RATOS

Annual Report 2006

Contents

Information to shareholders

Annual General Meeting 11 April 2007

The Annual General Meeting of Ratos AB (publ) will be held at 17.30 CET on Wednesday, 11 April 2007 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 2007,
- notify the company of their intention to attend no later than 16.00 CET on 4 April 2007.

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 under 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 Tuesday, 3 April 2007. 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 5.50 per share for the financial year 2006 and an extra dividend of SEK 5.50 per share. The record date proposed by the Board for the right to receive dividends is Monday, 16 April 2007. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by VPC on Thursday, 19 April 2007.

Financial calendar

11 April	Annual General Meeting 2007
9 May	Interim Report, Jan-March 2007
21 Aug	Interim Report, Jan-June 2007
9 Nov	Interim Report, Jan-Sept 2007
Feb 2008	Year-end report 2007

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
post: Ratos AB, Box 1661
SE-111 96 Stockholm
fax: +46 8 10 25 59
e-mail: info@ratos.se

Shareholder contacts

Clara Bolinder-Lundberg,
Investor Relations Manager
Tel +46 700 17 63
e-mail: cbl@ratos.se

Anna-Karin Celsing,
Head of Corporate Communications
Tel +46 700 17 49
e-mail: akc@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

Ratos AB (publ) reg. no. 556008-3585

2006 highlights

Significant events

- Continued strong performance in portfolio companies.
- Four new holdings added to the portfolio: Anticimex, Jøtul, Medifiq Healthcare and RH/RBM.
- Divestment of LRT/Tornet, Gadelius and 51% of the holding in Lindab. Alimak Hek was sold in January 2007.
- Refinancing carried out in Hägglunds Drives and Lindab.
- Distribution of SEK 1,510m to shareholders.
- Decision on a more growth-oriented strategy.

Ratos became an owner of the Norwegian stove manufacturer Jøtul in August.

Recently acquired Medifiq Healthcare manufactures drug delivery and other medical devices.

Swedish RH Form and Danish RBM were acquired at the beginning of 2007.

Results

SEKm	2006	2005	2004	2003	2002
Profit/share of profits	1,883	2,127	974	388	397
Exit gains	1,678	651	1,438	444	364
Impairment loss	-188	-29	-17	-7	-45
Dividends from other companies	21	36	28	21	14
Profit from holdings	3,394	2,785	2,423	846	730
Central income and expenses	-160	-140	-98	-34	-96
Profit before tax	3,234	2,645	2,325	812	634
Equity	10,875	10,958	9,026	7,827	8,037

- Profit before tax SEK 3,234m (2,645)
- Exit gains SEK 1,678m (651)
- Equity SEK 10,875m, corresponding to SEK 69 per share

Shares

SEK per share	2006	2005	2004	2003	2002
Earnings after tax	15.50	12.42	12.45	3.59	2.14
Equity	69	64	55	47	47
Dividend	5.50 (11) [1]	4.19	3.96	3.37	3.14
Dividend yield,%	3.4 (6.8) [1]	4.6	5.9	6.4	7.1
Total return, %	85	43	35	27	8
Market price	162.50	91	67	53	44
Market price/equity,%	236	142	122	113	94

[1] Proposed ordinary dividend (incl. extra dividend).

- Earnings per share SEK 15.50 (12.42)
- Proposed ordinary dividend for 2006 is SEK 5.50 (4.19) as well as an extra dividend of SEK 5.50
- Total return +85% (43)

CEO's comments

2006 – continued positive development

2006 was a year in which most of Ratos's business developed in a positive direction. It was also a year when important decisions were made regarding Ratos's continued strategic development. A brief summary:

- Ratos achieved a pre-tax profit of SEK 3,234m, the highest result, in both nominal and real terms, in our over 140-year history
- we made a number of important and successful deals, on both the acquisition and exit sides
- Ratos's Board decided on a more growth-oriented strategy, implying a gradual and controlled business expansion
- although macroeconomic conditions were favourable during the year, the good times pushed up company valuations to a level that calls for caution
- for the eighth consecutive year, Ratos shares provided a positive total return, +85%
- conditions exist for a continued improvement in earnings in the underlying portfolio in 2007.

Great times, glorious times!

2006 was a good year for Ratos in many ways. Macroeconomic conditions were favourable, most of the portfolio companies performed strongly and the deal markets were red-hot.

Photo Björn Leijon

Ratos's pre-tax profit amounted to SEK 3,234m, the highest result, in both nominal and real terms, in our over 140-year history. Several factors contributed to this strong performance:

- good macroeconomic development has, of course, favoured most of the portfolio companies – we, like most others in our business, have had a lot for nothing this year
- equally the results of hard work with both strategic development and growth and efficiency programmes in the portfolio companies should not be underestimated – quite the reverse. It is this work that enabled the companies to take full advantage of the opportunities in these good times
- and the combination of these two factors explains the particularly good earnings growth. Companies that work as if they were in a crisis, with both growth and efficiency measures, and keep their overheads down despite the good times, gain an unprecedented payback from increased sales – a large portion of every extra krona of income goes straight through to the bottom line.

For the subsidiaries and associates held by Ratos at year-end, combined sales increased by 17% compared with 2005. Taking Ratos's ownership stakes into account, the corresponding change is 18%. Corresponding change figures for operating profit were +51% and +51% respectively and for profit before tax, +63% and +65% respectively.

The fact that Ratos's profit in 2006 is more than three billion kronor, is naturally not solely due to current earnings in the holdings. A significant contribution was also made by the successful exits carried out during the year:

- after over five years of development work, a partly new Lindab was refloated on the Stockholm Stock Exchange in December. In conjunction with the listing, Ratos sold about half of its holding, which provided an exit gain of approximately SEK 1,400m and an average annual return (IRR) on the sold shares of about 30%. At the time of writing, Lindab has had a positive start to its new stock market journey and if this continues to be the case, the aim of the listing will have been met: the new owners of Lindab have got off to a flying start while Ratos, which remains the largest shareholder, still has a significant holding with potential for continued favourable development
- in December an agreement was also concluded for the sale of Alimak Hek. This too

was a deal that generated an IRR of about 30% and an exit gain of SEK 735m

- divestments earlier in the year included LRT/Tornet (IRR +70%) and Gadelius (IRR +2%). A number of smaller exits, within Atle Industri, Haendig and Overseas Telecom, were also carried out
- refinancing in Hägglunds Drives and Lindab in 2006 contributed billions to Ratos's liquidity.

It is worth noting that several of these good exit results were achieved despite the fact that the companies concerned had to deal with tough circumstances during the decade. Kjell Åkesson (Lindab), Petter Arvidsson (Alimak Hek), Hans Porat (Gadelius) and Christel Armstrong-Darvik (LRT/Tornet), as they headed their organisations, showed that the difference between a skilled and less suitable CEO is just as great as the difference between (an uninjured) Peter Forsberg and a reasonable Swedish Elite League player.

The good results from operations also made their mark on the development of Ratos shares. For the eighth consecutive year the total return on the shares was positive, +85% (SIX Return Index rose 28% in the same period). The overall total return since 1999 thus amounts to 860%, while performance for the corresponding index (SIX Return Index) was +134%. The average annual total return on Ratos shares from 1999 to 2006 thus amounts to 33%.

"...decided on a more growth-oriented strategy"

Great times, glorious times?

But – 2006 is now history. If we look ahead, can the good times really continue? Or will a negative macroeconomic development combined with high company prices, high debt and intensifying competition ruin the party?

Ratos's working hypothesis is that several of these fears are worth taking seriously, but that the prospects for the next two to three years still look positive.

As far as the economy is concerned, Ratos's scenario ahead of 2006 was that we would experience a mild mid-cycle downturn, i.e. a relatively limited downturn in the global economy. In its main aspects this scenario has materialised. In the debate as to whether we were heading for a hard or soft landing, we have worked during the year with a perfect landing hypothesis. Perfect to the extent that a weaker trend was necessary to prevent the global economy from overheating resulting in problems with inflation, but without the downturn looking as if it will be self-strengthening in a negative sense.

If we take a look into 2007, we expect that the economic slowdown will continue for a while. However, the US is now on the way towards levelling out prior to slowly gathering pace again, while large areas of the rest of the world still have a bit to go in the downturn cycle. Following this prospects for continued growth are good.

The in many cases highly inflated company prices are then a major cause for concern. The world continues to "swim in money", money looking for high returns. And this has driven up prices for most types of financial and real assets around the world. In our business this goes relatively unnoticed in the competition itself – more than 70% of the projects we worked with last year were wholly or partly unique, where the alternative to Ratos was that the counterparty held on to its company – and more in that price expectations even in these unique projects were pushed up by the development of the business environment.

The way we coped with this was to widen the project flow still further. In 2006 we looked at more than 200 investment possibilities in order to be able to find the gems we believe in even given current conditions. And we still expect to be able to find the 3-5 investments per year that we normally make. In 2006 we carried out four new investments that are important for the future:

- in February, we completed the acquisition of 85% of the shares in one of Sweden's best-known brands, Anticimex
- in August acquisition (62.5%) of the shares in the Norwegian leading stove and fireplace manufacturer Jøtul was completed

- in December Ratos became owner of 78% of the Finnish company Medifiq Healthcare, which develops and manufactures drug delivery devices
- in December an agreement was concluded for acquisition of the two office chair producers RH Form (Sweden) and RBM (Denmark).

In addition to this billions were invested in a number of add-on acquisitions in our existing portfolio companies.

Taken overall, it can be said that there are certainly many risks to analyse in today's market, but that in the years ahead these look manageable. One key criterion for success, however, is that even in this environment we continue to keep a cool head, not let the money burn a hole in our pockets, and also in the future work with the balanced risk portfolio that has characterised Ratos's years as a private equity company.

This balanced risk portfolio can be illustrated by how Ratos handles the leverage question. While the average company on the Stockholm Stock Exchange at the end of 2006 had a Net Debt/Enterprise Value (ND/EV) of approximately 12%, a level that can rather be regarded as stone age, many buy-out deals were made with a ND/EV of 70% (even higher in some cases). At the same time, Ratos's consolidated ratio was 30-35%, and while this level cannot in any way be regarded as the absolute truth, it still illustrates relatively well Ratos's position in relation to the extremes often discussed in the media.

"Ratos shares achieved a total return of 85% during the year"

Strategy and organisation

Ever since Ratos became a private equity company in 1999, we have worked with the same main strategic focus. Over time, however, we have made minor adjustments to the course within this main direction, small adaptations which in the short term were hardly noticed but which over the slightly longer term had significant consequences. One example of this is when a few years ago we decided to change our holding strategy with regard to ownership interests from "normally 20-50%" to "at least 20%". Initially almost nothing happened. Today the portfolio consists to about 70% of wholly or partly owned subsidiaries.

A year ago, the Ratos Board decided that we should continue to work with unchanged investment criteria and an unchanged organisational structure. The Board and management gave priority to a strategy where we would not grow but would remain in our investment niche and where the estimated surplus capital at the time was distributed to shareholders in the form of a mandatory redemption (combined with a split). Underpinning this decision was the view that, even with this direction, there was continued major potential to develop both portfolio values, organisation and share price. It was simply a low-risk alternative with major potential.

However, 2006 has brought a dramatic change in the conditions for our operations:

- our already highly qualified organisation continued to develop by leaps and bounds during the year. This brought with it a major need to create conditions for additional challenges and opportunities for improvement, since otherwise we take risks with our only real production resource in an intensely competitive industry, where Ratos employees are among the absolute elite
- the value of our portfolio has risen in a way that exceeded even our highest internal expectations – the average of Ratos's analyst portfolio value assessments during the year almost doubled
- Ratos shares achieved a total return of 85% during the year, which led to a marked change in the valuation related conditions for our strategic work.

In brief, we now face completely different conditions from a year ago. We were aware in 2005/2006 that this situation could arise if we succeeded in achieving our targets, although our assessment was that we would not have to face this question for three to five years. Now, when the world has rushed ahead, we must obviously deal with the situation that has arisen – for positive reasons. The previous low-risk alternative simply no longer has such major potential.

Against this background, the Ratos Board has chosen, *still within the framework of our chosen main strategic focus since 1999,* to build a growth component into our strategy. This growth will be achieved by us gradually increasing the number of holdings in our portfolio. As before, we are not talking about any dramatic changes in the short term, on the other hand the effects will be visible over several years.

Photo Lars Epstein

Nor do we see today any possibility to grow by making larger average investments. In this segment, the number of investment opportunities is considerably lower and the competition, national as well as international, is cutthroat. We will certainly sometimes find individual investment opportunities in the bigger size category – and given the chance we will naturally carry them out – but the number of opportunities at the right price and leverage ratio is too few for Ratos, with a comparatively conservative basic attitude, to build its strategy on this.

A gradually expanded portfolio also means that the organisation must be steadily enlarged. We have therefore decided during the years ahead to carry out a careful expansion of the organisation, in the same way that since 1999 we have slowly increased the number of employees from 21 to 36. It is equally important, however, that within the framework of our three investment teams we create partly new roles, which will give our skilled employees opportunities over time to assume wider responsibility in their daily work.

As a consequence of the strategic and organisational decisions that have been made, the Ratos Board has also decided to change two of our investment criteria:

- over time the portfolio will contain "20 to 30 holdings", which is a change from the "15 to 20" that has applied since 1999
- the investment size in the future will be "SEK 150m to SEK 2,500m", which means raising the upper limit of the range from the "SEK 1,500m" that has applied since 1999 when Ratos was a considerably smaller company than it is today.

It should be pointed out that these strategic adjustments do not represent any change in Ratos's vision, mission, targets or other investment criteria, and consequently no change in the dividend policy either which will continue to be "aggressive". If we achieve our financial target of a return on all our investments of at least 20% per year, in our assessment these profits will be sufficient for growth, an aggressive dividend policy and hopefully sometimes also (as was the case this year) an extra dividend for our shareholders.

Prospects for 2007

Against the background of the relatively positive forecast for the global economy presented above, and the continued extensive work with growth and efficiency measures under way in our holdings, there are good prospects for a further earnings improvement in the underlying portfolio in 2007.

Arne Karlsson

Vision, mission, targets and strategy

Vision

Ratos shall be perceived as 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 Stockholm Stock Exchange 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 150-2,500m**
Ratos does not invest in early phases of companies' life cycles.
- **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. Normally, Ratos's involvement as an active owner lasts for 3-7 years. Unlike a fund with a limited life, Ratos is a limited company and is therefore able to extend the ownership period if Ratos judges this to be advantageous for its shareholders. 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.
- **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 with the main focus on Sweden. 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 shall be perceived as the best owner company in the Nordic region"

"....professional, active and responsible exercise of its ownership role"

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

"Nordic acquisitions – global exits"

Ratos shares – strong price trend

Share price trend

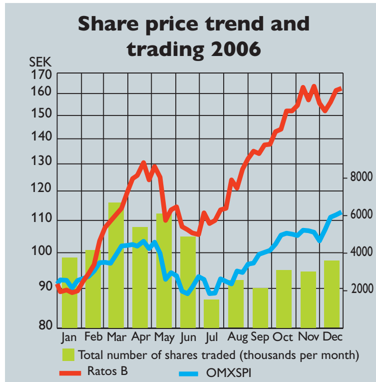
Ratos shares gave a very positive performance during the year in terms of both share price development and total return. Ratos B shares rose 78% compared with the OMXSPI which rose 24% in the same period. The highest quotation during the year, SEK 171 occurred in November and the lowest, SEK 86, in January. The closing price on 29 December was SEK 162.50.

In 2006 the total return (price development including reinvested dividends) for Ratos B shares amounted to 85% compared with the SIX Return Index which rose 28% in the same period.

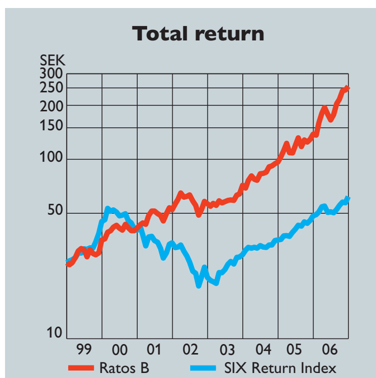
Trading

Ratos A and B shares are listed on the Stockholm Stock Exchange, Large Cap, and quoted on the Nordic Exchange list.

A total of 46.9 million Ratos shares were traded during 2006 at a value of over SEK 5.6 billion. An average of 185,877 shares were traded per day, an increase of 6% compared with 2005.



Source: SIX



Source: SIX

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 26 billion at year-end. This ranks the company at number 34 in terms of size of the 276 companies listed on the Stockholm Stock Exchange, and number 64 of the 602 companies on the Nordic Exchange.

Redemption and split

In May, the distribution of SEK 1,510m to Ratos shareholders was completed through a mandatory redemption combined with a split. Each Ratos share was divided into two ordinary shares and one redemption share. Each redemption share was automatically redeemed by Ratos for SEK 19 following which the shareholder still held two Ratos shares.

Brief facts 2006

Share listing	Stockholm Stock Exchange, Large Cap
Total number of shares	161,349,252
Number of shares outstanding	158,276,730
Closing price 29 Dec 2006	SEK 162.50
Highest/lowest quotation	SEK 171 / 86
Market capitalisation, 29 Dec 2006	SEK 26 billion
Reuters ticker code	RATOb.st
Bloomberg	RATOB SS

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

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

Tax aspects for shareholders in Sweden

When Ratos redeemed the redemption shares a capital gain or capital loss arose for shareholders which must be taken up in the tax return in spring 2007. The National Tax Board has published information about the redemption and general advice on allocation of the cost amount. Of the cost amount, 6.9% shall be attributable to the redemption share and the remaining 93.1% to the original share. For further information, visit www.skatteverket.se.

[1)] Proposed ordinairy dividend and extra dividend.

Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for 2006 of SEK 5.50 (4.19) per share, as well as an extra dividend of SEK 5.50 per share. Dividend yield amounts to 3.4% based on the closing price at year-end (6.8% including the 2006 extra dividend). Over the past eight years, Ratos's dividend has increased by an average of just over 16% per year.

Purchase of treasury shares

A decision was made at the 2006 Annual General Meeting that up to 7% of the company's shares may be acquired until the next Annual General Meeting in 2007. During 2006, Ratos repurchased 646,000 of its own B shares. The buy-backs were effected at an average price of SEK 110 per share. At the end of the period, Ratos owned 3,072,522 B shares, corresponding to 1.9% of the number of shares outstanding. The Board has decided to propose that the Annual General Meeting approves a mandate to acquire up to 7% of the company's treasury shares until the 2008 Annual General Meeting.

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 2006,

Data per share

SEK	2006	2005	2004	2003	2002
Earnings after tax [1)]	15.50	12.42	12.45	3.59	2.14
Dividend per A and B share	5.50 (11) [2)]	4.19	3.96	3,37	3.14
Dividend as % of earnings	35.5 (70) [2)]	34.3	31.8	94.0	146.7
Dividend as % of equity	8 (15.9) [2)]	6.5	7.5	7.3	6.6
Equity [3)]	69	64	55	47	47
Closing market price, B share	162.50	91	67	53	44
Market price/equity, %	236	142	122	113	94
Dividend yield, %	3.4 (6.8) [2)]	4.6	5.9	6.4	7.1
Total return, %	85	43	35	27	8
P/E ratio	10.5	7.5	5.4	14.7	20.8
Highest/lowest price paid, B share	171 / 86	91 / 68	68 / 51	53 / 40	55 / 38

Key figures

	2006	2005	2004	2003	2002
Market capitalisation, SEKm	25,719	15,812	11,328	8,877	7,511
Number of shareholders	34,233	30,549	29,345	23,699	21,302
Average number of shares outstanding	163,005,841	170,062,755	169,572,845	168,946,538	169,497,563
Number of shares outstanding at year-end [4)]	158,276,730	170,209,628	169,650,634	168,825,790	169,020,933
Average number of shares traded					
Ratos shares/day, thousands	186	176	170	150	127
Dividend, SEKm	870 (1,741) [2)]	713	673	573	531

[1)] Before dilution.
[2)] Proposed ordinary dividend (incl. extra dividend).
[3)] Attributable to equity holders of the parent.
[4)] After buy-backs.

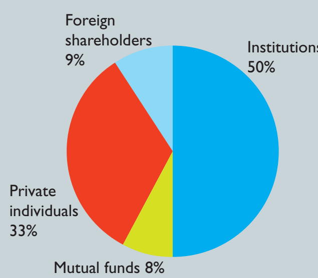
Definitions, see page 131.

953,484 A shares had been submitted for conversion into B shares.

Ownership structure

The number of shareholders amounted to approximately 34,000 at year-end. The ten largest shareholders accounted for 79% of the voting rights and 53% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 9%. 54% of Ratos's shareholders owned 500 shares or less and together accounted for 2.3% of the share capital.

Breakdown of Ratos's shareholders



Source:VPC

Share capital and number of shares

Ratos's share capital at year-end 2006 amounted 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 3,072,522, which means that outstanding shares amounted to 158,276,730. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 votes. A round lot comprises 100 shares.

Ratos shareholders

31 December 2006	Number A shares	Number B shares	Share of voting rights, %	Share of capital, %
Söderberg family	23,327,440	4,680,968	43.9	17.4
Söderberg foundations	13,104,540	13,882,620	26.7	16.7
Foreign shareholders	1,664,507	8,823,050	4.7	6.5
AMF Pension		4,983,400	0.9	3.1
AP4		4,384,950	0.8	2.7
SHB / SPP Fonder		3,010,754	0.6	1.4
AP6		2,255,400	0.4	1.4
SEB funds		2,104,500	0.4	1.3
Swedbank Robur fond		1,962,743	0.4	1.2
AP2		1,940,125	0.4	1.2
Akademiinvest		1,820,374	0.3	1.1
AP3		1,682,908	0.3	1.0
Confederation of Swedish Enterprise		1,500,000	0.3	0.9
Östersjöstiftelsen		1,348,526	0.2	0.8
Treasury shares		3,072,522	–	1.9
Other	4,232,283	61,567,642	19.7	41.4
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	18,579	2.3
501 – 1,000	6,670	3.3
1,001 – 5,000	7,073	10.1
5,001 – 10,000	1,031	4.7
10,001 – 20,000	433	4.0
20,001 –	447	75.6
	34,233	100.0

Source:VPC

Analysts who monitor Ratos

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

ABN AMRO Bank
Rickard Henze
rickard.henze@se.abnamro.com
Tel: +46 8-572 358 47

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

High activity in private equity

Ratos operates in the Nordic private equity market – the market for investments in unlisted companies.

The most usual organisational form for private equity investments is funds administered by a management company. Investors in such funds – banks, insurance companies, pension or asset managers and wealthy individuals – make a specific total capital commitment and then provide capital in pace with the fund's investments. The capital in the funds is invested by the management companies on behalf of the funds. The normal life of a private equity fund is about 10 years. During this period the capital available to the fund is invested, converted into cash and returns are distributed to the investors.

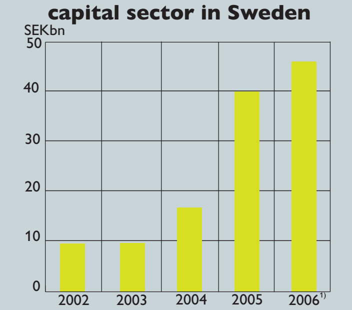
Private equity investments are made in all size classes. About two-thirds of investments in the European private equity market are buy-outs, investments in medium-sized and large mature companies. The remainder is invested in venture capital, i.e. investments in companies in seed, start-up or expansion phases.

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. Proceeds from company sales 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. Another aspect is that transparency is often greater in a listed company than in a fund. Furthermore, the investor can realise his investment at any time by selling 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 always carries liquidity in its balance sheet. 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 is rising. A total of some 50 companies are listed in Europe and the European Venture Capital Association, EVCA sees a rising trend for listed private equity companies. During 2006, the two major European unlisted private equity players, KKR and Apollo, each floated one fund on Euronext Amsterdam.

Amount invested in venture capital sector in Sweden



[1] Forecast

Source: Swedish Venture Capital Association

Direct investments in unlisted companies

Growth phase	Managed capital SEKbn	Invested capital SEKbn	Number of portfolio companies
Buy-out	230	130	170
Venture	80	45	650
Total	310	175	820

Source: Swedish Venture Capital Association

Active Nordic private equity market

In the Nordic region, buy-out investments were made with a total value of EUR 21.2 billion in 2006. This made the Nordic market the fourth-largest in Europe after the UK, Benelux and France.

In total, more than 1,000 people work as investment managers in the Nordic private equity sector. Almost half of them are based in Sweden.

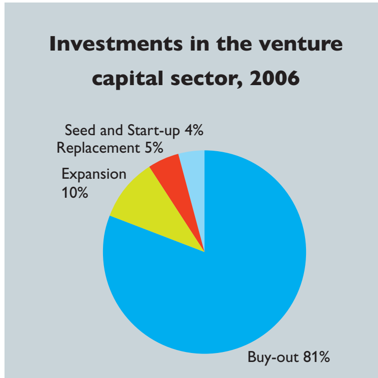
Ratos operates in the middle buy-out segment with the Nordic region as its market. This involves investments between SEK 150m and SEK 2.5 billion. According to the DoneDeals database, more than 60% of buy-outs in the Nordic area fall within Ratos's investment band. By co-operating with other private equity companies, however, Ratos can also invest in larger companies.

Each private equity investment is preceded by extensive due diligence checks on the company in question (a review of a number of aspects of the company's operations). The investment calculation is based on a business plan in which the investor and the company's management co-operate to create added value. In addition to financing, a private equity investor can provide business development support, networks, and financial and strategic expertise. The degree of involvement in the holdings varies among private equity investors, depending on such factors as the investor's own strategy and competence.

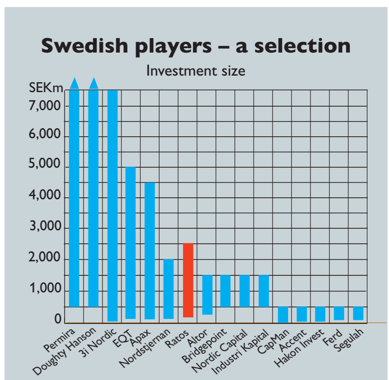
Swedish market increasingly competitive

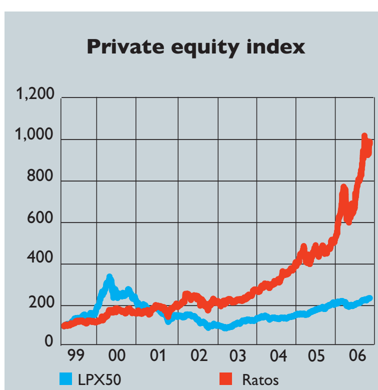
In Sweden, as in the rest of Europe, the significance of private equity for the economy has increased. The Swedish Venture Capital Association estimates that companies in Sweden owned by private equity account for about 10% of GDP and employ more than 150,000 people. At year-end 2006, more than SEK 300 billion was under management within private equity in Sweden, of which just over half was invested. In Sweden, buy-out investments account for over 70% and the remainder is venture capital investments.

Good returns, a more mature industry and a continued inflow of capital has intensified competition within this sector. In the middle segment, where Ratos primarily works, most venture capital companies are still Nordic but non-Nordic venture capital companies have become more active. In the upper segment, the competition is even tougher with fewer prospective investments. Most deals in this segment are made through auctions where bidding wars often force up prices.



Source: Swedish Venture Capital Association





Good returns in the buy-out sector

According to EVCA, the buy-out sector has generated an average annual return (IRR) of 13.7% in Europe since 1980. In the same period, the Morgan Stanley Euro Equity index rose 2.7% per year. In the US, buy-out funds have provided a return of 13.4% over the last 20 years, while the S&P 500 rose by an average of 9.8% per year.

Sweden is well placed compared with other European private equity markets. According to Thomson Financial, over a ten-year period until 2005 Swedish venture capital companies provided an average annual return of 18.3% compared with a European average of 10% and 14% in the US.

Listed private equity companies performed particularly well. The global private equity index LPX, which includes the 50 largest private equity players, has been in existence since 2004. Ratos is the eighth-largest listed international player. In terms of both price trend and total return the LPX has developed well. In the period 1999-2006, the LPX Price Index (total return) rose 8% per year, while Ratos increased by 26% per year measured in euros (33% measured in kronor).

Financial target exceeded – IRR +28%

Ratos has exceeded its financial target by a wide margin – viewed over an eight-year period the exit portfolio has generated an 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. In this sense the parent company's income statement therefore provides a good picture of Ratos's development over time.

Since Ratos normally owns companies for several years, however, the parent company's income statement is a relatively blunt instrument for continuous performance monitoring, since the effects from company divestments appear 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 eight years (1999-February 2007) Ratos has operated as a private equity company, 25 exits have been carried out in the core business. (The sale of the non-strategic asset management that dominated Ratos's portfolio when the strategic shift started in 1999 is not included in these calculations.) These 25 exits have together provided sales revenue of almost SEK 15 billion (in the same period acquisitions were made for over SEK 12 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 export 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 2006-2007 Alimak Hek, LRT/Tornet and Lindab for example, and investments that must be summarised as less successful such as Gadelius in 2006. However, the successful investments have compensated for the less successful ones by a wide margin.

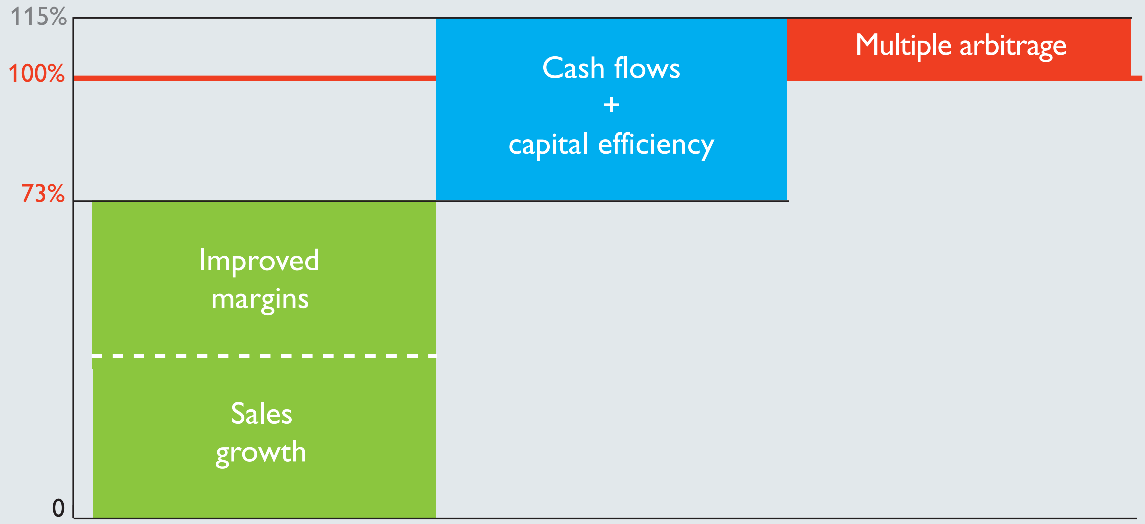
28% is also the gross figure that would be reported as a return if Ratos was a fund like most of our industry colleagues. In comparison with other private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure than most other companies 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 (including operating expenses such as variable compensation component, etc.) which is less than 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.

An analysis of value creation in the 25 companies today included in Ratos's exit portfolio, reveals the following explanations of how a 28% IRR was achieved (see illustration opposite).

Average annual return, IRR +28% – how?



Industrial development +73%

More than 70% 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 +42%

More than 40% of value creation comes from financial effects. Some of these effects, approximately half, can basically be traced 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 -15%

The multiple arbitrage has consequently provided a negative contribution of 15%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

To generalise the results of Ratos's transaction activities, we have purchased for a high price and sold cheap but on the way created added value through active ownership work with the companies' internal industrial development.

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. For some of the investments made before the stock market crash at the beginning of the 2000s, it will be difficult to reach 20% even if the investments themselves end up in the black, although these investments were better than most of the alternatives available during the period and even if these investments are expected to achieve a 20% annual return from today's market values. At the same time, the portfolio contains a number of companies that will meet the return requirement by a wide margin
- 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 and the new accounting rules

Background

For the last couple of years Ratos's accounts have been prepared in accordance with IFRS. This has involved extensive additional accounting work compared with previous years. There was, of course, much extra work in conjunction with the transition from the former Swedish rules to IFRS, but even the subsequent day-to-day work requires time-consuming effort for compliance with IFRS far greater than what was previously the case. The reason for this increased workload includes the fact that the new rules focus on detail in a completely different way from the former more principle-oriented Swedish rules. This in turn is explained by the fact that the in itself praiseworthy ambition to harmonise accounting rules internationally has meant that the European rules are approaching the extremely rigid American system (US GAAP).

Ratos's basic attitude in principle to accounts is well in agreement with that which 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.

A further complication is that we have largely lost the opportunity to develop, discuss and influence accounting rules in Sweden. When Ratos and other Swedish companies work on interpretation of the new rules, we are often dependent on decisions taken somewhere in the EU or round the "tables" in London where the major accounting firms process questions of this nature. Our chances of exerting influence then often disappear entirely since we are unable to communicate directly with the people deciding the interpretation. This also means that the often tough but always stimulating dialogue that previously existed between company and auditors has far too often been replaced by decrees made far away from this reality.

In this context the question can naturally be asked if it really is self-evident that representatives of the four major international accounting firms should have interpretation rights in all these questions. Ratos's view is rather that it is time for all major, leading Nordic auditors to stop leaving these questions to their respective "London desk" and instead form their own opinions on these matters.

