent	12	37	15	7	33
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	477	593	—	20	20
Other intangibles assets	201	14	—	192	190
Tangible assets	242	212	—	240	198
Financial assets, interest-bearing	0	0	—	18	19
Financial assets, non-interest bearing	4	8	—	6	6
Total non-current assets	924	827	—	476	433
Inventories	214	196	—	134	125
Receivables, interest-bearing	6	4	—	0	0
Receivables, non-interest bearing	116	144	—	121	101
Cash, bank and other short-term investments	0	0	—	0	8
Total current assets	336	344	—	255	234
Total assets	1,260	1,171	—	732	667
Equity attrib. to equity holders of the parent	393 ⁴⁾	385	—	209	201
Equity attributable to minority interest	0	0	—	0	0
Provisions, interest-bearing	43	39	—	43	42
Provisions, non-interest bearing	132	90	—	0	4
Liabilities, interest-bearing	580	534	—	430	379
Liabilities, non-interest bearing	112	123	—	50	41
Financial liabilities, other	0	0	—	0	0
Total equity and liabilities	1,260	1,171	—	732	667
Cash flow statement					
Cash flow from operating activities before change in working capital	13	—	—	33	75
Change in working capital	0	—	—	3	-41
Cash flow from operating activities	13	—	—	36	34
Investments in non-current assets	-57	—	—	-77	-55
Disposals of non-current assets	0	—	—	2	0
Cash flow before acquis./divest. of companies	-44	—	—	-39	-21
Net investments in companies	-7	—	—	0	0
Cash flow after investing activities	-51	—	—	-39	-21
Change in loans	30	—	—	28	56
New issues	0	—	—	0	0
Dividends paid	0	—	—	0	-33
Other	0	—	—	3	-2
Cash flow from financing activities	30	—	—	31	21
Cash flow for the year	-21	—	—	-8	0
Key figures					
EBITA margin, %	5.8	8.5	6.2	6.9	10.3
EBT margin, %	1.1	5.0	2.1	2.1	8.7
Return on equity, %	3.1	—	—	3.6	—
Return on capital employed, %	5.6	—	—	7.1	—
Equity ratio, %	31	33	—	29	30
Interest-bearing net debt, NOKm	617	569	—	455	394
Debt/equity ratio, times	1.6	1.5	—	2.3	2.1
Average number of employees	799	821	740	515	512

¹⁾ Pro forma taking Ratios's acquisition into account.

²⁾ Pro forma taking acquisition of Krog Iversen in 2006 into account.

³⁾ Excluding interest on shareholder loan.

⁴⁾ Equity includes shareholder loan with NOK 237m.

Lindab – strong growth with high margins

On 1 December 2006, Lindab was re-listed on the OMX Nordic Exchange Stockholm, having been unlisted with Ratos as principal owner since the buyout in 2001. Ratos's holding after the listing is 22%.

Consolidated book value in Ratos at year-end amounted to SEK 667m and the market value on the same date was SEK 2,606m.

Ratos is represented on the board by Stig Karlsson, who is responsible for this holding.

Operations

Lindab is a leading company in Europe within development, production, marketing and distribution of systems and products for building materials made from sheet metal and steel. The company has operations in 30 countries and approximately 5,000 employees. Approximately 60% of sales go to countries outside the Nordic region.

The operations are divided into two business areas. The Profile business area, 49% of sales, comprises two product areas. The Building Components product area offers sheet metal based building components such as roof drainage systems, roof and wall cladding for industrial and commercial premises and residential properties. The Building Systems product area includes complete steel building systems in the form of prefabricated steel buildings. The Building Components product area has strong market positions in the Nordic region and in Central and Eastern Europe, where there has been strong organic growth since the mid-1990s. Lindab is the market leader in Europe within Building Systems.

The Ventilation business area, 51% of sales, offers a broad range of ventilation components made of sheet metal such as circular ducting systems and complete systems and solutions for the indoor climate.

Approximately 60% of the company's products and systems are used in new construction and 40% in refurbishment. The products are mainly used in commercial premises (offices, retail, warehouses and industry) and only to a small extent in residential properties. Manufacture is both conducted locally, for products that are difficult to transport, and in central production units in Sweden, Denmark, the Czech Republic, Hungary and Luxembourg.

The year at a glance

During the year, Lindab continued to show very positive development. Lindab's main markets, the Nordic countries, Western Europe, Central and Eastern Europe, showed good development within both business areas. The trend for the Building Systems product area was particularly strong.

The British company CCL with annual sales of approximately SEK 500m, acquired in 2006,



Several of Lindab's products are key components in today's light construction technology. The products are made of recyclable materials and developed for fast and effective construction.

within the Ventilation business area, has integrated well in the group. A smaller acquisition of a ventilation company in Ireland was carried out during the year.

Construction of a new plant for Building Systems is under way in Yaroslavl in Russia and is expected to be completed at the end of 2008.

Total net sales amounted to SEK 9,280m (7,609). Adjusted for effects of company acquisitions and sales as well as currency effects, organic growth was 14%. Sales showed positive development in both the Ventilation and Profile business areas.

Operating profit (EBITA) amounted to SEK 1,318m (903). Profit before tax was SEK 1,175m (797) an improvement of 47%. The EBITA margin amounted to 14.2% (11.9). Cash flow was good during the year but affected by tied-up capital due to Lindab's growth and higher raw material prices.

Future prospects

Lindab plans to continue its expansion in Eastern Europe over the next few years. The independent analysis firm Euroconstructs in its assessment for 2008 expects continued favourable growth. Taking Lindab's geographic mix into account with its main emphasis on sales for commercial buildings, this will provide market growth of 5% which can be compared with just under 7% in 2007. Lindab's organic growth during the same period amounted to 14%. Eastern Europe is expected to continue to show the highest market growth in 2008.

