RATOS

Annual Report 2008

Directors' Report

Analysis

Contents

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

Ratos in 3 minutes

Ratos head office, Drottninggatan 2, Stockholm

10 years as a listed private equity company

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

Added value is created in conjunction with acquisition, development and divestment of companies.

- **professional**
- **active**
- **responsible**

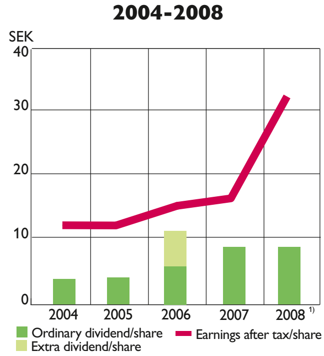
Long tradition as an industry-oriented financial player

The Ratos of today rests on an over 140-year tradition of active ownership. The business had an industrial focus from the outset through its origins in the steel wholesaler Söderberg & Haak which was founded in 1866. In the subsequent century operations were developed and operating subsidiaries were added, primarily within trading and engineering, as well as a portfolio of listed shares. The mixed investment company Ratos was listed in 1954. Since 1999, Ratos has been operating within private equity, where added value is created through active ownership primarily in unlisted companies.

2008 – highest profit in Ratos's 143-year history

Profit before tax for 2008 totalled SEK 5,671m, which was the highest result in Ratos's history. The subsidiary Hägglunds Drives was sold in 2008 and the exit gain of SEK 4.4 billion is included in earnings.

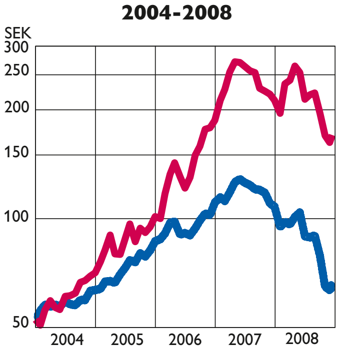
Earnings and dividend 2004-2008



1) Proposed

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

Total return 2004-2008



Share performance

Ratos is listed on NASDAQ OMX Stockholm, Large Cap.

Share performance 2008

Total return	-20%
SIX RX Index	-39%
Share price	-23%
OMXSPI Index	-42%
Dividend yield	6.7%

Value creation with Ratos as owner

Ratos's target is that each investment should generate an average annual return (IRR) of at least 20%. Since 1999, when Ratos switched to private equity, the average annual return on the total of 28 completed exits has been 30%.

Tailor-made organisation

Ratos's investment organisation today consists of 24 employees with the industrial and financial expertise required to exercise active ownership in the holdings. In addition, active ownership is supported by the rest of the business organisation with long-standing and sound expertise in economy, accounts and information. Ratos has a total of 43 employees.

The business organisation is presented on pages 26-28.

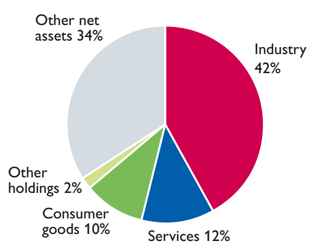
Sector-neutral investments in the Nordic region

Ratos invests in all sectors throughout the Nordic region. However, never in companies operating in the arms industry, pornography or which have an obvious negative environmental impact.

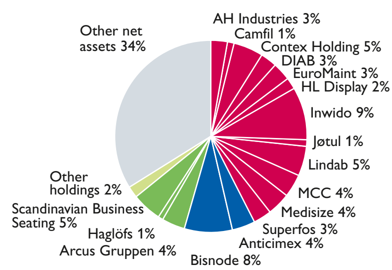
The biggest sector in terms of consolidated value is industry followed by services and consumer goods.

An overview of Ratos's holdings is presented on pages 4-6 and a detailed description of each one is provided on pages 106-143.

Sector breakdown by equity



Holdings' share of equity



GS-Hydro has a negative value due to refinancing.

19 holdings which have

- **sales of SEK 46 billion**
- **operating profit (EBITA) of SEK 4.4 billion and**
- **28,000 employees worldwide.**

19 holdings in the Nordic region

Ratos's 19 holdings

Read more about the holdings on pages 106-143.

AH Industries

www.ah-industries.dk

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

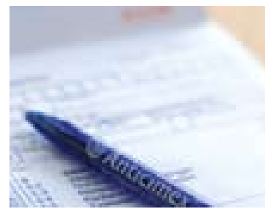
Sales	SEK 751m
Profit before tax	SEK 83m
Number of employees	230
Ratos's holding	66%
Investment year	2007

Anticimex

www.anticimex.se

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

Sales	SEK 1,688m
Profit before tax	SEK 111m
Number of employees	1,200
Ratos's holding	85%
Investment year	2006



Arcus Gruppen

www.arcusgruppen.no

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

Sales	SEK 1,532m
Profit before tax	SEK 132m
Number of employees	460
Number of employees	83%
Investment year	2005

Bisnode

www.bisnode.com

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

Sales	SEK 4,534m
Profit before tax	SEK 70m
Number of employees	3,400
Ratos's holding	70%
Investment year	2005

Camfil

www.camfilfarr.com

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

Sales	SEK 4,361m
Profit before tax	SEK 357m
Number of employees	3,200
Ratos's holding	30%
Investment year	2000

Contex Holding

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

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

Sales	SEK 818m
Profit before tax	SEK 2m
Number of employees	450
Ratos's holding	98%
Investment year	2007

DIAB

www.diabgroup.com

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

Sales	SEK 1,414m
Profit before tax	SEK 178m
Number of employees	1,200
Ratos's holding	48%
Investment year	2001

EuroMaint

www.euromaint.se

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

Sales	SEK 2,324m
Profit before tax	SEK 60m
Number of employees	1,800
Ratos's holding	100%
Investment year	2007

GS-Hydro

www.gshydro.com

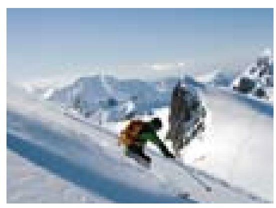
GS-Hydro is a leading supplier of non-welded piping systems, primarily to the marine and offshore industries as well as to the pulp and paper, metals and mining, automotive and aerospace, and defence industries.