Equally, it is extremely important to work with and try to influence the development of practice. In the end, this is not only about technical accounting matters which, wrongly handled, will make the "tail wag the dog", i.e. accounting will influence reality. Some of the problems Ratos has encountered so far have been of such importance that they affected the conditions for important strategic and operating decisions in our business. In our opinion the stock market's powers of attraction and the way it functions will in the worst case be affected in a negative direction.

Practical examples

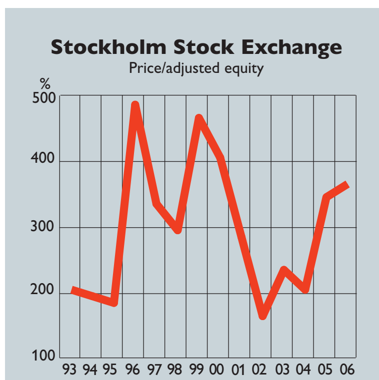
There is a long list of questions where the IFRS rules can create problems for companies preparing accounts and, in particular, those seeking to interpret the companies' accounts. Some examples:

- goodwill – the rules place high demands on identifying and measuring intangible assets and have as a basic principle that really no goodwill should arise. The concepts identified by the rules are in several cases indistinct and are not used in reality as a basis for decision ahead of an acquisition

- refinancing – when a transaction is not covered by the rules in practical terms there is considerable uncertainty as to how such a transaction should be reported. This applies, among other things, to certain refinancing questions, where the choice of accounting interpretation in the end might affect Ratos's holding strategy and, in certain cases, the possibility for a company to become listed on the Stockholm Stock Exchange
- Ratos's income statement – the income statement that the rules require all companies to use, does not reflect Ratos's business nor does it provide a satisfactory description of how the Ratos Group performed during a period (the earlier rules included the scope to report in a clearer manner for the recipient)
- inflation accounting – can in high inflation countries create considerable asymmetry between the interpretation of the income statement and balance sheet
- hedge accounting – accounting within this area now takes place in accordance with type, not financial significance
- accounting for minority interests – the net profit in the income statement includes minority share. When calculating earnings per share the starting point, as before, is the majority's share of earnings
- note information – the financial market probably has use for a lot less than half of the note information that today (must) be reported. This is about not seeing the wood for the trees – in 2005 Ratos even introduced a special index in the annual report to help readers find their way among the 41 notes…
- unrealised gains – the income statement can include unrealised earnings. In some cases valuation is mandatory, such as for some financial assets and forest, in other cases the valuation is voluntary, for example for investment properties, tangible and intangible assets. This makes it difficult to both analyse and assign multiple values to a company.

Goodwill

In order to provide a more in-depth description of one strategic issue for Ratos, here is a illustration of the problem of goodwill.



It is of course an extremely big and complex task to get the actual accounts to reflect reality. This applies to both income statement and cash flow statements but perhaps even more to the balance sheet. If the balance sheet had reflected reality, the stock market valuation of adjusted equity in listed companies would have remained at the level it has been for a long time (see diagram). What this illustrates, is that is difficult, sometimes impossible, to capture in the balance sheet items all the many dimensions in a company that ultimately create sales and earnings.

For this reason goodwill is a logical item that includes the invisible "software" that exists in a company.

Ratos's view is that the basic principle should be that goodwill is not amortised, since a company *as a collective* appreciates in value over time (if we do not believe this, we should keep our money under the mattress). In individual cases, however, goodwill values must be tested regularly since temporary or permanent value losses can arise here. This is done through a so-called impairment (value) test, a consequence of which, grossly simplified, can be described as: if the decline in value is temporary there is no write-down while an assessed permanent loss of value means that the goodwill value has to be adjusted downwards.

(As a little parenthesis it can be noted that if you immediately must start to amortise acquired goodwill, you have unintentionally or deliberately paid too much for the acquired company.)

When it comes to how large a portion of an acquired company's "surplus value" (which one should note is a surplus value in relation to the net of items in the balance sheet that normally do not reflect any reality) should be allocated to goodwill and other items, respectively, in Ratos's opinion all surplus value should normally be regarded as goodwill. The reason for this is that, like the majority of players that acquire, value, credit analyse or otherwise assess companies, we value (and in our case acquire) companies based on expectations regarding future profits and cash flows.

These profits and cash flows are explained in their turn by a number of different factors – production factors, market position, brands, organisation, internal processes, etc., etc., in a highly complex correlation. To try to differentiate value components in this whole is always difficult and often downright impossible. This is why goodwill is a natural collection point for all these (interacting) factors.

But is it not possible to allocate "surplus value" to other asset items? Of course there may in individual cases be assets in the balance sheet that are identifiable, detachable, possible to sell separately in the market and thus measurable. One obvious such asset is properties. In such case, if the asset is clearly undervalued in the accounts, the assessed portion of the surplus value should be allocated to the asset (and depreciated according to the rules that apply).

Otherwise, it is Ratos's understanding that the "industry" which is now emerging, with people specialised in trying to find asset items – classical as well as new inventions – to which "surplus values" can be allocated, contributes to a degeneration of stringency, consistency and intellectual standards in the most extensive change that has taken place within the area of accounting rules.

The fact that the new rules do not reflect the way analysts, credit assessors or the business community think and calculate was commented on by a leading Swedish auditor who said "unfortunately the fact is that today if the map and the reality on the ground disagree, the map applies".

A cry in the wilderness?

One relevant question is of course whether it is only Ratos that feels that the trend within accounting is in the wrong direction. Naturally, there are individuals and organisations which, wholly or partly, represent a different opinion from ours. From many contexts – many discussions with different players, newspaper articles, etc. – we know that considerable dissatisfaction is bubbling under the surface. Here are a few examples:

- in an article in the Financial Times, 58% of senior executives replied that the introduction of IFRS had not led to any advantages. 85% considered it more difficult to explain their own results with the aid of IFRS. "Many finance managers" considered that the cost and complexity disadvantages of IFRS was significantly greater than the advantages. In another FT article the opinion was expressed that IFRS only lead to improvements in countries that had previously had a low accounting standard (such as Spain), while countries which originally had a high standard (among which in Ratos's opinion Sweden definitely belongs) had experienced a deterioration
- in an article in Affärsvärlden only 22% of the analysts asked considered that IFRS made their work easier
- in an article in Veckans Affärer the new hedge accounting was called into question ("Uncertainty about hedges")
- the International Accounting Standards Board (IASB) was recently forced to publish a shortened draft standard for small and medium-size companies. This 320 page publication is intended to simplify the work compared with the complete book of rules, whose 2,500 pages are becoming increasingly unpopular even among large companies which complain that the rules have no link with reality and are far too complicated.

Summary

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. There is then a great risk that you throw out the baby with the bathwater and forget that it was usually a long and detailed 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.

Is therefore important, as another leading Swedish auditor put it in conversation with a representative for Ratos, "we…. actively fight to retain/recreate the principle based accounting system in order to avoid a 'cookbook solution' with masses of detailed rules".

Business organisation

Anna Ahlberg
Investment Manager.

Born 1970. Masters in Accounting.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance 2000-2001. PricewaterhouseCoopers Corporate Finance 1994, 1996-2000.

Shareholding in Ratos: 0
Options in Ratos: 5,000 call options/2003
10,000 call options/2004

Magdalena Aniansson
Senior Investment Manager.

Born 1967. Master of Science, Business and Administration.
Employed at Ratos since 2004.
Accenture 1992-2004.

Shareholding in Ratos: 4,000 B shares
Options in Ratos: 20,000 call options/2005
20,000 call options/2006

Michael Arvidsson
Analyst.

Born 1979. Master of Science in Economics.
Employed at Ratos since 2006.
Lazard 2004-2006.

Shareholding in Ratos: 0
Options in Ratos: 3,000 call options/2006

Henrik Blomé
Senior Investment Manager.

Born 1974. Master of Science in Business Administration and Economics.
Employed at Ratos since 2001.
Bain & Co. 1998-2001.

Shareholding in Ratos: 0
Options in Ratos: 10,000 call options/2003
5,000 call options/2004

Clara Bolinder-Lundberg
Investor Relations Manager.

Born 1958. Bachelor of Science in Business Administration and Economics.
Employed by Ratos since 2001.
Project Manager Askus and Intellecta 1995-1998. Head of Corporate Communications, Bankstödsnämnden 1994-1995. Hägglöf & Ponsbach 1988-1992. Handelsbanken 1983-1988.

Shareholding in Ratos: 51,000 B shares
Options in Ratos: 20,000 call options/2003
20,000 call options/2004

Anna-Karin Celsing
Head of Corporate Communications.

Born 1962. Degree in Economics and Business Administration from the Stockholm School of Economics.
Employed at Ratos since 1999.
Head of IR, FöreningsSparbanken 1993-1999. Project Manager, Öhman Corporate Finance 1989-1993. Project Manager, Wildeco 1986-1989.

Shareholding in Ratos: 82,000 B shares
Options in Ratos: 5,000 call options/2003
15,000 call options/2006

Clara Bolinder-Lundberg Arne Karlsson Carina Strid Barbro Wallin

Leif Johansson Berit Lind Magdalena Aniansson Michael Arvidsson Thomas Hofvenstam

Hans Ekelund
Chief Financial Officer.

Born 1948. Degree in Economics and Business Administration from the Stockholm School of Economics.
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.

Shareholding in Ratos: 18,436 B shares
Options in Ratos: 5,000 call options/2002
8,000 call options/2003
16,000 call options/2006

Per Frankling
Senior Investment Manager.

Born 1971. Master of Science, Business and Economics. Master of Science, Electrical Engineering.
Employed by Ratos since 2000.
McKinsey & Company 1999-2000. Arkwright 1996-1999.

Shareholding in Ratos: 0
Options in Ratos: 5,000 call options/2003
10,000 call options/2006

Bo Jungner Henrik Joelsson Per Frankling Cecilia Lundberg Robin Molvin

Johan Pernvi Henrik Blomé Susanna Högberg Campbell Anna Ahlberg Stig Karlsson

Thomas Hofvenstam
Senior Investment Manager.

Born 1969. Bachelor of Science in Business Administration and Economics.
Employed by Ratos since 2001.
Booz Allen Hamilton 1996-2001.
Arla 1995-1996.
Enskilda Strategy 1994-1995.

Shareholding in Ratos: 0
Options in Ratos: 13,000 call options/2003
5,000 call options/2004

Susanna Högberg Campbell
Senior Investment Manager.

Born 1973. Master of Science, Business and Administration.
Employed by Ratos since 2003.
McKinsey & Company 2000-2003.
Alfred Berg Corporate Finance 1996-2000.

Shareholding in Ratos: 0
Options in Ratos: 10,000 call options/2003
10,000 call options/2004
10,000 call options/2005

Henrik Joelsson
Senior Investment Manager.

Born 1969. Master of Science in Business and Economics, Stockholm School of Economics and MBA, INSEAD.
Employed by Ratos since 2004.
Bain & Company 1995-2003.

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

Leif Johansson
Investment Director.

Responsible for the holding Arcus Gruppen, GS-Hydro, Inwido, Medifiq Healtcare and RH/RBM.
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.

Shareholding in Ratos: 15,600 B shares
Options in Ratos: 50,000 call options/2005
70,000 call options/2006

Bo Jungner
Investment Director.

Responsible for the holdings Anticimex, Bisnode, Bluegarden, Jøtul and the other holding BTJ Group.
Born 1960. Degree in Economics and Business Administration from the Stockholm School of Economics.
Employed by Ratos since 1998.
Brummer & Partners 1996-1998.
SEB/Enskilda 1983-1996.

Shareholding in Ratos: 102,140 B shares
Options in Ratos: 25,000 call options/2002
50,000 call options/2003
50,000 call options/2006

Arne Karlsson
CEO.

Responsible for the holding Camfil.
Born 1958. Degree in Economics and Business Administration from the Stockholm School of Economics.
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.

Shareholding in Ratos: 65,600 B shares
Options in Ratos: 105,000 call options/2002
100,000 call options/2003
115,000 call options/2006

Stig Karlsson
Investment Director.

Responsible for the holdings DIAB, Haendig, Haglöfs, HL Display, Hägglunds Drives and Lindab.
Born 1952. Degree in Economics and Business Administration from the Örebro School of Economics.
Employed by Ratos since 2001.
CEO Atle Tjänst & Handel 1996-2000.
CEO FylkInvest 1994-1996.
Skrinet Group 1984-1993.

Shareholding in Ratos: 121,600 B shares
Options in Ratos: 50,000 call options/2003
50,000 call options/2006

Berit Lind
Investment Manager.

Born 1961. Degree in Economics and Business Administration from the Stockholm School of Economics.
Employed by Ratos since 2000.
Own business 1996-2000.
Öhman 1987-1996.

Shareholding in Ratos: 0
Options in Ratos: 10,000 call options/2003
10,000 call options/2004

Cecilia Lundberg
Analyst.

Born 1978. Master of Science, Business and Administration.
Employed by Ratos since 2006.
Alfred Berg Corporate Finance 2003-2006.

Shareholding in Ratos: 0
Options in Ratos: 6,000 call options/2006

Robin Molvin
Senior Investment Manager.

Born 1972. Master of Science in Economics and Business.
Employed at Ratos since 2006.
Nordstjernan 1999-2005.
Alfred Berg 1997-1999.

Shareholding in Ratos: 0
Options in Ratos: 20,000 call options/2006

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.

Shareholding in Ratos: 400 A shares
76,200 B shares
Options in Ratos: 40,000 call options/2003
50,000 call options/2006

Anna-Karin Celsing Kerstin Svanqvist Hans Ekelund Kristina Patek Thomas Mossberg

Kristina Patek
Investment Manager.

Born 1969. Master of Science in Business Studies and Economics.
Employed by Ratos since 2001.
CEO Cell Innovation 2000-2001.
Cell Strategy 1999-2000.
Andersen Consulting 1995-1999.
Lagerkvist & Partners 1994-1995.

Shareholding in Ratos: 0
Options in Ratos: 20,000 call options/2003
1,000 call options/2004

Johan Pernvi
Investment Manager.

Born 1978. Master of Science in Business Administration.
Employed at Ratos since 2006.
Bain & Co 2003-2005.

Shareholding in Ratos: 0
Options in Ratos: 6,000 call options/2006

Carina Strid
Accounts Development Manager.

Born 1968. MBA.
Employed by Ratos since 2002.
Consultant on qualified accounting issues at KPMG 1997-2002.
Economist Pharmacia Upjohn 1988-1996.

Shareholding in Ratos: 200 B shares
Options in Ratos: 5,000 call options/2003
4,000 call options/2005

Kerstin Svanqvist
Accounts Manager.

Born 1947. Bachelor of Science in Economics.
Employed by Ratos since 2002.
Group Controller Scandic Hotels 1998-2001.
Accounts positions Ratos 1991-1997.
CEFA 1996/97, Stockholm School of Economics Executive Education Program.
Senior accounting positions within Lantmännen organisation and LKAB Group 1973-1990.

Shareholding in Ratos: 1,920 B shares
Options in Ratos: 5,000 call options/2003

Barbro Wallin
Financial Structures.

Born 1944. Bachelor of Science in Economics.
Joined Ratos 2003.
Nordea 1993-2002. SEB 1961-1993.
Own consulting company since 2002.

Shareholding in Ratos: 6,000 B shares
Options in Ratos: 15,000 call options/2006

A tradition of community involvement

Throughout its history, 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. For example, the family had a significant involvement in the foundation of the Stockholm School of Economics and thus helped to ensure educational programmes that would support a business community in Sweden. They also took the initiative to secure pensions for salaried employees through the foundation of SPP, and Söderberg & Haak was one of the first companies to offer its employees benefits such as free dental and medical care and a so-called "child allowance".

The Söderberg foundations

In 1960 the two brothers Torsten and Ragnar Söderberg, then the largest owners of Ratos, each formed a foundation to which Ratos shares were donated. The purpose of these foundations is 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 foundations have distributed more than SEK 1,000m in today's money.

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 tradition in a manner that fits in with today's expectations on the company from owners, employees and society.

Torsten and Ragnar Söderberg

Ratos is a so-called Capital Partner to the Stockholm School of Economics.

An active company

Ratos does not have its own production and sells neither products nor services. For this reason the Ratos Board has decided that the company should not be involved in outgoing and visible sponsoring. Instead, it was decided 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 aim 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 here is given to project partners which like Ratos operate in the Nordic region and to projects that primarily focus on children and young people.

Selected projects

Concentrating Ratos's efforts to a few selected 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 insures that the funds provided are used in a responsible and agreed manner.

S:ta Clara Grannar

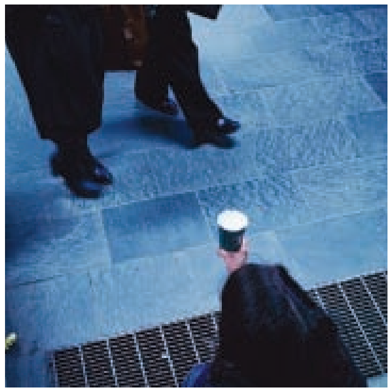
Through the association S:ta Clara Grannar (St. Clara Neighbours) Ratos has for a three-year period made possible the establishment of a full-time employee in order to strengthen the church's activities for young people in the centre of Stockholm – an environment affected to some extent by addiction and criminality.

Lifeline project and HVISK

Ratos is a principal sponsor of Lifeline, a Save the Children project started in 2005. The intention is to build a lifeline for and awareness of children who are irregular immigrants to Sweden ("Children without papers") and who are unable to meet their basic needs for education, a home and health care. In 2006, co-operation was started with Save the Children Norway where Ratos is funding the start-up of the "HVISK" project – an initiative to combat trading in children.

Stockholm's City Mission

As a project partner to Stockholm's City Mission, Ratos supports Klaragården, Stockholm's City Mission's house for homeless women in Stockholm.



Ratos supports Klaragården, Stockholm's City Mission's house for homeless women.

The association S:ta Clara Grannar (St. Clara Neighbours) works in the heart of Stockholm.

The Lifeline project supports children who are irregular immigrants to Sweden.

Other projects

Ratos is also a corporate partner of Mentor, which works with drug prevention activities through mentorship and an education programme for parents.

Ratos is one of 22 so-called Capital Partners to the Stockholm School of Economics. Within the auspices of the Centre for Business and Policy Studies (SNS), Ratos contributes to research closely related to the group's activities.

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.

Corporate governance report 2006

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 34,000 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 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 2006 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 2007 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 Committee, 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 10 October 2006. The Nomination Committee met three times ahead of the 2007 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 of three deputies. At the 2006 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.

Nomination Committee

Member	Represents	Board member/not a Board member
Annika Andersson, Chairman	AP4	Not a member
Jan-Erik Erenius	AMF Pension	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

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 350,000 per member and year (although not to Ratos's CEO) while remuneration to the Chairman of Board should amount to SEK 600,000 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 30-31 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 investment 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 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. In 2006 the Chairman was assisted by an independent external consultant in this evaluation. The consultant's assessment was that the overall expertise of the Board was well in line with the strategic visions and goals of the company. 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 2006, 18 minuted board meetings were held. The minutes were taken by the Secretary to the Board who during the year was the lawyer Tore Stenholm, a senior consultant at DLA Nordic. The Audit Committee held 4 minuted meetings at which Tore Stenholm took the minutes. The Compensation Committee held 3 minuted meetings at which the company's CEO Arne Karlsson, took the minutes.

Board of Directors

	No. of meetings attended					Position in relation to	
Member	Board	Compensation Committee	Audit Committee	Remuneration, 2006, SEK	Elected	Company	Major shareholders
Olof Stenhammar	18	3	3	700,000	1994	non-independent	independent
Lars Berg	17		3	380,000	2000	independent	independent
Staffan Bohman	18		4	380,000	2005	independent	independent
Peggy Bruzelius	17	3	4	410,000	1998	independent	independent
Göran Grosskopf	18		4	380,000	1996	independent	independent
Arne Karlsson	18				1999	non-independent	independent
Jan Söderberg	17	3	4	410,000	2000	independent	non-independent
Per-Olof Söderberg	16	3	4	410,000	2000	independent	non-independent

Compensation Committee

The company's Compensation Committee is appointed by the Board. Committee members in 2006 were Olof Stenhammar (chairman), Peggy Bruzelius, 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

Compensation system

The guidelines for compensation and incentive systems for senior executives as set out below were approved by the 2006 Annual General Meeting. These guidelines were applied throughout 2006.

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 a reasonably balanced options programme where employees can gain from price rises as well as taking a personal risk by paying a market price for the options.

Variable compensation 2006

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2006, this return requirement was that consolidated profit before tax should corresponds to at least 8% of equity. A ceiling was stipulated at a total of SEK 70m in variable compensation, which corresponds to a return on equity before tax of 25%. The return on equity in 2006 exceeded 25% and the variable compensation paid will therefore amount to SEK 70m. At total of 22

Terms for call options outstanding at 31 December 2006

Maturity date	Price/option, SEK	Entitlement to purchase no. shares	Exercise price, SEK	Outstanding no. of options
30 March 2007	10.40	2.15	62.90	294,850
28 March 2008	7.20	2.15	54.00	436,000
31 March 2009	7.60	2.15	68.40	76,000
31 March 2010	11.20	2.15	102.90	99,000
31 March 2011	21.20	2.15	151.80	464,000

Total: 1,369,850 options give entitlement to purchase 2,945,178 shares.

Maximum dilution in relation to outstanding shares 1.8%.

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 option programmes

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.

Call options are issued on Ratos purchased treasury shares.

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 2006. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors.

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 a 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 Senior Investment Managers 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. Ratos does not have its own internal audit function. The Board has decided that there are no special circumstances or other conditions that motivate setting up such a function.

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. At 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 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 2006, audit fees amounted to SEK 2m in the parent company and SEK 8m in the Group. In addition, the parent company paid SEK 3m in fees for other assignments to the company's auditors and the Group as a whole paid fees for other assignments amounting to SEK 3m 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 adopted a number of policy documents which are specified in the list below. Taken overall, these documents 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. This relates to areas such as Ratos's relationships with holdings, co-investors, shareholders and society. The policies include guidelines for incentive programmes, conduct towards both holdings and the business environment and assessment of risks ahead of new investments.

Ratos has no established environmental policy for the parent company or the Group. However, ahead of every investment the company and its operations are examined from several aspects, including the environmental impact of its operations. Environmental issues are then monitored in each individual holding in a manner that is appropriate to the company's activities.

In addition to decision-making procedures established in the formal work plan for the Board, the Board has adopted the following policies:

- Ratos's approach to its ownership role in unlisted companies
- Rules for Ratos employees' share transactions
- Financial strategy
- Information and crisis policy
- Sponsorship policy
- Incentive policy for senior executives in Ratos's holdings
- Pensions policy for senior executives in Ratos's holdings
- Principles for reporting options
- Code of social conduct
- 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.

Deputy CEO Bonnierföretagen 1982-1984. Founder of OMX and CEO 1984-1996.

Chairman of OMX, Basen, Mentor Foundation, Wilhelm Stenhammar's Foundation and Åre 2007. Board Member of the Board of Trustees of SNS (Swedish Centre for Business and Policy Studies), the Stockholm Chamber of Commerce, Svenska Sjöräddningssällskapet, and other companies.

Shareholding in Ratos: 500,000 B shares (private and company)

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.
Board Member of Atlas Copco, Dynapac, InterIKEA, OSM, Scania, Trelleborg, and other companies.

Shareholding in Ratos: 20,000 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 BergendahlsGruppen, InterIKEA and Peab. Board Member of International Bureau of Fiscal Documentation, Possio, Svox, Åkerströms, and other companies.

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

Jan Söderberg

MSc Econ. Born 1956.
Board Member since 2000.

Formerly CEO Bröderna Edstrand.

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

Shareholding in Ratos: 6,675,824 A shares (private and company)
8,400 B shares (private)

Lars Berg

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

Senior positions within Ericsson 1970-1994. CEO Telia 1994-1999. Head of Telecom Division and member of executive management of Mannesmann 1999-2000.

Chairman of Eniro, Netinsight and Viamare Invest.

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

Peggy Bruzelius

MSc Econ and Honorary Doctor of Economics. Born 1949.
Independent Board Member since 1998.

Formerly CEO ABB Financial Services.

Chairman of Lancelot Asset Management. Deputy Chairman of Electrolux. Board Member of Axel Johnson, Axfood, the Stockholm School of Economics Association, Husqvarna, the Industry and Commerce Stock Exchange Committee, Scania, Syngenta, and other companies.

Shareholding in Ratos: 4,000 B shares (private)

Per-Olof Söderberg

MSc Econ and MBA Insead. Born 1955.
Board Member since 2000.

Formerly CEO Dahl.

Chairman of Söderberg & Partners. Board member of Dahl International, the Stockholm School of Economics Association, Oxigene and Skandia Investment.

Shareholding in Ratos: 5,720,904 A shares (private and company)

Arne Karlsson

MSc Econ. Born 1958.
CEO of Ratos since 1999.
Board Member since 1999.

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

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

Shareholding in Ratos:	*65,600*	*B shares (private)*
Number of options in Ratos:	*105,000*	*call options/2002*
	100,000	*call options/2003*
	115,000	*call options/2006*

Auditors

KPMG Bohlins

Thomas Thiel

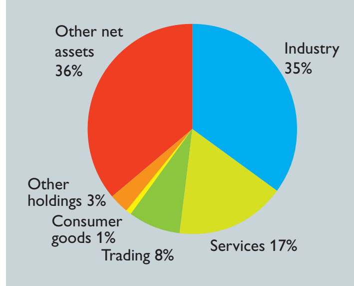
Authorised Public Accountant, Senior Auditor.

Portfolio composition 2006

Ratos's holdings

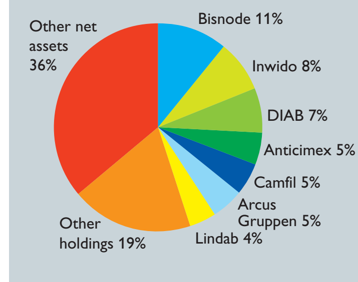
- 18 holdings
- Sales SEK 35 billion
- Operating profit (EBITA) SEK 3.3 billion
- 21,000 employees

Ratos's portfolio contained a total of 18 holdings at 31 December 2006 which had combined sales of SEK 35 billion, operating profit of SEK 3.3 billion and 21,000 employees.



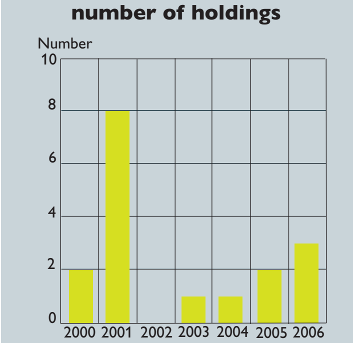
Sector breakdown by equity

Ratos's portfolio contained a total of 18 holdings at 31 December 2006 divided among different sectors. The largest sector measured in consolidated book value is industry (35%) followed by services (17%), trading (8%) and consumer goods (1%). Other net assets (36%) comprise cash and cash equivalents.



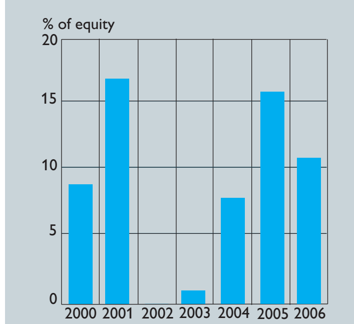
Holdings' share of equity

Ratos's largest holding in terms of equity is Bisnode followed by Inwido, DIAB, Anticimex, Camfil, Arcus Gruppen and Lindab. These seven holdings account for 45% of the consolidated value. The sale of Alimak Hek was completed in January 2007.



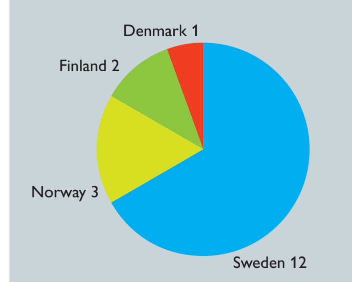
Investment year number of holdings

Eight of Ratos's present holdings were acquired in 2001, of which seven were acquired in conjunction with the buy-out of Atle from the stock exchange. Seven new investments were made in 2003-2006.



Investment year

Holdings acquired in 2003-2006 represent 36% of equity and holdings acquired in 2001 account for 17%.



Breakdown by country

Ratos invests throughout the Nordic region. 12 of the companies are Swedish, three are Norwegian, two are Finnish and one is Danish.

Holdings in brief

Anticimex

Anticimex operates within pest control as well as offering a broad range of services for healthy and safe indoor environments. The group is currently represented in Sweden, Finland, Denmark, Norway, Germany and the Netherlands.

	31 Dec 2006
Sales	SEK 1,373m
Profit before tax	SEK 84m
CEO	Peter Carrick
Ratos's holding	85%
Contribution to Ratos's earnings	SEK 54m
Book value in Ratos	SEK 567m
Investment year	2006

www.anticimex.se

Anticimex's 1,400 employees work for a healthy and safe indoor environment.

Arcus Gruppen

Arcus Gruppen is Norway's leading wine and spirits supplier. The company was formed in 1996 on the initiative of the Norwegian government and privatised in 1998. The group's best-known brands include Braastad Cognac, Vikingfjord Vodka, Løiten and Linie Aquavit. The largest production facilities are centrally located in Oslo.

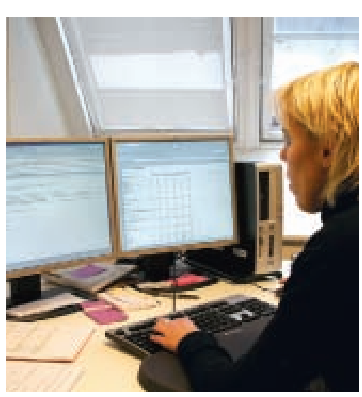
Since 1805 all Linie Aquavit spends four to five months at sea before being sold. The name comes from the line of the equator crossed during the voyage.

	31 Dec 2006
Sales	SEK 1,111m
Profit before tax	SEK 77m
CEO	Jan Tore Føsund
Ratos's holding	83%
Contribution to Ratos's earnings	SEK 63m
Book value in Ratos	SEK 505m
Investment year	2005

www.arcus.no

Bisnode

Bisnode is a leading European publishing house within digital business information with services in market, credit and product information. Operations are conducted in 19 countries. The group was formed through a merger between Bonnier Business Information (BBI) and Infodata. The group has over 2,500 employees.



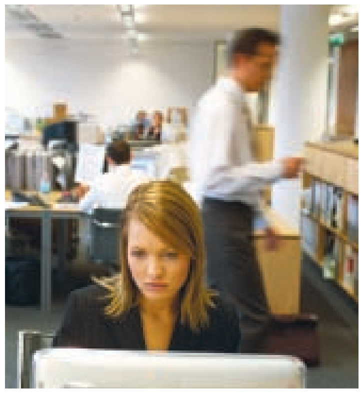
Bisnode's services help companies and organisations to increase sales, reduce business risks and guarantee deliveries.

	31 Dec 2006
Sales	SEK 3,389m
Profit before tax	SEK 366m
CEO	Lars Save
Ratos's holding	70%
Contribution to Ratos's earnings	SEK 283m
Book value in Ratos	SEK 1,151m
Investment year	2005

www.bisnode.com

Bluegarden

Bluegarden is one of the three largest service providers in payroll and human resources management in the Nordic region. Operations focus on payroll processing systems, IT-based HRM functions, IT-supported outsourcing of HRM departments and consulting services. Operations are conducted in Sweden, Norway and Denmark.



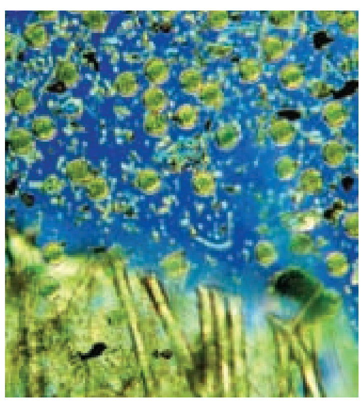
Bluegarden helps companies to make their operations more efficient through flexible administrative solutions for payroll, staff and resource planning.

	31 Dec 2006
Sales	SEK 491m
Profit before tax	SEK 30m
CEO	Ole Morten Settevik
Ratos's holding	100%
Contribution to Ratos's earnings	SEK 23m
Book value in Ratos	SEK 131m
Investment year	2003

www.bluegarden.no

Camfil

Camfil is the world leader in clean air technology and air filters. The group's products and services contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment. Manufacture takes place in 20 plants on three continents and the group is represented by subsidiaries and agents in some 55 countries.



Free flying particles in outdoor air about to enter a Camfil Farr filter, photographed by Lennart Nilsson.

	31 Dec 2006
Sales	SEK 3,763m
Profit before tax	SEK 246m
CEO	Alan O´Connell
Ratos's holding	30%
Contribution to Ratos's earnings	SEK 73m
Book value in Ratos	SEK 520m
Investment year	2000

www.camfil.com

DIAB

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. The material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

	31 Dec 2006
Sales	SEK 1,205m
Profit before tax	SEK 244m
CEO	Anders Paulsson
Ratos's holding	50%
Contribution to Ratos's earnings	SEK 122m
Book value in Ratos	SEK 709m
Investment year	2001

www.diabgroup.com

One of DIAB's biggest customers in the US is Cirrus, whose SR-22G2 model contains core material from DIAB.