Financial targets

Organic growth	6%
Operating margin (EBIT)	14%
Net debt/equity ratio	1.0-1.4
Dividend policy	40-50% of net profit

Financial calendar

Interim report Jan-Mar: 7 May 2008

Interim report Jan-Jun: 17 July 2008

Interim report Jan-Sep: 29 Oct 2008

www.lindab.com



Kjell Åkesson, CEO

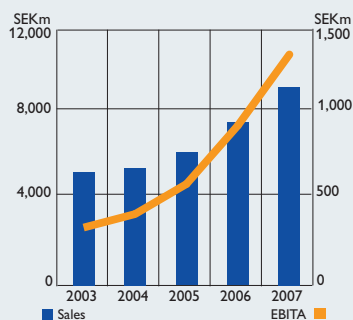
Board of Directors

Svend Holst-Nielsen	Chairman
Anders C. Karlsson	
Stig Karlsson	
Hans-Olov Olsson	
Annette Sadolin	
Kjell Åkesson	CEO
Pontus Andersson	Employee representative
Markku Rantala	Employee representative
Bjarne Larsson	Deputy, employee representative
Staffan Råberg	Deputy, employee representative

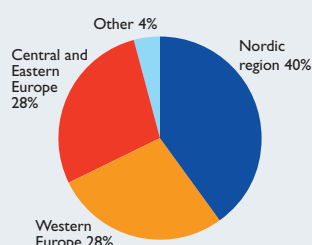
Management

Kjell Åkesson	CEO
Nils-Johan Andersson	CFO
Hannu Paitula	Head of Ventilation
Peter Andsberg	Head of Profile

Sales and earnings



Sales by market



Major shareholders

Ratos	22.5%
Skandia Liv	11.2%
AP 6	11.0%
AP 2	6.2%

Source: VPC

Lindab

SEKm	2007	2006	2005	2004	2003
Income statement					
Net sales	9,280	7,609	6,214	5,477	5,302
Operating expenses	-7,764	-6,470	-5,516	-4,912	-4,830
Other income/expenses	-4	-39	56	4	0
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	-3	0	0
Items affecting comparability	0	0	0	0	0
EBITDA	1,512	1,100	751	569	472
Depreciation	-194	-197	-191	-185	-167
EBITA	1,318	903	560	384	305
Amort. and impair. of intangible assets	-9	-9	-3	0	0
Impairment of goodwill	0	0	0	0	-118
EBIT	1,309	894	557	384	187
Financial income	20	11	10	10	14
Financial expenses	-154	-108	-83	-98	-109
EBT	1,175	797	484	296	92
Tax	-274	-212	-133	-94	-66
Profit for the year	901	585	351	202	26
Attributable to equity holders of the parent	901	585	351	201	26
Attributable to minority interests	0	0	0	1	0
Balance sheet					
Goodwill	2,713	2,616	2,398	2,006	1,991
Other intangible assets	66	74	81	20	21
Tangible assets	1,425	1,391	1,527	1,393	1,180
Financial assets, interest-bearing	7	6	6	57	0
Financial assets, non-interest bearing	352	325	324	25	72
Total non-current assets	4,563	4,412	4,336	3,501	3,264
Inventories	1,278	1,083	875	1,024	858
Receivables, interest-bearing	10	1	0	0	0
Receivables, non-interest bearing	1,478	1,382	1,070	868	836
Cash, bank and other short-term investments	371	199	244	117	220
Total current assets	3,137	2,665	2,189	2,009	1,914
Total assets	7,700	7,077	6,525	5,510	5,178
Equity attrib. to equity holders of the parent	2,969	2,190	2,853	2,367	2,210
Equity attributable to minority interests	0	0	0	2	0
Provisions, interest-bearing	109	106	105	85	61
Provisions, non-interest bearing	419	439	367	144	144
Liabilities, interest-bearing	2,516	2,702	1,991	1,920	1,950
Liabilities, non-interest bearing	1,687	1,640	1,209	992	813
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	7,700	7,077	6,525	5,510	5,178
Cash flow statement					
Cash flow from operating activities before change in working capital	1,092	883	587	463	319
Change in working capital	-217	-105	143	-49	76
Cash flow from operating activities	875	778	730	414	395
Investments in non-current assets	-195	-146	-226	-209	-205
Disposals of non-current assets	18	96	216	50	93
Cash flow before acquis./divest. of companies	698	728	720	255	283
Net investments in companies	-48	-373	-657	0	0
Cash flow after investing activities	650	355	63	255	283
Change in loans	-231	707	61	-358	-165
New issues	0	0	0	0	0
Dividends paid	-256	-1,196	0	0	0
Other	0	94	-3	0	0
Cash flow from financing activities	-487	-395	58	-358	-165
Cash flow for the year	163	-40	121	-103	118
Key figures					
EBITA margin, %	14.2	11.9	9.0	7.0	5.8
EBT margin, %	12.7	10.5	7.8	5.4	1.7
Return on equity, %	34.9	23.2	13.4	8.5	1.2
Return on capital employed, %	25.1	18.2	12.2	9.0	4.7
Equity ratio, %	39	31	44	43	43
Interest-bearing net debt, SEK.m	2,237	2,602	1,846	1,831	1,791
Debt/equity ratio, times	0.9	1.3	0.7	0.8	0.9
Average number of employees	5,013	4,689	4,315	4,011	3,920

MCC – new holding

Ratos acquired 60% of the shares in Mobile Climate Control (MCC) in 2007 from the company's founder Gunnar Mannerheim, who still owns 40% of the shares. Ratos has invested a total of SEK 298m in MCC.

Ratos's consolidated book value amounted to SEK 322m at year-end.

Ratos is represented on the board by Henrik Blomé, who is responsible for this holding, and Johan Pernvi with Leif Johansson as a deputy.

Operations

MCC is a niche supplier which develops, manufactures and sells customised climate control systems for vehicles produced in short series and with high demands for product performance and quality. The climate systems meet customer specifications and requirements and usually include heating and/or cooling (AC) which creates a pleasant environment for operators and passengers. MCC has two main customer segments: bus manufacturers and off-road vehicles (such as construction vehicles and heavy duty specialty vehicles, mining and materials handling vehicles, and forest machines). The company's head office is in Upplands Väsby, north of Stockholm and production takes place in Canada (Toronto), Sweden (Norrtälje and Norrköping), Germany (Oettingen) and Poland (Wroclaw). Approximately 65% of sales take place in North America and about 35% in Europe.

Market

The market is driven by an increased number of produced vehicles and by a growing proportion of vehicles with increasingly sophisticated climate control systems – the trend is that end-customers are demanding a more comfortable vehicle climate – and by increasingly extensive working environment regulations. MCC has a strong position in selected segments in the market. In the bus segment, MCC is market leader in heating systems in North America and the Nordic region. The rest of Europe and the cooling (AC) segment are so far relatively undeveloped markets for the company. In the off-road segment, MCC has a strong market position, in both North America and the Nordic region.