Sales	SEK 1,528m
Profit before tax	SEK 83m
Number of employees	630
Ratos's holding	100%
Investment year	2001

Haglöfs

www.haglofs.se

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



Sales	SEK 495m
Profit before tax	SEK 40m
Number of employees	100
Ratos's holding	100%
Investment year	2001

HL Display

www.hl-display.com

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

Sales	SEK 1,536m
Profit before tax	SEK 136m
Number of employees	1,000
Ratos's holding	29%
Investment year	2001

Inwido

www.inwido.se

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

Sales	SEK 5,639m
Profit before tax	SEK 107m
Number of employees	3,650
Ratos's holding	96%
Investment year	2004

Jøtul

www.jotul.com

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

Sales	SEK 1,060m
Profit/loss before tax	SEK -23m
Number of employees	800
Ratos's holding	63%
Investment year	2006

Lindab

www.lindab.com

Lindab is an international group that develops, manufactures and distributes products and system solutions made of sheet metal and steel for simplified construction and an improved indoor climate. The company is listed on NASDAQ OMX Stockholm.

Sales	SEK 9,840m
Profit before tax	SEK 989m
Number of employees	5,000
Ratos's holding	22%
Investment year	2001

MCC

www.mcc-hvac.com

MCC offers complete, customised climate comfort systems for buses, off-road and military vehicles. Approximately 70% of the company's sales take place in North America and about 30% in Europe.

Sales	SEK 1,024m
Profit before tax	SEK 115m
Number of employees	700
Ratos's holding	100%
Investment year	2007

Medisize

www.medisize.com

Medisize is an international contract manufacturer and partner within medical technology and offers its own products for anaesthesia and intensive care.

Sales	SEK 1,021m
Profit/loss before tax	SEK -34m
Number of employees	900
Ratos's holding	93%
Investment year	2006

Scandinavian Business Seating

www.sbseating.com

Scandinavian Business Seating develops and produces ergonomic seating solutions with a Scandinavian design for private and public office environments in northern Europe. The group includes three brands: HÅG, RH and RBM.

Sales	SEK 1,509m
Profit before tax	SEK 104m
Number of employees	620
Ratos's holding	85%
Investment year	2007

Superfos

www.superfos.com

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

Sales	SEK 3,481m
Profit before tax	SEK 43m
Number of employees	1,550
Ratos's holding	33%
Investment year	1999

Other holdings

www.btj.se

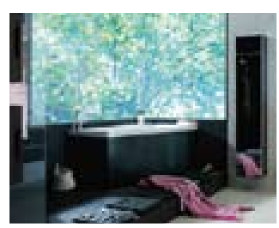
www.hafabg.com

BTJ Group

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

Hafa Bathroom Group

Hafa Bathroom Group, with the Hafa and Westerbergs brands, is a leading Nordic company within bathroom furnishings.



www.ikinvest.com

www.overseas.se

IK Investment Partners

IK Investment Partners is an unlisted private equity company with assets under management of EUR 5.7 billion. Ratos has invested in a couple of the funds.

Overseas Telecom

Overseas Telecom has invested in telecom operations in emerging markets. The only remaining holding is the telecom operator Suntel in Sri Lanka.

Read more about Ratos's holdings on pages 106-143.

2008 highlights

Significant events

- Satisfactory development in the holdings for the year as a whole
- Hägglunds Drives sold – exit gain SEK 4,405m
- Acquisition of remaining shares in MCC – Ratos's holding 100%
- Several add-on investments in the holdings, including:
  - Medifiq Healthcare acquired the Swiss company Medisize Medical. Group's name changed to Medisize
  - Bisnode acquired German company WLW
- Refinancing of Bisnode, Camfil and GS-Hydro where Ratos released a total of approximately SEK 1,500m

Medisize Medical was acquired by Medifiq Healthcare. The name of the new group is Medisize.

Bisnode acquired the German company WLW which offers companies web-based search services.

MCC acquired operations from the American company ACME. Ratos increased its holding to 100%.