GS-Hydro

GS-Hydro is a leading supplier of non-welded piping systems. Products are mainly used in the marine and offshore industries as well as in the pulp and paper, metals and mining, automotive and aerospace and defence industries. The head office is located in Finland.

	31 Dec 2006
Sales	SEK 985m
Profit before tax	SEK 86m
CEO	Thomas Rönnholm
Ratos's holding	100%
Contribution to Ratos's earnings	SEK 86m
Book value in Ratos	SEK 209m
Investment year	2001

www.gshydro.com

GS-Hydro offers customised total solutions within piping systems.

Haendig

Haendig is an active owner of wholesalers with the main focus on strong brands for the Nordic building and DIY markets. The group includes Hafa Bathroom Group (with the Hafa Bathroom and Westerberg brands) and De Casa Interiör (with Lundbergs Produkter and Duri) and Sven Svenssons.

Lundbergs' product range includes finished staircases in oiled oak.

	31 Dec 2006
Sales	SEK 727m
Profit before tax	SEK 59m
CEO	Thomas Holmgren
Ratos's holding	100%
Contribution to Ratos's earnings	SEK 29m
Book value in Ratos	SEK 343m
Investment year	2001

www.haendig.com

Haglöfs

Haglöfs is a Nordic market leader in equipment and clothes for an active outdoor life. The company develops and markets high-quality clothes, sleeping bags, footwear, tents and rucksacks. The Group has strong growth throughout Western Europe.

	31 Dec 2006
Sales	SEK 412m
Profit before tax	SEK 28m
CEO	Mats Hedblom
Ratos's holding	100%
Contribution to Ratos's earnings	SEK 9m
Book value in Ratos	SEK 156m
Investment year	2001

www.haglofs.se

Haglöfs has been developing outdoor products for almost 100 years.

HL Display

HL Display is a global, market leading supplier of products and systems for on- and off-shelf merchandising and in-store communication. The company has subsidiaries in some 30 countries. Manufacture takes place in Sweden, the UK, the US and China. HL Display is listed on the Stockholm Stock Exchange.

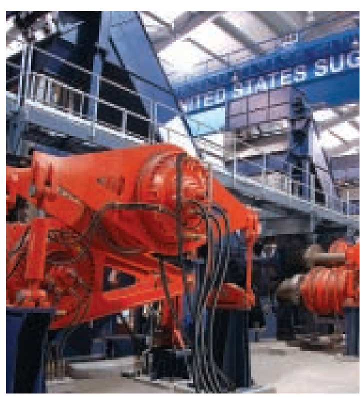
	31 Dec 2006
Sales	SEK 1,448m
Profit before tax	SEK 92m
CEO	Gérard Dubuy
Ratos's holding	29%
Contribution to Ratos's earnings	SEK 26m
Book value in Ratos	SEK 251m
Investment year	2001

www.hl-display.com

HL Display's most recent innovation – EasyShelf™ – simplifies adjustment of on-shelf merchandise.

Hägglunds Drives

Hägglunds Drives is an international supplier of complete hydraulic motors and drive systems. The largest customer segments are mining and materials handling as well as the marine and offshore sectors. The company has subsidiaries in some 15 countries.



The crushing tandem at US Sugar's new line in Florida with the world's highest crushing capacity is driven by a system from Hägglunds Drives.

	31 Dec 2006
Sales	SEK 1,547m
Profit before tax	SEK 254m
CEO	Per Nordgren
Ratos's holding	100%
Contribution to Ratos's earnings	SEK 247m
Book value in Ratos	SEK -505m *)
Investment year	2001

*) Negative value due to refinancing where Ratos received SEK 1,000m.

www.hagglunds.com

Inwido

Inwido develops, manufactures and sells a full range of windows and doors to the building trade, construction companies and modular home manufacturers. Operations are conducted in all the Nordic countries and Inwido also exports outside the Nordic region. The group's main brands are Elitfönster and Allmogefönster in Sweden, Storke in Denmark, Pihla in Finland, and Diplomatdörren in Norway and Sweden.

Arched thermopane window specially manufactured to customer specifications.

	31 Dec 2006
Sales	SEK 3,285m
Profit before tax	SEK 272m
CEO	Sven-Gunnar Schough
Ratos's holding	95%
Contribution to Ratos's earnings	SEK 265m
Book value in Ratos	SEK 869m
Investment year	2004

www.inwido.se

Jøtul

Jøtul is a Norwegian stove and fireplace manufacturer with a history dating back to 1853. Production takes place in Norway, Denmark, France, Poland and the US. The company's products are sold worldwide, primarily through specialty stores but also within the DIY market.

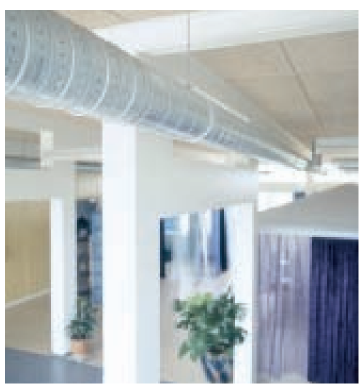
	31 Dec 2006
Sales	SEK 1,041m
Profit before tax	SEK 49m
CEO	Erik Moe
Ratos's holding	63%
Contribution to Ratos's earnings	SEK 56m
Book value in Ratos	SEK 288m
Investment year	2006

www.jotul.com

Jøtul's product range includes traditional wrought iron stoves and modern, designed fireplaces.

Lindab

Lindab is a leading manufacturer of building materials in sheet metal and steel and is established in 28 countries. About 80% of sales go to countries outside Sweden.



The Ventilation business area offers everything from ventilation components to complete solutions for the indoor climate.

	31 Dec 2006
Sales	SEK 7,609m
Profit before tax	SEK 797m
CEO	Kjell Åkesson
Ratos's holding	22.5%
Contribution to Ratos's earnings	SEK 379m
Exit gain	SEK 1,419m
Book value in Ratos	SEK 488m
Investment year	2001

www.lindab.com

Medifiq Healthcare

Medifiq Healthcare is one of the world-leading players in development and manufacture of medical devices for delivery and administration of drugs, contraceptives, blood sampling equipment, and medical devices for healthcare providers within a range of applications. The company has some 500 employees in Finland, the UK and China.

	31 Dec 2006
Sales	SEK 491m
Profit before tax	SEK 10m
CEO	Jouni Pohjonen
Ratos's holding	78%
Contribution to Ratos's earnings	SEK 4m
Book value in Ratos	SEK 273m
Investment year	2006

www.medifiq.com

The Zoladex syringe is one of Medifiq Healthcare's key products.

RH/RBM

The RH/RBM group designs, manufactures and markets ergonomic seating products such as office and special chairs as well as chairs for conference, canteen and educational premises.

The recently launched RH-Ambio chair combines function with design.

	31 Dec 2006
CEO	RH Form Peter Eklund
	RBM Birger T. Larsen
Ratos's holding	85%
Investment year	2007

www.rh.se
www.rbmfurniture.com

Superfos

Superfos is an international group that develops, produces and sells injection moulded plastic packaging to the food and chemical-technical industries. The group has factories in nine countries.

New label with a metal look – successful development of the classic Superfos Paintainer.

	31 Dec 2006
Sales	SEK 3,170m
Profit before tax	SEK 33m
CEO	Hans Pettersson
Ratos's holding	33%
Contribution to Ratos's earnings	SEK 11m
Book value in Ratos	SEK 346m
Investment year	1999

www.superfos.com

Other holdings

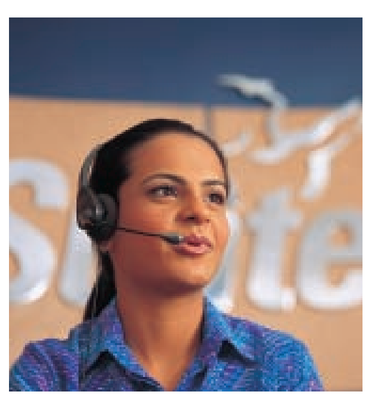
Other holdings comprise four holdings:

Atle Industri consists of the companies Moving, Moving Hjulex 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 almost EUR 4 billion.

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



Overseas Telecom's subsidiary in Sri Lanka has noted good subscriber growth.

Formal section

Directors' report

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2006. 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 150-2,500m 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 a 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

In February, Ratos acquired an 85% interest in Anticimex. Anticimex operates within pest control. Jøtul, Scandinavia's leading manufacturer of stoves and fireplaces was acquired in July. Ratos's holding amounts to 62.5%.

Medifiq (formerly Perlos Healthcare) was acquired in the autumn. The holding amounts to 78%. Medifiq develops and manufactures drug delivery and other medical devices.

Acquisitions were made within companies including Alimak Hek, Camfil, Inwido and Lindab.

Divestments (exits)

The sale of LRT/Tornet was completed in February. Gadelius was sold at the beginning of the autumn. Lindab was listed on the Stockholm Stock Exchange at the beginning of December. Ratos sold half its holding, 23%, in conjunction with the listing.

Superfos sold its Aerosols division. Haendig carried out divestments during the year which concentrated its operations to strong own brands within the building trade and DIY sector. Arcus Gruppen sold its operations within the technical and medical field, Arcus Kjemi. Additional divestments were made within Atle Industri. Overseas Telecom, which is 9% owned by Ratos, sold its share in the telecom operator MTN Uganda.

The exits carried out by Industri Kapital during the year contributed SEK 73m to Ratos's earnings.

Refinancing

In conjunction with a refinancing of Lindab, ahead of the IPO, liquidity was released to the company's owners. Ratos received SEK 577m in liquid funds. Hägglunds Drives also carried out a refinancing which provided Ratos with SEK 1,000m.

Acquisition of subsidiaries and associates amounted to SEK 1,552m and divestments to SEK 4,410m.

Ratos had 18 holdings at year-end.

Research and development

Technical development within the Group is conducted within the group companies.

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

Development for Ratos and Ratos's holdings was very positive. The Ratos Group's profit before tax (see Note 2) amounted to SEK 3,234m (2,645). This result includes profit from holdings of SEK 3,394m (2,785), of which exit gains amounted to SEK 1,678m (651), as well as management costs of SEK 275m (191) and net financial items of SEK 115m (51). The exit gains mainly stem from the sale of half of Ratos's holding in Lindab in conjunction with the IPO on the Stockholm Stock Exchange at the beginning of December.

The parent company's profit before and after tax amounted to SEK 4,466m (1,376).

Financial position

Cash and cash equivalents in the Group amounted to SEK 5,009m (3,677) at year-end, of which short-term fixed-income investments accounted for SEK 3,969m.

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 4,007m 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

The sale of the holding in Alimak Hek and acquisition of the office chair producers the Swedish company RH Form and Danish RBM, were carried out in January. In February, Ratos decided to carry out a refinancing of Haglöfs.

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 stock market development are also significant factors.

The work of the Board of Directors

During the year, Ratos's Board of Directors consisted of eight members chosen 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 a Compensation Committee which comprises Olof Stenhammar (Chairman), Peggy Bruzelius, 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 27 provides an account of the guidelines for remuneration to senior executives that were applied in 2006.

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

Redemption, split and bonus issue

The Annual General Meeting decided on a mandatory redemption combined with a 3:1 split and bonus issue, where one Ratos share was divided into two new ordinary shares and one redemption share. Payment for the redemption of SEK 19 per redemption share, corresponding to SEK 1,510m, was carried out in May.

Holdings of treasury shares

A decision was made at the 2006 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.

During the year, 646,000 shares were acquired. The acquired shares correspond to 0.4% of the share capital. A total of SEK 71m was paid in cash for the acquisition. At year-end, the company held 3,072,522 treasury shares, corresponding to 1.9% of the share capital. A total of SEK 173m has been paid for the shares.

During the year a total of 91,302 A shares were converted into B shares.

Proposed distribution of profit

Equity attributable to equity holders of the parent amounted to SEK 10,875m, of which SEK 9,707m is retained earnings including profit for the year.

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

	SEKm
Retained earnings	5,943
Profit for the year	4,466
	10,409

The Board of Directors and the CEO propose the following distribution of profit:

Dividend to holders of A and B shares	
SEK 5.50 per share in ordinary dividend [1]	870
SEK 5.50 per share in extra dividend [1]	871
Total to be distributed to shareholders	1,741
To be carried forward	8,668

[1] Based on the number of shares outstanding on 21 February 2007. The number of treasury shares on that date was 3,072,522 and may change until the record date for dividends.

Consolidated income statement

SEKm	Note 2,4	2006	2005
Net sales	3	16,156	8,800
Other operating income	5	144	40
Change in inventories		-35	-28
Raw materials and consumables		-6,735	-4,238
Personnel costs	9, 27	-4,749	-2,379
Depreciation and impairment of tangible and intangible non-current assets	13, 14	-666	-215
Other costs	10, 32	-3,063	-1,277
Capital gain from the sale of group company	7	89	134
Share of profit of associates	8	2,350	1,744
Operating profit		3,491	2,581
Financial income	11	204	252
Financial expenses	11	-461	-188
Net financial items		-257	64
Profit before tax		3,234	2,645
Tax	12	-572	-464
Profit for the year		2,662	2,181
Attributable to			
Equity holders of the parent		2,527	2,113
Minority interests		135	68
Earnings per share, SEK	25		
– before dilution		15.50	12.42
– after dilution		15.41	12.37

Consolidated balance sheet

SEKm	Note	31 Dec 2006	31 Dec 2005
ASSETS	4		
Non-current assets			
Intangible assets	13	10,406	6,824
Property, plant and equipment	14	2,124	1,544
Investments in associates	15	2,601	3,715
Financial investments	19	232	335
Non-current receivables	21, 27	96	89
Deferred tax assets	12	187	135
Total non-current assets		15,646	12,642
Current assets			
Inventories	22	1,696	1,463
Tax assets		84	41
Trade and other receivables		3,083	2,663
Prepaid expenses and accrued income		362	280
Other receivables	21	337	279
Cash and cash equivalents	19, 36	5,009	3,677
Assets held for sale	37	445	1,048
Total current assets		11,016	9,451
Total assets		26,662	22,093
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		1,017	1,008
Other capital provided		286	286
Reserves	24	-135	135
Retained earnings including profit for the year		9,707	9,529
Equity attributable to equity holders of the parent		10,875	10,958
Minority interests		939	596
Total equity	24	11,814	11,554
Liabilities			
Non-current interest-bearing liabilities	26	6,878	4,220
Other non-current liabilities		196	96
Provisions for pensions	26, 27	577	365
Other provisions	28	264	80
Deferred tax liabilities	12	528	280
Total non-current liabilities		8,443	5,041
Current interest-bearing liabilities	26	1,254	1,421
Trade and other payables		1,130	1,083
Tax liabilities		212	136
Other liabilities	29	1,766	1,359
Accrued expenses and deferred income		1,466	1,264
Provisions	28	392	235
Liabilities attributable to Assets held for sale	37	185	
Total current liabilities		6,405	5,498
Total liabilities		14,848	10,539
Total equity and liabilities		26,662	22,093

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

Consolidated cash flow statement

SEKm	Note 36	2006	2005
Operating activities			
Consolidated profit before tax		3,234	2,645
Adjustment for non-cash items		-1,531	-1,651
		1,703	994
Income tax paid		-325	-120
Cash flow from operating activities before change in working capital		1,378	874
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-84	-27
Increase (-)/Decrease (+) in operating receivables		-265	-524
Increase (+)/Decrease (-) in operating liabilities		-68	579
Cash flow from operating activities		961	902
Investing activities			
Acquisitions, group companies		-1,542	-2,252
Sales, group companies		513	1,116
Acquisition of shares in associates and other holdings		-10	-12
Sale and redemption, shares in associates and other holdings		3,897	1,136
Acquisition of other intangible/tangible assets		-445	-279
Change in financial assets		-248	378
Cash flow from investing activities		2,165	87
Financing activities			
Purchase of treasury shares		-71	-3
Transfer of treasury shares		28	29
Option premiums		12	3
Minority interest in issue			97
Dividend paid		-715	-673
Redemption		-1,510	
Dividends paid to minority interests		-6	
Increase (+) in interest-bearing liabilities		506	1,071
Cash flow from financing activities		-1,756	524
Cash flow for the year		1,370	1,513
Cash and cash equivalents at the beginning of the year		3,677	2,160
Exchange differences in cash and cash equivalents		-38	4
Cash and cash equivalents at the end of the year		5,009	3,677

Consolidated changes in shareholders' equity

		Equity attributable to equity holders of the parent					
SEKm Note 24	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Minority interest	Total equity
Balance at 1 January 2005	1,008	286	-30	8,062	9,326	34	9,360
Changed accounting principles			-129	5	-124		-124
Adjusted equity at 1 January 2005	1,008	286	-159	8,067	9,202	34	9,236
Change in translation reserves			228		228	1	229
Change in hedging and fair value reserve			92		92	6	98
Redemption of convertible programme, associates			-8	-8		-8	
Equity component of convertible debenture				16	16	4	20
Acquired minority interest						-7	-7
Minority interest at acquisition						313	313
Other, recognised directly in equity				3	3		3
Tax attributable to items recognised directly in equity			-26		-26	-2	-28
Net income recognised directly in equity	1,008	286	135	8,078	9,507	349	9,856
Profit for the year				2,079	2,079	58	2,137
Net income excluding transactions with equity holders	1,008	286	135	10,157	11,586	407	11,993
Dividend				-673	-673		-673
Purchases/sales of treasury shares				26	26		26
New issue						97	97
Option premiums				3	3		3
Balance at 31 December 2005	1,008	286	135	9,513	10,942	504	11,446
Changed acquisition analyses				16	16	92	108
Adjusted equity at 31 December 2005	1,008	286	135	9,529	10,958	596	11,554
Change in translation reserves			-343		-343	-39	-382
Change in hedging and fair value reserve			73	-73	0	6	6
Acquired minority interest						-44	-44
Minority interest at acquisition						219	219
Minority interest in sold companies						-2	-2
Tax attributable to items recognised directly in equity			0		0	-2	-2
Net income recognised directly in equity	1,008	286	-135	9,456	10,615	734	11,349
Profit for the year				2,527	2,527	135	2,662
Net income excluding transactions with equity holders	1,008	286	-135	11,983	13,142	869	14,011
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		
New issue						63	63
Option premiums				14	14		14
Reallocation of capital contribution				-13	-13	13	0
Balance at 31 December 2006	1,017	286	-135	9,707	10,875	939	11,814

Parent Company income statement

SEKm	Note	2006	2005
Other operating income	5	5	5
Other external costs	10	-77	-63
Personnel costs	9, 27	-192	-118
Depreciation of property, plant and equipment	14	-2	-2
Other operating expenses	6	-3	-2
Operating profit		-269	-180
Result from participations in group companies	7	2,851	832
Result from participations in associates	8	1,704	487
Result from other securities and receivables accounted for as fixed assets	11	160	204
Other interest income and similar profit/loss items	11	71	52
Interest expenses and similar profit/loss items	11	-51	-19
Profit after financial items		4,466	1,376
Tax	12	–	–
Profit for the year		4,466	1,376

Parent Company cash flow statement

SEKm	Note 36	2006	2005
Operating activities			
Profit before tax		4,466	1,376
Adjustment for non-cash items		-4,435	-1,359
		31	17
Income tax paid		–	–
Cash flow from operating activities before change in working capital		31	17
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-23	-4
Increase (+)/Decrease (-) in operating liabilities		124	34
Cash flow from operating activities		132	47
Investing activities			
Acquisition of shares, subsidiaries		-2,309	-2,226
Sale of shares, subsidiaries		3,700	1,958
Acquisition, shares in associates and other holdings		-5	-13
Sale and redemption, shares in associates and other holdings		2,674	1,138
Acquisition of other property, plant and equipment		-1	-1
Change, financial assets		-513	346
Cash flow from investing activities		3,546	1,202
Financing activities			
Purchase of treasury shares		-71	-3
Transfer of treasury shares		28	29
Option premiums		10	1
Dividends paid		-715	-673
Redemption		-1,510	
Increase (+) in interest-bearing liabilities		74	20
Cash flow from financing activities		-2,184	-626
Cash flow for the year		1,494	623
Cash and cash equivalents, opening balance		2,513	1,890
Cash and cash equivalents, closing balance		4,007	2,513

Parent company balance sheet

SEKm	Note	31 Dec 2006	31 Dec 2005
ASSETS			
Non-current assets			
Property, plant and equipment	14	14	13
Financial assets			
Participations in group companies	35	4,468	3,108
Participations in associates	17	2,281	3,215
Receivables in group companies	18	1,073	493
Other securities held as non-current assets	20	202	306
Other non-current assets	21	8	26
Total non-current assets		8,046	7,161
Current assets			
Current receivables			
Receivables from group companies	18	118	114
Receivables from associates	18	0	0
Other receivables		60	36
Tax assets		2	2
Prepaid expenses and accrued income	23	12	8
Short-term investments, other		3,965	2,482
Cash in hand and at bank		42	31
Total current assets		4,199	2,673
Total assets		12,245	9,834

SEKm	Note	31 Dec 2006	2005-12-31
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital: A shares 42,328,770			
B shares 119,020,482	24	1,017	1,008
Statutory reserve		286	286
Unrestricted equity			
Retained earnings		5,943	6,834
Profit for the year		4,466	1,376
Total equity		11,712	9,504
Provisions			
Provisions for pensions	26, 27	3	3
Non-current liabilities			
Non-interest bearing liabilities			
Other liabilities	29	78	48
Interest-bearing liabilities			
Liabilities to group companies	26	141	139
Total non-current liabilities		219	187
Current liabilities			
Non-interest bearing liabilities			
Trade and other payables		9	4
Liabilities to group companies		29	8
Other liabilities		45	15
Accrued expenses and deferred income	30	109	66
Interest-bearing liabilities			
Liabilities to group companies	26	119	47
Total current liabilities		311	140
Total equity and liabilities		12,245	9,834
Pledged assets		None	None
Contingent liabilities		None	None

Parent company's changes in shareholders' equity

SEKm	Note 24	Restricted equity			Unrestricted equity			
		Share capital	Statutory reserve	Premium reserve	Purchase of treasury shares	Retained earnings	Profit for the year	Total equity
Balance at 31 December 2004		1,008	251	35	-144	6,394	1,224	8,768
Changed accounting principles						5		5
Adjusted opening balance at 1 January 2005		1,008	251	35	-144	6,399	1,224	8,773
Other disposition of earnings			35	-35		1,224	-1,224	0
Profit for the year							1,376	1,376
Net income excluding transactions with equity holders		1,008	286	0	-144	7,623	1,376	10,149
Dividend						-673		-673
Purchase of treasury shares					-3			-3
Call options exercised					23	6		29
Option premiums						2		2
Closing balance at 31 December 2005		1,008	286	0	-124	6,958	1,376	9,504
Other disposition of earnings						1,376	-1,376	0
Profit for the year							4,466	4,466
Net income excluding transactions with equity holders		1,008	286	0	-124	8,334	4,466	13,970
Dividends						-715		-715
Redemption						-1,510		-1,510
Bonus issue		9				-9		0
Purchase of treasury shares					-71			-71
Call options exercised					22	6		28
Option premiums						10		10
Closing balance, 31 December 2006		1,017	286	0	-173	6,116	4,466	11,712

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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 30:05, 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 fair presentation. 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 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:

IFRS Standard	Effective in financial year that starts on:
IFRS 7 Financial Instruments: Disclosures	1 January 2007 or later
Change in IAS 1 Presentation of Financial Statements	1 January 2007 or later
IFRS 8 Operating Segments*	1 January 2009 or later

IASB's International Financial Reporting Interpretations Committee (IFRIC) has issued the following new interpretations that have not yet come into force:

IFRIC Interpretation	Effective in financial year that starts on:
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006 or later
IFRIC 8 Scope of IFRS 2	1 May 2006 or later
IFRIC 9 Reassessment of Embedded Derivatives	1 June 2006 or later
IFRIC 10 Interim Financial Reporting and Impairment*	1 November 2006 or later
IFRIC 11 IFRS 2: Group and Treasury Share Transactions*	1 March 2007 or later
IFRIC 12 Service Concession Arrangements*	1 January 2008 or later

* Not yet approved by EU for application.

Ratos expects that the introduction of these new and changed recommendations and interpretations in future periods will not have any material financial effect on the Group's financial reports.

Segment reporting is not prepared in accordance with IAS 14

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

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.

Consolidated financial statements

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. Consolidation is normally carried out on the basis of the current participating interest without taking possible potential vote-carrying shares into account.

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 any liabilities and contingent liabilities taken over.

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.

Acquisition analyses are preliminary until they are adopted which according to IFRS must take place within 12 months after the acquisition. In cases where an acquisition analysis is changed, the income statement and balance sheet are adjusted with effect from the acquisition date, which means that the comparative period is also restated.

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 influence ceases. An exit result is the capital gain or loss that arises when a holding is sold.

Transactions eliminated at consolidation

Intra-Group receivables and liabilities, income or expenses and unrealised gains or losses that arise from transactions between group companies, are eliminated entirely.

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

Subsidiaries

Subsidiaries are companies over which Ratos AB exercises control. Control represents directly or indirectly the right to determine a company's financial and operating strategies 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

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 reduced by depreciation of acquired surplus values and where applicable dissolution of intra-group profit 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

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 the proportional consolidation method. Application of the proportional consolidation method means for joint-venture companies 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.

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. 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 reports 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 retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the expenditure that arose or is 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 is 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 derivatives 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 no longer 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.

Depreciation

Depreciation 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 depreciated from the date when they are available for use. The estimated useful lives are:

	Group
Trademarks	19 - 20 years
Databases	5 - 10 years
Customer relations	4 - 11 years
Other intangible assets	3 - 10 years

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 of 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.

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.

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 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 a change has occurred in the assumptions 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

Financial assets and liabilities can be measured at fair value, cost or amortised cost.

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.

Changes in value that are due to currency translation of operating assets and liabilities are recognised in the income statement, while such changes in value relating to financial assets and liabilities are recognised in net financial items.

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.

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. Assets in this category are remeasured on a current basis at fair value with changes in value recognised in profit or loss, except when they are classified as hedging instruments when hedge accounting is applied (see below). 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.

The fair value of listed financial assets corresponds to the listed purchase price of the assets on the balance sheet date. The fair value of unlisted financial assets is determined by using valuation techniques such as recently completed transactions, prices for similar instruments and discounted cash flows. Investments in equity instruments that do not have a listed market price, and where a value cannot be determined in a reliable manner, are classified as Available-for-sale financial assets.

This category includes cash and cash equivalents (immediately available balances at banks and similar institutions, as well as short-term investments with an original maturity of less than three months), derivative instruments that are not classified as hedging instruments, financial investments that comprise shares, as well as other financial investments. If the maturity or the anticipated holding period of a financial investment is longer than one year, the investment is called a financial asset and if maturity is less than one year a short-term investment.

– Loans and receivables

This category comprises financial assets with fixed or determinable payments, that are not quoted in an active market. Receivables arise when the company provides money, and goods and services directly to the borrower without the intention to trade in the receivables. Assets in this category are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date.

This category includes trade and other receivables, loan receivables and other receivables. Trade and other 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 and other 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 on market terms 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. 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.

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

Trade and other payables, that have a short anticipated maturity are measured at nominal amounts without discount.

Impairment of financial assets measured at cost or at amortised cost

At each reporting date the company evaluates whether there are objective indications that a financial asset or group of financial assets are impaired.

Of 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. An impairment loss is recognised in the income statement. Such impairments are not reversed.

For assets in the loan receivables and accounts receivable 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 losses 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 company 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. 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 (normally an amount of marginal size) 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 hedge accounting is discontinued prior to that, the change in value recognised in equity is taken to profit or loss. If, on the other hand, 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.

Inventories

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

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 a 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

Holdings of treasury shares are recognised as a reduction of equity. 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 reported 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 prior 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

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.

Group companies' incentive programmes are carried out, with some exceptions, on market terms. Programmes not carried out on market terms and for which IFRS 2 Share-based payment applies did not have a significant impact on the Ratos Group's income statement and balance sheet in 2006.

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 on earnings per share is calculated on the basis of net profit after tax divided by the present number of shares, and with an estimated number of shares that take outstanding options during the year into account. 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 present 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 carried out during the year combined with a split, 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 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.

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 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 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 (AAA)(1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RR 32:05 Accounting for legal entities. RR 32:05 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.

With effect from 1 January 2006, AAA Chapter 4, §14a-e is applied which allows measurement of some financial instruments at fair values. This means a change of accounting principle.

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.

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 prerequisite 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 taken directly to equity at the recipient and capitalised in shares and participations at the issuer, 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 dividends paid. This rule means that the parent company normally pays no income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

SEKm	2006	2005
Holdings		
Profit from group companies	1,164	716
Exit gains, group companies	-14	134
Impairment, group companies	-178	
Share of profits of associates	719	1,411
Exit gains, associates	1,617	392
Impairment, associates		-29
Dividends, other holdings	21	36
Exit gains, other holdings	75	125
Impairment, other holdings	-10	
Profit from holdings	3,394	2,785
Central income and expenses		
Management costs	-275	-191
Financial items	115	51
Net expenses	-160	-140
Profit before tax	3,234	2,645
Tax	-572	-464
Profit for the year	2,662	2,181
Attributable to		
Equity holders of the parent	2,527	2,113
Minority interests	135	68

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	2006	2005
Breakdown of net sales		
Sales of goods	11,277	7,281
Service assignments	4,477	1,519
Insurance services	402	
	16,156	8,800

Note 4 Company acquisitions

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 cor-

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respond 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 Healthcare	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 respectively 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
Non-current assets				
Intangible	2	206	36	244
Tangible	1	13	119	133
Financial	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	New valuation	Definite acquisition balance
Non-current assets			
Intangible	291		291
Tangible	700	-183	517
Financial	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	2006	2005
Rental income	11	8
Gain from the sale of non-current assets	33	4
Exchange gains on operating receivables/liabilities	8	2
Other	92	26
	144	40

Parent company

SEKm	2006	2005
Rental income	4	4
Other	1	1
	5	5

Note 6 Other operating expenses

Parent company

SEKm	2006	2005
Property costs	-3	-2
Other	0	0
	-3	-2

Note 7 Capital gain from the sale of group companies

Group

SEKm	2006	2005
Gadelius	-14	
Companies within Arcus Gruppen	-16	
Companies within Bisnode	66	
Companies within BTJ Group	19	
Companies within Haendig	14	
Companies within Inwido	20	
BTJ Infodata		127
Lidan		7
	89	134

Result from participations in group companies

Parent company

SEKm	2006	2005
Dividends	100	20
Result from sale of shares	2,850	812
Impairment loss	-99	
Result from participations in group companies	2,851	832

Note 8 Share of profits of associates

Group

SEKm	2006	2005
Share of profits		
Alimak Hek	88	37
Atle Industri	20	5
Camfil	73	79
DIAB	122	45
HL Display	26	16
Lindab	379	233
Superfos	11	10
BTJ Infodata		38
Dynal Biotech		6
LRT/Tornet		941
Martinsson		1
Total share of profits	719	1,411
Exit gains		
Lindab	1,419	
LRT/Tornet	198	
Atle Industri/Envac		124
Dynal Biotech		283
Martinsson		-17
Superfos		1
Total exit gains	1,617	391
Impairment losses		
Atle Industri		-29
Share in profits of associates	2,336	1,773
Costs attributable to "central companies"		-34
Share of profits of associates, owned by Ratos	2,336	1,739
Share of profits of associates, owned by group companies		
Share of profits	14	
Exit gains		5
	2,350	1,744

Result from participations in associates

Parent company

SEKm	2006	2005
Dividends	19	41
Result from sale of shares	1,685	464
Impairment loss		-18
Result from participations in associates	1,704	487

Note 9 Employees and personnel costs

Average number of employees

	2006 Total	2006 Of whom men, %	2005 Total	2005 Of whom men, %
Parent company	32	50	29	45
Group companies	9,592	66	5,379	67
Group total	9,624	66	5,408	67
Of whom in				
Sweden	4,026	63	2,731	66
Norway	1,725	70	1,093	64
Finland	942	62	397	63
Denmark	786	74	291	66
UK	505	64	140	63
Germany	383	64	41	83
Poland	324	71	115	77
USA	163	86	83	89
France	106	81	10	70
Switzerland	71	54	21	52
Netherlands	67	69	40	77
Ireland	57	67	7	57
Austria	55	58	33	73
China	54	78	36	81
Hungary	53	26	24	29
Czech Republic	47	38	15	40
Spain	43	88	32	87
Slovenia	41	42	15	33
Australia	34	88	28	89
Japan	20	80	195	78
Canada	19	84	0	0
Singapore	14	86	10	80
Belgium	14	57	5	60
Brazil	13	92	9	89
Korea	12	83	10	80
Lithuania	12	50	6	33
Slovakia	11	18	3	0
India	9	78	6	83
Italy	9	78	8	75
Estonia	5	60	3	67
Mexico	4	75	1	100

Gender distribution in boards and company managements

	2006 Women	2006 Men	2006 Total	2005 Women	2005 Men	2005 Total
Board						
Parent company	1	7	8	1	7	8
Group companies	46	568	614	49	479	528
Total	47	575	622	50	486	536
Company management						
Parent company	1	5	6	1	5	6
Group companies	82	330	412	58	200	258
Total	83	335	418	59	205	264

cont.