MCC's climate systems are customised and developed to create a comfortable driver and passenger environment mainly in buses and off-road vehicles.

The year at a glance

MCC showed good growth in 2007 and sales totalled SEK 698m compared with SEK 614m in the previous year, an increase of 14%. Growth in North America was 20%. Growth in North America was driven, despite a weak construction market, by a substantial increase in sales in the off-road segment. Sales to North American bus manufacturers were also good during the year, although with a slightly lower growth rate than the off-road segment. Sales in Europe were on a par with the previous year, but with considerable differences in growth between customer segments. The off-road segment showed growth driven by a strong economy and good volume development for manufacturers of heavy duty vehicles, forest machines and materials handling vehicles. Sales to the bus segment were weak during the year.

The group's operating margin was strong and operating profit (EBITA) for the year was SEK 118m, an increase of 10%. Profit before tax amounted to SEK 75m (73). The weak development of the US dollar had a negative impact on the company's sales and earnings.

A change of CEO was carried out during the year. Clas Gunneberg took over as the new CEO on 1 December. He succeeded the previous CEO Gunnar Mannerheim.

Work started on construction of a new plant in Poland in order to give the company the capacity to grow in Europe and to locate production closer to customers in Continental Europe.

Further prospects

MCC's strong market positions, market growth and opportunities to develop a complete AC offering to the bus segment give the company good opportunities for future growth. Growth is expected to contribute to a positive earnings trend in the years ahead.



Clas Gunneberg, CEO

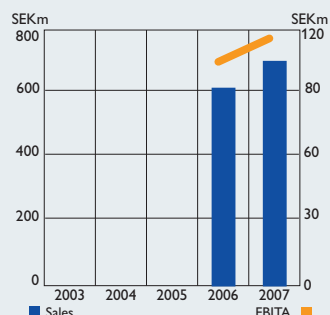
Board of Directors

Anders Lindblad	Chairman
Henrik Blomé	
Gunnar Mannerheim	
Fredrik Mannerheim	
Johan Pernvi	
Leif Johansson	Deputy

Management

Clas Gunneberg	CEO
Anna Lindberg	CFO

Sales and earnings



MCC

SEKm	2007	2006 ¹⁾	2005	2004	2003
Income statement					
Net sales	698	614			
Operating expenses	-575	-500			
Other income/expenses	0	0			
Share of profits of associates	0	0			
Divestment result	0	0			
Items affecting comparability	0	0			
EBITDA	123	114			
Depreciation	-5	-7			
EBITA	118	107			
Amort. and impair. of intangible assets	0	0			
Impairment of goodwill	0	0			
EBIT	118	107			
Financial income	1	2			
Financial expenses	-44	-36			
EBT	75	73			
Tax	-28	-25			
Profit for the year	47	48			
Attributable to equity holders of the parent	47	48			
Attributable to minority interests	0	0			
Balance sheet					
Goodwill	842	—			
Other intangibles assets	0	—			
Tangible assets	72	—			
Financial assets, interest-bearing	0	—			
Financial assets, non-interest bearing	0	—			
Total non-current assets	914	—			
Inventories	113	—			
Receivables, interest-bearing	0	—			
Receivables, non-interest bearing	150	—			
Cash, bank and other short-term investments	44	—			
Total current assets	307	—			
Total assets	1,221	—			
Equity attrib. to equity holders of the parent	530	—			
Equity attributable to minority interests	0	—			
Provisions, interest-bearing	0	—			
Provisions, non-interest bearing	10	—			
Liabilities, interest-bearing	571	—			
Liabilities, non-interest bearing	108	—			
Financial liabilities, other	2	—			
Total equity and liabilities	1,221	—			
Cash flow statement					
Cash flow from operating activities before change in working capital	—	—			
Change in working capital	—	—			
Cash flow from operating activities	—	—			
Investments in non-current assets	—	—			
Disposals of non-current assets	—	—			
Cash flow before acquis./divest. of companies	—	—			
Net investments in companies	—	—			
Cash flow after investing activities	—	—			
Change in loans	—	—			
New issues	—	—			
Dividends paid	—	—			
Other	—	—			
Cash flow from financing activities	—	—			
Cash flow for the year	—	—			
Key figures					
EBITA margin, %	16.9	17.4			
EBT margin, %	10.7	11.9			
Return on equity, %	—	—			
Return on capital employed, %	—	—			
Equity ratio, %	43	—			
Interest-bearing net debt, SEKm	527	—			
Debt/equity ratio, times	1.1	—			
Average number of employees	534	495			

¹⁾ Pro forma taking Ratoss acquisition into account.

Medifiq Healthcare – delayed product launch

Ratos invested in the Finnish company Medifiq Healthcare (previously a division in the Perlos Group) in 2006. Ratos's holding amounts to 78%. Co-owners are Perlos with 20% and the company's management and board with 2%.

Consolidated book value in Ratos at year-end amounted to SEK 237m.

Ratos is represented on the board by Leif Johansson, who is responsible for this holding, and Magdalena Aniansson.

Operations

Medifiq Healthcare is one of the leading players within development and manufacturing services for drug delivery and administration systems for pharmaceuticals and contraceptives as well as blood sampling equipment, and medical devices for healthcare providers within a range of applications.

The company has approximately 430 employees with production in Finland, the UK and China. The head office is in Finland.

Market

Drug delivery and administration is a growth market where conditions vary between different therapy groups. Medifiq has a strong position in the growth segments inhalers and insulin delivery devices.

Co-operation with pharmaceutical companies is very long term with product cycles of up to 20 years. Growth therefore depends both on market growth and on customers' success with contracted products.



In this insulin delivery device, Medifiq assembles 13 components in a high-speed automated process.

The year at a glance

Medifiq's development during the year was weak due to work with the separation from Perlos as well as start-up problems and delays in the launch of a new key product. Sales fell from EUR 53m to EUR 37.5m. Operating loss (EBITA) was EUR 3.1m (+2.3). Operations have been adapted to the lower sales. The sales organisation has been strengthened and a sales office set up in Germany in order to be closer to the company's key customers. Efforts to improve utilisation of production capacity in the UK continue.