Results

SEKm	2008	2007	2006	2005	2004
Profit/share of profits	1,554	2,550	1,883	2,127	974
Exit gains	4,449	933	1,678	651	1,438
Impairment	-92	–	-188	-29	-17
Dividends from other companies	–	71	21	36	28
Profit from holdings	5,911	3,554	3,394	2,785	2,423
Central income and expenses	-240	-92	-160	-140	-98
Profit before tax	5,671	3,462	3,234	2,645	2,325
Equity	15,825	11,905	10,875	10,958	9,326

- Profit before tax SEK 5,671m (3,462)
- Exit gains SEK 4,449m (933)
- Equity SEK 15,825m, corresponding to SEK 100 per share

Shares

SEK per share	2008	2007	2006	2005	2004
Earnings after tax	32.62	16.66	15.50	12.42	12.45
Equity	100	75	69	64	55
Dividend	9 [1]	9	5.50 (11) [2]	4.19	3.96
Dividend yield, %	6.7 [1]	5.1	3.4 (6.8) [2]	4.6	5.9
Total return, %	-20	14	85	43	35
Market price	135	176	162.50	91	67
Market price/equity, %	135	235	236	142	122

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

- Earnings per share SEK 32.62 (16.66)
- Proposed ordinary dividend SEK 9 per share
- Dividend yield 6.7%
- Total return -20%

2008 – ten (and 143) years of active ownership

2008 was a year in which the drama and turbulence in our business environment continued to increase. It is true that for most of the year the problems were mainly confined to specific sectors – finance, construction/property, automotive – but in the closing months of 2008 most sectors were hit by a powerful shock wave. As far as Ratos is concerned the year can be summarised as follows:

- we achieved the highest profit by far in our almost 143-year history, or SEK 5,671m before tax
- Ratos's approximately 20 holdings, given the drama in the business environment, performed well on the whole with an increase in sales of approximately 9% and an operating profit, before extraordinary expenses, which rose 4%
- transaction activity was inhibited for most of the year by inflated valuations and leverage, but the exits, acquisitions and add-on acquisitions carried out were highly successful
- our own and our companies' strong financial position creates considerable freedom of action
- we couldn't celebrate our 10-year jubilee as a private equity company showing a positive total return for a tenth consecutive year, since the result for 2008 was -20% (SIX Return Index -39%).

"The new strategic direction that the Ratos Board of Directors adopted in mid-December aims to make the Ratos share a more interesting investment alternative for the players on the market. By developing from being an investment company with mainly listed holdings to becoming a professional owner company with a significant proportion of unlisted companies, we wish to create opportunities for a higher yield. In other words, improve Ratos's opportunities to create shareholder value still further."

They say time flies when you're having fun – even if we're talking about ten years. The above text was the introduction to my first CEO comments in the annual report for 1998 written when I started working for Ratos on 1 January 1999. But now with a decade of hindsight did things turn out as we hoped and expected ten years ago? Personally, I believe that we can permit ourselves to answer yes to that question:

- the so-called "Black Box" theory, which formed the foundation for the change of strategy, has shown itself to reflect reality. When we presented what was then our new direction in December 1998, we began with a presentation of this theory (which is a further development of research that I and Ulf Myrberg conducted at the Stockholm School of Economics at the beginning of the 1980s – thus, the Ratos of today is a real-time economic experiment…), followed by an analysis of the strategic consequences the theory had for an investment company such as Ratos and finally a proposal of how we should put this strategy into practice
- we assessed that it would take two to three years to carry out the change of strategy – the transformation was completed after two and a half years and since then we have worked in accordance with the original plans…
- …plans and ideas that have lasted so well that our slides still look more or less as they did ten years ago (well, they look better today: ten years ago I did them myself, today we have an information department to do the job…)

- a large investment company discount – at times approaching 50% – has gradually been turned into a premium.

I also think that we can be pleased with how we have succeeded in achieving our four operating targets:

"What decides over time whether you will be successful or not is your competence as an active owner"

- *the average annual return (IRR) on each individual investment to exceed 20%:* in our exit portfolio, 28 exits over ten years, the average IRR amounts to 30%

- *total return on Ratos shares to be higher than the average on NASDAQ OMX Stockholm over time:* viewed over ten years, the total return on Ratos shares amounted to 775% (or 24% per year), compared with the SIX Return Index which has developed 39% (or 3% per year)

- *an aggressive dividend policy*: since 1999 dividend growth has been 19% per year – at the time of writing the dividend yield on Ratos shares amounts to 8.5%

- *Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality:* in 2008 for the second consecutive year my colleagues achieved Ratos being named the best listed company at providing information.

A chameleon

Even though the best industry designation for our business for the past ten years is private equity, there are many bridges to the operations conducted by Ratos for almost 143 years. The connecting thread is called *active ownership*. First this was exercised directly through the founder family Söderberg in Ratos's predecessor Söderberg & Haak (founded in 1866, today a dormant company we still own), after that since 1934 indirectly in Ratos.

This long and successful history shows the stamina of the type of business Ratos conducts:

- there have always been deals, there always will be deals and there will always be a need for professional, active and responsible owners

- if you add an active exit strategy to this, what you get, without needing to be over-smart or take a short-term approach, is an opportunity over the decades to surf on different types of waves of success

- a "chameleon" like Ratos can thus successively adapt its business to the specific demands prevailing at any one time, although always with active ownership as its core expertise.

The best proof of this is probably the total return for Ratos shares since the listing in 1954. SEK 1,000 invested in Ratos shares in conjunction with the listing is worth SEK 6.1 million today. A corresponding investment in an average listed share has grown to SEK 0.7 million.

Private Equity Conglomerate

When we discuss our strategic direction internally at Ratos we often land up in the concept PEC, or "Private Equity Conglomerate". The strategy for a profitable active owner over long periods is often based on a combination of the best from successful conglomerates and successful private equity companies.