Group

Salaries and other remuneration

SEKm	Board of Directors, CEO and Deputy CEO 2006	Board of Directors, CEO and Deputy CEO 2005	Others 2006	Others 2005
Group	190	132	3,234	1,576
(of which bonus)	(40)	(36)		
Of which in Sweden	95	51	1,534	825
(of which bonus)	(29)	(21)		
Other countries	95	81	1,700	751
(of which bonus)	(11)	(15)		

Social security costs

SEKm	2006	2005
Social Security costs	1,129	618
(of which pension costs)	(302)	(159)

Of the Group's pension costs SEK 34m (20) refers to the present and former Board of Directors and CEO.The company's outstanding pension commitments to these amount to SEK 14m (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.

Parent company

Salaries and other remuneration

SEKm	2006	2005
Board of Directors, CEO and Deputy CEO	34	22
(of which bonus)	(22)	(11)
Other employees	90	56
Total	124	78

Payroll overhead

SEKm	2006	2005
Payroll overhead	65	38
(of which pension costs)	(22)	(11)

Of the Parent Company's pension costs, SEK 3m (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

	2006	2005
Total absence due to illness		
Total absence due to illness as % of normal working hours	1.1	2.1
Proportion of contiguous absence due to illness of 60 days or more		40.1
Gender breakdown		
Men	0.7	0.4
Women	1.5	3.3
Age breakdown		
< 30 years	0.1	2.2
30-49 years	0.8	2.4
> 50 years	1.9	1.7

Note 10 Fees and disbursements to auditors

SEKm	2006 Group	2006 Parent company	2005 Group	2005 Parent company
KPMG				
Auditing assignment	8	2	8	3
Other assignments	3	1	3	1
Ernst & Young				
Auditing assignments	2	–	3	–
Other assignments	4	3	–	–
Other auditors	24	2	10	3
	41	8	24	7

Auditing 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 2006	Financial income 2005
Dividends	21	36
Result from sale of shares	75	126
Interest income	84	86
Exchange rate fluctuations, net	–	1
Other financial income	24	3
	204	252

Group

SEKm	Financial expenses 2006	Financial expenses 2005
Interest expenses	-398	-138
Exchange rate fluctuations, net	-1	0
Impairment of available-for-sale financial assets	-12	–
Other financial expenses	-50	-50
	-461	-188

Parent company

SEKm	Result from other securities and receivables accounted for as non-current assets 2006	2005	Other interest income and similar profit/loss items 2006	2005
Dividends	21	36		
Result from sale of shares	74	125		
Impairment loss	-10			
Interest income				
group companies	75	42	24	6
other		1	47	41
Exchange rate fluctuations, net				5
	160	204	71	52

SEKm	Interest expenses and similar profit/loss items 2006	2005
Interest expenses		
group companies	-26	-11
other	-2	
Exchange rate fluctuations, net	-15	
Other financial expenses	-8	-8
	-51	-19

Note 12 Taxes

Reported in the income statement

SEKm	2006	2005
Tax expense for the period	-341	-178
Adjustment of tax attributable to previous years	-6	0
Share in tax of associates	-207	-251
	-554	-429
Deferred tax relating to temporary differences.		
Property, plant and equipment	-2	-2
Intangible non-current assets	14	1
Financial assets	8	6
Inventories	5	-3
Trade and other receivables	1	-2
Pension provisions	8	-4
Provisions	-11	-3
Tax allocation reserves	-46	-12
Other	3	-16
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry forward	-32	-39
Deferred tax credit in capitalised tax value in loss carry forward during the year	34	39
	-18	-35
Total recognised tax expense in the Group	-572	-464

Reconciliation effective tax, Group

SEKm	2006	2005
Profit before tax	3,234	2,645
Less profit from associates	-733	-1,377
	2,501	1,268
Tax according to current tax rate, 28%	-700	-355
Effect of special taxation rules for investment companies	58	156
Effect of other tax rates in other countries	-6	-8
Non-deductible expenses	-83	-20
Non-taxable income	373	5
Increase in loss carry forward without corresponding capitalisation of deferred tax	-14	-9
Use of previously non-capitalised tax loss carry-forward	10	16
Tax attributable to previous years	-6	0
Effect of changed tax rates/and tax rules	1	
Other	2	2
Tax in associates	-207	-251
Reported effective tax	-572	-464

Tax items recognised directly in equity

SEKm	2006	2005
Deferred tax attributable to hedging reserve	-2	11
Deferred tax attributable to fair value reserve		1
	-2	12

Recognised deferred tax assets and liabilities

Group

	Deferred tax asset		Deferred tax liability	
SEKm	2006	2005	2006	2005
Property, plant and equipment	14	42	78	99
Intangible non-current assets	24	31	292	199
Financial assets	3	1		9
Provisions for pensions	49	75		4
Other provisions	39	25		7
Interest-bearing liabilities	3		1	
Inventories	5	15	1	1
Trade and other receivables	15	6		1
Other	59	30	27	
Loss carry-forward	91	52		-1
Tax allocation reserves		2	244	105
Tax assets/tax liabilities	302	279	643	424
Offsets	-115	-144	-115	-144
Tax assets/tax liabilities, net	187	135	528	280

SEKm	2006	2005
Deductible temporary differences	0	74
Tax deficit	896	442
	896	516

Approximately SEK 400m of the unmeasured loss carry forwards are attributable to subsidiaries administered centrally by Ratos. SEK 64m of the tax deficit falls due in 2009-2016. The remainder of the tax deficit does not have set due dates.

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. 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 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	Goodwill	Trademarks	Databases	Customer relations	Contract portfolio	Other assets	Total
Accumulated cost							
Opening balance 1 January 2005	1,728					189	1,917
Investments	27		11			68	106
Reclassification to non-intangible asset	-9						-9
Reclassification, completed acquisition analyses	175						175
Acquisition of operations	4,018	356	227	143		164	4,908
Divestments	-26		-4				-30
Exchange differences for the year	34	-3				9	40
Closing balance 31 December 2005	5,947	353	234	143		430	7,107
Opening balance 1 January 2006	5,947	353	234	143		430	7,107
Investments			31			153	184
Reclassification			6			-4	2
Acquisition of operations	3,833	9	62	139	116	71	4,230
Divestments	-149		-15			-43	-207
Transferred to assets held for sale	-26					-3	-29
Exchange differences for the year	-225	-22	-8	-6		-19	-280
Closing balance 31 December 2006	9,380	340	310	276	116	585	11,007
Accumulated amortisation and impairment losses according to plan							
Opening balance 1 January 2005						-93	-93
Amortisation for the year		-2	-8	-9		-63	-82
Accumulated amortisation in acquired companies			-38			-64	-102
Exchange differences for the year						-7	-7
Closing balance 31 December 2005		-2	-46	-9		-227	-284
Opening balance 1 January 2006		-2	-46	-9		-227	-284
Amortisation for the year		-14	-31	-39	-5	-51	-140
Impairment losses for the year	-204		-22			-6	-232
Reclassification						3	3
Accumulated amortisation in acquired companies			-9			-21	-30
Divestments			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	-93	-48	-5	-259	-601
Value according to consolidated balance sheet	9,199	325	217	228	111	326	10,406

Other intangible assets include expenditure brought forward for business systems amounting to SEK 103m.

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:

	2006		2005	
	Goodwill	Intangible non-current assets*)	Goodwill	Intangible non-current assets*)
Bisnode	3,025	119	2,465	62
Inwido	2,047		1,740	
Anticimex	1,729			
	6,801	119	4,205	62
Subsidiaries without significant goodwill, total	2,398	198	1,567	220
	9,199	317	5,772	282

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

Goodwill and intangible assets with indeterminable useful lives recognised in the Ratos Group's balance sheet are attributable to a subsidiary when they constitute cash generating units. Only goodwill and intangible assets with indeterminable useful lives attributable to Anticimex, Bisnode and Inwido 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 Anticimex, Bisnode and Inwido, 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.

cont. next page

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.

Nor 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.

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.

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.

Goodwill impairment

Impairment testing of Bluegarden resulted in an impairment of goodwill attributable to the company of SEK 178m. The impairment was caused by changes in the company's customer base which changed the company's future prospects. Bluegarden is one of Scandinavia's three largest suppliers of services within payroll and HRM. Operations comprise standardised payroll management systems, IT-based HR administrative functions, IT-supported outsourcing of HR departments and consulting services. The operations are conducted in Sweden, Norway and Denmark. The estimated recoverable amount comprised fair value with a deduction for selling costs.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2005	461	983	34	1,478
Reclassification		9		9
Investments	10	136	94	240
Transferred from construction in progress	13	31	-44	0
Divestments	-14	-60		-74
Assets in acquired companies	713	1,166	29	1,908
Assets in sold companies	-40	-30		-70
Exchange differences for the year	11	4	-1	14
Closing balance 31 December 2005	1,154	2,239	112	3,505
Changed acquisition analysis	-184			-184
Adjusted closing balance 31 December 2005	970	2,239	112	3,321
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
Divestments	-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
Accumulated depreciation and impairment losses according to plan				
Opening balance 1 January 2005	-152	-724		-876
Reclassification		-7		-7
Depreciation for the year	-17	-116		-133
Divestments	8	60		68
Accumulated depreciation in acquired companies	-59	-804		-863
Accumulated depreciation in sold companies	8	20		28
Exchange differences for the year	0	6		6
Closing balance 31 December 2005	-212	-1,565		-1,777
Opening balance 1 January 2006	-212	-1,565		-1,777
Reclassification	-1	-2		-3
Depreciation for the year	-29	-265		-294
Divestments	47	35		82
Accumulated depreciation in 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
Value according to consolidated balance sheet	927	1,157	40	2,124
Of which finance leases		30		

Paid leasing charges during the year SEK 24m (4). Charges to pay within 1 year SEK 26m (4), within 2-5 years SEK 36m (15) and after 5 years SEK 18m (0).

cont. next page

Note 14, cont.

Tax assessment values in Sweden

SEKm	31 Dec 2006	31 Dec 2005
Buildings	118	193
Land	56	55

Disclosures on government grants

The total cost for the period of the assets covered by the grant amounts to SEK 4m (17). This cost has been reduced by SEK 3m (5) relating to government grant received.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2005	17	15	32
Investments		2	2
Divestments		-2	-2
Closing balance 31 December 2005	17	15	32
Opening balance 1 January 2006	17	15	32
Reclassification	3		3
Investments	1	1	2
Closing balance 31 December 2006	21	16	37
Accumulated depreciation according to plan			
Opening balance 1 January 2005	-7	-12	-19
Depreciation for the year		-2	-2
Divestments		2	2
Closing balance 31 December 2005	-7	-12	-19
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
Value according to the balance sheet	11	3	14

Tax assessment values in Sweden

SEKm	31 Dec 2006	31 Dec 2005
Buildings	32	32
Land	42	42

Note 15 Participations in associates

Change in carrying amounts

Group

SEKm	31 Dec 2006	31 Dec 2005
Carrying amount 1 January	3,715	4,234
Investments	7	17
Associates that became group companies		-189
Associates in acquired group companies		105
Divestment of associates	-1,095	-656
Impairment loss	-115	-29
Dividends	-18	-56
Share in profit of associates [1]	526	1,128
Translation differences	-145	182
Change in other reserves		34
Other changes in associates' equity		-7
Transferred to Assets held for sale	-274	-1,048
Carrying amount at year-end	2,601	3,715

[1] Share in associate's profit after tax and minority.

Holdings

The below specifications show the Group's associates at year-end. 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. The income statement and balance sheet items of associates are restated in accordance with IFRS.

2006

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax	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	50%	745	84	479	223	256	19	144
Camfil	30%	3,763	184	3,062	1,732	1,330	55	520
Laholm Intressenter	50%	1,205	185	2,017	490	1,527	95	733
HL Display [2]	29%	1,448	62	877	489	388	17	251
Lindab Intressenter [3]	22%	7,609	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 AB [4]	15%	657	26	825	375	450	10	76
Compass-Verlag GmbH	51%	86	-2	37	44	-7	0	5
IRN Services Ltd	25%	7	0	1	1	0	0	0
Racasse AB	25%	6	1	5	1	4	0	3
SAS de L'ile 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] Holding 48% until 30 November.

[4] Share of voting rights 22.7%.

cont. next page

Note 15. cont.

2005

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax	Consolidated value
Alimak Hek	50%	1,139	44	1,079	741	338	22	220
Atle	50%		-2	35	13	22	-1	11
Atle Industri	50%	166	19	862	454	408	8	242
Camfil	30%	3,083	186	2,726	1,414	1,312	55	515
Laholm Intressenter [1]	50%	917	60	1,757	464	1,293	30	647
Giga Holding [2]	50%		0	1		1	0	0
HL Display [3]	29%	1,285	35	761	419	342	10	239
Lindab Intressenter	48%	6,214	351	6,606	3,753	2,853	169	1,372
LRT Holding Company [4]	40%						803	
Superfos Industries	33%	3,292	-23	3,453	2,398	1,055	-8	373
Profit from sold companies and companies that became group companies							38	
Associates owned by Ratos							1,126	3,619
AddNode AB	17%	427	33	559	264	295	0	70
Compass-Verlag GmbH	51%	81	-1	59	55	4	1	5
IRN Services Ltd	25%	6	0	1	2	-1	0	0
Racasse AB	25%	6	0	4	1	3	0	3
SAS de Líle Madame	34%	0	0	23	12	11	1	15
Other companies								3
Associates owned by subsidiaries							2	96
Total							1,128	3,715

[1] Former DIAB Intressenter.

[2] Under liquidation.

[3] Share of voting rights 20.2%. Market value SEK 314m.

[4] Company owned by Ratos Acquisition AB. Transferred to holdings held for sale.

Note 16 Participations in joint ventures

The Group has a 50% holding in the joint venture company Dansk Vindues Industri AS, whose principal operations is production of windows and doors. The previous year included the holding in Scanwin S.p.zoo which was sold during the year.

The Group's financial reports include the items below, corresponding to the Group's holding:

SEKm	2006	2005
Income	15	32
Expenses	-18	-35
Profit/loss	-3	-3
Non-current assets	31	43
Current assets	9	16
Total assets	40	59
Non-current liabilities	34	23
Current liabilities	5	27
Total liabilities	39	50
Net assets	1	9

Note 17 Specification of parent company's participations in associates

Change in carrying amounts

SEKm	31 Dec 2006	31 Dec 2005
Accumulated cost		
at 1 January	3,759	4,442
Investments	5	14
Redemption	-578	
Divestments	-246	-508
Reclassification		-189
Closing balance	2,940	3,759
Accumulated impairment losses		
at 1 January	-544	-511
Investments		
Divestments		
Dividends	-115	-15
Impairment losses for the year		-18
Closing balance	-659	-544
Value according to the balance sheet	2,281	3,215

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 2006	Book value 2005
Alimak Hek AB, 556064-1739, Stockholm	3,000,000	50	204	204
Atle AB, 556454-8799, Stockholm	50 000	50	16	12
Atle Industri AB, 556563-2899, Stockholm	5 000	50	127	242
Camfil AB, 556230-1266, Trosa	3,379,310	30	450	450
Giga Gruppen AB, 556410-5665, Stockholm [1]			–	0
Giga Holding AB, 556613-5124, Stockholm [1]			–	0
Laholm Intressenter AB, 556603-1711, Stockholm	5,000	50	614	614
HL Display AB, 556286-9957, Stockholm [2]	2,225,070	29	229	229
Lindab Intressenter AB, 556606-5446, Stockholm	17,699,157	22	236	1,059
Superfos Industries A/S, Vipperöd, Denmark	3,433,571	33	405	405
			2,281	3,215

[1] Liquidated in 2006.

[2] Share of voting rights 20.2%. Market value SEK 409m (314).

Note 18 Receivables from group companies and associates

Parent company

SEKm	Non-current receivables group companies 2006	2005	Non-current receivables associates 2006	2005
Accumulated cost				
at 1 January	493	744		99
Invested	681	399		
Settled	-101	-629		-99
Reclassifications		-21		
Closing balance	1,073	493		0

SEKm	Current receivables group companies 2006	2005	Current receivables associates 2006	2005
Accumulated cost				
at 1 January	114	17		184
Invested	1,278	82		
Settled	-1,274	-6		-181
Reclassifications		21		-3
Closing balance	118	114		0

Note 19 Financial investments

Group

SEKm	31 Dec 2006	31 Dec 2005
Financial investments that are non-current assets		
Available-for-sale financial assets		
Shares and participations, included in Financial investments	232	335
Financial investments that are current assets		
Financial assets measured at fair value via the income statement		
Fixed-income securities included in Cash and cash equivalents	3,969	2,485
	4,201	2,820

Note 20 Other securities held as non-current assets

Parent company

SEKm	31 Dec 2006	31 Dec 2005
Accumulated cost		
at 1 January	306	348
Invested		14
Divested	-94	-56
Impairment loss for the year	-10	
Closing balance	202	306

Note 21 Receivables

Group

Non-current receivables

SEKm	31 Dec 2006	31 Dec 2005
Receivables from associates	4	7
Derivatives	3	
Interest-bearing receivables	63	30
Non-interest bearing receivables	26	52
	96	89

Other receivables held as current assets

SEKm	31 Dec 2006	31 Dec 2005
Advances to suppliers	88	92
Derivatives	48	30
Associates		20
Interest-bearing receivables	30	36
Non-interest bearing receivables	171	101
	337	279

Parent Company

Other non-current receivables

SEKm	31 Dec 2006	31 Dec 2005
Accumulated cost		
at 1 January	26	36
Additional receivables		11
Settled receivables	-9	-2
Reclassifications	-9	-19
	8	26

Note 22 Inventories

Group

SEKm	31 Dec 2006	31 Dec 2005
Raw materials and consumables	455	335
Products in progress	204	163
Finished products and goods for resale	1,037	965
	1,696	1,463

Note 23 Prepaid expenses and accrued income

Parent company

SEKm	31 Dec 2006	31 Dec 2005
Interest income	8	5
Other	4	3
	12	8

Note 24 Equity

Group

Specification of equity reserves

SEKm	31 Dec 2006	31 Dec 2005
Foreign currency translation reserve		
Opening translation reserve	198	-30
Translation differences for the year	-334	236
Translation differences attributable to discontinued operations	-9	-8
Closing translation reserve	-145	198
Hedging reserve		
Opening hedging reserve	-65	
Transition to IFRS		-129
Hedging reserves attributable to discontinued operations	73	
Cash flow hedges		
Recognised directly in equity	2	89
Tax attributable to change in hedging reserve		-25
Closing hedging reserve	10	-65
Fair value reserve		
Opening fair value reserve	2	
Fair value reserves attributable to discontinued operations	-2	
Remeasurement in equity		3
Tax attributable to reserve for the year		-1
Closing fair value reserve	0	2
Total reserves		
Opening reserves	135	-30
Change in translation reserve	-343	228
Change in hedging reserve	75	-65
Change in fair value reserve	-2	2
Closing reserves	-135	135

cont. next page

Note 24, cont.

Share capital

	Number OB	Split	Conversion	Number CB	Quota value	SEKm
Ordinary A	21,210,036	21,210,036	-91,302	42,328,770	6.30	266.7
Ordinary B	59,464,590	59,464,590	91,302	119,020,482	6.30	749.8
	80,674,626	80,674,626		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.

Treasury shares included in the equity item accumulated profit including profit for the year

	2006	2005
Opening treasury shares	1,476,086	1,736,186
Combined split and redemption	1,476,086	
Purchased during the year	646,000	17,400
Sold during the year (option programme)	-525,650	-277,500
Closing treasury shares	3,072,522	1,476,086
Number of shares outstanding		
Total number of shares	80,674,626	80,674,626
Combined split and redemption	80,674,626	
Treasury shares	-3,072,522	-1,476,086
	158,276,730	79,198,540

Call options 2002-2006

The 2002-2006 Annual General Meetings decided to issue call options on treasury shares.

Number of shares reserved for transfer according to option programmes

Annual General Meeting year	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
2002	550,000	367,000	294,850	633,928	10.40	62.90	30 March 2007
2003	510,000	436,000	436,000	937,400	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
Total number of reserved shares				2,945,178			

Other capital provided

Relates to capital provided from the owners. This includes part of premium reserves transferred to a statutory reserve at 31 December 2005. Provisions to a premium reserve from 1 January 2006 onwards are also reported as capital provided.

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.

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 profit for the year includes profit in the parent company and its group companies, associates and joint-venture companies. Prior provisions to a statutory reserve, excluding transferred premium reserves, are included in this item.

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	2006	2005
Ordinary dividend per share SEK 5.50 (4.19)	870	713
Extra dividend per share SEK 5.50	871	
Total to be distributed to shareholders	1,741	713

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Note 24, Cont.

Parent company

Restricted reserves
Restricted reserves may not be reduced through profit distribution.

Statutory reserve
According to the new Companies Act that came into force on 1 January 2006 the mandatory provision to a statutory reserve no longer applies. Premium reserves at 31 December 2005 will be transferred to the statutory reserve and will be reported as restricted equity in the future.

Premium reserve
When shares are issued at a premium, i.e. more is paid for the shares than their nominal value, an amount corresponding to the amount received in excess of the nominal 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
Accumulated profit comprises the previous year's unrestricted equity after any provisions to reserves and after any dividend has been paid. Comprises together with profit for the year the sum of unrestricted equity, i.e. the amount that is available for dividends to shareholders.

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

	2006	2005
Profit for the year, SEKm	2,527	2,113
Weighted average number of shares		
Total number of ordinary shares 1 January	80,674,626	80,674,626
Combined split and redemption	80,674,626	
Effect of treasury shares	1,656,589	-1,544,426
Adjusted for split and redemption		90,932,555
Weighted average number of shares before dilution	163,005,841	170,062,755 [1]
Effect of share options	1,008,882	766,789
Weighted average number after dilution	164,014,723	170,829,544 [1]
Earnings per share before dilution	15.50	12.42
Earnings per share after dilution	15.41	12.37

[1] Restatement factor 0.4653

Instruments that can lead to potential dilution effects
In 2006, the company had an outstanding call option programme for which the exercise price, SEK 151.80, 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	2006	2005
Non-current		
Liabilities to credit institutions	6,144	3,732
Other non-current liabilities, interest-bearing	734	488
	6,878	4,220
Current		
Liabilities to credit institutions	938	581
Bank overdraft	305	504
Other current liabilities	11	336
	1,254	1,421
Pension provisions	577	365
Interest-bearing liabilities	8,709	6,006

Finance lease liabilities
Finance lease liabilities fall due for payment as set out below:

	Minimum lease charges	
SEKm	2006	2005
Charges within 1 year	26	5
Charges within 2-5 years	36	14
Charges after 5 years	18	
	80	19

For further information on the company's risk policy and exposure, see Note 31.

Parent company

SEKm	2006	2005
Non-current liabilities, group companies	141	139
Current liabilities, group companies	119	47
	260	186
Pension provisions	3	3
Interest-bearing liabilities	263	189

Pension provisions do not have credit insurance with FPG/PRI.

Note 27 Remuneration to employees and Board of Directors

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.

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Pension cost

SEKm	2006	2005
Cost regarding current service period	67	27
Interest expense	49	18
Anticipated return on plan assets	-28	-10
Recognised actuarial gains and losses	3	
Effect of curtailments and settlements		-2
Pension costs for defined benefit pensions	91	33
Pension costs for defined contribution pensions, Alecta	59	51
Pension costs for defined contribution pensions, other	163	150
Pension costs for the year	313	234

Pension costs are included on the line Personnel costs with the exception of interest expense and anticipated return which are included in net financial items.

Defined benefit pension plans

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.

For the Group as a whole these adjustments based on experience were relatively marginal in 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.

Obligations regarding employee benefits

SEKm	2006	2005
Present value of funded obligations	1,147	893
Fair value of plan assets	-684	-628
Present value of unfunded obligations	159	132
Effect of limitation rule for net assets	1	
Unrecognised actuarial gains (plus) and losses (minus)	-50	-47
Net liability in the balance sheet	573	350
Amounts disclosed in the balance sheet (Specification of net liability)		
Provisions for pensions	577	365
Non-current receivables	-4	-15
Net debt in the balance sheet	573	350

Specification of changes in the net liability recognised in the balance sheet

SEKm	2006	2005
Net liability at 1 January	350	107
Net cost recognised in the income statement	91	33
Premiums and pensions paid	-46	-42
Exchange differences on foreign plans	-22	-11
Reclassified as Liabilities attributable to Assets held for sale	-2	
Liabilities transferred in conjunction with company divestments	-10	
Liabilities taken over through company acquisitions	212	263
Net liability at 31 December	573	350

The parent company's pension costs for defined contribution pensions amount to SEK 10m (10), of which SEK 3m (6) pertains to Alecta.

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2006, Alecta's surplus in the form of the collective funding ratio amounted to 124% (129). 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

	2006	2005
Discount rate, %	4.1-5.5	3.7-4.5
Inflation, %	2.0-2.9	2.0-2.5
Anticipated rate of salary increases, %	2.2-4.5	2.5-3.0
Annual increase in pensions and paid-up policies, %	1.6-2.9	2.0-3.0
Anticipated return on plan assets, %	4.5-6.5	4.0-6.5

Remuneration to senior executives

The guidelines for remuneration and incentive systems for senior executives as set out below, were approved by the 2006 Annual General Meeting. The guidelines were applied throughout 2006.

An incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background, the Board has designed an incentive system for the company's senior executives.

The system consists of three components – basic salary, variable salary and options and rests on five basic principles as set out below.

- 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.

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- 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 a reasonably balanced options program where employees can share in price rises as well as taking a personal risk by paying a market price for the options.

Variable compensation 2006

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2006, this return requirement was that consolidated profit before tax should corresponds to at least 8% of equity. A ceiling was stipulated at a total of SEK 70m in variable compensation, which corresponds to a profit before tax of 25% on equity. Profit before tax for 2006 exceeded 25% and the variable compensation paid will therefore amount to SEK 70m to be paid in 2007-2009. A total of 22 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.

Option programmes

The annual general meetings in 2002-2006 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. Starting with the 2005/2010 option programme, the person concerned must continue to hold the options to which the subsidy relates.

Call options are issued on Ratos purchased treasury shares.

Call options

Number	31 Dec 2006	31 Dec 2005
Outstanding at beginning of period	1,180,500	1,359,000
Issued	464,000	99,000
Exercised [1]	-274,650	-277,500
Outstanding at end of period	1,369,850	1,180,500

[1] Average exercise price SEK 50 (49) per share for options exercised in 2006. Average share price when the options were exercised was SEK 115 (81).

Details of options issued during the period

	2006	2005
Maturity	31 Mar 2011	31 Mar 2010
Exercise price per share, SEK	151.80	102.90
Each option carries entitlement to purchase of number of shares	2.15	2.15
Total option premium payments, SEKm	9.8	1.1
Total payments if shares acquired, SEKm	151.4	21.9

Terms for options outstanding at end of period:

Maturity date	Option price, SEK	Exercise price, SEK	31 Dec 2006 Number	31 Dec 2005 Number
28 March 2006	4.05	102.00		231,000
30 March 2007	10.40	62.90	294,850	338,500
28 March 2008	7.20	54.00	436,000	436,000
31 March 2009	7.60	68.40	76,000	76,000
31 March 2010	11.20	102.90	99,000	99,000
31 March 2011	21.20	151.80	464,000	
			1,369,850	1,180,500

Every option carries entitlement to purchase 2.15 shares

Maximum dilution in relation to outstanding shares at end of period, %	1.8	1.5

Cash amount that the company may receive on redemption of outstanding options amounts to SEK 275m.

Remuneration to senior executives and Board members

Remuneration to the Board and the CEO

SEKm	Chairman of the Board	Other Board members	CEO
Each remuneration component specification			
basic salary			4.5
directors' fees	0.6	2.1	
variable compensation			13.7
other benefits			0.1
pension costs			1.7
financial instruments			
other compensation (Board members)			
Total remuneration and other benefits	0.6	2.1	20.0

Gender breakdown	Women	Men
Board	1	7
Senior executives	1	5

cont. next page

Note 27, cont.

HOLDING, 31 DECEMBER 2006

Call options

	2002 Number	2003 Number	2006 Number	Benefits SEK 000
Chairman of the Board				
Other Board members				
CEO	105,000	100,000	115,000	–

Remuneration to the CEO

Variable compensation

The size of bonus is decided by the Board based on a proposal from the Compensation Committee. Within the framework of the variable compensation component for senior executives, the CEO's compensation is allocated on a discretionary basis. 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

Five other senior executives have total emoluments for a combined amount of SEK 47m (29), of which SEK 37m (20) pertains to variable compensation. Variable compensation is calculated on the same basis as for the CEO.

HOLDING, 31 DECEMBER 2006

Call options

	2002 Number	2003 Number	2005 Number	2006 Number	Benefits SEK 000
Other senior executives	105,000	155,000	50,000	235,000	–

Pension terms

Pension is paid from the age of 65 with some exceptions. When determining pension premiums, 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 amounts to more than two annual salaries. Severance pay may not be triggered by an individual executive, except in one instance, in the event of change of principal owner.

Options programmes, group companies

Ratos has issued options to senior executives in one company. The dilution effect is limited.

Note 28 Provisions

Group

Provisions that are non-current liabilities

SEKm	31 Dec 2006	31 Dec 2005
Guarantee commitments		
Cost opening balance	18	12
Provisions for the year	2	9
Utilised provisions	-1	-3
Provisions in sold companies		-1
Provisions in acquired companies		1
	19	18
Technical provisions		
Provisions for the year	17	
Provisions in acquired companies	55	
	72	
Other		
Cost opening balance	62	3
Provisions for the year	8	21
Reclassification	12	
Utilised provisions	-14	-7
Provisions in sold companies	-3	
Provisions in acquired companies	109	45
Translation provisions	-1	
	173	62
Total non-current provisions	264	80

Provisions that are current liabilities

SEKm	31 Dec 2006	31 Dec 2005
Guarantee provisions		
Cost opening balance	10	
Provisions for the year		13
Utilised provisions		-3
Provisions in sold companies	-4	
	6	10
Technical provisions		
Provisions for the year	28	
Provisions in acquired companies	319	
	347	
Other		
Cost opening balance	225	
Provisions for the year	32	8
Utilised provisions	-234	-18
Provisions in acquired companies	16	235
	39	225
Total current provisions	392	235

Note 29 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 647m (512) and advances from customers of SEK 466m (253).

Parent company

Other non-current liabilities include liability in the parent company to employees for variable compensation of SEK 78m (44).

Note 30 Accrued expenses and deferred income

Parent company

SEKm	31 Dec 2006	31 Dec 2005
Personnel costs	97	60
Other	12	6
	109	66

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 billon, 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 generally not effected for foreign shareholdings.

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, such as interest coverage ratio and equity ratio.

Fair value

When determining fair value for listed shares and securities, official quotations on the balance sheet date are used. Carrying amounts for short receivables and liabilities coincide with fair value. Fair values for receivables and liabilities with floating interest correspond to their carrying amount. Forward exchange contracts are valued at fair value taking interest rates and exchange rates on the balance sheet date into account.

Fair value is essentially the same as book value except for "Shares, associates" where the fair value is SEK 2.0 billion higher in the Group.

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.

Maturity dates

The maturity dates for non-interest bearing financial assets and liabilities in the Group and parent company mainly occur within one year, apart from non-current receivables from subsidiaries and associates and other shares that mature within 1-5 years.

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Note 31, cont.

Effective interest and maturities

The table below shows the effective interest on the balance sheet date and the maturity structure of the interest-bearing assets/liabilities.

Group

SEKm	Effective interest, %	2006	Within 1 year	1 - 5 years	After 5 years	2005	Within 1 year	1 - 5 years	After 5 years
Assets									
Non-current receivables, associates	3	4	2	2		7	5	2	
Non-current receivables, other	3	63	29	12	22	30	1	21	8
Other current receivables	3	29	29			36	36		
Short-term investments, other	3	3,969	3,969			2,485	2,485		
Cash and bank balances	3	1,040	1,040			1,192	1,192		
Liabilities									
Liabilities to credit institutions, non-current	5	6,144	55	4,013	2,075	3,732	41	1,997	1,694
Other non-current liabilities, interest-bearing	7	734	16	242	476	488	15	292	181
Liabilities to credit institutions	4	938	939			581	581		
Bank overdraft facilities	4	305	305			504	296	208	
Other current liabilities	4	11	11			336	336		
		-3,027	3,743	-4,241	-2,529	-1,891	2,450	-2,474	-1,867
Pension provisions		577				365			
Interest-bearing net		-3,604				-2,256			

Parent company

SEKm	Effective interest, %	2006	Within 1 year	1 - 5 years	After 5 years	2005	Within 1 year	1 - 5 years	After 5 years
Assets									
Non-current receivables, group companies	10	1,073			1,073	493			493
Non-current receivables, other						15		15	
Current receivables, group companies	4	103	103			102	102		
Other current receivables	3	29	29			19	19		
Short-term investments, other	3	3,965	3,965			2,477	2,477		
Cash and bank balances	3	42	42			31	31		
Liabilities									
Non-current liabilities, group companies	3	141			141	140			140
Current liabilities, group companies	3	119	119			47	47		
		4,952	4,020		932	2,950	2,582	15	353
Pension provisions		3				3			
Interest-bearing net receivable		4,949				2,947			

cont. next page

Note 31, cont.

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.

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, breakdown by currency

The Group's net assets are reported by currency. Net assets include consolidated group companies

SEKm	2006	2005
NOK	1,604	1,019
DKK	520	548
EUR	1,574	508
Other currencies	550	462
Total translation exposure	4,248	2,537

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.

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	2006	2005
Paid during the year	214	62
Charges within 1 year	195	100
1-5 years	283	180
Later than 5 years	334	130
	812	410

Note 33 Pledged assets and contingent liabilities

Group

SEKm	31 Dec 2006	31 Dec 2005
Real estate mortgages	781	171
Chattel mortgages	833	562
Other pledged assets	4,206	1,840
	5,820	2,573
Contingent liabilities	293	508

Relate to pledged assets and contingent liabilities in subsidiaries.