Future prospects

Despite difficulties in 2007, Medifiq's unique expertise and good position in a fragmented market are unchanged. Investments in the sales organisation have had a positive effect and together with additional action programmes, an improvement in earnings is expected in the second half of 2008.

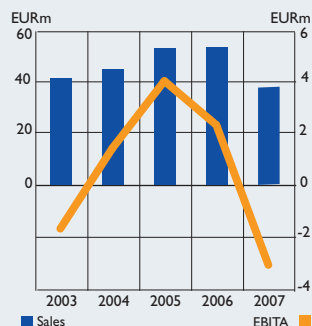
Board of Directors

Lauri Ratia	Chairman
Magdalena Aniansson	
Leif Johansson	
Rabbe Klemets	
Keijo Riuttala	
Juha Torniaainen	

Management

Willem van den Bruinhorst	CEO
Seppo Arento	Vice President, Product Creation and Projects
Sebastian Krapf	CFO
Tomi Karvo	Vice President, Sales & Marketing
Keijo Riuttala	Vice President, Operations
Alisdair Watson	Plant Manager, Sunderland Plant

Sales and earnings



Medifiq Healthcare

EURm	2007	2006 ¹⁾	2005 ¹⁾	2005	2004	2003
Income statement						
Net sales	37.5	53.0	52.8	52.8	44.6	41.2
Operating expenses	-37.3	-47.3	-44.6	-44.6	-39.5	-39.3
Other income/expenses	0.4	0.0	0.0	0.1	0.2	0.2
Share of profits of associates	0.0	0.0	0.0	0.0	0.0	0.0
Divestment result	0.0	0.0	0.0	0.0	0.0	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.6	5.7	8.2	8.2	5.2	2.1
Depreciation	-3.7	-3.4	-4.2	-4.2	-3.8	-3.8
EBITA	-3.1	2.3	4.0	4.0	1.4	-1.7
Amort. and impair. of intangible assets	-0.1	0.0	0.0	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-3.2	2.3	4.0	4.0	1.4	-1.7
Financial income	0.3	0.0	0.1	0.1	0.1	0.0
Financial expenses	-1.9	-1.2	-1.2	-0.2	-0.2	-0.2
EBT	-4.8	1.1	2.9	3.9	1.3	-1.9
Tax	-0.5	0.0	—	-1.7	-1.2	-0.4
Profit for the year	-5.3	1.1	—	2.2	0.1	-2.2
Attributable to equity holders of the parent	-5.3	1.1	—	2.2	0.1	-2.2
Attributable to minority interests	0.0	0.0	—	0.0	0.0	0.0
Balance sheet						
Goodwill	35.6	37.1	—	0.0	0.0	0.0
Other intangible assets	1.9	1.8	—	2.3	3.0	0.4
Tangible assets	18.9	21.9	—	26.1	27.5	31.1
Financial assets, interest-bearing	0.0	0.0	—	0.0	0.0	0.0
Financial assets, non-interest bearing	0.3	0.4	—	0.3	0.4	0.9
Total non-current assets	56.7	61.2	—	28.7	30.9	32.4
Inventories	4.2	5.6	—	8.5	8.0	6.4
Receivables, interest-bearing	0.0	0.0	—	0.0	0.0	0.0
Receivables, non-interest bearing	5.6	7.3	—	6.1	3.8	1.4
Cash, bank and other short-term invest.	0.1	8.1	—	13.0	8.5	0.3
Total current assets	9.9	21.0	—	27.6	20.3	8.1
Total assets	66.6	82.2	—	56.3	51.2	40.5
Equity attrib. to equity holders of the parent	31.8	38.4	—	38.6	34.4	27.7
Equity attributable to minority interests	0.0	0.0	—	0.0	0.0	0.0
Provisions, interest-bearing	0.1	0.1	—	0.1	0.2	1.6
Provisions, non-interest bearing	1.5	1.2	—	0.0	1.6	1.0
Liabilities, interest-bearing	25.3	28.0	—	3.2	3.3	3.4
Liabilities, non-interest bearing	7.8	14.5	—	14.4	11.7	6.9
Financial liabilities, other	0.1	0.0	—	0.0	0.0	0.0
Total equity and liabilities	66.6	82.2	—	56.3	51.2	40.5
Cash flow statement						
Cash flow from operating activities before change in working capital	-0.7	—	—	4.7	2.4	1.3
Change in working capital	-1.2	—	—	-1.1	2.0	0.0
Cash flow from operating activities	-1.9	—	—	3.6	4.3	1.3
Investments in non-current assets	-0.7	—	—	-2.1	-3.0	-4.6
Disposals of non-current assets	0.1	—	—	0.1	0.1	0.1
Cash flow before acquis./divest. of companies	-2.5	—	—	1.5	1.4	-3.3
Net investments in companies	-2.9	—	—	0.0	0.0	0.0
Cash flow after investing activities	-5.4	—	—	1.5	1.4	-3.3
Change in loans	-2.5	—	—	0.0	0.0	0.0
New issues	0.0	—	—	0.0	0.0	0.0
Dividends paid	0.0	—	—	0.0	0.0	0.0
Other	-0.1	—	—	3.0	6.8	1.5
Cash flow from financing activities	-2.6	—	—	3.0	6.8	1.5
Cash flow for the year	-8.0	—	—	4.5	8.2	-1.8
Key figures						
EBITA margin, %	neg.	4.3	7.6	7.6	3.2	neg.
EBT margin, %	neg.	2.1	5.5	7.4	2.9	neg.
Return on equity, %	neg.	—	—	6.0	0.3	—
Return on capital employed, %	neg.	—	—	10.4	4.0	—
Equity ratio, %	48	47	—	69	67	68
Interest-bearing net debt, EURm	25.3	20.0	—	-9.7	-5.0	4.6
Debt/equity ratio, times	0.8	0.7	—	0.1	0.1	0.2
Average number of employees	430	493	545	545	545	581

¹⁾ Pro forma taking Ratos's acquisition into account.

Superfos – strong earnings improvement

At the end of 1999, Ratos together with Industri Kapital acquired the listed Danish conglomerate Superfos. In subsequent years actions were taken to streamline the structure and operations were focused on injection-moulded packaging. Ratos's holding amounts to 33% and the remaining shares are held by Industri Kapital.

Consolidated book value at year-end amounted to SEK 367m.