In order to succeed over time in our industry, obviously you have to be skilled at transactions, i.e. buying and selling companies, and financing. This is, however, a pure "hygiene factor", a basic skill you need to master in order to just be in the game. What decides over time whether you will be successful or not is your competence as an active owner. It is in this part of the process that most of the value creation takes place, something we illustrate in an article on pages 20-21 of this annual report.

By working as a PEC you do not solely depend in the short term on the three processing stages (acquisition, development, divestment), but you can always place the main emphasis where the most value can be created. For Ratos this has meant that in times when the transaction markets have been hot, such as the early 2000s and in recent years, we have moved in the private equity direction, i.e. had relatively more focus on transactions and financing, without being a pure PE company. In times when exit markets have been weak, like in conjunction with the IT crash or the situation right now, we lean more towards the conglomerate direction and focus on development of existing holdings and try to exploit opportunities for attractively priced new and add-on acquisitions – but without going all the way and becoming a traditional conglomerate.

What is described here – combined with the fact that the world's oldest family company still in existence, Hoshi Ryokan in the Japanese city of Komatsu, was founded in 718 – provides a little perspective even in the deep and unique crisis we are experiencing today. In the current situation there are few companies that do not have any problems in their operations, something that naturally also applies to Ratos with some 20 holdings operating in many sectors and on all continents. Nevertheless: the world is not going to come to an end this time either and if we can cope with the next 6-24 months, many once in a lifetime opportunities will arise. And Ratos is well placed to emerge stronger at the other end of the recession.

"Ratos is well placed to emerge stronger at the other end of the recession"

Wrong economic forecast

Ahead of 2008, Ratos's macroeconomic forecast was summarised by the letters ST, which stood for Stay Tuned. We believed that the global economy would avoid a deep downturn, even if parts of the economy, such as the housing sector in the US, would remain weak for some time to come. Our assessment was that the central banks would gradually ease their monetary policy so that the cyclical inflation risks would be eliminated at the same time as there were no structural inflation risks. We forecast that the global economy would gather renewed strength later in 2008.

In many respects and for a large part of the year the fundamental features of these assessments materialised. Right into the fourth quarter total sales in our holdings rose by double-digits while profits exceeded those of the previous year, despite the fact that 2007 was the fourth consecutive year with record profits in the portfolio companies. It can be noted that a lot was won because we and our holdings were not dragged down by the global pessimism too early – considerable market share gains and cash flows would never have been achieved with a more defensive strategy.

That said, naturally we must still admit that our forecast for the full year, for the first time in the 2000s, was totally wrong. Not even in our wildest nightmares could we dream of the extent of the financial crisis and the dramatic effects this has had on the real economy. This meant that some of our holdings were affected by the mounting economic downturn during the final months of the year. Even if the development for the holdings for the whole of 2008, in view of the state of the business environment, must be described as satisfactory and furthermore Ratos achieved by far its biggest profit for almost 143 years, we are now entering a 2009 that will be extremely challenging to handle.

Storm but no hurricane

As far as the global economy is concerned we believe in a storm but no hurricane. By this we mean that 2009 will be extremely tough – remember that storms can be deadly dangerous as well as containing gusts of wind of hurricane strength – but that we will not experience a 1930s scenario with several years of (sharp) falls in GDP. Sometime during the second half of 2009 or the start of 2010 we believe that the turning point will occur but that subsequently we will have to live with sub par growth for several years.

One of the restrictions on growth in the future will be the shortage of credits. In our opinion, in common with earlier financial crises we have studied, it will take a long time to reduce debt and access to capital will be a bottleneck for many years to come. And since the credit system lubricates the real economy, this will inhibit both investments and consumption.

Of course the crisis in the financial market also affects our everyday business, since our portfolio companies have loans and bank relationships that must be managed and nurtured (at parent company level, however, Ratos has no loans, but on the contrary substantial net cash). We will, however, if we do not experience a formal depression, handle this in the same way as we have handled a number of such situations during the last ten years. In some cases this means that we will have to provide additional capital in order to strengthen the company's balance sheet. Provided the world, once again, does not end up in a depression, these capital contributions will, however, be so limited in scope that the long-term impact on our return forecasts is small.

"extremely important to follow developments in the business environment and companies closely and in detail"

"Plan RÖN"

Having said all this we must admit that today we are wandering through uncharted territory. The world has never found itself in a situation like this where so many forces are working together in a negative direction in a globally linked economy. At the same time we are probably facing a major paradigm shift in the years ahead (for example: the debt-financed Anglo-Saxon consumption culture will be replaced by a focus on savings; domestic Asian demand must increase when the symbiosis between a consuming US and a producing Asia is broken). This means that it is extremely important to follow developments in the business environment and companies closely and in detail, so that we always have as good a picture as possible of where we are right now. That is also how we worked in 2008, which was one key reason why those of our companies that encountered weaker demand could quickly launch the emergency plans that are prepared in all holdings.

"business opportunities are now opening up of a kind that we normally only experience once or at most twice in a normal lifetime"

To summarise all the above, it is easy to note that we find ourselves in exciting and interesting times:

- on the one hand 2009 will be a tough year that we must pull through
- on the other hand, if you look up, in a two to five-year perspective, business opportunities are now opening up of a kind that we normally only experience once or at most twice in a normal lifetime.