Note 34 Related party disclosures

Group

Receivable from associates amounted to SEK 4m (27) at 31 December.

Parent company

The parent company has a related party relationship with its group companies and with its associates, see Note 17 and Note 35.

During the year dividends were received from Atle Industri, Camfil, Hägglunds Drives and HL Display.

Shareholder contributions were provided to Atle, Bisnode, Haglöfs and to Hägglunds Drives Holding. Loans were provided to Anticimex, Bisnode and Jøtul.

Transactions with key management personnel

Remuneration to key management personnel and Board members is specified in Note 27.

Note 35 Participations in group companies

Parent company

SEKm	31 Dec 2006	31 Dec 2005
Accumulated cost		
at 1 January	3,108	1,862
Invested	784	1,800
Shareholder contribution	1,505	425
Divestments	-830	-1,168
Reclassification		189
Closing balance	4,567	3,108
Accumulated impairment losses		
at 1 January		-22
Divestments		22
Impairment losses for the year	-99	
Closing balance	-99	0
Value according to balance sheet	4,468	3,108

Specification of parent company's holdings of group company shares

Subsidiaries, company reg. no., reg. office	Number	Share, %	Book value, SEKm 2006	Book value, SEKm 2005
Allmänspedition i Göteborg AB, 556101-0785, Stockholm	30,000	100	60	–
Anticimex Holding AB, 556696-2568, Stockholm	10,119,047	85	340	–
Arcus Gruppen Holding AS, 987 470 569, Oslo, Norway	832,858	83	475	474
Bisnode AB, 556181-5726, Stockholm	160,200,000	70	600	476
Bluegarden Holding AS, 986 338 632, Oslo, Norway	70,100,000	100	131	230
BTJ Group AB, 556678-3998, Lund	65,759	59	16	36
Fastighets AB Strömparterren, 556309-8481, Stockholm	10,000	100	–	0
Gadelius Holding BV,1206646, Amsterdam, Netherlands	18,000	100	–	86
GS-Hydro Oy, 1494075-7, Hämeenlinna, Finland	28,301,900	100	135	135
Haendig AB, 556554-3625, Halmstad	1,220,845	100	270	270
Haglöfs Scandinavia AB, 556054-8694, Avesta	50,000	100	143	135
Hägglunds Drives Holding AB, 556309-8481, Mellansel	10,000	100	1,371	–
Hägglunds Drives Svenska AB,556605-9472, Mellansel	20,000	100	–	644
Inwido AB, 556633-3828, Malmö	107,634,252	95	538	538
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway	875,000	62.5	103	–
Medifiq Healthcare Oy, 2046714-2, Vantaa, Finland	7,800	78	280	–
Ratos Acquisition AB, 556645-5381, Stockholm	1,000	100	–	78
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6
			4,468	3,108

Note 36 Cash flow statement

SEKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Dividends received	254	36	254	97
Interest received	75	26	47	93
Interest paid	-310	-140	-1	-11

Adjustment for non-cash items

SEKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Share of profits of associates	-733	-1,377		
Dividends received from associates	133	56		
Capital gains/losses	-1,779	-636	-4,607	-1,401
Deprecation and impairment of assets	666	244	111	21
Dividend that reduced book value of shares			115	15
Other	182	62	-54	6
Adjustment for non-cash items	-1,531	-1,651	-4,435	-1,359

Cash and cash equivalents

SEKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Cash and bank balances	1,040	1,192	42	31
Short-term investments, on a par with cash and cash equivalents	3,969	2,485	3,965	2,482
Cash and cash equivalents	5,009	3,677	4,007	2,513

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 2,671m (2,800) for the Group and SEK 1,300m (1,300) for the parent company.

Acquisition of group companies – Group

SEKm	2006	2005
Intangible assets	4,224	5,276
Tangible assets	694	866
Financial assets	110	876
Deferred tax asset	40	80
Reclassification from associates		-248
Inventories	458	515
Current receivables	894	1,565
Cash and cash equivalents	478	475
Total assets	6,898	9,405
Minority interests	154	312
Non-current liabilities	2,816	3,799
Deferred tax liability	193	202
Current liabilities	1,682	2,363
Total liabilities	4,845	6,676
Purchase price paid	2,053	2,729
Minus: Sales note	-33	-2
Minus: Cash and cash equivalents in the acquired operations	-478	-475
Effect on Group's cash and cash equivalents	1,542	2,252

Sold companies – Group

SEKm	2006	2005
Intangible assets	167	366
Tangible assets	75	7
Financial assets	14	621
Deferred tax asset	20	
Inventories	235	77
Current receivables	438	60
Cash and cash equivalents	25	15
Total assets	974	1,146
Non-current liabilities and provisions	102	59
Current liabilities and provisions	421	54
Total liabilities	523	113
Selling price	540	1,131
Minus: Promissory note	-2	
Minus: Cash and cash equivalents in the sold operations	-25	-15
Effect on Group's cash and cash equivalents	513	1,116

Note 37 Assets held for sale

At the beginning of 2007 an agreement was concluded for the sale of Alimak Hek. The company is classified as Assets held for sale at 31 December 2006. The consolidated value is SEK 274m. The previous year's figure relates to LRT/Tornet which was sold at the beginning of 2006.

The Board of the subsidiary Haendig decided in 2006 to sell Sven Svenssons and Penope. Penope was sold at the beginning of 2007. In total, impairment losses of SEK 53m have been charged against earnings in the form of impairment of goodwill and inventories. At the beginning of 2007, the subsidiary Haglöfs sold Alfa Skofabrik in Norway. Impairment of the realisable value was effected by SEK 12m. All assets and liabilities in these companies are reported as Assets held for sale and as Liabilities attributable to Assets held for sale.

Assets held for sale

SEKm	31 Dec 2006	31 Dec 2005
Intangible non-current assets	4	
Property, plant and equipment	5	
Financial assets	276	1,048
Inventories	64	
Trade and other receivables	96	
Total assets reclassified	445	1,048

Liabilities attributable to Assets held for sale

SEKm	31 Dec 2006	31 Dec 2005
Interest-bearing liabilities	55	
Non-interest bearing liabilities	130	
Total liabilities reclassified	185	

Note 38 Events after the balance sheet date

Alimak Hek

Alimak Hek, which is the world leader within development, manufacture, renting and sales of rack and pinion driven equipment for vertical transport, was sold at the beginning of 2007.

Swedish RH Form and Danish RBM

Ratos has acquired 100% of the office chair producers the Swedish company RH Form and the Danish company RBM. RH Form, which was founded in 1975, is today one of Sweden's leading producers of office chairs. RH Form produces a range of ergonomic office and work chairs. Both RH Form and RBM design and produce their chairs. The acquisition, which has been approved by the relevant authorities, was finalised in February 2007.

Haglöfs

In February 2007, Ratos decided to carry out a refinancing of Haglöfs, which develops and markets equipment and clothes for an active outdoor life.

Note 39 Key assumptions

Testing carrying amounts of goodwill and associates

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.

The carrying amount of goodwill on the balance sheet date amounted to SEK 9.2 billion. Goodwill reported in the Ratos Group is attributable in every case to a group company. Carrying amounts for participations in associates, including goodwill, amount to SEK 2.6 billion.

Note 40 Risk related to insurance operations

Insurance risk is the risk that is attributable to the insurance operations in Anticimex AB, 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 risk to 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 the Stockholm Stock Exchange, 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 2006 comprise the parent company and its group companies, together with the said Group. The Group also includes the owned portion of associates and joint-venture companies.

We hereby declare that as far as we are aware, the annual accounts have been prepared in compliance with generally accepted accounting principles for stock market companies, the information provided is in accordance with the actual circumstances and nothing of any material significance has been omitted that could affect the view of the company created by these annual accounts.

Stockholm, 21 February 2007

Olof Stenhammar
Chairman

Lars Berg | Staffan Bohman | Peggy Bruzelius | Göran Grosskopf

Jan Söderberg | Per-Olof Söderberg | Arne Karlsson
CEO

The annual accounts and the consolidated accounts were approved for publication by the Board on 21 February 2007. 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 11 April 2007.

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 2006. The company's annual accounts are included in the printed version of this document on pages 41-86. 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 of 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, 21 February 2007

KPMG Bohlins AB
Thomas Thiel
Authorised Public Accountant

Analysis

Analysis of results

The Ratos Group's profit before tax amounted to SEK 3,234m (2,645) – the highest result ever. Profit from the holdings amounted to SEK 3,394m (2,785), of which share of the holdings' current profit amounted to SEK 1,883m (2,127). Lindab, which carried out an IPO in December where Ratos sold 51% of its holding, was the holding that contributed most to the exit gains, SEK 1,419m. Exit gains totalled SEK 1,678m. The sale of Gadelius generated a minor loss.

In the 2006 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 identified an impairment loss of SEK 178m in Bluegarden and SEK 10m in Other holdings.

Central income and expenses

Central income and expenses amounted to SEK -160m (-140), of which personnel costs amounted to SEK -192m (-118). The variable portion of personnel costs was SEK 104m (58). Other management expenses, including costs for acquisition and exit processes, amounted to SEK -83m (-73). Net financial items amounted to SEK 115m (51).

Financial position

Cash flow from operating activities in the Group and investing activities was SEK 3,126m (989). The Group's cash and cash equivalents amounted to SEK 5,009m (3,677) of which short-term, interest-bearing investments comprised SEK 3,969m (2,485). The Group's interest-bearing liabilities amounted to SEK 8,705m (6,071).

Parent company

The parent company's profit before tax amounted to SEK 4,466m (1,376). The parent company's cash and cash equivalents, including short-term, interest-bearing investments, amounted to SEK 4,007m (2,513). Taking agreed but not yet implemented financial transactions into account, Ratos had an investment capacity at year-end of approximately SEK 5 billion, without needing to utilise existing credit facilities.

Equity

At 31 December 2006, Ratos's equity (attributable to equity holders of the parent) amounted to SEK 10,875m (10,958) corresponding to SEK 69 per share.

Ratos's results 2006

SEKm	Ratos holding, %	2006	2005
Profit/share of profits			
Alimak Hek [1]	50	88	37
Anticimex	85	54	
Arcus Gruppen	83	63	68
Bisnode	70 [2]	283	113
Bluegarden	100	23	48
Camfil	30	73	79
DIAB	50	122	45
Gadelius	100	18	34
GS-Hydro	100	86	26
Haendig	100	29	32
Haglöfs	100	9	26
HL Display	29	26	16
Hägglunds Drives	100	247	171
Inwido	95	265	196
Jøtul	63	56	
Lindab	22	379	233
Medifiq Healthcare	78	4	
Superfos	33	11	10
Other holdings [3]		47	7
BTJ Infodata			38
Dynal Biotech			6
LRT/Tornet			941
Martinsson			1
Total profit/share of profits		**1,883**	**2,127**
Exit gains/losses			
Atle Industri/Envac			124
BTJ Infodata			127
Dynal Biotech			283
Gadelius		-14	
Lindab		1,419	
LRT/Tornet		198	
Martinsson			-17
Superfos			1
Other holdings		75	133
Total exit gains		**1,678**	**651**
Impairment loss, Bluegarden		-178	
Impairment loss, Other holdings		-10	-29
Dividends from Other holdings		21	36
Profit from holdings		**3,394**	**2,785**
Net expenses		-160	-140
Consolidated profit before tax		**3,234**	**2,645**

1) Entire holding sold after the end of the period.

2) Holding formally 80%, but 70% taking dilution into account.

3) Other holdings include the subsidiary BTJ Group, associate Atle Industri and the holdings in Overseas Telecom and Industri Kapital.

Tax

Ratos's consolidated tax expense currently comprises the subsidiaries tax and Ratos's share of tax in associates. The tax rate in the consolidated balance sheet has been affected, among other things, by the parent company's investment company status.

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 eight years that Ratos has operated as a private equity company, the IRR on all 25 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 22% 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 Stockholm Stock Exchange (Stockholmsbörsen). The total return on Ratos shares, accumulated over the period 1999-2006, was 840% compared with 28% for the SIX Return Index.

Ratos also has an aggressive dividend policy. During the past eight years Ratos's dividend has increased by over 16% 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 2006, 646,000 Ratos shares were acquired. The acquisitions were made at an average price of SEK 110. At year-end 2006, Ratos owned 3,072,522 B shares which corresponds to 1.9% 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.

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 2006, 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. Foreign shareholdings are not generally hedged.

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.

Equity

SEKm	31 Dec 2006	%
Alimak Hek [1]	275	3
Anticimex	567	5
Arcus Gruppen	505	5
Bisnode	1,151	11
Bluegarden	131	1
Camfil	520	5
DIAB	709	7
GS-Hydro	209	2
Haendig	343	3
Haglöfs	156	1
HL Display	251	2
Hägglunds Drives	-505	-5
Inwido	869	8
Jøtul	288	3
Lindab	488	4
Medifiq Healthcare	273	3
Superfos	346	3
Other holdings [2]	375	3
Total	**6,951**	**64**
Other net assets in central companies	3,924	36
Equity attributable to equity holders of the parent	**10,875**	**100**

1) Entire holding sold after the end of the period.

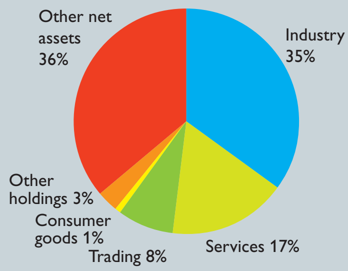
2) Other holdings include the subsidiary BTJ Group, associate Atle Industri and the holdings in Overseas Telecom and Industri Kapital.

Accounting principles according to IFRS

The consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS). Interim reports are prepared in accordance with RR 31, Interim reporting for groups and therefore in accordance with IAS 34, Interim Financial Reporting. The Group's accounting principles are unchanged compared with the most recent annual report.

The key accounting principles applied by Ratos are described below.

Sector breakdown/equity



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 takes 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 analyses for Bisnode and Arcus Gruppen were adjusted and handled as described above. The adjustment of Bisnode meant that the holding is reported taking dilution into account, i.e. 70%. Explanatory items are specified with change in equity. The value of Arcus Gruppen's properties has been determined and a redistribution between goodwill and property values has therefore taken place.

Anticimex, Jøtul and Medifiq Healthcare were acquired during the period. In the preliminary acquisition analyses for Jøtul and Medifiq Healthcare the difference between the cost and fair value of acquired identifiable assets and liabilities is attributed to goodwill. In the final acquisition analysis for Anticimex, the contract portfolio was valued at SEK 116m.

Acquisitions were made in subsidiaries.

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.

In the Ratos Group, goodwill and intangible assets are attributable to a holding, i.e. a subsidiary or associated company, where each holding comprises 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 in question. 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.

Earnings per share

Earnings per share are calculated in accordance with IAS 33. This means that the redemption combined with a split are taken into account.

Changed accounting principle

The parent company applies IAS 39 with effect from 1 January 2006. The comparative year 2005 has been restated.

Ratos's holdings at 31 December 2006

SEKm	Net sales 2006	Net sales 2005	EBITA 2006	EBITA 2005	EBT *) 2006	EBT *) 2005
Alimak Hek	1,617	1,139	219	91	177	73
Anticimex [1)]	1,373	1,275	140	118	84	58
Arcus Gruppen [1)]	1,111	997	95	42	77	13
Bisnode [1)]	3,389	3,283	528	400	366	267
Bluegarden	491	494	34	65	30	48
Camfil	3,763	3,083	279	290	246	265
DIAB	1,205	918	258	97	244	90
GS-Hydro	985	641	101	34	86	26
Haendig	727	594	62	13	59	9
Haglöfs	412	328	30	30	28	29
HL Display	1,448	1,285	107	63	92	62
Hägglunds Drives [2)]	1,547	1,175	261	176	254	171
Inwido	3,285	2,197	390	300	272	198
Jøtul [1)]	1,041	898	93	56	49	19
Lindab	7,609	6,214	903	560	797	484
Medifiq Healthcare [1)]	491	490	21	37	10	27
Superfos [3)]	3,170	3,056	119	137	33	43
Other holdings [4)]	1,825	2,381	119	-23	112	-37
Total	**35,489**	**30,448**	**3,759**	**2,486**	**3,016**	**1,845**
Change	**17%**		**51%**		**63%**	

*) Excluding interest expenses on shareholder loan.

**) Investments excluding company acquisitions.

***) Cash flow refers to cash flow from operating activities and investing activities excluding acquisition and divestment of companies and before financing activities.

****) Equity includes any shareholder loan.

*****) Interest-bearing net debt excludes any shareholder loan.

Depreciation 2006	Investments **) 2006	Cash flow ***) 2006	Equity ****) 31 Dec 2006	Interest-bearing net debt *****) 31 Dec 2006	Average no. of employees 31 Dec 2006	Consolidated value 31 Dec 2006	Ratos holding, 31 Dec 2006	SEKm
65	117	116	470	574	884	275	50%	Alimak Hek
30	52	96	660	930	970	567	85%	[1] Anticimex
36	35	80	625	354	435	505	83%	[1] Arcus Gruppen
70	147	93	2,054	1,691	2,527	1,151	70%	[1] Bisnode
24	25	33	320	200	381	131	100%	Bluegarden
103	131	129	1,330	676	2,949	520	30%	Camfil
40	139	144	409	145	892	709	50%	DIAB
15	19	-19	209	274	404	209	100%	GS-Hydro
9	7	0	286	12	258	343	100%	Haendig
3	12	16	96	30	72	156	100%	Haglöfs
44	32	88	388	48	949	251	29%	HL Display
26	42	144	1,381	1,129	638	-505	100%	[2] Hägglunds Drives
78	177	119	1,087	1,826	2,123	869	95%	Inwido
41	n/a	n/a	421	623	821	288	63%	[1] Jøtul
197	146	728	2,190	2 602	4,438	488	22,5%	Lindab
31	n/a	n/a	348	181	493	273	78%	[1] Medifiq Healthcare
233	241	41	1,005	1 209	1,525	346	33%	[3] Superfos
43	30	55	340	-73	882	172	–	[4] Other holdings

1) A new parent company was formed in conjunction with the acquisition, which partly loan-financed the acquisition. Earnings for the acquisition year and the comparative year are pro forma taking this leverage into account.

2) Earnings figures and cash flow and investments relate to the Group before new financing while balance sheet items show the group with a new capital structure.

3) Figures for 2005 are calculated pro forma excluding the sold Pharma division and impairment of goodwill in 2005.

4) ”Other holdings” include the subsidiary BTJ Group and the associate Atle Industri.

Anticimex – favourable growth continues

The acquisition of 85% of the shares in Anticimex was finalised in February 2006. Ratos has invested SEK 535m in Anticimex. Other co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 567m at year-end.

Ratos is represented on the board by Bo Jungner, Investment Director for this holding, and Henrik Joelsson.

Peter Carrick, CEO

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 sanitation and could provide a guarantee for a pest-free future. Today, Anticimex is an international company with 1,400 employees and 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 hidden defects insurance. The company's aim is to create healthy indoor environments through preventive measures, a protective service programme and insurance solutions.

Operations are divided into three business areas: Pests, Food Hygiene and Building Environments.

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. The total market in Europe is estimated at SEK 15 billion and Anticimex is the market leader in Sweden and Norway. Outside the Nordic region, the markets are highly fragmented with many small private companies. Pest control in Sweden is Anticimex's largest operating area.

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, energy declarations and fire protection. There has been a marked increased 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.

Anticimex offers its customers 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 with customers in the food industry, restaurants and food service, the grocery sector and retail trade. Customers also comprise 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.

Results

Anticimex noted favourable development during the year. Sales rose 8% and amounted to SEK 1,373m (1,275). The Norwegian operations had the strongest growth, +25%. Operating profit (EBITA) was SEK 140m (118) which improved the operating margin to 10.2% (9.3). Cash flow for the year was SEK 94m after investments.

Future prospects

Anticimex is the market leader in Sweden with a very strong brand and continued good growth opportunities in the home market. The market position in Norway is also strong and the goal is to strengthen market share in the other countries as well. The company is highly innovative and conducts active development of new products and services.

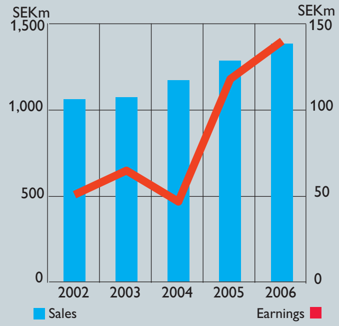
Board of Directors

Mikael Hellberg	Chairman
Ulf Holmlund	
Bo Ingemarson	
Henrik Joelsson	
Bo Jungner	

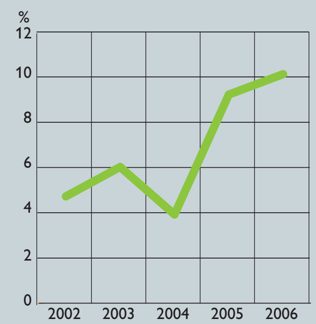
Management

Peter Carrick	CEO
Gunnar Åkerblom	Deputy CEO
Mikael Roos	CFO

Sales and earnings



EBITA margin



Anticimex

SEKm	2006 [1]	2005 [1]	2005 [2]	2004	2003	2002
Income statement						
Net sales	1,373	1,275	1,274	1,162	1,064	1,054
Operating expenses	-1,203	-1,130	-1,134	-1,047	-983	-1,024
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	2	0	0	0
Items affecting comparability	0	0	0	-44	13	50
EBITDA	170	145	142	71	94	80
Depreciation	-30	-27	-28	-24	-29	-29
EBITA	140	118	114	47	65	51
Amort. and impair. of intangible assets	-5	-5	0	0	0	0
Impairment of goodwill	0	0	0	0	-65	-65
EBIT	135	113	114	47	0	-14
Financial income	2	1	10	2	2	4
Financial expenses [3]	-53	-56	-61	-66	-68	-80
EBT	84	58	63	-17	-66	-90
Tax	-19	-41	-41	36	-1	6
Profit for the year	65	17	22	19	-67	-84
Attrib. to equity holders of the parent	65	17	22	19	-67	-84
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	1,729	1,751	708	760	821	888
Other intangible assets	134	118	1	2	3	4
Tangible assets	101	124	98	101	112	128
Financial assets, interest-bearing	43	31	0	0	0	0
Financial assets, non-interest bearing	41	35	53	48	10	15
Total non-current assets	2,048	2,059	860	911	946	1,035
Inventories	29	28	41	37	32	34
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	300	297	147	135	139	230
Cash, bank and other short-term invest.	75	41	55	42	54	65
Total current assets	404	366	243	214	225	329
Total assets	2,452	2,425	1,103	1,125	1,171	1,364
Equity attrib. to equity holders of the parent [4]	660	625	292	300	307	341
Equity attributable to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	43	42	40	36	42	41
Provisions, non-interest bearing	419	377	341	237	197	173
Liabilities, interest-bearing	1,005	1,048	255	377	474	641
Liabilities, non-interest bearing	325	333	175	175	151	168
Total equity and liabilities	2,452	2,425	1,103	1,125	1,171	1,364
Cash flow statement						
Cash flow from operating activities before change in working capital	120	–	133	114	92	n/a
Change in working capital	19	–	54	49	114	n/a
Cash flow from operating activities	139	–	187	163	206	n/a
Investments in non-current assets	-52	–	-36	-50	-4	n/a
Disposals of non-current assets	9	–	0	0	0	n/a
Cash flow before acquis./divest. of companies	96	–	151	113	202	n/a
Net investments in companies	-2	–	0	0	0	n/a
Cash flow after investing activities	94	–	151	113	202	n/a
Change in loans	-71	–	-138	-125	-259	n/a
New issues	0	–	0	0	61	n/a
Dividends paid	0	–	0	0	0	n/a
Other	-6	–	0	0	0	n/a
Cash flow from financing activities	-77	–	-138	-125	-198	n/a
Cash flow for the year	17	–	13	-12	4	n/a
Key figures						
EBITA margin, %	10.2	9.3	8.9	4.0	6.1	4.8
EBT margin, %	6.1	4.5	4.9	neg.	neg.	neg.
Return on equity, %	10.1	–	7.4	6.2	neg.	–
Return on capital employed, %	8.0	–	19.1	6.8	0.2	–
Equity ratio, %	27	26	26	27	26	25
Interest-bearing net debt, SEKm	930	1,080	240	371	462	617
Debt/equity ratio, times	1.6	1.7	1.0	1.4	1.7	2.0
Average number of employees	970	909	909	927	1,174	1,047

1) Pro forma taking into account Ratos's acquisition.
2) Anticimex Europe.
3) Excluding interest on shareholder loan.
4) Equity includes shareholder loan of SEK 242m.

Arcus Gruppen – strategic acquisitions

Ratos invested SEK 474m in the Norwegian company Arcus Gruppen in 2005, corresponding to an ownership stake of 83%. The other co-owners are HOFF Norske Potetindustrier with almost 10%, and management and board with 7%.

Consolidated book value in Ratos amounted to SEK 505m at year-end.

Ratos is represented on the board by Leif Johansson, Investment Director 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 two operating areas: Arcus and Vectura.

Arcus AS, the company's core business, produces, imports, bottles, markets and sells wine and spirits. Sales account for 53% of the Group's total sales. The best-known own brands include Braastad Cognac, Linie Aquavit, Løiten, Hammer Gin and Vikingfjord Vodka. Arcus also represents wine producers including Château Lafite Rothschild, Bodega Julian Chivite, and Ruinart Champagne. Arcus AS is the market leader in Norway in sales of spirits.

Vectura AS (21% of sales) is Norway's leading logistics company for importers, producers and agents for alcoholic beverages. Arcus Gruppen's main production plant is in central Oslo (Hasle).

Events during the year

Arcus Gruppen strengthened its position in the spirits sector both in Norway and abroad during the year. In order to strengthen the company's position in the wine sector, the Swedish company Vingruppen (VinUnic) with annual sales in excess of NOK 300m was acquired.

The plant in Hamar (rectification plant) was sold during the first half of the year which generated a capital gain of NOK 18m. The Arcus Kjemi operating area, which had operations within the production of alcohol- and isopropanol-based products, was also sold in December.

Jan Tore Føsund took over as the new CEO in August.

Results

Arcus Gruppen's sales in 2006, excluding alcohol tax and charges, amounted to NOK 965m (863). Operating profit (EBITA) was NOK 83m (37). Sales and earnings are adjusted for the sale of Arcus Kjemi and acquisition of Vingruppen. The improved earnings are mainly attributable to higher product margins, a change in the product mix and completed action programmes.

Jan Tore Føsund, CEO

Future prospects

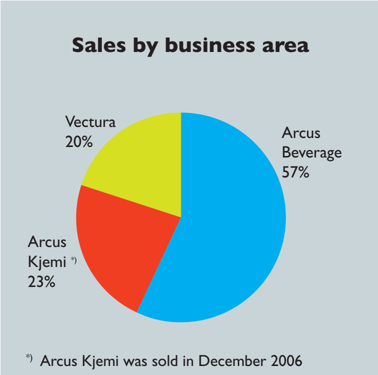
The company has a unique position in the Norwegian market and major potential for further internationalisation of most of its spirits brands. An extensive action programme is under way designed to rationalise production, administration and distribution.

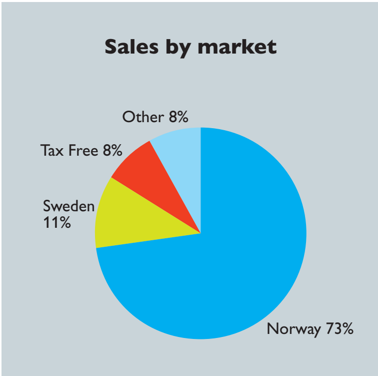
Board of Directors

Kaare Frydenberg	Chairman
Magdalena Aniansson	
Stefan Elving	
Ole Festad Lund	
Leif Johansson	
Gro Myking	
Birgitta Stymne Göransson	
Henning Øglænd	

Management

Jan Tore Føsund	CEO
Leif Ove Rørnes	CFO
Halvor Heuch	Aquavit Director
Rolf Kragerud	Strategy Director
Frithjof Nicolaysen	Director Purchasing Arcus AS
Synnøve Olsbø	HR Director
Jan Oluf Skarpnes	Managing Director Arcus AS
Claes Strømbom	Managing Director Vectura AS





Arcus Gruppen

NOKm	2006	2005 [1)2)]	2004 [3)]	2004	2003	2002
Income statement						
Net sales	965	863	1,101	2,076	1,973	1,768
Operating expenses	-869	-793	-983	-1,958	-1,856	-1,660
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	18	0	0	0	0	0
Items affecting comparability	0	0	0	0	0	0
EBITDA	114	70	118	118	117	108
Depreciation	-31	-33	-41	-41	-39	-38
EBITA	83	37	77	77	78	70
Amort. and impair. of intangible assets	-3	-3	-1	0	0	0
Impair. of goodw. (amort. until year-end 2003)	0	0	0	-4	-3	0
EBIT	80	34	76	73	75	70
Financial income	16	9	9	9	10	15
Financial expenses	-29	-31	-24	-6	-8	-7
EBT	67	12	61	76	77	78
Tax	-18	-2	-19	-24	-23	-22
Result discontinued operation	-12					
Profit for the year	37	9	42	0	0	0
Attrib. to equity holders of the parent	35	9	42	52	54	56
Attributable to minority interests	2	0	0	0	0	0
Balance sheet						
Goodwill	447	296	–	31	34	0
Other intangible assets	240	243	–	39	45	60
Tangible assets	385	597	–	273	278	257
Financial assets, interest-bearing	8	8	–	0	0	0
Financial assets, non-interest bearing	16	16	–	12	8	5
Total non-current assets	1,096	1,160	–	355	365	322
Inventories	150	169	–	269	257	237
Receivables, interest-bearing	0	0	–	0	0	0
Receivables, non-interest bearing	873	795	–	667	580	595
Cash, bank and other short-term invest.	267	203	–	271	311	342
Total current assets	1,290	1,167	–	1,207	1,148	1,174
Total assets	2,386	2,327	–	1,562	1,513	1,496
Equity attrib. to equity holders of the parent	554	519	–	394	431	506
Equity attributable to minority interests	16	0	–	0	0	0
Provisions, interest-bearing	172	169	–	4	5	3
Provisions, non-interest bearing	63	32	–	19	12	14
Liabilities, interest-bearing	427	481	–	11	10	0
Liabilities, non-interest bearing	1,154	1,126	–	1,134	1,055	973
Total equity and liabilities	2,386	2,327	–	1,562	1,513	1,496
Cash flow statement						
Cash flow from operating activities before change in working capital	90	60	–	119	117	120
Change in working capital	10	-16	–	20	-3	104
Cash flow from operating activities	100	44	–	139	114	224
Investments in non-current assets	-31	-26	–	-47	-91	-27
Disposals of non-current assets	0	0	–	10	1	40
Cash flow before acquis./divest. of companies	69	18	–	102	24	237
Net investments in companies	-53	-844	–	0	0	0
Cash flow after investing activities	16	-826	–	102	24	237
Change in loans	-47	479	–	-2	-9	0
New issues	1	475	–	-35	0	0
Dividends paid	0	0	–	-105	-46	-200
Other	0	0		0	0	0
Cash flow from financing activities	-46	954	–	-142	-55	-200
Cash flow for the year	-30	128	–	-40	-31	37
Key figures						
EBITA margin, %	8.6	4.3	7.0	3.7	4.0	8.5
EBT margin, %	6.9	1.4	5.5	3.7	3.9	4.4
Return on equity, %	8.7	–	–	12.6	11.5	7.0
Return on capital employed, %	8.2	–	–	19.2	17.8	16.9
Equity ratio, %	24	22	–	25	28	34
Interest-bearing net debt, NOKm	324	439	–	-256	-296	-339
Debt/equity ratio, times	1.1	1.3	–	0.0	0.0	0.0
Average number of employees	435	592	559	559	571	501

1) Pro forma taking Ratos's acquisition into account.
2) Pro forma taking discontinued operations in 2006 into account.
3) Changed accounting principles.

Bisnode – good profitability trend

In 2004 Ratos invested SEK 250m in BTJ Infodata. Ratos effected a buy-out of Infodata in 2005 and the company merged with Bonnier Business Information. The newly formed group's name was changed to Bisnode at the beginning of 2006.

Ratos owns 80% of the votes and 70% of the capital in the company. Bonnier is the co-owner. Consolidated book value in Ratos amounted to SEK 1,151m at year-end. In addition to the original investment of SEK 201m (Infodata's share of the total investment of SEK 250m for BTJ Infodata) Ratos has made net investments of SEK 518m in Bisnode.

Ratos is represented on the board by Bo Jungner, Investment Director for this holding, with Henrik Joelsson as deputy.

Operations

Bisnode is a European market leader in digital business information with services within market, credit and product information. The Group was formed through a merger between Bonnier Business Information (BBI) and Infodata (formerly BTJ Infodata). The total size of Bisnode's market in Europe is estimated at SEK 50 billion, of which Bisnode's market share is assessed as approximately 7%.

Operations are conducted within five business areas: CRM & Direct Marketing, Credit & Risk Information, Product Directories & 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 more than 2,500 employees and conducts operations in 19 European companies via some 70 companies.