Ratos is represented on the board by Thomas Mossberg, who is responsible for this holding, with Thomas Hofvenstam as a deputy.

Operations

Superfos develops, produces and sells a broad range of injection-moulded packaging to customers in the food, paint and chemical industries. Superfos has a total of ten production units in Europe and one in the US. With approximately 20% of the market, Superfos is the leading manufacturer of injection-moulded plastic packaging in Europe. Superfos also has a profitable and fast-growing niche position in the US.

Market

Superfos's market, injection moulded, open-top plastic packaging is estimated at EUR 5.2 billion worldwide. The European market comprises approximately one-third of the global market. The market is equally divided between consumer packaging (<2 litres) and industrial packaging (>2 litres). Growth is driven, among other things, by increased consumption and a switch to plastic from glass and metal packaging. The competitive scenario is fragmented and mainly local. There are only a small number of pan-European players such as Superfos.



One recently developed Superfos product is an eco-friendly food packaging which has a low weight and is optimised for efficient transport.

The year at a glance

Superfos carried out a number of action programmes during 2007 to improve efficiency and earnings. These included implementation of a purchasing programme and a new organisational structure. The plant in Vipperød, Denmark, was closed and volumes moved to an expanded facility in Poland. The Swedish manufacturer Mipac, with special expertise in packaging for ice-cream manufacturers, was acquired during the year. The positive development for Superfos's European operations continued during the year with a good volume trend and a sharp improvement in earnings. The earnings trend for the US operations was also good. Superfos reported sales of EUR 360m (327). Operating profit (EBITA) was EUR 18.9m (12.4). Profit before tax was EUR 8.1m (3.4). Earnings were charged with substantial costs for completed action programmes.

Future prospects

The streamlining in recent years to a focused packaging company and implementation of measures to raise profitability in 2006-2007 create opportunities for good growth and improved profitability in the years ahead. As market leader, Superfos is well placed to participate in a continued consolidation of the market for injection-moulded packaging.



Hans Pettersson, CEO

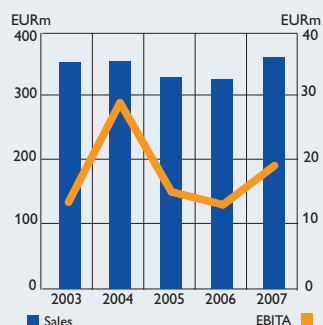
Board of Directors

Waldemar Schmidt	Chairman
Torben Bjerre-Madsen	
Gerard De Geer	
Tove Langlet	
Mads Ryum Larsen	
Thomas Mossberg	
Thomas Hofvenstam	Deputy

Management

Hans Pettersson	CEO
Søren Lisbjerg	Executive Vice President, Supply Chain & Operations
Benny Nielsen	Executive Vice President, R&D Technology Director
René Valentin	Executive Vice President & CFO

Sales and earnings



Superfos

EURm	2007	2006 ¹⁾	2006	2005 ²⁾	2005	2004
Income statement						
Net sales	360.3	326.7	342.3	329.2	354.7	344.3
Operating expenses	-315.6	-291.6	-305.9	-287.4	-307.0	-284.6
Other income/expenses	0.9	1.5	1.5	1.0	0.0	0.0
Share of profits of associates	0.0	0.0	0.0	0.0	0.0	0.0
Divestment result	0.0	0.0	0.0	0.0	11.6	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	45.6	36.6	37.9	42.8	59.3	59.7
Depreciation	-26.7	-24.2	-25.1	-28.0	-30.6	-30.4
EBITA	18.9	12.4	12.8	14.8	28.7	29.3
Amort. and impair. of intangible assets	-0.6	0.0	0.0	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	-12.7	0.0
EBIT	18.3	12.4	12.8	14.8	16.0	29.3
Financial income	0.2	0.3	0.3	0.1	0.1	1.1
Financial expenses	-10.4	-9.3	-9.5	-10.3	-12.8	-14.2
EBT	8.1	3.4	3.6	4.6	3.3	16.2
Tax	-3.3	-6.1	-6.4	-5.0	-5.8	-6.8
Profit for the year	4.8	-2.7	-2.8	-0.4	-2.5	9.4
Attrib. to equity holders of the par.	4.8	-2.7	-2.8	-0.4	-2.5	9.4
Attributable to minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet						
Goodwill	74.9	69.0	69.0	—	70.1	99.8
Other intangible assets	4.1	0.0	0.0	—	0.0	0.0
Tangible assets	151.8	142.4	142.4	—	158.0	192.8
Financial assets, interest-bearing	0.0	0.0	0.0	—	0.0	0.0
Financial assets, non-interest bearing	9.6	4.4	4.4	—	13.7	12.5
Total non-current assets	240.4	215.8	215.8	—	241.8	305.1
Inventories	42.7	35.2	35.2	—	38.4	40.9
Receivables, interest-bearing	0.0	0.0	0.0	—	0.0	0.0
Receivables, non-interest bearing	73.6	66.6	66.6	—	63.2	59.9
Cash, bank and other short-term inv.	17.7	6.5	6.5	—	22.8	4.0
Total current assets	134.0	108.3	108.3	—	124.4	104.8
Total assets	374.4	324.1	324.1	—	366.2	409.9
Equity attrib. equity holders parent	114.5	111.0	111.0	—	115.1	115.3
Equity attributable to minority int.	0.0	0.0	0.0	—	0.0	0.0
Provisions, interest-bearing	0.0	0.0	0.0	—	0.0	0.0
Provisions, non-interest bearing	13.7	13.0	13.0	—	17.3	12.4
Liabilities, interest-bearing	173.6	140.1	140.1	—	177.8	219.4
Liabilities, non-interest bearing	72.6	60.0	60.0	—	56.0	62.8
Financial liabilities, other	0.0	0.0	0.0	—	0.0	0.0
Total equity and liabilities	374.4	324.1	324.1	—	366.2	409.9
Cash flow statement						
Cash flow from operating activities before change in working capital	35.3	25.0	25.0	—	28.0	48.9
Change in working capital	-3.5	-0.6	-0.6	—	-6.9	0.3
Cash flow from operating activities	31.8	24.4	24.4	—	21.1	49.2
Investments in non-current assets	-31.3	-26.0	-26.0	—	-19.5	-27.9
Disposals of non-current assets	0.0	6.1	6.1	—	6.2	0.5
Cash flow before acquis./divest. of co.	0.5	4.5	4.5	—	7.8	21.8
Net investments in companies	-22.1	16.9	16.9	—	51.5	0.0
Cash flow after investing activities	-21.6	21.4	21.4	—	59.3	21.8
Change in loans	33.5	-38.4	-38.4	—	-41.6	-27.3
New issues	0.0	0.0	0.0	—	1.0	0.0
Dividends paid	0.0	0.0	0.0	—	0.0	0.0
Other	-0.7	0.0	0.0	—	0.9	0.0
Cash flow from financing activities	32.8	-38.4	-38.4	—	-39.6	-27.3
Cash flow for the year	11.2	-17.0	-17.0	—	19.6	-5.5
Key figures						
EBITA margin, %	5.2	3.8	3.7	4.5	8.1	8.5
EBT margin, %	2.2	1.0	1.1	1.4	0.9	4.7
Return on equity, %	4.3	—	neg.	—	neg.	8.2
Return on capital employed, %	6.9	—	4.8	—	5.1	9.1
Equity ratio, %	31	34	34	—	31	28
Interest-bearing net debt, EURm	155.9	133.6	133.6	—	155.0	215.4
Debt/equity ratio, times	1.5	113	1.3	—	1.5	1.9
Average number of employees	1,546	1,525	1,525	—	1,669	1,800