In order to be able handle these two challenges in parallel, during 2009 we will have "Plan RÖN" as a guiding star in our work, where RÖN [a Swedish abbreviation] stands for Real-time monitoring, Bridging management, Benefit optimisation:

- *Real-time monitoring* means, as stated above, close and detailed monitoring of developments in our business environment and companies, and noticing even the smallest signals that might provide information about necessary action. Real-time monitoring will thus be decisive for how work with Bridging management and Benefit optimisation is conducted and prioritised – and in extreme cases this even means that if we are forced to admit that the world, contrary to our expectations, is heading down into a 1930s style depression, we will throw all our current plans overboard and instead focus everything on efforts to survive

- *Bridging management* is about meeting the challenges and problems during 2009 both in the company's everyday operations and with regard to credit market issues. There are, of course, tailor-made plans for this in each holding and many measures were already launched in 2008. In addition we will in all probability encounter unforeseen situations during the year that must be managed.

- *Benefit optimisation* means exploiting some of all those opportunities that arise in the wake of the crisis, something we were able to start at the end of last year.

Strong financial position

Ratos is well placed to take advantage of the unique opportunities that will present themselves over the next few years. Thanks to the successful sale of Hägglunds Drives in summer 2008, a deal where in a timing perspective we can say that sometimes one needs a little luck, today we have a very strong financial position with net cash which at the time of writing totals almost six billion kronor. This gives us freedom of action to:

- retain our aggressive dividend policy
- handle any capital contribution issues that might arise in our companies
- carry out new and add-on investments

Our capacity to take advantage of unique investment opportunities will moreover be further strengthened if the Annual General Meeting votes in favour of the Board's proposal for a mandate to be able to use new issues in conjunction with company acquisitions.

"Crises are hard to live through and not something we want to have to experience. All the same, crises also create major opportunities."

2009 – a tough year

Crises are hard to live through and not something we want to have to experience. All the same, crises also create major opportunities. New empires and fortunes have emerged from all deep economic declines throughout history. It is of utmost importance to remember this at the moment when a black pessimism around the world is difficult to shake off. 2009 will be a year of struggle, but in a few years' time today's situation will have laid the foundation for many winners. My hope, aim and belief is that Ratos will be among them.

Finally: the sale of Hägglunds Drives was, taking everything together, perhaps Ratos's best divestment ever. Even so it is with sadness that I note that in 2009 I will not be making my annual visit to the plant in Mellansel – one of the very best-run in Sweden. I would like to take this opportunity to thank all the skilled and motivated employees, the first-class management, headed by CEO Per Nordgren, and a proactive board for a world-class company development – and for an almost eight-year journey that resulted in an exit gain larger than any full-year profit in Ratos's almost 143-year history.

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 over time than the average on NASDAQ OMX Stockholm.
- An aggressive dividend policy.
- Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality.

Investment strategy

- **Holding at least 20%**
- **Normally the principal owner**
- **Investment size SEK 150m-5,000m**
Ratos does not invest in early phases of companies' life cycles.

"Ratos shall be perceived as the best owner company in the Nordic region"

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

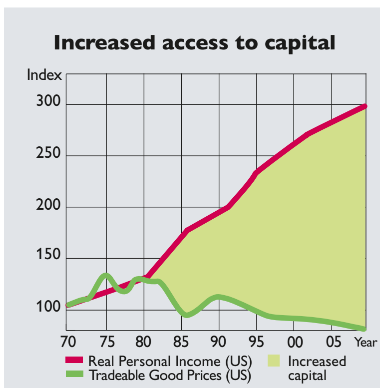
"...return on each individual investment (IRR) to exceed 20%"

"Nordic acquisitions – global exits"

- **20-30 holdings**
Ratos's portfolio should normally comprise 20-30 holdings, primarily unlisted companies, of varying size.
- **Active exit strategy**
Ratos has an active exit strategy. Every year, the holdings' ability to continue to generate a 20% annual average return (IRR), and Ratos's ability to contribute to the continued development of the holding, are assessed. This means that Ratos does not set any limit on its ownership period.
- **Sector generalist**
Ratos's core competence is not sector specific. Since added value can be created in most sectors, Ratos has chosen to be sector-neutral.
- **Focus on own deal flow**
- **Nordic acquisitions – global exits**
The entry point for investments is the Nordic region. Exits (divestments) can be effected globally.
- In addition, the companies in which Ratos invests must have competitive advantages in their sector and strong management. Ratos works actively to ensure that the companies in which it invests have incentive strategies for boards and senior executives.

Ratos and the credit market

Following several years of euphoria, the financial markets in 2007 were marked by turbulence and at times chaos. In 2008 the situation deteriorated further and on some occasions during the year the world was closer to a financial meltdown than perhaps at any time previously. The background can briefly be said to be the fact that the emergence of new, often complicated and difficult to analyse, financial instruments combined with gradually easing financial standards created conditions for high leverage levels and syndicated loan markets. Moreover, a remarkably large portion of these new phenomena could be kept outside the financial institutions' balance sheets, which – combined with the consequences of a new way of packaging these instruments, dubious assessments of the package on the part of rating institutes, etc. – meant that a significant part of the global market's total credit risks fell outside the regulated and controlled systems.



Source: BCA Research and Ratos

Putting the entire blame for this course of events on the players involved would, however, be like shooting the messenger. These players were merely a symptoms of an underlying real economic (and basically positive) cause.

Increased access to capital

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

The problems this surplus liquidity then created are mainly classical. The financial system borrows short term (when we deposit money in the bank we want to be able to withdraw it the next day if we need to) and invests long term (when the bank lends money for homes, investments in machinery, etc.). This creates an asymmetry that is difficult to handle but which over time is normally taken care of by the various rules and regulations in the financial market.