Events during the year

Bisnode made a total of six small add-on acquisitions at the end of the year: Pointlex, G2 Solutions and Agent 25 in Sweden, RavnInfo in Norway, Registri Noviforum in Slovenia and Connectus in Estonia. In addition, a minority shareholding was acquired in DM Huset in Norway from Eniro. These companies have total annual sales of approximately SEK 80m. The companies Pressdata and Prioinfo were sold during the year. Bisnode's total sales amounted to SEK 3,389m (3,283), which corresponds to an increase of 3%. The profitability trend was very strong during the year and the EBITA margin was 16% (12). Operating profit (EBITA) was SEK 528m (400) and profit before tax amounted to SEK 366m (267).

Lars Save, CEO

Future prospects

Bisnode will continue to develop its market offering in order to strengthen its position in the European market. This will be achieved among other things by establishing successful services in new countries. Add-on acquisitions of strategically suitable companies will also be sought. As it increases in size, Bisnode will improve its opportunities to implement cost rationalisations within IT, information purchasing, data storage and other back-office functions.

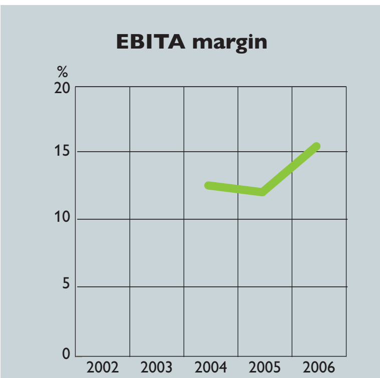
Board of Directors

Håkan Ramsin	Chairman
Torgny Eriksson	
Bo Jungner	
Birgitta Klasén	
Jonas Nyrén	
Carl Wilhelm Ros	
Henrik Joelsson	Deputy
Mattias Westerholm	Employee representative

Management

Lars Save	CEO
Fredrik Åkerman	CFO
Geir Feltstykket	CRM & Direct Marketing
Alistair Pauline	Credit & Risk Information
Mats Erwald	Business & Market Information
Peter Villa	Product Directories & Tradepress
Jonas Edström	Service & Venture Development

Bisnode



SEKm	2006 [1]	2005 [1) 2)]	2004 [1) 2)]	2003	2002
Income statement					
Net sales	3,389	3,283	3,126		
Operating expenses	-2,893	-2,850	-2,767		
Other income/expenses	25	0	12		
Share of profits of associates	11	0	0		
Divestment result	66	25	91		
Items affecting comparability	0	0	0		
EBITDA	598	458	462		
Depreciation	-70	-58	-64		
EBITA	528	400	398		
Amort. and impairment of intangible assets	-62	-46	-46		
Impairment of goodwill	0	0	0		
EBIT	466	354	352		
Financial income	30	10	8		
Financial expenses [3]	-130	-97	-93		
EBT	366	267	267		
Tax	-109	-43	-71		
Profit for the year	257	224	196		
Attributable to equity holders of the parent	255	213	189		
Attributable to minority interests	2	11	7		
Balance sheet					
Goodwill	3,311	3,492	–		
Other intangible assets	633	436	–		
Tangible assets	191	208	–		
Financial assets, interest-bearing	6	12			
Financial assets, non-interest bearing	215	286	–		
Total non-current assets	4,356	4,434	–		
Inventories	6	23	–		
Receivables, interest-bearing	0	129	–		
Receivables, non-interest bearing	785	659	–		
Cash, bank and other short-term investments	298	438	–		
Total current assets	1,089	1,249	–		
Total assets	5,445	5,683	–		
Equity attrib. to equity holders of the parent [4]	2,051	1,826	–		
Equity attributable to minority interests	3	21	–		
Provisions, interest-bearing	219	256	–		
Provisions, non-interest bearing	297	219	–		
Liabilities, interest-bearing	1,776	2,117	–		
Liabilities, non-interest bearing	1,099	1,244	–		
Total equity and liabilities	5,445	5,683	–		
Cash flow statement					
Cash flow from operating activities before change in working capital	353	294	–		
Change in working capital	-132	45	–		
Cash flow from operating activities	221	339	–		
Investments in non-current assets	-147	-176	–		
Disposals of non-current assets	19	47	–		
Cash flow before acquis./divestment of companies	93	210	–		
Net investments in companies	46	0	–		
Cash flow after investing activities	139	210			
Change in loans	-269	26	–		
New issues	0	0	–		
Dividends paid	-5	0	–		
Other	0	0	–		
Cash flow from financing activities	-274	236	–		
Cash flow for the year	-135	446	–		
Key figures					
EBITA margin, %	15.6	12.2	12.7		
EBT margin, %	10.8	8.1	8.5		
Return on equity, %	13.2	–	–		
Return on capital employed, %	12.0	–	–		
Equity ratio, %	38	33	–		
Interest-bearing net debt, SEKm	1,691	1,794	–		
Debt/equity ratio, times	1.0	1.3	–		
Average number of employees	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.
4) Equity includes convertible shareholder loan of SEK 1,070m.

Bluegarden – restructuring in Sweden

In 2003, Ratos acquired 100% of the Norwegian company Bluegarden from Norway Post. Ratos has invested a total of SEK 230m.

Consolidated book value in Ratos at year-end amounted to SEK 131m.

Ratos is represented on the board by Bo Jungner, Investment Director for this holding, and Per Frankling.

Operations

Bluegarden is one of the three leading Nordic players in payroll and human resources management (HRM), with a market-leading position in the Norwegian market and the Swedish market for large private companies. Operations focus on payroll processing systems and other HRM services, which are offered both in the form of software licensing, applications operation (ASP) and through other business models, including full outsourcing of HRM departments. Bluegarden's offering includes Bluegarden Digital HR – simple and effective services supplied via the Internet, Bluegarden Outsourcing and Bluegarden Web World – a service for large organisations where all payroll and HRM tools are placed where they are accessible to HR specialists, managers and employees.

Customers include many of the major Swedish, Norwegian and Danish corporations such as ABB, SEB, StoraEnso, IKEA, DnBNOR, Helse Sør, Norway Post, Sonofon and Tine. A total of over a million Nordic employees receive their salaries via the Bluegarden Group's systems. The company has over 300 employees and operations in Norway, Denmark and Sweden.

The past year

During 2006 Bluegarden noted significant success in procurement processes, especially in Sweden. In Norway, a web-based payroll and HRM service for small and medium-sized companies was launched and well received by the market.

Bluegarden's sales in Norway were affected by an annual price reduction in the contract with the company's largest customer, Norway Post. Revenues from other Norwegian customers remained at the previous year's level. In Sweden, revenues increased by 13% and in Denmark by 6%.

During the first half of the year profitability in the Swedish operations was considerably below the planned level. An action programme was therefore carried out during the summer with a reduction in the number of employees. NOK 12m was charged against earnings for this programme. In Norway, profitability weakened compared with 2005 due to the price reduction for Norway Post.

Bluegarden's sales amounted to NOK 427m (427). Operating profit (EBITA) was NOK 30m (56). Profit before tax (EBT) amounted to NOK 26m (42).

Norway Post has terminated its contract with Bluegarden for payroll and HRM services with effect from 2008 and will take over most of this work itself. Norway Post will continue to be one of Bluegarden's largest customers since Bluegarden supplies services related to HR planning.

Ole Morten Settevik, CEO

Ole Morton Settevik, whose background is with Microsoft Norway and Ementor, took over as CEO at the beginning of 2007.

Future prospects

Bluegarden anticipates continued growth in Sweden and Denmark. In Norway, considerable adjustments will need to be made to adapt the organisation to the changed relationship with Norway Post.

Board of Directors

Anders Skarin	Chairman
Per Frankling	
Svein F. Gullaksen	
Bo Jungner	
Mats Lönnqvist	
Bengt Paulsson	
Britt Reigo	
Henning Øglænd	
Ingebjørg Grythe	Employee representative
Gunnar Larsen	Employee representative
Liv Bente Romslo	Employee representative

Management

Ole Morten Settevik	CEO
Morten Hveding Juel	CFO
Thomas Grönlund	Managing Director Sweden

Bluegarden

NOKm	2006	2005	2004	2003	2002
Income statement					
Net sales	427	427	331	342	339
Operating expenses	-376	-350	-262	-279	-283
Other income/expenses	0	0	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	-12	-10	0
EBITDA	51	77	57	53	56
Depreciation	-21	-21	-20	-19	-15
EBITA	30	56	37	34	41
Amortisation and impair. of intangible assets	0	0	0	0	0
Impair. of goodwill (amort. until year-end 2003)	0	-1	0	-11	-5
EBIT	30	55	37	23	36
Financial income	27	3	3	3	3
Financial expenses	-31	-16	-8	-4	-4
EBT	26	42	32	22	35
Tax	-5	-11	-9	-9	-10
Profit for the year	21	31	23	13	25
Attributable to equity holders of the parent	21	31	23	13	25
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	422	412	268	29	33
Other intangible assets	62	63	66	79	76
Tangible assets	13	13	8	6	11
Financial assets, interest-bearing	1	10	0	0	0
Financial assets, non-interest bearing	1	2	2	0	4
Total non-current assets	499	500	344	114	124
Inventories	0	0	0	0	0
Receivables, interest-bearing	0	0			
Receivables, non-interest bearing	120	72	55	47	58
Cash, bank and other short-term investments	0	42	33	36	58
Total current assets	120	114	88	83	116
Total assets	619	614	432	197	240
Equity attrib. to equity holders of the parent	292	265	233	101	102
Equity attributable to minority interests	0	0	0	0	2
Provisions, interest-bearing	2	10	6	3	5
Provisions, non-interest bearing	0	0	0	0	0
Liabilities, interest-bearing	182	245	120	0	44
Liabilities, non-interest bearing	143	94	73	93	87
Total equity and liabilities	619	614	432	197	240
Cash flow statement					
Cash flow from operating activities before change in working capital	39	69	44	54	45
Change in working capital	9	1	-29	-13	10
Cash flow from operating activities	48	70	15	41	55
Investments in non-current assets	-21	-38	-18	-19	-24
Disposals of non-current assets	1	0	0	0	4
Cash flow before acquis./divest. of companies	28	32	-3	22	35
Net investments in companies	0	-150	0	0	0
Cash flow after investing activities	28	-118	-3	22	35
Change in loans	-70	128	0	-44	-6
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	-70	128	0	-44	-6
Cash flow for the year	-42	10	-3	-22	29
Key figures					
EBITA margin, %	7.0	13.1	11.2	9.9	12.1
EBT margin, %	6.1	9.8	9.7	6.4	10.3
Return on equity, %	7.5	12.4	9.9	12.8	–
Return on capital employed, %	11.4	13.2	11.1	20.2	–
Equity ratio, %	47	43	54	51	43
Interest-bearing net debt, NOKm	183	203	93	-33	-9
Debt/equity ratio, times	0.6	1.0	0.5	0.0	0.5
Average number of employees	381	366	281	325	329

Camfil – strong sales and earnings

Ratos invested SEK 450m in Camfil in 2000, corresponding to a holding of 30%. Other owners are members of the Larson and Markman families.

Consolidated book value in Ratos amounted to SEK 520m at year-end.

Arne Karlsson is the Investment Director and a member of the board with Henrik Joelsson as deputy.

Operations

Camfil is a family company dating back two generations. The company was founded in 1963. When Ratos became a shareholder, Camfil was able to acquire its US competitor Farr. Camfil Farr has a market share of over 10%. The Group is market leader in Europe and among the four largest companies in the US.

The Group has three product areas: Comfort (45% of sales) comprises filter products that contribute to a good indoor climate. Clean Processes (49%) 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.

Manufacturing is carried out in 20 plants on three continents and the Group is represented by subsidiaries and agents in some 55 countries.

The past year

Camfil had a strong sales and earnings trend during the year. All product areas and geographic markets developed well. Sales increased by a total of 22%, of which 11% was organic, and amounted to SEK 3,763m (3,083). The company carried out three successful acquisitions: IF Luftfilter, Kaefer RaCo and Australian Air Filter. Operating profit (EBITA) was SEK 279m (290). The decline in earnings was entirely due to extraordinary income in 2005 and extraordinary expenses of approximately SEK 30m in 2006. Profit before tax amounted to SEK 246m (265). Taking extraordinary items into account, the operating margin improved by approximately one percentage point. During the year a number of activities were also 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. New production plants are being set up in Slovakia and China. The operations in Asia, which is the market with the greatest growth potential, are being built up. Implementation of the activities identified and prioritised in the company's business plan will continue. These activities are designed to achieve both continued profitability improvements and continued growth.

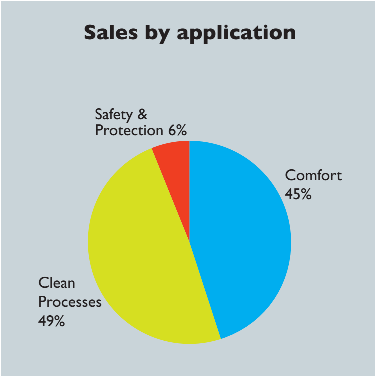
Alan O'Connell, CEO

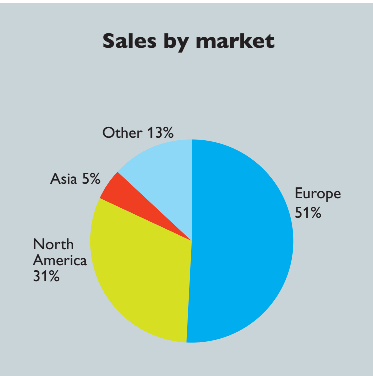
Board of Directors

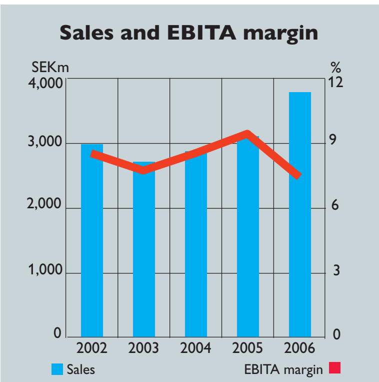
Jan Eric Larson	Chairman
Eric Giertz	
Arne Karlsson	
Mats Lönnqvist	
Johan Markman	
Carl Wilhelm Ros	
Christer Zetterberg	
Rolf Wikström	Employee representative
Henrik Joelsson	Deputy
Dan Larson	Deputy
Frida Markman	Deputy
Christer Stavström	Deputy, employee representative

Management

Alan O'Connell	CEO
Johan Ryrberg	Deputy CEO, CFO







Camfil

SEKm	2006	2005	2004	2003	2002
Income statement					
Net sales	3,763	3,083	2,855	2,691	2,960
Operating expenses	-3,389	-2,711	-2,538	-2,426	-2,658
Other income/expenses	8	5	6	25	16
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	0	0	0
Items affecting comparability	0	0	0	-1	22
EBITDA	382	377	323	289	340
Depreciation	-103	-87	-80	-81	-90
EBITA	279	290	243	208	250
Amort. and impairment of intangible assets	0	0	0	0	0
Impair. of goodwill (amort. until year-end 2003)	0	0	0	-47	-58
EBIT	279	290	243	161	192
Financial income	55	87	75	63	30
Financial expenses	-88	-112	-108	-85	-73
EBT	246	265	210	139	149
Tax	-62	-79	-63	-53	-72
Profit for the year	184	186	147	86	77
Attributable to equity holders of the parent	184	186	147	86	77
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	777	657	557	605	768
Other intangible non-current assets	5	7	5	0	0
Tangible assets	622	620	503	543	596
Financial assets, interest-bearing	42	51	0	0	0
Financial assets, non-interest bearing	54	58	99	94	120
Total non-current assets	1,500	1,393	1,164	1,242	1,484
Inventories	466	412	358	322	339
Receivables, interest-bearing	2	0	0	0	0
Receivables, non-interest bearing	832	706	597	552	572
Cash, bank and other short-term investments	262	215	167	382	374
Total current assets	1,562	1,333	1,122	1,256	1,285
Total assets	3,062	2,726	2,286	2,498	2,769
Equity attrib. to equity holders of the parent	1,330	1,312	1,065	1,045	1,087
Equity attributable to minority interests	0	0	0	0	0
Provisions, interest-bearing	105	114	101	51	51
Provisions, non-interest bearing	34	92	152	165	222
Liabilities, interest-bearing	877	683	509	807	1,016
Liabilities, non-interest bearing	716	525	459	430	393
Total equity and liabilities	3,062	2,726	2,286	2,498	2,769
Cash flow statement					
Cash flow from operating activities before change in working capital	271	210	229	218	200
Change in working capital	-30	-36	-62	5	47
Cash flow from operating activities	241	174	167	223	247
Investments in non-current assets	-131	-206	-110	-109	-86
Disposals of non-current assets	19	62	49	8	132
Cash flow before acquis./divestment of companies	129	30	106	122	293
Net investments in companies	-284	0	0	0	0
Cash flow after investing activities	-155	30	106	122	293
Change in loans	253	69	-301	-80	-168
New issues	0	0	3	0	0
Dividends paid	-40	-68	-28	-26	-23
Other	0	0	0	0	0
Cash flow from financing activities	213	1	-326	-106	-191
Cash flow for the year	58	31	-220	16	102
Key figures					
EBITA margin, %	7.4	9.4	8.5	7.7	8.5
EBT margin, %	6.5	8.6	7.4	5.2	5.0
Return on equity, %	13.9	15.6	13.8	8.1	7.0
Return on capital employed, %	15.1	19.9	19.0	11.0	9.5
Equity ratio, %	43	48	47	42	39
Interest-bearing net debt, SEKm	676	531	443	476	693
Debt/equity ratio, times	0.7	0.6	0.6	0.8	1.0
Average number of employees	2,949	2,693	2,619	2,602	2,635

DIAB – record earnings and strong order book

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 709m at year-end.

Stig Karlsson is the Investment Director for the holding and represents Ratos on the board together 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. The core material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

The products are built on a core of Divinycell, a fibre-reinforced polymer which is light, strong and rigid, or on a balsa material which is a simpler and less expensive core material. DIAB's customer segments are Marine (52%), Wind (31%), Industry (9%), Transportation (4%) and Aerospace (4%).

DIAB has seven production units. Block production is carried out in Sweden (Laholm), Italy (Longarone) and the US (De Soto, Texas). There is a smaller unit in Ecuador that produces balsa. Finally, there are material processing units in Lithuania, Australia and China. DIAB has its own sales organisation in nine countries and more than 90% of sales take place outside Sweden.

DIAB has a very strong strategic position as the world-leading manufacturer of core materials for sandwich solutions made from polymers and balsa materials. The market is in a growth phase and new applications are constantly being developed. The largest competitor is the Swiss company Airex.

The year in brief

DIAB's market situation was very good during 2006. There was strong growth in demand for wind power in all markets, underpinned by high energy prices and efforts to find renewable energy sources. Demand for large boats also remained strong. Sales totalled SEK 1,205m (918), representing growth of 31%. Demand was good in all geographic markets with the strongest order bookings and billing in Asia/Australia, particularly China.

Anders Paulsson, CEO

Operating profit (EBITA) for the year showed a strong improvement from SEK 97m to SEK 258m, mainly due to the good sales trend. The EBITA margin rose from 10.6% to 21.4%. The strong increase in billing levels, which is a consequence of capacity expansion following introduction of the new product programme, had a very strong impact on earnings. Delivery capacity continued to improve and new record production rates were achieved.

Future prospects

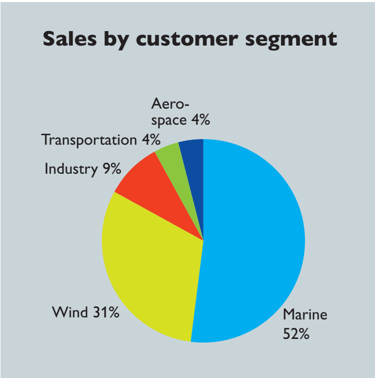
DIAB has a strategically strong position as a world-leading manufacturer of core materials in attractive markets with a unique potential for long-term growth, for example within the wind power segment and new applications. Growth will primarily be achieved through increased sales to existing customers, where both previous and new applications have great potential. The improved product programme allows productivity improvements which, combined with growth opportunities are expected to contribute to improved earnings in the next few years.

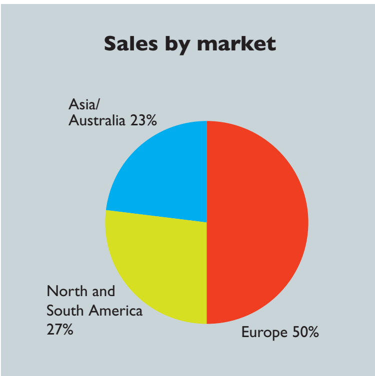
Board of Directors

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





DIAB

SEKm	2006	2005	2004	2003	2002
Income statement					
Net sales	1,205	918	759	658	694
Operating expenses	-913	-782	-637	-565	-611
Other income/expenses	6	0	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	298	136	122	93	83
Depreciation	-40	-39	-35	-35	-35
EBITA	258	97	87	58	48
Amort. and impairment of intangible assets	0	0	0	0	0
Impair. of goodwill (amort. until year-end 2003)	0	0	0	-1	-1
EBIT	258	97	87	57	47
Financial income	0	3	1	2	0
Financial expenses	-14	-10	-7	-7	-6
EBT	244	90	81	52	41
Tax	-80	-29	-23	-17	-7
Profit for the year	164	61	58	35	34
Attributable to equity holders of the parent	164	61	58	35	34
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	0	0	0	0	1
Other intangible non-current assets	7	0	0	0	0
Tangible assets	415	348	304	294	308
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	10	10	7	11	12
Total non-current assets	432	358	311	305	321
Inventories	183	177	134	128	132
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	223	197	149	133	129
Cash, bank and other short-term investments	79	30	22	23	16
Total current assets	485	404	305	284	277
Total assets	917	762	616	589	598
Equity attrib. to equity holders of the parent	409	288	209	301	289
Equity attributable to minority interests	0	0	0	0	0
Provisions, interest-bearing	15	13	13	12	11
Provisions, non-interest bearing	31	29	30	31	27
Liabilities, interest-bearing	209	264	220	129	132
Liabilities, non-interest bearing	253	168	144	116	139
Total equity and liabilities	917	762	616	589	598
Cash flow statement					
Cash flow from operating activities before change in working capital	267	123	119	82	51
Change in working capital	16	-62	-11	-38	7
Cash flow from operating activities	283	61	108	44	58
Investments in non-current assets	-139	-78	-53	-31	-69
Disposals of non-current assets	0	0	5	0	3
Cash flow before acquis./divestment of companies	144	-17	60	13	-8
Net investments in companies	0	0	0	0	0
Cash flow after investing activities	144	-17	60	13	-8
Change in loans	-44	29	98	4	30
New issues	0	0	-14	0	0
Dividends paid	-25	0	-144	-10	-20
Other	-24	-6	0	0	0
Cash flow from financing activities	-93	23	-60	-6	10
Cash flow for the year	51	6	0	7	2
Key figures					
EBITA margin, %	21.4	10.6	11.5	8.8	6.9
EBT margin, %	20.2	9.8	10.7	7.9	5.8
Return on equity, %	47.1	24.5	27.8	11.9	11.9
Return on capital employed, %	43.1	19.9	19.9	13.5	11.5
Equity ratio, %	45	38	34	51	48
Interest-bearing net debt, SEKm	145	247	211	118	126
Debt/equity ratio, times	0.5	1.0	1.1	0.5	0.5
Average number of employees	892	734	788	654	665

GS-Hydro – strong sales 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 209m.

Investment Director is Leif Johansson who together with Magdalena Aniansson represents Ratos on the board.

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 both high and low pressure systems that require fast installation, a high degree of cleanliness and a minimum of operating shutdowns. The company also supplies components for piping systems, takes responsibility for design and engineering, installation and documentation of piping systems. The products are mainly used within the marine and offshore industry as well as in the pulp and paper, mining and metals, automotive and aerospace, and defence industries. The company has approximately 400 employees in 16 countries. The head office is in Finland.

GS-Hydro's business areas comprise the market segments Marine, Offshore and Land-based Industry. The company has subsidiaries in 14 countries.

The past year

During the year an add-on acquisition was carried out of the Norwegian company Seth Service for approximately NOK 10m. This acquisition marks another step towards becoming a complete supplier of piping and tubing systems. In December, a new, Canadian subsidiary was formed in Edmonton, Alberta, in order to strengthen presence in the North American market. The new CEO – Thomas Rönnholm – took up his post on 1 August.

Results

The company showed a continued strong increase in sales. Net sales rose 54% and totalled EUR 106m (69). Operating profit (EBITA) was EUR 10.9m (3.7). The sales growth and improved earnings are due to strong development in all geographic markets and within all market segments. The improvement is also explained by completed, extensive action programmes. The EBITA margin improved from 5.3% to 10.3%.

Thomas Rönnholm, CEO

Future prospects

GS-Hydro has a unique strategic position with its non-welded piping systems combined with its offering of complete solutions and project deliveries. Market prospects continue to look very good. Combined, with a number of further ongoing action programmes, this provides the company with good conditions for continued growth and improved profitability.

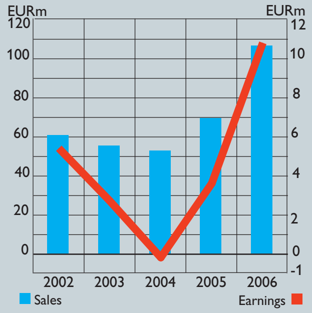
Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Leif Johansson	
Staffan Paues	
Eli K. Vassenden	
Magdalena Aniansson	Deputy

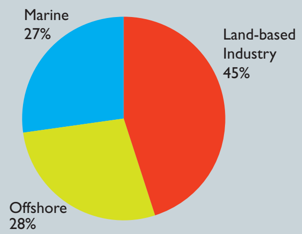
Management

Thomas Rönnholm	CEO
Jyrki Pihlava	CFO

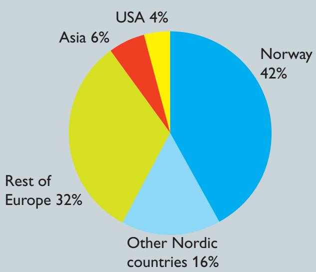
Sales and earnings



Sales by segment



Sales by market



GS-Hydro

EURm	2006	2005	2004	2003	2002
Income statement					
Net sales	106.3	69.1	52.6	55.2	60.5
Operating expenses	-93.8	-63.8	-51.4	-51.2	-53.8
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	0.0	-0.1	0.0	0.0	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0
EBITDA	12.5	5.2	1.2	4.0	6.7
Depreciation	-1.6	-1.5	-1.3	-1.2	-1.2
EBITA	10.9	3.7	-0.1	2.8	5.5
Amort. and impairment of intangible assets	0.0	0.0	0.0	0.0	0.0
Impairm. of goodwill (amort. until year-end 2003)	0.0	0.0	0.0	-1.2	-1.0
EBIT	10.9	3.7	-0.1	1.6	4.5
Financial income	0.0	0.0	0.1	0.3	0.1
Financial expenses	-1.7	-0.9	-1.1	-1.3	-0.7
EBT	9.2	2.8	-1.1	0.6	3.9
Tax	-2.4	-1.2	-0.4	–	–
Profit for the year	6.8	1.6	-1.5	–	–
Attributable to equity holders of the parent	6.8	1.6	-1.5	–	–
Attributable to minority interests	0.0	0.0	0.0	–	–
Balance sheet					
Goodwill	15.1	13.8	13.9	13.9	13.8
Other intangible non-current assets	0.0	0.5	0.5	0.4	0.1
Tangible assets	8.6	7.0	6.1	6.1	6.9
Financial assets, interest-bearing	0.0	0.0	0.0	0.0	0.0
Financial assets, non-interest bearing	1.0	1.7	1.3	0.7	0.8
Total non-current assets	24.7	23.0	21.8	21.1	21.6
Inventories	23.8	16.9	13.9	13.0	14.2
Receivables, interest-bearing	0.0	0.0	0.0	0.0	0.0
Receivables, non-interest bearing	29.6	16.4	12.5	12.0	11.6
Cash, bank and other short-term investments	0.2	3.4	1.4	3.1	3.3
Total current assets	53.6	36.7	27.8	28.1	29.1
Total assets	78.3	59.7	49.6	49.2	50.7
Equity attrib. to equity holders of the parent	23.1	16.8	15.0	15.1	27.2
Equity attributable to minority interests	0.0	0.0	0.0	0.0	0.1
Provisions, interest-bearing	0.0	0.1	0.2	0.0	0.0
Provisions, non-interest bearing	0.6	0.4	0.4	0.4	0.1
Liabilities, interest-bearing	30.5	29.5	25.6	25.0	13.0
Liabilities, non-interest bearing	24.1	12.9	8.4	8.7	10.3
Total equity and liabilities	78.3	59.7	49.6	49.2	50.7
Cash flow statement					
Cash flow from operating activities before change in working capital	8.0	3.3	-0.4	2.6	6.2
Change in working capital	-8.0	-3.1	-0.1	-0.8	0.4
Cash flow from operating activities	0.0	0.2	-0.5	1.8	6.6
Investments in non-current assets	-2.0	-2.2	-1.8	-2.9	-1.4
Disposals of non-current assets	0.0	0.0	0.0	0.0	0.0
Cash flow before acquis./divest. of companies	-2.0	-2.0	-2.3	-1.1	5.2
Net investments in companies	-2.0	0.0	0.0	0.0	0.0
Cash flow after investing activities	-4.0	-2.0	-2.3	-1.1	5.2
Change in loans	1.0	3.9	3.2	7.5	-4.7
New issues	0.0	0.0	6.3	0.0	0.0
Dividends paid	0.0	0.0	-8.8	-6.6	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	1.0	3.9	0.7	0.9	-4.7
Cash flow for the year	-3.0	1.9	-1.6	-0.2	0.5
Key figures					
EBITA margin, %	10.3	5.3	neg.	5.1	8.5
EBT margin, %	8.7	4.0	neg.	1.1	6.4
Return on equity, %	34.1	9.9	neg.	–	–
Return on capital employed, %	21.8	8.4	–	4.7	11.3
Equity ratio, %	30	28	30	31	54
Interest-bearing net debt, EURm	30.3	26.2	24.4	21.9	9.7
Debt/equity ratio, times	1.3	1.8	1.7	1.7	0.5
Average number of employees	404	315	307	291	279

Haendig – streamlining

Haendig was added to Ratos's portfolio 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 343m at year-end. Ratos has invested a total of SEK 281m in Haendig.

Ratos is represented on the board by Stig Karlsson, Investment Director for the holding, and Henrik Blomé as deputy.

Concentration of operations

In 2006, Haendig concentrated its operations to bathroom and furnishing products through the sale of the subsidiaries HDF-Bolagen, HDF Gyttorp Jakt and Penope and a decision to discontinue the operations in Sven Svenssons.

Following this streamlining, the Group comprises Hafa Bathroom Group, the Nordic leader in bathroom furnishings with the Hafa and Westerbergs brands, and DeCasa Interiör, with subsidiaries Lundbergs Produkter and Duri, which are market leaders within floor accessories and specific furnishing products.

The year in brief

Haendig's sales in 2006, excluding phased out and sold operations, amounted to SEK 727m (594). The companies' organic growth was 7%, the remaining growth came from the acquisition of Westerbergs in 2005. Operating profit (EBITA) for the year, excluding sold units, amounted to SEK 62m (13). Earnings for Hafa Bathroom Group and DeCasa Interiör showed positive development and the sale of own properties provided a capital gain of SEK 21m. Result for the year from discontinued operations amounted to SEK -19m (+20). The decline in earnings was mainly attributable to reserved discontinuation costs for Sven Svenssons.

The sale of operations and properties and the closure of Sven Svenssons, contributed to a strong cash flow during the year and a substantial reduction in debt in the Group.

Future prospects

Haendig's subsidiaries Hafa Bathroom Group and DeCasa Interiör have strong positions in markets with good underlying growth. Business development work is focused on developing the companies' positions within each niche through product development, increased and more broad-based marketing and investments in the companies' brands.