¹⁾ Pro forma excluding Aerosol IGS.

²⁾ Pro forma excluding the sold Pharma division.

Other holdings

Atle Industri

In connection with Ratos's acquisition of Atle in 2001, 17 companies were placed in a separate group called Atle Industri. 15 of these companies have been sold, including one in 2007, and the portfolio today comprises the wholly owned holdings: Moving, which develops and produces equipment for materials handling, and Nordhydraulic, which manufactures and sells hydraulic valves for mobile applications.

Ratos is represented on the board by Thomas Mossberg, who is responsible for this holding, and Anna Ahlberg.

Board of Directors

Lars Gårdö Chairman
Anna Ahlberg
Thomas Mossberg
Christer Nilsson
Bo Ulván
Hans Åke Norås CEO

Management

Hans Åke Norås CEO
Lars Carlson CFO



Hans Åke Norås, CEO

Atle Industri's holdings

Company	Operations	Atle Industri's holding	2007 Sales SEKm	2006 Sales SEKm	2007 EBT SEKm	2006 EBT SEKm
Moving	Develops and produces equipment and systems for effective materials handling.	100%	293	207	5	-9
Nordhydraulic	Manufactures and sells hydraulic valves for mobile applications.	100%	253	229	24	17

BTJ Group

Ratos became an owner of BTJ Group in conjunction with the formation of BTJ Infodata in March 2004. In 2005 the BTJ Infodata group was split and BTJ became a separate holding. Ratos owns approximately 59% of BTJ Group.

Ratos is represented on the board by Robin Molvin, who is responsible for this holding, with Bo Jungner as a deputy.

Operations

BTJ Group is a leading supplier of media products and information services to libraries, universities, companies and organisations in the Nordic market. The products and services are sold through the brands Bibliotekstjänst, BTJ Finland, BTJ Prenumerationsservice and BTJ Förlag.

Board of Directors

Anders Skarin Chairman
Peter Carrick
Gunilla Herdenberg
Harold Kaiser
Robin Molvin
Bo Jungner Deputy

Management

Stephan Ekström acting CEO
Jonas Hansson CFO



Stephan Ekström, acting CEO

SEKm	2007	2006 ¹⁾
Sales	823	870
Operating profit (EBITA)	4	23
Profit before tax (EBT)	1	18
Cash flow before acquisition and divestment of companies	-13	—
EBITA margin, %	0.5	2.7
Interest-bearing net debt	17	—
Average number of employees	297	327

¹⁾ Pro forma taking discontinued operations in 2006 into account.

Industri Kapital

Industri Kapital is an unlisted private equity company with assets under management of approximately EUR 5.7 billion. Since the start in 1989, the company has made more than 60 investments within different sectors in Europe, with the majority in the process and manufacturing industry, building materials, retailing and wholesaling, and the service sector. Investors in Industri Kapital's funds comprise major Nordic, European and American institutional investors.

Ratos has invested a total of approximately SEK 550m in four funds – 1989 (closed), 1994 (closed), 1997 and 2000. The two funds IK 1997 and IK 2000 are fully invested. Thomas Mossberg is responsible for Ratos's investments in Industri Kapital.

The holding in Industri Kapital contributed SEK 46m to Ratos's exit gains in 2007.

IK 1997 – total book value SEK 40m

- Dynea – chemical company that manufactures industrial adhesive systems
- Superfos – manufactures plastic packaging, also owned directly by Ratos as a holding

IK 2000 – total book value SEK 88m

- CPS Color – supplier of advanced paint tinting systems primarily to the paint industry
- Dataphone (formerly CityLink) – Swedish telecom and data communications operator
- Welzorg – Dutch distributor of mobility aids
- Europris – Norwegian discount wholesaler and retailer within food and other products
- Idex – French energy and environmental service company
- Tradeka – Finnish retail chain and grocery business
- Kwintet – leading European manufacturer of work wear
- Wehkamp – Dutch leading mail order company and independent credit management company
- Sports Group – German supplier of outdoor surfaces for sports and recreation, such as artificial grass
- Dynea – chemical company that manufactures industrial adhesive systems

Overseas Telecom

Overseas Telecom was formed in 1996 in order to identify, evaluate and invest in primarily mobile licenses in developing countries, and then to develop and finally realise the built-up values in these holdings. The company has been in a liquidation phase since 2000/01 with the focus on continued business development and sales. Seven out of eight investments have been realised. The remaining holding is Suntel in Sri Lanka in which Overseas Telecom owns 55%. Suntel's sales in 2007 amounted to approximately SEK 465m with an EBITA of approximately SEK 62m. Net debt in the company at year-end was approximately SEK 37m and the number of subscribers totalled about 379,000.

Ratos is represented on the board by Thomas Mossberg, who is responsible for this holding, and Berit Lind as deputy.