Crisis of confidence

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

Lack of control is also one main reason why today's problems are so difficult to analyse and remedy. When someone pulled the emergency brake and the financial train ground to a halt there was literally no one, not even any central banks, who had the situation under control. Not even today do we know for sure how things are which in turn creates uncertainty and forms the basis of the crisis of confidence that means that even sound institutions can have difficulty with financing.

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

Ratos and financing

The description above could lead people to believe that the situation is equally negative throughout the financial system. This is not the case, although ignorance about something that has suddenly become of interest to everyone means that assessments are often black (as night) or white.

Firstly, we need to differentiate between different types of loans. For those with "normal" bank loans, which are largely the only ones in Ratos's portfolio of holdings, these problems only have a limited impact.

A normal bank loan functions in principle like an ordinary, Swedish mortgage – it keeps running and therefore does not need to be refinanced provided it is properly managed, i.e. interest and instalments are paid, and when the loan is fully amortised the debt is zero. Unlike a mortgage, however, the corporate bank loan is normally subject to covenants, i.e. terms that must be met so that bank and lender do not need to sit down and discuss – and possibly renegotiate – the terms and conditions of the loan.

Financing in Ratos

- Only normal bank loans
  - Long maturities – normally do not need to be renegotiated
  - No syndicated loans
  - No high-risk loans
  - Different terms for different companies
- Nordic relationship banks
  - Long-term stable relationships with Nordic banks
  - 1-4 banks per holding
  - Obvious counterparty in discussions
- Limited financial risk
  - Borrow more than a listed company but less than private equity sector

On the other hand, for those who have been active in the market for high-risk loans (such as mezzanine loans) the situation over the past year has been considerably tougher.

Secondly, Ratos has had paragraphs in its loan agreements that prevent the loans from being syndicated without our approval, i.e. sold out in small tranches to different players, and has therefore not been affected by the collapse of the syndicated loan market.

Thirdly, this strategy has meant that currently Ratos in principle only has Nordic banks as lenders. The Nordic banks primarily work as relationship banks, unlike many non-Nordic financial players which act as arranger banks, i.e. they arrange loans but then only keep a few per cent of the loan in their own portfolio and sell the rest in the syndicated market. Since the Nordic banks are among those least affected by the turbulence, Ratos has so far had a considerably more favourable situation vis-à-vis the banking world than many other players find themselves in today.

This does not mean, however, that Ratos has been able to avoid entirely the effects of the turbulence in the credit market. As mentioned above, the holdings' loans are subject to covenants. A breach of covenant is normally relatively undramatic – there have been one or more in the portfolio of companies every year since Ratos became a private equity company in 1999 and on no occasion have any negative consequences arisen in the end – but in the current complicated situation every question of this type that arises must be treated with great respect, speed and, not least, long-term planning.

And even if there is considerable misunderstanding about covenants (we have a different number of covenants in different agreements; combinations of different types of covenants in different agreements; covenants are measured at different periods in different agreements, etc.) this is a question that has naturally been high on the Ratos agenda for a long time. In 2008, companies in Ratos's portfolio also experienced breaches of covenant (for both positive and negative reasons!), but these situations were handled as they arose, in some cases with the aid of a capital contribution from Ratos.

There are some additional things that might be worth pointing out:

- Ratos's financial strategy means that the parent company should normally be unleveraged, which Ratos, except in a few individual months, has been throughout the 2000s. The debt that does exist is in the operating companies in the portfolio, the companies that also generate the cash flow which can pay interest and amortisation on the loans
- Ratos has no formal undertakings for debts in its portfolio of holdings and has, for example, not provided any guarantees since (at least) 1890...
- ...but on the other hand Ratos is a responsible owner which works with a century-long perspective, which has built up an extremely strong brand that Ratos naturally does not wish to destroy
- the average debt in the portfolio, measured as ND/EBITDA (interest-bearing net debt divided by a metric of operating profit), amounts to 3.3. If the parent company's net cash is also taken into account the corresponding figure is 2.3.
- the effect of the interest rate development in 2008 has been mild as far as Ratos is concerned, the net effect on the Group was approximately SEK -120m
- it is still possible to borrow for new deals, even if at considerably lower levels than before, but it is also possible to find investment opportunities that have fallen so much in price that a return requirement of 20% can be counted on with solely equity as financing.

Ratos and the Nordic private equity market

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

In Sweden, as in the rest of Europe, the significance of private equity for the economy has increased. The SVCA estimates that companies in Sweden owned by private equity account for approximately 11% of GDP and employ more than 170,000 people. At year-end 2008, more than SEK 465 billion was under management within private equity in Sweden, over half of which was invested. More than 80% of the capital in Sweden was buyout investments and the remainder was venture capital investments.

Players in the middle segment in the Nordic region

- 3i
- Altor
- Bridgepoint
- Capman
- EQT
- FSN
- Herkules
- IK Investment Partners
- Nordic Capital
- Nordstjernan
- Ratos
- Segulah
- Triton

Reduced activity during 2008

After several years of very high activity and constant new records for capital raised for private equity funds, activity decreased significantly during the second half of 2008 as a direct effect of the financial crisis. In Europe, the number of completed transactions was far lower than previously with limited access to capital inhibiting activity. The Nordic market, due to a stable banking market, functioned better but there too the number of completed transactions was far lower than in previous years. The Nordic region remains one of Europe's largest markets for private equity investments.