Thomas Holmgren, CEO

Board of Directors

Stig Karlsson	Chairman
Stefan Elving	
Bengt Olsson	
Thomas Holmgren	CEO
Henrik Blomé	Deputy

Management

Thomas Holmgren	CEO
Ulf Carlson	CFO
Ola Andrée	CEO Hafa/ Westerbergs
Staffan Jehander	CEO Duri/ Lundbergs
Ola Gavin	CEO Sven Svenssons

Haendig

SEKm	2006 [2]	2005 [1]	2004	2003	2002
Income statement					
Net sales	727	594	1,291	1,194	1,241
Operating expenses	-689	-579	-1,208	-1,112	-1,155
Other income/expenses	9	3	0	0	0
Share of profits of associates	0	0	0	0	0
Divestment result	24	3	0	0	0
Items affecting comparability	0	0	0	0	-10
EBITDA	71	21	83	82	76
Depreciation	-9	-8	-13	-17	-18
EBITA	62	13	70	65	58
Amort. and impairment of intangible assets	0	0	0	0	0
Impair. of goodwill (amort. until year-end 2003)	0	0	0	-10	-11
EBIT	62	13	70	55	47
Financial income	2	0	1	2	3
Financial expenses	-5	-4	-16	-18	-25
EBT	59	9	55	39	24
Tax	-11	-8	-15	-12	-11
Result discontinued operation	-19	20	–	–	–
Profit for the year	29	21	40	27	13
Attributable to equity holders of the parent	29	21	40	27	13
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	113	139	117	117	122
Other intangible non-current assets	1	1	2	3	5
Tangible assets	26	116	133	148	156
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	1	2	4	0	4
Total non-current assets	141	258	256	268	288
Inventories	144	285	267	247	256
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	152	246	212	189	214
Cash, bank and other short-term investments	8	15	20	6	8
Assets held for sale	164	–	–	–	–
Total current assets	468	546	499	442	477
Total assets	609	804	755	710	765
Equity attrib. to equity holders of the parent	286	266	260	222	208
Equity attributable to minority interests	0	0	0	0	0
Provisions, interest-bearing	14	13	16	14	13
Provisions, non-interest bearing	26	37	25	22	21
Liabilities, interest-bearing	6	280	260	294	351
Liabilities, non-interest bearing	114	208	194	158	172
Liabilities attributable to assets hold for sale	163	–	–	–	–
Total equity and liabilities	609	804	755	710	765
Cash flow statement					
Cash flow from operating activities before change in working capital	12	41	62	51	43
Change in working capital	-7	-51	-9	28	11
Cash flow from operating activities	5	-10	53	79	54
Investments in non-current assets	-7	-7	-11	-14	-16
Disposals of non-current assets	2	29	6	0	3
Cash flow before acquis./divest. of companies	0	12	48	65	41
Net investments in companies	162	-24	0	0	0
Cash flow after investing activities	162	-12	48	65	41
Change in loans	-164	27	-34	-58	-37
New issues	0	0	0	0	0
Dividends paid	0	-20	0	-9	0
Other	0				
Cash flow from financing activities	-164	7	-34	-67	-37
Cash flow for the year	-2	-5	14	-2	4
Key figures					
EBITA margin, %	8.5	2.2	5.4	5.4	4.7
EBT margin, %	8.1	1.5	4.3	3.3	1.9
Return on equity, %	17.4	0.4	15.4	12.6	6.6
Return on capital employed, %	14.8	2.4	13.2	10.3	8.5
Equity ratio, %	47	33	34	31	27
Interest-bearing net debt, SEKm	12	278	256	302	358
Debt/equity ratio, times	0.1	1.1	1.1	1.4	1.8
Average number of employees	258	437	391	399	410

1) Pro forma 2005 result taking discontinued operations in 2006 into account.

2) Cash flow and number of employees exclude discontinued operations.

Haglöfs – strong sales trend

Haglöfs was added to Ratos's portfolio in 2001 in conjunction with the acquisition of Atle. Haglöfs is wholly owned by Ratos. Ratos has invested a total of SEK 104m in Haglöfs.

Consolidated book value in Ratos amounted to SEK 156m at year-end.

Ratos is represented on the board by Stig Karlsson and Arne Karlsson. Investment Director for this holding is Stig Karlsson.

Operations

Haglöfs is a leading outdoor brand in the Nordic region and develops, produces and markets equipment and clothes for an active outdoor life. As a complete supplier, the company offers rucksacks, sleeping bags, tents, clothes and footwear. Haglöfs is represented in 15 countries. The Nordic region is the home market but the group has established itself successfully in selected export markets such as Germany, the UK, Switzerland, the Netherlands and Japan. Approximately one-third of sales take place outside the Nordic region. Annual sales growth during the period 1989-2006 averaged 22%.

Market position

Haglöfs has consolidated its position as an innovative supplier of technical outdoor products and offers a broad range of products of a consistently high quality and image. The market is growing due to a rising interest in outdoor activities/multi-sports and the fact that outdoor products are also increasingly used in other and more contexts. Successful product development, marketing and distribution have made Haglöfs a recognised international brand within a short period. The outdoor market is mainly a global market that is provided with global products, despite distinct differences between different geographic markets regarding the definition of outdoor, distribution patterns and consumer behaviour. Haglöfs' main international competitors are The North Face, Marmot, Mountain Hardware and Arc'teryx. In 2006 Haglöfs received an Outdoor Industry Award for the most innovative product (Oz Pullover) in conjunction with the Outdoor Fair in Friedrichshafen, Germany.

Mats Hedblom, CEO

Sales and results

Haglöfs enjoyed considerable sales success and net sales rose 26% to SEK 412m (328 excluding Alfa). Growth was favourable in all markets, +22% in the Nordic region and +36% in export markets. A declaration of intent for the sale of the subsidiary Alfa Skofabrik was signed at the end of the year. The sale generated a capital loss of SEK 13m including impairment of goodwill. Operating profit (EBITA) amounted to SEK 30m (30 excluding Alfa). The EBITA margin was 7% (9).

Future prospects

Haglöfs continues to have strong market potential in both the Nordic countries and Western Europe. Several projects have been initiated designed to improve profitability. The long-term annual growth target is 10% with an EBITA margin of 10%.

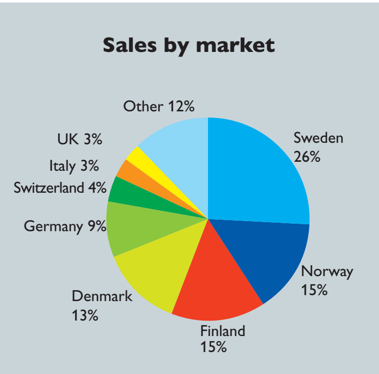
Board of Directors

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	2006 [2]	2005 [1]	2004 [1]	2003 [1]	2002 [1]
Income statement					
Net sales	412	328	269	261	217
Operating expenses	-379	-295	-244	-241	-206
Other income/expenses	0	0	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	33	33	25	20	11
Depreciation	-3	-3	-3	-2	-2
EBITA	30	30	22	18	9
Amort. and impairment of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0
EBIT	30	30	22	18	9
Financial income	0	0	0	0	0
Financial expenses	-2	-1	-2	-3	-3
EBT	28	29	20	15	6
Tax	-8	-9	-6	-4	-2
Result discontinued operation	-17	-2	-4	-1	2
Profit for the year	3	18	10	10	6
Attributable to equity holders of the parent	3	18	10	10	6
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	0	0	4	3	5
Other intangible non-current assets	1	1	2	3	3
Tangible assets	18	11	14	17	19
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	2	1	4	3	3
Total non-current assets	21	13	24	26	30
Inventories	80	81	74	79	79
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	79	73	68	54	57
Cash, bank and other short-term investments	11	17	23	23	10
Assets held for sale	31	45	–	–	–
Total current assets	201	216	165	156	146
Total assets	222	229	189	182	176
Equity attrib. to equity holders of the parent	96	95	75	62	57
Equity attributable to minority interests	0	0	0	0	0
Provisions, interest-bearing	0	0	2	0	0
Provisions, non-interest bearing	3	3	2	3	2
Liabilities, interest-bearing	41	62	65	76	61
Liabilities, non-interest bearing	50	42	45	41	56
Liabilities attributable to assets hold for sale	32	27	–	–	–
Total equity and liabilities	222	229	189	182	176
Cash flow statement					
Cash flow from operating activities before change in working capital	15	23	17	12	10
Change in working capital	13	-36	-5	-12	2
Cash flow from operating activities	28	-13	12	0	12
Investments in non-current assets	-12	-2	-1	-3	-9
Disposals of non-current assets	0	0	0	0	0
Cash flow before acquis./divestment of companies	16	-15	11	-3	3
Net investments in companies	0	0	0	0	0
Cash flow after investing activities	16	-15	11	-3	3
Change in loans	-20	10	-11	16	0
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	-20	10	-11	16	0
Cash flow for the year	-4	-5	0	13	3
Key figures					
EBITA margin, %	7.3	9.1	8.2	6.9	4.1
EBT margin, %	6.8	8.8	7.4	5.7	2.8
Return on equity, %	20.9	–	–	–	–
Return on capital employed, %	20.4	–	–	–	–
Equity ratio, %	43	41	40	34	32
Interest-bearing net debt, SEKm	30	45	44	53	51
Debt/equity ratio, times	0.4	0.7	0.9	1.2	1.1
Average number of employees	72	119	123	120	110

1) Pro forma taking discontinued operations in 2006 into account.

2) Cash flow and number of employees exclude discontinued operations.

HL Display – improved profitability

Ratos became a shareholder in HL Display in 2001 in conjunction with the acquisition of Atle. Ratos's holding amounts to 28.9% of the share capital and 20.2% of the voting rights. Ratos has invested SEK 229m in HL Display.

The consolidated book value amounted to SEK 251m at year-end. Market value on the same date was SEK 409m.

Ratos is represented on the board by Stig Karlsson, Investment Director for this holding.

Market-leading player in merchandising

HL Display is a market-leading international supplier of products and solutions for in-store communication and merchandising, primarily to the retail sector. This means that the company develops, manufactures and sells datastrips, shelf sections, sign holders, hooks, product racks, etc. Customers are within the retail sector (including food retailers) and brands suppliers. 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 Stockholm Stock Exchange since 1993. Manufacture is mainly carried out in Sundsvall, Karlskoga (extrusions/injection moulding), Falun (screen printing/hot bending) and China (extrusions/injection moulding). HL Display has approximately 900 employees in 28 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.

Results

Work on prioritising profitability before growth continued during the year. A number of rationalisation and efficiency measures were carried out in order to achieve further margin improvements. For example, the company carried out cutbacks in the sales company in Germany, outsourced some production from the Falun factory and closed a service centre in the Netherlands. HL Display's profitability target is a profit margin of 10%, which has been made possible by the action taken. Work with the newly started plant in Sozhou, China, has also shown good results and this was an important step towards raising competitiveness in the Asian markets.

Gérard Dubuy, CEO

HL Display saw positive development in almost all markets. The group's net sales increased by 13% in 2006 and amounted to SEK 1,448m (1,285). The sales increase was particularly marked in Eastern Europe and Asia. Growth in the UK sales company was non-existent due to organisational changes. The French sales company reports an unchanged sales volume. Growth combined with the fact that completed efficiency improvement measures have started to have an effect led to an increase in operating profit from SEK 63m to SEK 107m. Earnings were affected by non-recurring costs of SEK 15m attributable to costs related to the closure of the service centre in the Netherlands and restructuring in the German sales company.

Financial calendar

Interim Report Jan-March: 17 April 2007

Interim Report Jan-June: 13 July 2007

Interim Report Jan-Sept:12 October 2007

www.hl-display.com

Major shareholders

	Capital, %	Votes, %
Remius family	29.2	59.5
Ratos	28.9	20.2
Lannebo funds	9.7	4.7
Skandia	6.6	3.2
Didner & Gerge Aktiefond	3.7	1.8
SIF	1.5	0.7

Source:VPC

Board of Directors

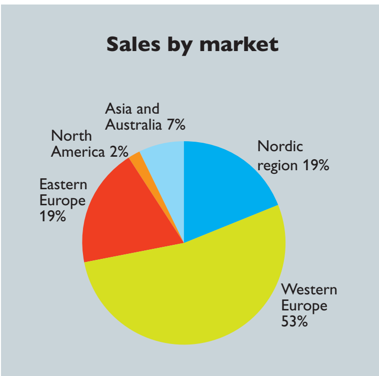
Anders Remius	Chairman
Jan-Ove Hallgren	
Stig Karlsson	
Åke Modig	
Lis Remius	
Gérard Dubuy	CEO
Magnus Jonsson	Employee representative
Kent Mossberg	Employee representative
Henrik Smedlund	Deputy, employee representative

Management

Gérard Dubuy	CEO
Kent Hertzell	Economy & Finance, acting Production Director
Kenneth Löfgren	IT
Alistair Burke	Business Development
Håkan Eriksson	Marketing
Staffan Forslund	Human Resources
Birger Nilsson	Development

HL Display

SEKm	2006	2005	2004	2003	2002 [1]
Income statement					
Net sales	1,448	1,285	1,249	1,129	1,154
Operating expenses	-1,296	-1,175	-1,097	-1,059	-1,037
Other income/expenses	-1	0	7	6	8
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	0	0	0
Items affecting comparability	0	0	0	-33	0
EBITDA	151	110	159	43	125
Depreciation	-44	-47	-51	-45	-47
EBITA	107	63	108	-2	78
Amorti. and impairment of intangible assets	0	0	0	0	0
Impair. of goodwill (amor. until year-end 2003)	0	0	0	-2	-2
EBIT	107	63	108	-4	76
Financial income	2	11	3	3	2
Financial expenses	-17	-12	-18	-8	-13
EBT	92	62	93	-9	65
Tax	-30	-19	-30	-1	-21
Result discontinued operation	0	-7	-16	0	0
Profit for the year	62	36	47	-10	44
Attributable to equity holders of the parent	61	35	47	-10	44
Attributable to minority interests	1	1	0	0	0
Balance sheet					
Goodwill	0	0	0	1	3
Other intangible non-current assets	6	3	3	6	9
Tangible assets	208	224	231	137	160
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	20	15	14	27	22
Total non-current assets	234	242	248	171	194
Inventories	137	133	116	128	114
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	343	304	291	251	242
Cash, bank and other short-term investments	163	81	112	95	100
Total current assets	643	518	519	474	456
Total assets	877	760	767	645	650
Equity attribu. to equity holders of the parent	386	342	328	293	316
Equity attributable to minority interests	2	0	0	0	0
Provisions, interest-bearing	9	2	0	0	0
Provisions, non-interest bearing	19	13	16	14	23
Liabilities, interest-bearing	202	189	195	143	135
Liabilities, non-interest bearing	259	214	228	195	176
Total equity and liabilities	877	760	767	645	650
Cash flow statement					
Cash flow from operating activities before change in working capital	137	71	121	35	88
Change in working capital	-17	-28	-19	9	-7
Cash flow from operating activities	120	43	102	44	81
Investments in non-current assets	-32	-42	-45	-41	-49
Disposals of non-current assets	0	0	0	0	0
Cash flow before acquis./divest. of companies	88	1	57	3	32
Net investments in companies	0	0	0	0	0
Cash flow after investing activities	88	1	57	3	32
Change in loans	14	-18	-26	7	17
New issues	5	0	1	0	0
Dividends paid	-23	-19	-13	-13	-12
Other	0	0	0	0	0
Cash flow from financing activities	-4	-37	-38	-6	5
Cash flow for the year	84	-36	19	-3	37
Key figures					
EBITA margin, %	7.4	4.9	8.6	neg.	6.8
EBT margin, %	6.4	4.8	7.4	neg.	5.6
Return on equity, %	16.8	10.4	14.3	neg.	14.6
Return on capital employed, %	19.3	14.0	21.2	neg.	16.8
Equity ratio, %	44	45	43	45	49
Interest-bearing net debt, SEKm	48	110	83	48	35
Debt/equity ratio, times	0.5	0.6	0.6	0.5	0.4
Average number of employees	949	933	967	975	925



Hägglunds Drives – export company of the year

Ratos became an owner of Arcorus (former parent company of Hägglunds Drives) in conjunction with the acquisition of Atle in 2001. Arcorus ceased to be a group from January 2005 and Hägglunds Drives became a separate holding in Ratos.

Ratos's stake amounts to 100% and the consolidated book value at year-end was SEK -505m. The negative consolidated value is explained by the refinancing carried out in November when Ratos received SEK 1,000m.

Stig Karlsson is the Investment Director for this holding and he also represents Ratos on the board together with Henrik Blomé.

Per Nordgren, CEO

Operations

Hägglunds Drives is a global supplier of hydraulic drive systems intended for heavy applications that require high torque, low speeds 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. Hägglunds 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. Of the company's sales, Europe accounts for 41%, North America for 23%, Asia/Australia for 30% and other countries for 6%.

The past year

Hägglunds Drives' markets were characterised by a strong willingness to invest during the year. Sales totalled SEK 1,547m (1,175) which represents an increase of 32% compared with the previous year. The increased demand is broad-based over geographic markets and customer segments, with the greatest increases in pulp and paper, sugar, mining and materials handling, and marine and offshore segments, as well as in the geographic markets North America, India, Sweden and Australia.

The strong volume growth led to a substantial improvement in earnings. Operating profit (EBITA) increased by 48% and amounted to SEK 261m (176). The operating margin (EBITA) improved from 15% to 17%. Profit before tax was SEK 254m (171). Despite the increase in volume, operating cash flow remained strong SEK +144m (30). Ratos received a dividend of SEK 100m during the year and a refinancing of Hägglunds Drives was carried out in November where Ratos received an additional SEK 1,000m.

In August, Hägglunds Drives received an "Export Hermes" award from the Swedish chambers of commerce. This prize is awarded annually to two successful Swedish export companies.

Future prospects

Hägglunds Drives' strong niche position is based on long experience of deliveries of complete systems, substantial 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 in order to widen the use of hydraulic system solutions. In addition, Hägglunds Drives is focusing on growth in new geographic markets, developing its offering for new applications and continuing to develop the company's aftermarket operations.

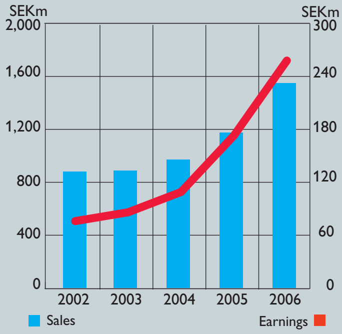
Board of Directors

Anders Lindblad	Chairman
Henrik Blomé	
Stig Karlsson	
Lars Näsman	
Arnfinn Ruud	
Per Nordgren	CEO
Sture Kallin	Employee representative
Gunborg Karlsson	Employee representative
Johnny Lundberg	Employee representative
Uno Sundelin	Employee representative

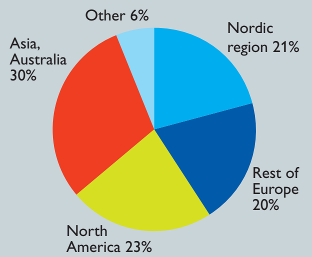
Management

Per Nordgren	CEO
Ulf Wiklund	CFO

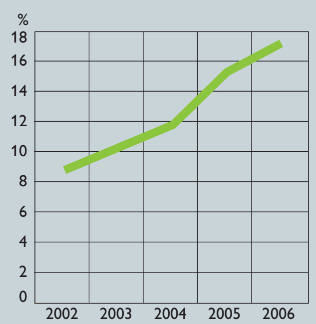
Sales and earnings



Sales by market



EBITA margin



Hägglunds Drives

SEKm	2006 [1]	2006	2005	2004	2003	2002
Income statement						
Net sales	–	1,547	1,175	970	887	880
Operating expenses	–	-1,260	-976	-835	-775	-778
Other income/expense	–	0	1	0	1	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	–	287	200	135	113	102
Depreciation	–	-26	-24	-23	-24	-23
EBITA	–	261	176	112	89	79
Amort. and impairment of intangible assets	–	0	0	0	0	0
Impair. of goodwill (amort. until year-end 2003)	–	0	0	0	-1	-1
EBIT	–	261	176	112	88	78
Financial income	–	1	2	1	2	1
Financial expenses	–	-8	-7	-7	-6	-8
EBT	–	254	171	106	84	71
Tax	–	-74	-55	-23	-22	-26
Profit for the year	–	180	116	83	62	45
Attributable to equity holders of the parent	–	180	116	83	62	45
Attributable to minority interests	–	0	0	0	0	0
Balance sheet						
Goodwill	2,045	7	7	0	7	8
Other intangible non-current assets	21	11	14	14	10	11
Tangible assets	156	156	139	128	112	113
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	5	5	4	2	2	10
Total non-current assets	2,227	179	164	144	131	142
Inventories	258	258	241	178	154	140
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	362	351	299	223	240	200
Cash, bank and other short-term investments	35	33	24	24	39	55
Total current assets	655	642	564	425	433	395
Total assets	2,882	821	728	569	564	537
Equity attrib. to equity holders of the parent	1,381	328	282	161	284	262
Equity attributable to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	71	70	68	61	59	52
Provisions, non-interest bearing	13	5	14	6	9	16
Liabilities, interest-bearing	1,093	93	101	113	62	79
Liabilities, non-interest bearing	324	325	263	228	150	128
Total equity and liabilities	2,882	821	728	569	564	537
Cash flow statement						
Cash flow from operating activities before change in working capital	–	212	187	79	89	73
Change in working capital	–	-27	-122	38	-68	28
Cash flow from operating activities	–	185	65	117	21	101
Investments in non-current assets	–	-42	-36	-44	-23	-16
Disposals of non-current assets	–	1	1	0	5	1
Cash flow before acquis./divest. of companies	–	144	30	73	3	86
Net investments in companies	–	0	-16	0	0	0
Cash flow after investing activities	–	144	14	73	3	86
Change in loans	–	-5	-13	0	0	-61
New issues	–	0	0	0	0	0
Dividends paid	–	-100	0	-140	-20	-20
Other	–	-30	0	0	0	0
Cash flow from financing activities	–	-135	-13	-140	-20	-81
Cash flow for the year	–	9	1	-67	-17	5
Key figures						
EBITA margin, %	–	16.9	15.0	11.5	10.0	8.5
EBT margin, %	–	16.4	14.6	10.9	9.5	8.1
Return on equity, %	–	59.0	52.4	51.6	22.7	17.2
Return on capital employed, %	–	55.6	45.3	33.7	22.6	18.9
Equity ratio, %	48	40	39	28	50	49
Interest-bearing net debt, SEKm	1,129	130	145	150	82	76
Debt/equity ratio, times	0.8	0.5	0.6	1.1	0.4	0.5
Average number of employees	638	638	554	514	489	472

[1] Group after completed refinancing.

Inwido – 14 strategic acquisitions

In December 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.

Ratos's investment in Inwido after add-on acquisitions totals SEK 653m. Consolidated value in Ratos amounted to SEK 869m at year-end.

Ratos is represented on the board by Leif Johansson, Investment Director for this holding, and Thomas Hofvenstam.

Operations

Inwido operates in the Nordic window and exterior door market. The company is Sweden's leading window manufacturer, and following a large number of add-on acquisitions in recent years has established strong market positions in Denmark, Norway and Finland. The company's core 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 and Allmogefönster in Sweden, Storke Vinduer and Outline in Denmark, Pihla and Eskopuu in Finland, Diplomatdörren and Lyssand in Norway, and Sokolka in Poland. Exports are also made to countries outside the Nordic region, primarily to the UK and Ireland. Inwido has production facilities in Sweden, Denmark, Finland, Norway, Poland and Lithuania. The number of employees totals 2,900.

Market

The total Nordic window and door market is estimated at approximately EUR 2.1 billion with exterior doors accounting for approximately 25%. The Nordic markets are all relatively the same size. The markets are fragmented and national with their own window systems, fittings and dimensions. There is relatively limited export between the Nordic countries. Market development is driven by new construction of homes and other buildings as well as repairs and extensions to existing properties. Approximately 60% of Inwido's sales are related to the repairs and extensions market.

Sven-Gunnar Schough, CEO

The past year

During 2006, Inwido made four acquisitions in Sweden, three in Ireland, two in Denmark, three in Norway, one in Finland and one in Poland for a total amount of SEK 715m (Enterprise Value). Demand in the Nordic market was strong in 2006 particularly in Denmark and Norway. The sales trend remained favourable and net sales rose by almost SEK 1.1 billion to SEK 3,285m (2,197). Pro forma this corresponds to organic growth of 5.5% in 2006. Operating profit (EBITA) was SEK 390m (300).

Future prospects

Inwido has a leading market position in the Nordic region with competitive advantages within production, product range and distribution. The company is well placed for continued growth in the Nordic window and exterior door market and is well positioned to play an active role in the continued restructuring of the industry.

Board of Directors

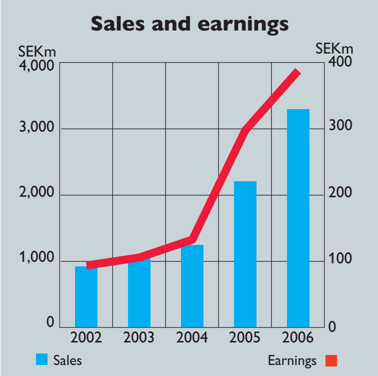
Anders C. Karlsson	Chairman
Bengt Adolfsson	
Benny Ernstson	
Thomas Hofvenstam	
Leif Johansson	
Sven-Gunnar Schough	CEO

Management

Sven-Gunnar Schough	CEO
Börje Bellinger	Marketing Manager and Vice President Indwido Sweden
Stefan Carlsson	Head of Finance and Accounting
Anders Isaksson	President Inwido Sweden
Timo Luhtaniemi	President Inwido Finland
Niels-Peter Pretzmann	President Inwido Denmark
Peter Welin	CFO
Vidar Ødegaard	President Diplomat Scandinavia

Inwido

SEKm	2006	2005	2004	2004 [1]	2003	2002
Income statement						
Net sales	3,285	2,197	1,235	1,235	1,080	911
Operating expenses	-2,837	-1,858	-1,072	-1,071	-951	-798
Other income/expenses	0	-685	0	0	4	5
Share of profits of associates	0	-1	0	0	-1	1
Divestment result	20	1	0	0	0	0
Items affecting comparability	0	0	1	1	0	0
EBITDA	468	344	164	165	132	119
Depreciation	-78	-44	-29	-29	-24	-23
EBITA	390	300	135	136	108	96
Amort. and impair. of intangible assets	-6	-33	-14	0	0	0
Impair. of goodw. (amort. until y-e 2003)	0	0	0	-14	-14	-14
EBIT	384	267	121	122	94	82
Financial income	0	6	1	1	1	2
Financial expenses [2]	-112	-75	-41	-26	-53	-36
EBT	272	198	81	97	42	48
Tax	-73	-62	-28	-28	27	-18
Profit for the year	199	136	53	69	69	30
Attrib. to equity holders of the parent	165	111	52	68	67	30
Attributable to minority interests	34	25	1	1	2	0
Balance sheet						
Goodwill	2,048	1,740	863	185	198	215
Other intangible non-current assets	42	9	1	1	1	1
Tangible assets	650	469	231	231	211	199
Financial assets, interest-bearing	2	2	0	0	0	0
Financial assets, non-interest bearing	13	6	3	3	17	5
Total non-current assets	2,755	2,226	1,098	420	427	420
Inventories	505	311	194	194	167	130
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	474	357	180	166	134	124
Cash, bank and other short-term	132	277	64	29	43	51
Total current assets	1,111	945	438	389	344	305
Total assets	3,866	3,171	1,536	809	771	725
Equity attrib. to equity holders of parent [3]	914	759	500	204	179	110
Equity attributable to minority interests	173	139	7	7	6	0
Provisions, interest-bearing	0	0	0	0	0	0
Provisions, non-interest bearing	109	58	20	20	5	21
Liabilities, interest-bearing	1,960	1,736	752	337	384	415
Liabilities, non-interest bearing	710	479	257	241	197	179
Total equity and liabilities	3,866	3,171	1,536	809	771	725
Cash flow statement						
Cash flow from operating activities before change in working capital	298	230	–	140	-13	0
Change in working capital	-3	25	–	-14	21	80
Cash flow from operating activities	295	255	–	126	8	80
Investments in non-current assets	-177	-163	–	-40	-41	-54
Disposals of non-current assets	1	7	–	5	169	0
Cash flow before acquis./divest. of comp.	119	99	–	91	136	26
Net investments in companies	-467	-879	–	0	0	0
Cash flow after investing activities	-348	-780	–	91	136	26
Change in loans	182	830	–	-61	-149	16
New issues	28	162	–	0	0	0
Dividends paid	0	0	–	-44	0	0
Other	0	0				
Cash flow from financing activities	210	992	–	-105	-149	16
Cash flow for the year	-138	212	–	-14	-13	42
Key figures						
EBITA margin, %	11.9	13.7	10.9	11.0	10.0	10.5
EBT margin, %	8.3	9.0	6.6	7.9	3.9	5.3
Return on equity, %	19.7	17.6	10.4	35.5	46.4	30.8
Return on capital employed, %	13.5	14.0	9.7	22.0	17.4	16.1
Equity ratio, %	28	28	33	26	24	15
Interest-bearing net debt, SEKm	1,826	1,457	688	308	341	364
Debt/equity ratio, times	1.8	1.9	1.5	1.6	2.1	3.8
Average number of employees	2,123	1,615	995	995	1,011	818



[1] Elitfönster AB.
[2] Excluding interest on shareholder loan.
[3] Equity includes shareholder loan of SEK 84m.

Jøtul – stable growth with good profitability

Ratos became an owner of Jøtul in June 2006. Ratos's holding amounts to 62.5%. Ratos has invested NOK 235m in Jøtul. Other co-owners are Accent Equity Partners and the company's management.

Consolidated book value at year-end amounted to SEK 288m.

Ratos is represented on the board by Bo Jungner, Investment Director, and by Per Frankling. Johan Pernvi is a deputy board member.

Market-leading player in stoves

Jøtul is the largest manufacturer of stoves and fireplaces in Europe and is the market leader in Norway and Denmark as well as having strong positions in France. 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. Manufacturing takes place in Norway, Denmark, France, Poland and the US. Products are sold worldwide via the company's 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 12 billion with anticipated annual growth of 5-6%. 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, Morsö and Dovre.

The past year

Acquisition of the Danish company Krog Iversen with the Scan brand was completed in January 2006. Krog Iversen manufactures steel stoves with a modern design, which is a fast-growing segment. This acquisition complements Jøtul both geographically and in terms of products. Jøtul, with its traditional range of classic designed products, has further strengthened its modern designed programme through the launch of the F370 stove, which noted major sales success during the second half of the year. Jøtul also acquired its Polish distributor which also carries out some production.

Erik Moe, CEO

The sales trend was good in almost all European markets, while development in the American market was negative. Sales increased by 15% and amounted to NOK 904m (777). Operating profit (EBITA) amounted to NOK 81m (48). The operating margin improved from 6.6% to 9.0%.

Future prospects

The company plans to continue to strengthen its product range both with its own product development and selected acquisitions, provided the acquisition candidate can complement the group's existing product range.

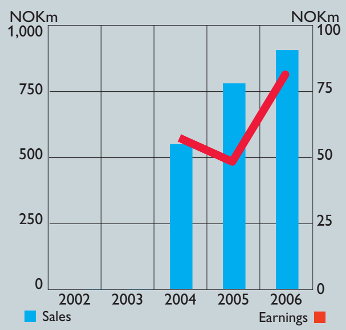
Board of Directors

Jan Ohlsson	Chairman
Per Frankling	
Olav Kjell Holtan	
Bo Jungner	
Henning Krog Iversen	
Lennart Rappe	
Niklas Sloutski	
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Svein Erik Pedersen	Employee representative
Johan Pernvi	Deputy

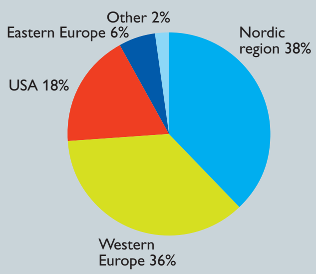
Management

Erik Moe	CEO
Gunnar Hjortaas	CFO

Sales and earnings



Sales by market



Jøtul

NOKm	2006 [1) 2)]	2005 [1) 2)]	2005	2004	2003
Income statement					
Net sales	904	777	587	547	
Operating expenses	-788	-685	-515	-463	
Other income/expenses	0	0	0	0	
Share of profits of associates	0	0	0	0	
Divestment result	0	0	0	0	
Items affecting comparability	0	0	0	0	
EBITDA	116	92	72	85	
Depreciation	-35	-44	-32	-28	
EBITA	81	48	40	57	
Amort. and impairment of intangible assets	0	0	0	0	
Impairment of goodwil	0	0	0	0	
EBIT	81	48	40	57	
Financial income	0	0	6	2	
Financial expenses [3)]	-38	-32	-34	-11	
EBT	43	16	12	48	
Tax	-5	-1	-5	-15	
Profit for the year	38	15	7	33	
Attributable to equity holders of the parent	38	15	7	33	
Attributable to minority interests	0	0	0	0	
Balance sheet					
Goodwill	593	–	20	20	
Other intangible non-current assets	14	–	192	190	
Tangible assets	212	–	240	198	
Financial assets, interest-bearing	0	–	18	19	
Financial assets, non-interest bearing	8	–	6	6	
Total non-current assets	827	–	476	433	
Inventories	196	–	134	125	
Receivables, interest-bearing	4	–	0	0	
Receivables, non-interest bearing	144	–	121	101	
Cash, bank and other short-term investments	0	–	0	8	
Total current assets	344	–	255	234	
Total assets	1,171	–	732	667	
Equity attrib.e to equity holders of the parent [4)]	385	–	209	201	
Equity attributable to minority interests	0	–	0	0	
Provisions, interest-bearing	39	–	43	42	
Provisions, non-interest bearing	90	–	0	4	
Liabilities, interest-bearing	534	–	430	379	
Liabilities, non-interest bearin	123	–	50	41	
Total equity and liabilities	1,171	–	732	667	
Cash flow statement					
Cash flow from operating activities before change in working capital	–	–	33	75	
Change in working capital	–	–	3	-41	
Cash flow from operating activities	–	–	36	34	
Investments in non-current assets	–	–	-77	-55	
Disposals of non-current assets	–	–	2	0	
Cash flow before acquis./divest. of companies	–	–	-39	-21	
Net investments in companies	–	–	0	0	
Cash flow after investing activities	–	–	-39	-21	
Change in loans	–	–	28	56	
New issues	–	–	0	0	
Dividends paid	–	–	0	-33	
Other	–	–	3	-2	
Cash flow from financing activities	–	–	31	21	
Cash flow for the year	–	–	-8	0	
Key figures					
EBITA margin, %	9.0	6.6	6.9	10.3	
EBT margin, %	4.8	2.1	2.1	8.7	
Return on equity, %	–	–	3.6	–	
Return on capital employed, %	–	–	7.1	–	
Equity ratio, %	33	–	29	30	
Interest-bearing net debt, NOKm	569	–	455	394	
Debt/equity ratio, times	1.5	–	2.3	2.1	
Average number of employees	821	740	515	512	

1) Pro forma taking Ratos's acquisition into account.
2) Pro forma taking into account acquisition of Krog Iversen in 2006.
3) Excluding interest on shareholder loan.
4) Equity includes shareholder loan with NOK 211m.