Board of Directors

Per Eric Fylking	Chairman
Håkan Jansson	
Helena Krook Kilander	
Thomas Mossberg	
Jon W. Ringvold	
Caroline af Ugglas	
Roger Johanson	Deputy
Berit Lind	Deputy
Ole Christian Søhoel	Deputy
Christina Wik	Deputy

Management

Anders Ekman	CEO
Gunnar Andersson	CFO



Anders Ekman, CEO

Group summary

1)	2007	2006	2005	2004	2003
Key figures					
Earnings per share before dilution, SEK	16.66	15.50	12.42	12.45	3.59
Dividend per share, SEK	9 ²⁾	5.50 (11) ³⁾	4.19	3.96	3.37
Dividend yield, %	5.1 ²⁾	3.4 (6.8) ³⁾	4.6	5.9	6.4
Total return, %	14	85	43	35	27
Market price, 31 December, SEK	176	162.50	91	67	53
Equity per share, 31 December, SEK ⁴⁾	75	69	64	55	47
Equity, SEKm ⁴⁾	11,905	10,875	10,958	9,326	7,827
Return on equity, %	23	23	21	21	8
Equity ratio, %	38	44	52	76	91
Average number of shares before dilution ⁵⁾	158,829,266	163,005,841	170,062,755	169,572,845	168,946,538
Number of shares outstanding	158,489,155	158,276,730	170,209,628	169,650,634	168,825,790
Income statement, SEKm					
Holdings					
Profit from subsidiaries	2,005	1,164	716	168	91
Exit gains, subsidiaries	160	-14	134	0	–
Impairment losses, subsidiaries	–	-178	–	–	–
Share of profits of associates	545	719	1,411	806	297
Exit gains, associates	727	1,617	392	1,356	412
Impairment losses, associates	–	–	-29	-17	-7
Dividends, other companies	71	21	36	28	21
Exit gains, other companies	46	75	125	82	32
Impairment losses, other companies	–	-10	–	–	–
Profit from holdings	3,554	3,394	2,785	2,423	846
Central income and expenses	-92	-160	-140	-98	-34
Consolidated profit before tax	3,462	3,234	2,645	2,325	812
Tax	-516	-572	-464	-210	-193
Consolidated profit after tax	2,946	2,662	2,181	2,115	619
Profit attributable to equity holders of the parent	2,646	2,527	2,113	2,111	606
Balance sheet, SEKm					
Intangible non-current assets	18,066	10,406	6,824	1,824	693
Property, plant and equipment	3,091	2,124	1,544	602	217
Financial non-current assets	2,778	2,929	4,139	5,455	5,119
Deferred tax assets	291	187	135	45	–
Current assets	12,556	11,016	9,451	4,330	2,729
Total assets	36,782	26,662	22,093	12,256	8,758
Equity including minority interests	13,870	11,814	11,554	9,360	7,934
Provisions, other	842	656	315	15	15
Deferred tax liabilities	750	528	280	43	5
Interest-bearing liabilities	13,834	8,709	6,006	1,794	411
Non-interest bearing liabilities	7,486	4,955	3,938	1,044	393
Equity and liabilities	36,782	26,662	22,093	12,256	8,758

¹⁾ Applicable historical figures are restated (factor 0.4653) taking split and redemption in 2006 into account.

²⁾ Proposed ordinary dividend.

³⁾ Ordinary dividend (including extra dividend).

⁴⁾ Attributable to equity holders of the parent.

⁵⁾ Calculated according to rules for earnings per share.

Definitions

Capital employed

Total assets minus non-interest bearing liabilities.

Consolidated value

The Group's share of the holding's equity, any residual values on consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Debt/equity ratio

Interest-bearing liabilities in relation to equity.

Dividend yield

Dividend expressed as a percentage of market price.

Earnings per share

Profit after tax divided by the average number of shares after repurchases.

EBIT

(Earnings before interest and tax). Profit before net financial items and tax.

EBITA

(Earnings before interest, tax and amortisation). Operating profit after depreciation and impairment but before deduction for impairment of goodwill.

EBITA margin

Operating profit after depreciation and impairment but before deduction for impairment of goodwill as a percentage of net sales.

EBITDA

(Earnings before interest, tax, depreciation and amortisation). Profit before depreciation and impairment.

EBT

(Earnings before tax). Profit before tax.

EBT margin

Profit before tax as a percentage of net sales.

Equity ratio

Reported equity expressed as a percentage of total assets. Minority interests are included in equity.

Enterprise value

Sum of the company's market capitalisation, minority interests and net debt.

Exit

Exit refers to divestment of a holding.

Exit gain/loss

Exit gain/loss is the capital gain or loss which arises when a holding is sold.

Holding

A holding is a company in which Ratos, usually as the largest owner, exercises significant owner influence and is represented on the board.

IRR

Internal Rate of Return. Annual average return.

Mezzanine debt

Acquisition loan that is half way between equity and borrowed capital.

Net debt

Net of interest-bearing provisions and liabilities minus interest-bearing assets including cash and cash equivalents.

P/E ratio

Market price in relation to earnings after tax per share.

Return on capital employed

Profit before interest expenses and tax expressed as a percentage of average capital employed.

Return on equity

Profit after tax attributable to the parent company expressed as a percentage of majority equity.

Second lien debt

A loan that corresponds to a second mortgage on a house purchase.

Total return

Price development of shares including reinvested dividends.

Turnover rate

Number of shares trading during a year in relation to the total number of shares outstanding.



Ratos AB

Drottninggatan 2
Box 1661
SE-111 96 Stockholm
SWEDEN
Tel: +46 8 700 17 00
Fax: +46 8 10 25 59
www.ratos.se

Holdings

AH INDUSTRIES A/S
Gl. Skartved 9
DK-6091 Bjert
DENMARK
Tel: +45 755 77 000
Fax: +45 755 72 307
www.ah-industries.dk

ANTICIMEX EUROPE AB
Lövholmsvägen 61
Box 47025
SE-100 74 Stockholm
SWEDEN
Tel: +46 8 517 633 00
Fax: +46 8 517 634 42
www.anticimex.se

ARCUS GRUPPEN AS
Haslevangen 16
Postboks 6764 Rodeløkka
N-0503 Oslo
NORWAY
Tel: +47 22 97 55 00
Fax: +47 22 65 74 07
www.arcus.no

ATLE INDUSTRI AB
Birger Jarlsgatan 25
Box 7847
SE-103 99 Stockholm
SWEDEN
Tel: +46 8 506 101 80
Fax: +46 8 506 211 80
www.atleindustri.se