In the middle segment, in which Ratos mainly operates, most venture capital companies are still Nordic and there are a large number of acquisition opportunities in Ratos's investment band.

The intense competition that has prevailed in recent years – as an effect of good returns, a more mature sector and a continued inflow of capital – is expected to ease in the short term which will normalise both pricing of companies and the competition. This will open up opportunities for players with a strong financial position.

Company form important for Ratos

Ratos does not manage any funds but is one of the few listed companies in Sweden whose main activity is direct investments in unlisted companies. Exit gains and cash flows from investments are re-invested in new companies or distributed to Ratos's shareholders. As a listed private equity company Ratos does not need to spend time and resources procuring capital for new funds. Ratos is not constrained by any maximum duration for its investments and can keep its holdings for as long as this is financially optimal. Transparency is often greater in a listed company than in a fund. Furthermore, the investor has a liquid asset and can sell his shares, while an investment in a fund is normally locked up for the life of the fund. An advantage of funds is the fact that the fund is always fully invested while a company like Ratos can carry cash that lacks the same opportunities for returns. Private equity funds also offer investors an opportunity to diversify away from the market risk always inherent in a listed share.

While funds are still the most common players in the private equity market, interest in listed private equity companies has risen in recent years. In total, there are about 80 listed private equity companies in Europe.

Ratos as a private equity company

- Listed
  – Liquid
  – Transparent
- Industrial focus
- Active ownership
  – Throughout holding period
- Owner for as long as Ratos creates value
  – No time limit
- Tailor-made investment organisation

Increased activity in other Nordic countries

Ratos has always been a Nordic company. Between 1999 and 2003 the majority of investments were made in Sweden, but since 2003 investment activity in the other Nordic countries has increased. Between 1999 and 2008, ten acquisitions were made in Denmark, Norway and Finland.

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

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

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

Source: Ratos

Maturity level: Relative and from a private equity perspective, i.e. factors that can reflect Ratos's business opportunities. For example, company structure, proportion of privately owned companies, size of companies. The lower the level of market maturity, the higher the number of business opportunities.

National competition: Number of national private equity players.

Ratos's profile: How suitable Ratos's industrial profile is for conducting business in the country, i.e. how the Ratos brand is perceived.

Sweden

The Swedish private equity market is mature in an international perspective after several decades of high activity among both local and foreign private equity players. Ratos's first investment as a private equity company in Sweden was carried out in 1999 (buyout of Dahl). Ratos's industrial profile is well suited to the Swedish corporate and business culture and there are still many acquisition opportunities of the right size and structure for Ratos. At year-end 2008, 11 out of the 19 holdings were Swedish.

Norway

Ratos's first private equity investment in Norway was made in 2001 (Dynal Biotech). Norway was then an immature market in private equity terms with relatively few competitors and many companies with the right size and profile for Ratos. Business opportunities in Norway remain good and Ratos has a good deal flow since there are many conglomerates, family-owned companies and state-owned companies. In Norway, Ratos operates through a representative, Henning Øglænd, and a broad network of selected people. Ratos has three holdings in Norway which had combined sales of approximately SEK 4,100m and 1,900 employees in 2008.

Denmark

Ratos made its first private equity investment in Denmark in 1999 (Superfos). In Denmark there is competition from other private equity players but it is still a relatively immature market. Ratos's profile fits in well because of Denmark's entrepreneurial tradition which is based on a large number of conglomerates, family and foundation-owned companies. Ratos has a good flow of companies with aspects that Ratos finds attractive. Ratos is represented in Denmark through an Advisory Board, chaired by Peter Lechly, which functions as a network towards the Danish companies. Ratos has three holdings in Denmark which had combined sales of approximately SEK 5,000m and 2,200 employees in 2008.

Finland

Finland is the country that is most like Sweden with regard to corporate structure. The private equity market is more mature and national private equity players have been far more active than in Norway and Denmark. Ratos's profile is also well-suited to the corporate structure in Finland. Ratos's first private equity investment in Finland was made in 2001 (GS-Hydro). During 2008 an Advisory Board was also set up in Finland in order to create opportunities for an even better deal flow. Ratos has two holdings in Finland which had combined sales of approximately SEK 2,500m and 1,500 employees in 2008.

Investments and exercise of ownership in Ratos

The industrial profile is something of a hallmark for Ratos. Ratos has been an industrial player since the foundation of its predecessor Söderberg & Haak in 1866 which still has a bearing on how Ratos acts as an owner in its holdings today. Since 1999, Ratos has invested in approximately 50 companies and made 28 divestments. Today, there some 20 companies in Ratos's portfolio.

Investment process

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

Suggestions for potential acquisitions come from many sources. Part of Ratos's strategy is that a high portion of the deal flow must be self-generated, i.e. deals that are not pure auction processes and where Ratos normally acquires sole rights or is one of a small number of possible owners. This may be the result of a structured process where a specific sector or region has been mapped out, but it can also be the result of inquisitiveness. Since 1999, approximately 70% of the investments carried out have been self-generated.

Ratos makes sector-neutral investments in the Nordic region and in companies with all types of conditions. Although never in companies that operate in the arms industry, pornography or are obviously detrimental to the environment. Read more under Corporate Responsibility (CR) on pages 29-33.