Lindab – strong earnings boost and successful IPO

Together with companies including the Sixth Swedish National Pension Fund and Skandia Liv, Ratos implemented a buy-out of Lindab from the stock exchange in 2001. Ratos has invested a total of SEK 1,059m in Lindab. On 1 December 2006, Lindab was listed on the Stockholm Stock Exchange. In conjunction with the listing, Ratos sold 51% of its holding and thereby received SEK 2 billion. Previously, Ratos received SEK 577m in conjunction with a refinancing of the company in May. Consolidated book value in Ratos then amounted to SEK 488m at year-end and the market value on the same date was SEK 2,305m. Ratos's holding after the IPO amounts to 22.5%.

Ratos is represented on the board by Stig Karlsson, Investment Director for this holding.

Leader in systems solutions in steel and sheet-metal

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 28 countries and approximately 4,000 employees. Approximately 80% of sales go to countries outside Sweden.

The operations are divided into two business areas. The Profile business area (50% of sales) offers sheet-metal based building components such roof drainage systems, roof and wall cladding for industrial and commercial premises and residential properties. The business area includes complete steel building systems in the form of prefabricated steel buildings. The Profile business area has strong market positions in the Nordic region and in Central and Eastern Europe, where Lindab has had strong organic growth since the mid-1990s. Lindab is the market leader in Europe within Building Systems.

The Ventilation business area (50% of sales) offers a full 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. 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 in brief

During the year, Lindab continued to show very positive development. The most important underlying factors are good market development in most of the company's main markets, the turnaround programme started in the Ventilation business area in 2005, and a very good development within Building Systems following the 2005 acquisition of the Luxembourg-based company Astron.

Kjell Åkesson, CEO

The British company CCL was acquired in November which makes Lindab a market leader within ventilation channels in the UK.

In December, Ratos together with other principal owners sold 39.4 million shares (50% of the outstanding shares) in conjunction with an IPO of Lindab on the Stockholm Stock Exchange. The shares were sold at a price of SEK 110 and the share price has subsequently appreciated.

Results

Total net sales amounted to SEK 7,609m (6,214). Adjusted for effects of company acquisitions and sales as well as currency effects, organic growth was 10%. Sales showed positive development in both the Ventilation and Profile business areas. The company Astron Building Systems acquired in 2005 noted strong development and synergies between Lindab's existing operations and Astron were bigger than expected. The markets in the Nordic region and Eastern Europe developed favourably during the year and the western European markets showed a positive trend after a number of weak years.

Operating profit (EBITA) amounted to SEK 903m (560) which was affected by non-recurring items related to property sales, the IPO and restructuring measures in the acquired company CCL totalling SEK 39m. Profit before tax was SEK 797m (484), an improvement of 65%. The EBITA margin amounted to 11.9% (9). Cash flow was very good during the year.

Future prospects

Lindab plans to continue its expansion in eastern Europe over the next few years. In 2007, work will start on a new factory for Building Systems in Russia.

Major shareholders

	Capital, %
Ratos	22.5
Skandia Liv	11.2
AP 6	11.2

Financial calendar

Interim report Jan-Mar	25 April 2007
Interim report Jan-Jun	17 July 2007
Interim report Jan-Sep	25 October 2007

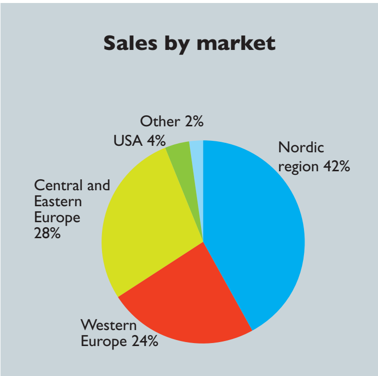
www.lindab.com

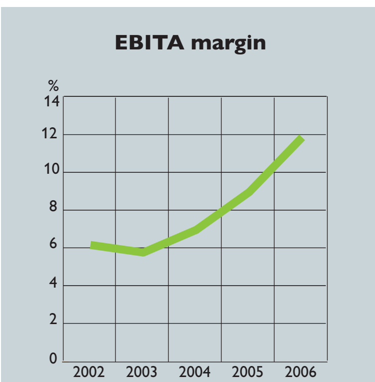
Board of Directors

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





Lindab

SEKm	2006	2005	2004	2003	2002
Income statement					
Net sales	7,609	6,214	5,477	5,302	5,235
Operating expenses	-6,470	-5,516	-4,912	-4,830	-4,724
Other income/expenses	-39	56	4	0	0
Share of profits of associates	0	0	0	0	0
Divestment result	0	-3	0	0	0
Items affecting comparability	0	0	0	0	0
EBITDA	1,100	751	569	472	511
Depreciation	-197	-191	-185	-167	-185
EBITA	903	560	384	305	326
Amort. and impairment of intangible assets	-9	-3	0	0	0
Impair. of goodwill (amort. until year-end 2003)	0	0	0	-118	-115
EBIT	894	557	384	187	211
Financial income	11	10	10	14	14
Financial expenses	-108	-83	-98	-109	-142
EBT	797	484	296	92	83
Tax	-212	-133	-94	-66	-62
Profit for the year	585	351	202	26	21
Attributable to equity holders of the parent	585	351	201	26	21
Attributable to minority interests	0	0	1	0	0
Balance sheet					
Goodwill	2,616	2,398	2,006	1,991	2,121
Other intangible non-current assets	74	81	20	21	23
Tangible assets	1,391	1,527	1,393	1,180	1,284
Financial assets, interest-bearing	6	6	57	0	0
Financial assets, non-interest bearing	325	324	25	72	81
Total non-current assets	4,412	4,336	3,501	3,264	3,509
Inventories	1,083	875	1,024	858	853
Receivables, interest-bearing	1	0	0	0	0
Receivables, non-interest bearing	1,382	1,070	868	836	828
Cash, bank and other short-term investments	199	244	117	220	108
Total current assets	2,665	2,189	2,009	1,914	1,789
Total assets	7,077	6,525	5,510	5,178	5,298
Equity attrib. to equity holders of the parent	2,190	2,853	2,367	2,210	2,252
Equity attributable to minority interests	0	0	2	0	0
Provisions, interest-bearing	106	105	85	61	57
Provisions, non-interest bearing	439	367	144	144	166
Liabilities, interest-bearing	2,702	1,991	1,920	1,950	1,982
Liabilities, non-interest bearing	1,640	1,209	992	813	841
Total equity and liabilities	7,077	6,525	5,510	5,178	5,298
Cash flow statement					
Cash flow from operating activities before change in working capital	883	587	319	330	
Change in working capital	-105	143	-49	76	-212
Cash flow from operating activities	778	730	414	395	118
Investments in non-current assets	-146	-226	-209	-205	-193
Disposals of non-current assets	96	216	50	93	212
Cash flow before acquis./divestment of companies	728	720	255	283	137
Net investments in companies	-373	-657	0	0	0
Cash flow after investing activities	355	63	255	283	137
Change in loans	707	61	-358	-165	-186
New issues	0	0	0	0	9
Dividends paid	-1,196	0	0	0	0
Other	94	-3	0	0	0
Cash flow from financing activities	-395	58	-358	-165	-177
Cash flow for the year	-40	121	-103	118	-40
Key figures					
EBITA margin, %	11.9	9.0	7.0	5.8	6.2
EBT margin, %	10.5	7.8	5.4	1.7	1.6
Return on equity, %	23.2	13.4	8.5	1.2	0.9
Return on capital employed, %	18.2	12.2	9.0	4.7	5.0
Equity ratio, %	31	44	43	43	43
Interest-bearing net debt, SEKm	2,602	1,846	1,831	1,791	1,931
Debt/equity ratio, times	1.3	0.7	0.8	0.9	0.9
Average number of employees	4,438	4,315	4,011	3,920	3,766

Medifiq Healthcare – new Finnish acquisition

In November, Ratos invested SEK 280m in the Finnish company Medifiq Healthcare (previously Perlos Healthcare). Ratos's holding amounts to 78%. Other 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 273m.

Ratos is represented on the board by Leif Johansson, who is the Investment Director for this holding, and Magdalena Aniansson.

Operations

Medifiq Healthcare is a world-leading player within the development and manufacture of drug delivery systems for pharmaceuticals, contraceptives, blood sampling equipment, and medical devices for healthcare providers within a range of applications. The company was previously part of Perlos Healthcare which has more than 30 years' experience of developing and manufacturing devices for the pharmaceutical industry. Medifiq's head office is in Vantaa, Finland, and production plants are located in Kontiolahti, Finland, and Sunderland, England. The company has approximately 500 employees.

Results

Medifiq Healthcare's sales amounted to EUR 53.0m (52.8). Operating profit (EBITA) was EUR 2.3m (4.0). Earnings were charged with non-recurring costs related to the separation from Perlos OY.

Future prospects

Medifiq Healthcare is strategically well placed in a fragmented market. Work is underway to integrate new technology in the products and develop design and development services. Efforts are being made to ensure utilisation of vacant production capacity, mainly in Sunderland, England.

Jouni Pohjonen, CEO

Board of Directors

Lauri Ratia	Chairman
Magdalena Aniansson	
Leif Johansson	
Rabbe Klemets	
Keijo Riuttala	
Juha Torniainen	

Management

Jouni Pohjonen	CEO
Seppo Arento	Vice President, Product Creation and Projects
Tomi Karvo	Vice President, Sales & Marketing
Johan Lindqvist	Business Manager
Vesa Junkkarinen	Business Manager
Kari Hakulinen	Business Manager
Juha Laiho	Manager, Product & Technology Development
Janne Alava	Quality Manager
Mikko Viitala	Business Controller
Keijo Riuttala	Vice President, Operations
Alisdair Watson	Plant Manager, Sunderland Plant

Medifiq Healthcare

EURm	2006 [1]	2005 [1]	2005	2004	2003
Income statement					
Net sales	53.0	52.8	52.8	44.6	41.2
Operating expenses	-47.3	-44.6	-44.6	-39.5	-39.3
Other income/expenses	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
Divestment result	0.0	0.0	0.0	0.0	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0
EBITDA	5.7	8.2	8.2	5.2	2.1
Depreciation	-3.4	-4.2	-4.2	-3.8	-3.8
EBITA	2.3	4.0	4.0	1.4	-1.7
Amort. and impairment of intangible assets	0.0	0.0	0.0	0.0	0.0
Impair. of goodwill (amort. until year-end 2003)	0.0	0.0	0.0	0.0	0.0
EBIT	2.3	4.0	4.0	1.4	-1.7
Financial income	0.0	0.1	0.1	0.1	0.0
Financial expenses	-1.2	-1.2	-0.2	-0.2	-0.2
EBT	1.1	2.9	3.9	1.3	-1.9
Tax	0.0	–	-1.7	-1.2	-0.4
Profit for the year	1.1	–	2.2	0.1	-2.2
Attributable to equity holders of the parent	1.1	–	2.2	0.1	-2.2
Attributable to minority interests	0.0	–	0.0	0.0	0.0
Balance sheet					
Goodwill	37.1	–	0.0	0.0	0.0
Other intangible non-current assets	1.8	–	2.3	3.0	0.4
Tangible assets	21.9	–	26.1	27.5	31.1
Financial assets, interest-bearing	0.0	–	0.0	0.0	0.0
Financial assets, non-interest bearing	0.4	–	0.3	0.4	0.9
Total non-current assets	61.2	–	28.7	30.9	32.4
Inventories	5.6	–	8.5	8.0	6.4
Receivables, interest-bearing	0.0	–	0.0	0.0	0.0
Receivables, non-interest bearing	7.3	–	6.1	3.8	1.4
Cash, bank and other short-term investments	8.1	–	13.0	8.5	0.3
Total current assets	21.0	–	27.6	20.3	8.1
Total assets	82.2	–	56.3	51.2	40.5
Equity attrib. to equity holders of the parent	38.4	–	38.6	34.4	27.7
Equity attributable to minority interests	0.0	–	0.0	0.0	0.0
Provisions, interest-bearing	0.1	–	0.1	0.2	1.6
Provisions, non-interest bearing	1.2	–	0.0	1.6	1.0
Liabilities, interest-bearing	28.0	–	3.2	3.3	3.4
Liabilities, non-interest bearing	14.5	–	14.4	11.7	6.9
Total equity and liabilities	82.2	–	56.3	51.2	40.5
Cash flow statement					
Cash flow from operating activities before change in working capital	–	–	4.7	2.4	1.3
Change in working capital	–	–	-1.1	2.0	0.0
Cash flow from operating activities	–	–	3.6	4.3	1.3
Investments in non-current assets	–	–	-2.1	-3.0	-4.6
Disposals of non-current assets	–	–	0.1	0.1	0.1
Cash flow before acquis./divest. of companies	–	–	1.5	1.4	-3.3
Net investments in companies	–	–	0.0	0.0	0.0
Cash flow after investing activities	–	–	1.5	1.4	-3.3
Change in loans	–	–	0.0	0.0	0.0
New issues	–	–	0.0	0.0	0.0
Dividends paid	–	–	0.0	0.0	0.0
Other	–	–	3.0	6.8	1.5
Cash flow from financing activities	–	–	3.0	6.8	1.5
Cash flow for the year	–	–	4.5	8.2	-1.8
Key figures					
EBITA margin, %	4.3	7.6	7.6	3.2	neg.
EBT margin, %	2.1	5.5	7.4	2.9	neg.
Return on equity, %	–	–	6.0	0.3	–
Return on capital employed, %	–	–	10.4	4.0	–
Equity ratio, %	47	–	69	67	68
Interest-bearing net debt, EURm	20.0	–	-9.7	-5.0	4.6
Debt/equity ratio, times	0.7	–	0.1	0.1	0.2
Average number of employees	493	545	545	545	581

[1] Pro forma taking Ratos's acquisition into account.

RH/RBM – new holding

Ratos became an owner of chair producers RH Form AB in Sweden and RBM A/S in Denmark in January 2007. Ratos's investment amounted to SEK 178m and has a holding of 85%. The other shareholders are the companies' managements.

Ratos is represented on the board by Leif Johansson, who is the Investment Director for this holding, and Thomas Hofvenstam.

Operations

The RH/RBM Group designs, manufactures and markets ergonomic seating products for companies and organisations. The product range includes office chairs, special chairs, chairs for conferences, canteens and educational environments. The products are sold under the RH and RBM brands and mainly distributed through office furniture retailers. The companies' home markets are primarily Sweden and Denmark, which account for half of sales. Other important markets are the UK, Norway and the Netherlands. The Group has a total of about 270 employees. Production is carried out in Nässjö, Sweden, and in Fjerritslev on Jutland, Denmark. Most of the companies' purchases are components while the companies' factories assemble and to some extent sew covers for the chairs. The RH/RBM Group had combined sales in excess of SEK 600m in 2006 which places the Group among the six largest chair players in Western Europe.

Market

The west European market for office furniture has annual sales of approximately SEK 60 billion and is divided into four product segments: seating products, storage, desks and meeting-room tables. Seating products is the largest segment with one third of the market. Seating products are divided into three sub-segments: office chairs, meeting-room chairs and lounge chairs. The market is mainly driven by GDP development, employment levels, office construction and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

Birger T. Larsen, CEO RBM

Peter Eklund, CEO RH Form

Future prospects

The RH/RBM Group is one of the leading chair manufacturers with good positions in the Nordic region and in the UK. The market for ergonomic seating products is expected to continue to show good growth and the prospects for continued export activities are regarded as favourable. Possible synergies within the Group are mainly within purchasing, product development and sales.

Board of Directors

Sven-Gunnar Schough	acting Chairman
Torgny Eriksson	
Thomas Hofvenstam	
Leif Johansson	
Egon Korsbaeck	
Niels-Peter Pretzmann	

Management

Peter Eklund	CEO RH Form
Birger T. Larsen	CEO RBM
Bernt Axelsson	CFO

Superfos – stable development

At the end of 1999, Ratos together with Industri Kapital acquired the listed Danish Superfos Group. At acquisition, there were three separate business areas: Chemicals, Packaging and Aerosols. In subsequent years action was taken to streamline the structure and several operations were sold. The business focused on injection moulded plastic packaging. Ratos's holding amounts to 33% and the remaining shares are held by Industri Kapital. Ratos's total investment amounts to SEK 405m.

Consolidated book value at year-end 2006 amounted to SEK 346m.

Ratos is represented on the board by Thomas Mossberg, Investment Director for this holding, and Thomas Hofvenstam.

Operations

Following the streamlining, Superfos is an industrial group with international operations within injection moulded plastic packaging. Products are sold to customers in the food and paint and chemical industries through the divisions Consumer, Industrial and USA. Superfos has ten production units in Europe and one in the US.

With approximately 20% of the market, Superfos is in total the largest manufacturer of injection moulded plastic packaging in Europe. The total European market for this type of product is assessed to amount to EUR 1,400-1,600m. The market is divided equally between packaging up to 2 litres (Consumer) and containers holding more than 2 litres (Industrial). Market growth is 3-4% per year. Superfos has a profitable niche position in the US.

Both among customers and raw material suppliers a consolidation is taking place towards fewer and larger players, which also operate increasingly on the global stage. The competition facing Superfos is fragmented and mainly local.

Hans Pettersson, CEO

The past year

The Aerosols operating area was sold in July for EUR 16.9m, the final stage in the ongoing streamlining of the company's operations. Hans Pettersson became the new CEO on 1 September 2006. Superfos showed stable development during the year with a good volume trend, primarily in the Industrial division. A new factory was set up in Poland. Operations in the US continued to show good development. Adjusted for sold assets and various non-recurring items, the underlying operating profit increased compared with 2005.

Superfos reports sales of EUR 342.3m (329.2). Operating profit (EBITA) was EUR 12.8m (14.8). Profit before tax was EUR 3.6m (4.6).

Future prospects

The streamlining in recent years to a focused packaging company and implementation of measures to raise profitability create good opportunities for good growth and improved profitability in the years ahead.

Board of Directors

Waldemar Schmidt	Chairman
Torben Bjerre-Madsen	
Gerard de Geer	
Tove Langlet	
Mads Ryum Larsen	
Thomas Mossberg	
Thomas Hofvenstam	Deputy

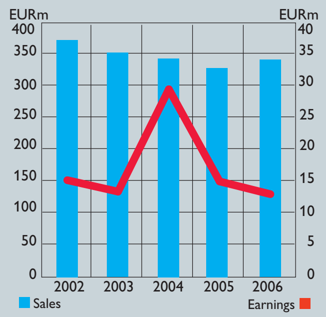
Management

Hans Pettersson	CEO
René V. Frederiksen	Executive Vice President, CFO
Benny Nielsen	Executive Vice President, COO
Søren Lisbjerg	Executive Vice President, Supply Chain & Operations

Superfos

EURm	2006	2005 [1]	2005 [2]	2004	2003	2002
Income statement						
Net sales	342.3	329.2	354.7	344.3	352.6	373
Operating expenses	-305.9	-287.4	-307.0	-284.6	-308.7	-312
Other income/expenses	1.5	1.0	0.0	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	11.6	0.0	0.0	0.0
Items affecting comparability	0.0	0.0	0.0	0.0	0.0	-15
EBITDA	37.9	42.8	59.3	59.7	43.9	46
Depreciation	-25.1	-28.0	-30.6	-30.4	-30.7	-31
EBITA	12.8	14.8	28.7	29.3	13.2	15
Amort. and impair. of intangible assets	0.0	0.0	0.0	0.0	0.0	0
Impair. of goodw. (amort. until y-e 2003)	0.0	0.0	-12.7	0.0	-6.0	-6
EBIT	12.8	14.8	16.0	29.3	7.2	9
Financial income	0.3	0.1	0.1	1.1	0.2	1
Financial expenses	-9.5	-10.3	-12.8	-14.2	-13.1	-17
EBT	3.6	4.6	3.3	16.2	-5.7	-7
Tax	-6.4	-5.0	-5.8	-6.8	-0.3	-1
Profit for the year	-2.8	-0.4	-2.5	9.4	-6.0	-8.0
Attrib. to equity holders of the parent	-2.8	-0.4	-2.5	9.4	-6.0	-8.0
Attributable to minority interests	0.0	0.0	0.0	0.0	0.0	0
Balance sheet						
Goodwill	69.0	–	70.1	99.8	99.7	106
Other intangible non-current assets	0.0	–	0.0	0.0	0.0	0
Tangible assets	142.4	–	158.0	192.8	191.2	199
Financial assets, interest-bearing	0.0	–	0.0	0.0	0.0	0.0
Financial assets, non-interest bearing	4.4	–	13.7	12.5	14.7	13
Total non-current assets	215.8	–	241.8	305.1	305.6	318
Inventories	35.2	–	38.4	40.9	37.6	41
Receivables, interest-bearing	0.0	–	0.0	0.0	0.0	0.0
Receivables, non-interest bearing	66.6	–	63.2	59.9	69.9	67
Cash, bank, other short-term invest.	6.5	–	22.8	4.0	8.7	21
Total current assets	108.3	–	124.4	104.8	116.2	129
Total assets	324.1	–	366.2	409.9	421.8	447
Equity attrib. to equity holders of parent	111.0	–	115.1	115.3	105.9	113
Equity attributable to minority interests	0.0	–	0.0	0.0	0.0	0
Provisions, interest-bearing	0.0	–	0.0	0.0	0.0	0
Provisions, non-interest bearing	13.0	–	17.3	12.4	11.7	21
Liabilities, interest-bearing	140.1	–	177.8	219.4	246.7	252
Liabilities, non-interest bearing	60.0	–	56.0	62.8	57.5	61
Total equity and liabilities	324.1	–	366.2	409.9	421.8	447
Cash flow statement						
Cash flow from operating activities before change in working capital	25.0	–	28.0	48.9	18.9	41
Change in working capital	-0.6	–	-6.9	0.3	5.8	-1
Cash flow from operating activities	24.4	–	21.1	49.2	24.7	40
Investments in non-current assets	-26.0	–	-19.5	-27.9	-33.6	-126
Disposals of non-current assets	6.1	–	6.2	0.5	1.9	21
Cash flow before acquis./divest. of comp.	4.5	–	7.8	21.8	-7.0	-65
Net investments in companies	16.9	–	51.5	0.0	0.0	0
Cash flow after investing activities	21.4	–	59.3	21.8	-7.0	-65
Change in loans	-38.4	–	-41.6	-27.3	-5.2	56
New issues	0.0	–	1.0	0.0	0.0	27
Dividends paid	0.0	–	0.0	0.0	0.0	0
Other	0.0	–	0.9	0.0	0.0	0
Cash flow from financing activities	-38.4	–	-39.6	-27.3	-5.2	83
Cash flow for the year	-17.0	–	19.6	-5.5	-12.2	18
Key figures						
EBITA margin, %	3.7	4.5	8.1	8.5	3.7	4.0
EBT margin, %	1.1	1.4	0.9	4.7	neg.	neg.
Return on equity, %	neg.	–	neg.	8.2	neg.	neg.
Return on capital employed, %	4.8	–	5.1	9.1	2.1	3.0
Equity ratio, %	34	–	31	28	25	25
Interest-bearing net debt, EURm	133.6	–	155.0	215.4	238.0	231
Debt/equity ratio, times	1.3	–	1.5	1.9	2.3	2.2
Average number of employees	1,525	–	1,669	1,800	2,150	2,359

Sales and earnings



[1] Pro forma excluding sold Pharma division and goodwill impairments in 2005.
[2] Actual figures including Pharma.

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. 14 of the companies have been sold, including five in 2006, and the portfolio today comprises the wholly owned holdings: Moving which develops and produces equipment for materials handling, Moving Hjulex which is a wholesale operation within wheels and chain-wheels, and Nordhydraulic which manufactures and sells hydraulic valves for mobile applications.

Thomas Mossberg is the Investment Director and represents Ratos on the board together with Anna Ahlberg.

Board of Directors

Lars Gårdö	Chairman
Anna Ahlberg	
Thomas Mossberg	
Christer Nilsson	
Bo Ulvàn	
Hans Åke Norås	CEO

Management

Hans Åke Norås	CEO
Lars Carlson	CFO

Hans Åke Norås, CEO

Atle Industri's holdings

Company	Operations	Atle Industris's holding	2006 Sales SEKm	2005 Sales SEKm	2006 EBT SEKm	2005 EBT SEKm
Engineering industry						
Moving	Develops and produces equipment and systems for effective materials handling. Key applications are palletising, handling crates and pallets, baggage handling and automatic warehouses.	100%	207	238	-9	-33
Nordhydraulic	Manufactures and sells hydraulic valves for mobile applications.	100%	229	184	17	8
Trading						
Moving Hjulex	Wholesale operation within wheels and chain-wheels.	100%	36	31	3	3

BTJ Group

Ratos became an owner in 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.

Bo Jungner is the Investment Director for this holding and represents Ratos on the board together with Robin Molvin.

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
Gunilla Herdenberg	
Bo Jungner	
Harold Kaiser	
Robin Molvin	

Management

Sophie Persson	CEO
Jonas Hansson	CFO

Sophie Persson, CEO

SEKm	2006	2005
Sales	1,073	1,328
Operating profit (EBITA)	32	-19
Profit before tax (EBT)	27	-25
Cash flow before acquisition and divestment of companies	46	-5
EBITA margin, %	3.0	neg.
Interest-bearing net debt	5	39
Average number of employees	400	527

Industri Kapital

Industri Kapital is an unlisted private equity company with assets under management of almost EUR 4 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 – but has no outstanding commitment to provide capital to Industri Kapital's funds. Thomas Mossberg is the Investment Director for Ratos's investments in Industri Kapital.

IK 1997 – total book value SEK 61m

- Elektrokoppar – producer of copper electric conductor material
- Dynea – chemical company that manufactures industrial adhesive systems
- Superfos – manufactures plastic packaging, also owned directly by Ratos as a holding
- FGH – retail chain for electronic products in Denmark

IK 2000 – total book value SEK 115m

- CPS Color Group – supplier of advanced paint tinting systems primarily to the paint industry
- Telefos – installation and maintenance of infrastructure for electricity and telecommunications
- Dataphone (formerly CityLink) – Swedish telecom and data communications operator
- Gardena – German company within garden products
- Welzorg – distributor of mobility aids in the Netherlands, Denmark and Germany
- Ceva Santé Animale – French group that develops and produces health products for animals
- 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 surfaces for sports and recreation, such as artificial grass
- Dynea – chemical company that manufactures industrial adhesive systems

Overseas Telecom

Overseas Telecom was formed 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 of the project companies and sales. The holding in MTN Uganda was sold in 2006. This means that seven of eight investments have been realised. The remaining holding is Suntel in Sri Lanka. Investment Director Thomas Mossberg is responsible for Ratos's investment in Overseas Telecom and represents Ratos on the board together with Berit Lind.

Board of Directors

Per Eric Fylking	Chairman
Niclas Ekestubbe	
Håkan Jansson	
Helena Krook Kilander	
Thomas Mossberg	
Ola Uhre	
Berit Lind	Deputy
Ole Christian Søhoel	Deputy
Caroline af Ugglas	Deputy
Christina Wik	Deputy

Management

Anders Ekman	CEO


Anders Ekman, CEO

Portfolio company at 31 December 2006

Country	Population	Company	Holding	Subscribers	Sales	EBITDA	Net debt
Sri Lanka	19 million	Suntel	55%	267,000	SEK 502m	SEK 288m	SEK 7m

Group summary

[1]	2006	2005	2004	2003	2002
Key figures					
Earnings per share before dilution, SEK	15.50	12.42	12.45	3.59	2.14
Dividend per share, SEK	5.50 (11) [2]	4.19	3.96	3.37	3.14
Dividend yield, %	3.4 (6.8) [2]	4.6	5.9	6.4	7.1
Total return, %	85	43	35	27	8
Market price, 31 December, SEK	162.50	91	67	53	44
Equity per share, 31 December, SEK [3]	69	64	55	47	47
Equity, SEKm [3]	10,875	10,958	9,326	7,827	8,037
Return on equity, %	23	21	–	8	4
Equity ratio, %	44	52	76	91	90
Average number of shares before dilution	163,005,841	170,062,755	169,572,845	168,946,538	169,497,563
Number of shares outstanding	158,276,730	170,209,628	169,650,634	168,825,790	169,020,933
Income statement, SEKm					
Holdings					
Profit from group companies	1,164	716	168	91	71
Exit gains, group companies	-14	134	0	–	90
Impairment losses, group companies	-178	–	–	–	–
Share of profits of associates	719	1,411	806	297	326
Exit gains, associates	1,617	392	1,356	412	206
Impairment losses, associates	–	-29	-17	-7	-45
Dividends, other companies	21	36	28	21	14
Exit gains, other companies	75	125	82	32	68
Impairment losses, other companies	-10	–	–	–	–
Profit from holdings	3,394	2,785	2,423	846	730
Central income and expenses	-160	-140	-98	-34	-96
Consolidated profit before tax	3,234	2,645	2,325	812	634
Tax	-572	-464	-210	-193	-262
Consolidated profit after tax	2,662	2,181	2,115	619	372
Profit attributable to equity holders of the parent	2,527	2,113	2,111	606	363
Balance sheet, SEKm					
Intangible non-current assets	10,406	6,824	1,824	693	335
Property, plant and equipment	2,124	1,544	602	217	224
Financial non-current assets	2,929	4,139	5,455	5,119	5,419
Deferred tax assets	187	135	45	–	–
Current assets	11,016	9,451	4,330	2,729	2,947
Total assets	26,662	22,093	12,256	8,758	8,925
Equity including minority interests	11,814	11,554	9,360	7,934	8,155
Provisions	656	315	15	15	20
Deferred tax liabilities	528	280	43	5	6
Interest-bearing liabilities	8,709	6,006	1,794	411	422
Non-interest bearing liabilities	4,955	3,938	1,044	393	322
Equity and liabilities	26,662	22,093	12,256	8,758	8,925

[1] Applicable historical figures are restated (factor 0.4653) taking split and redemption in 2006 into account.

[2] Proposed ordinary dividend (incl. extra dividend).

[3] Attributable to equity holders of the parent.

Definitions

Capital employed
Total assets minus non-interest bearing liabilities

Debt/equity ratio
Interest-bearing liabilities in relation to shareholders' 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 buy-backs.

EBIT
(Earnings before interest and tax). Profit before net financial items and tax.

EBITA
(Earnings before interest, tax and amortisation). Profit before net financial items, tax and goodwill amortisation.

EBITA margin
Profit before net financial items, tax and goodwill amortisation as a percentage of net sales.

EBITDA
(Earnings before interest, tax, depreciation and amortisation). Profit before net financial items, tax, depreciation and goodwill amortisation.

EBT
(Earnings before tax) Profit before tax.

EBT margin
Profit before tax as a percentage of net sales.

Enterprise value
Sum of the company's market capitalisation, minority interests and net debt.

Equity ratio
Reported shareholders' equity expressed as a percentage of total assets. Minority interests are included in shareholders' equity.

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.

Net debt
Net of interest-bearing provisions and liabilities minus financial 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 expressed as a percentage of average shareholders' equity.

Total return
Price development of shares including reinvested dividends.

Ratos is a listed private equity company. Ratos's mission is to maximise shareholder value over time through acquisition, development and divestment of primarily unlisted companies. Ratos thus offers stock market players a unique investment opportunity.

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

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
Sveavägen 56
SE-113 90 Stockholm
SWEDEN
Tel: +46 8 736 59 00
Fax: +46 8 736 55 95
www.bisnode.com

BLUEGARDEN A/S
Kirkegaten 25
Postboks 476, Sentrum
N-0105 Oslo
NORWAY
Tel: +47 24 08 75 00
Fax: +47 24 08 75 01
www.bluegarden.no

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
Industrigatan 3
SE-619 33 Trosa
SWEDEN
Tel: +46 156 536 00
Fax: +46 156 167 24
www.camfilfarr.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

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 00
Fax: +46 35 15 45 48
www.haendig.com

HAGLÖFS SCANDINAVIA AB
Industrigatan 18
Box 520
SE-774 27 Avesta
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

HÄGGLUNDS DRIVES AB
SE-890 42 Mellansel
SWEDEN
Tel: +46 660 870 00
Fax: +46 660 871 60
www.hagglunds.com

INDUSTRI KAPITAL
Birger Jarlsgatan 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: +4640 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

MEDIFIQ HEALTHCARE OY
Äyritie 8A
Box 178
FI-01510 Vantaa
FINLAND
Tel: +358 9 250 071
Fax: +358 9 2500 7208
www.medifiq.com

OVERSEAS TELECOM
Malmskillnadsgatan 39
SE-111 51 Stockholm
SWEDEN
Tel: +46 8 456 16 00
Fax: +46 8 456 16 94

RBM A/S
Fabriksvej 17
9690 Fjerritslev
DENMARK
Tel: +45 99 505 500
Fax: +45 99 505 556
www.rbmfurniture.dk

RH FORM AB
Vallgatan 1
Box 294
SE-571 23 Nässjö
SWEDEN
Tel: +46 380 55 53 00
Fax: +46 380 182 85
www.rh.se

SUPERFOS A/S
Skimmedevej 10
Box 186
DK-4390 Vipperød
DENMARK
Tel: +45 59 111 110
Fax: +45 59 111 180
www.superfos.com

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RATOS

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