BISNODE AB
Sveavägen 168
S 168
SE-105 99 Stockholm
SWEDEN
Tel: +46 8 558 059 00
Fax: +46 8 558 059 95
www.bisnode.com

BTJ GROUP AB
Traktorvägen 11
SE-221 82 Lund
SWEDEN
Tel: +46 46 18 00 00
Fax: +46 46 18 01 25
www.btj.com

CAMFIL AB
Sveavägen 56 E
SE-111 34 Stockholm
SWEDEN
Tel: +46 8 545 125 00
Fax: +46 8 24 96 50
www.camfilfarr.com

CONTEX HOLDING A/S
Svanevang 2
DK-3450 Allerød
DENMARK
Tel: +45 481 411 22
Fax: +45 481 020 31
www.context.com
www.zcorp.com
www.vidar.com

DIAB INTERNATIONAL AB
Repslagaregatan
Box 201
SE-312 22 Laholm
SWEDEN
Tel: +46 430 163 00
Fax: +46 430 163 95
www.diabgroup.com

EUROMAINT AB
Landsvägen 50 A, plan 5
SE-172 63 Sundbyberg
SWEDEN
Tel: +46 8 762 51 00
Fax: +46 8 762 54 30
www.euromaint.se

GS-HYDRO OY
Lautatarhankatu 4
FI-13110 Hämeenlinna
FINLAND
Tel: +358 3 656 41
Fax: +358 3 653 27 68
www.gshydro.com

HAENDIG AB
Svarvaregatan 5
Box 525
SE-301 80 Halmstad
SWEDEN
Tel: +46 35 15 44 01
Fax: +46 35 15 45 48
www.haendig.com

HAGLÖFS SCANDINAVIA AB
Industrigatan 18
Box 520
SE-774 27 Åvesta
SWEDEN
Tel: +46 226 670 00
Fax: +46 226 571 59
www.haglofs.se

HL DISPLAY AB
Horisontvägen 26
SE-128 34 Skarpnäck
SWEDEN
Tel: +46 8 683 73 00
Fax: +46 8 683 73 01
www.hl-display.com

HÅG/RH/RBM GROUP A/S
Pb. 5055 Majorstuen
N-0301 Oslo
NORWAY
Tel: +47 22 59 59 00
Fax: +47 22 59 59 59
www.hag.no
www.rh.se
www.rbmfurniture.dk

HÄGGLUNDS DRIVES AB
SE-890 42 Mellansel
SWEDEN
Tel: +46 660 870 00
Fax: +46 660 871 60
www.hagglunds.com

INDUSTRI KAPITAL AB
Birger Jarlgatan 4
SE-114 34 Stockholm
SWEDEN
Tel: +46 8 678 95 00
Fax: +46 8 678 03 36
www.industrikapital.com

INWIDO AB
Engelbrektsgatan 15
SE-211 33 Malmö
SWEDEN
Tel: +46 40 17 11 30
Fax: +46 40 17 11 40
www.inwido.se

JØTUL AS
Box 1411
N-1602 Fredrikstad
NORWAY
Tel: +47 69 359 000
Fax: +47 69 359 001
www.jotul.com

LINDAB AB
Järnvägsgatan 41
SE-269 82 Båstad
SWEDEN
Tel: +46 431 850 00
Fax: +46 431 850 10
www.lindab.com

MCC INTRESSETER AB
Kanalvägen 10 C
SE-194 61 Upplands Väsby
SWEDEN
Tel: +46 8 555 409 10
Fax: +46 8 590 717 81
www.mccii.com

MEDIFIQ HEALTHCARE OY
P.O. Box 89
FI-01511 Vantaa
FINLAND
Tel: +358 9 562 9110
Fax: +358 9 562 91130
www.medifiq.com

OVERSEAS TELECOM AB
Malmskillnadsgatan 39
SE-111 51 Stockholm
SWEDEN
Tel: +46 8 456 16 00
Fax: +46 8 456 16 94

SUPERFOS A/S
Spotorno Allé 8
DK-2630 Taastrup
DENMARK
Tel: +45 59 111 110
Fax: +45 59 111 180
www.superfos.com

Information to shareholders

Annual General Meeting

9 April 2008

The Annual General Meeting of Ratos AB (publ) will be held at 17.30 CET on Wednesday, 9 April 2008 at Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by VPC AB no later than 3 April 2008,
- notify the company of their intention to attend no later than 16.00 CET on 3 April 2008.

Notification

Notification of attendance may be made by:

- writing to Ratos AB (publ), Box 1661, SE-111 96 Stockholm
 - telephoning +46 8 700 17 00
 - via www.ratos.se
- Investor Relations/Annual General Meeting

When notifying attendance please state name, personal/company registration number, address and daytime telephone number.

Nominee-registered shares

In order to be entitled to participate in the meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at VPC no later than Thursday, 3 April 2008. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 9 per share for the financial year 2007.

The record date proposed by the Board for the right to receive dividends is Monday, 14 April 2008. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by VPC on Thursday, 17 April 2008.

Ratos AB (publ) reg. no. 556008-3585

This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

Calendar

9 April	2008 Annual General Meeting
8 May	Interim Report, January-March 2008
22 August	Interim Report, January-June 2008
7 November	Interim Report, January-September 2008

Reports can be accessed at Ratos's website www.ratos.se directly after publication and are issued in Swedish and English. Reports are sent automatically to shareholders who have notified Ratos that they wish to receive financial information from the company.

Publications can be ordered via Internet: www.ratos.se under Investor Relations/Order or via

post: Ratos AB, Box 1661,
SE-111 96 Stockholm
fax: +46 8 10 25 59
e-mail: info@ratos.se

Shareholder contacts

Emma Rheborg
Investor Relations Manager
Tel +46 700 17 20
e-mail: emma.rheborg@ratos.se

Clara Bolinder-Lundberg
Head of Corporate Communications
Tel +46 700 17 63
e-mail: cbl@ratos.se

Contact for the Board and Nomination Committee

Ratos AB
Lena Elfström
Box 1661
SE-111 96 Stockholm
e-mail: lena.elfstrom@ratos.se

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Drottninggatan 2 Box 1661 SE-111 96 Stockholm Sweden
Tel +46 8-700 17 00 Fax +46 8-10 25 59 www.ratos.se Corp ID No. 556008-3585