Obtaining information is an important part of the acquisition process and there is often more information available to the purchaser when investing in unlisted companies. Each acquisition is preceded by due diligence examination of the company. This analysis includes several aspects such as legal, sector and business, environmental and CR, as well as financial. The results from this examination form the basis of the investment decision made by Ratos's Board. Before a purchase agreement is signed, Ratos and the company's management will also have agreed on a joint business plan with clear financial and operational targets. If there are co-owners, there is also a detailed shareholder agreement that regulates relations between the parties. This creates better conditions for consensus regarding the investment which also reduces the risk. What finally decides whether Ratos will invest is an assessment of whether an annual average return of 20% can be achieved.

Ratos as owner

- Long and broad experience as active owner
  - Professional, active and responsible
- Clear targets for every investment
  - Joint business plan
  - Incentive programme creates common interests
  - Responsible exits
- Clear and active exercise of ownership role
  - Same team works with companies from acquisition to exit

Ratos as owner

Ratos's approach to ownership is that it should be exercised professionally, actively and responsibly. This applies throughout the ownership period, from acquisition to exit. Ratos can contribute with business development support, networks, and financial and strategic expertise. Business development is teamwork between the company's management, board and owner where Ratos plays an active role in the company's development process and continuously functions as a sounding-board to the company's management.

Ratos works in so-called holding teams and normally has the same holding team from acquisition to exit. Continuity and confidence between Ratos and management are important for value creation. Ratos is always represented on the holdings' boards via the person responsible for the holding. Depending on the size of its holding, Ratos can also appoint another or several other directors which may be other Ratos employees and/or, which is usual, people in Ratos's network who have the relevant background.

An exit must also be made responsibly and taking the company's long-term development into account. Divestment of a holding should take place when the aims of the investment have been achieved and when Ratos's ownership is no longer creating added value. Since Ratos, unlike many other private equity companies, is a limited company, there is no set holding period. The average holding period for the portfolio at the beginning of 2009 was just over six years and the oldest holding had been in the portfolio for thirteen years.

Financial target exceeded – IRR +30%

Since 1999, Ratos has exceeded its financial target of an average annual return of 20% on each individual investment by a wide margin. Viewed over a ten-year period the exit portfolio has generated an annual return of 30%. For a company operating within the private equity sector the divestment (or "exit" as it is called in the industry) is the definite proof of whether or not an investment has been successful. Basically the calculation for Ratos's owners is relatively simple: the result of an investment comprises the selling price minus the acquisition price plus/minus any capital flows during the ownership period (add-on investments, dividends, refinancing, etc.). This simple calculation can then with the aid of a mathematical formula be re-stated as an average annual return, or IRR (internal rate of return) as it is known in the industry.

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

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

Present exit portfolio

What does Ratos's exit portfolio look like today? During the just over ten years (1999-February 2009) Ratos has operated as a private equity company, 28 exits have been carried out. These 28 exits have together contributed to Ratos's cash flow with approximately SEK 25 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 30%. 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 2008 for example Hägglunds Drives, and investments that must be summarised as less successful such as Bluegarden in 2007. However, the successful investments have compensated for the less successful ones by a wide margin.

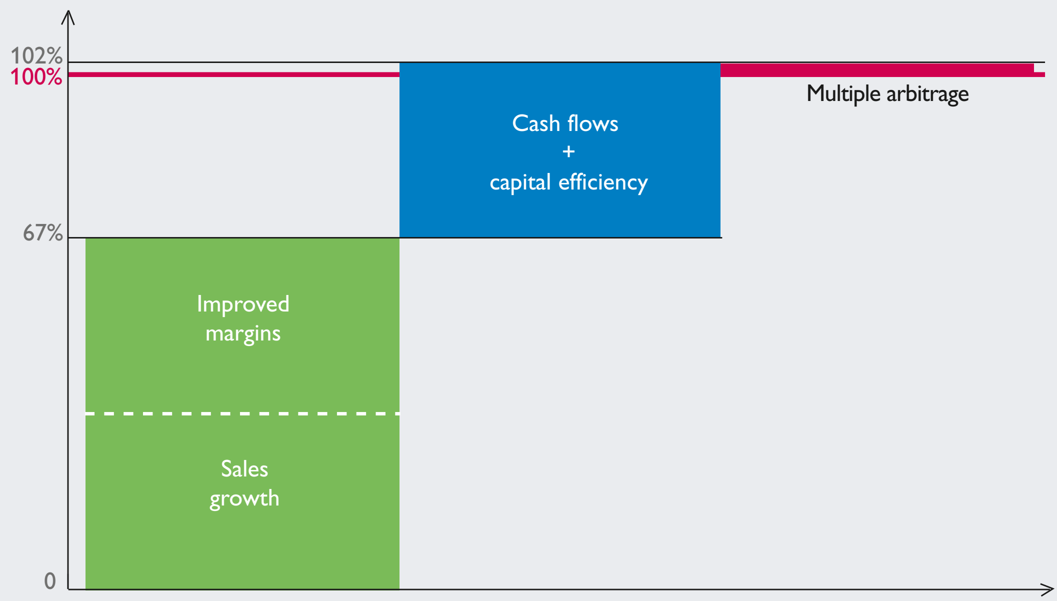
30% is also the gross figure that would be reported as a return if Ratos was a fund like most of our industry colleagues. In comparison with other private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure than most other companies 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 normalised total management cost which is approximately 1.5% 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 a lot of money cheaply, starve the companies, dress up the bride for a sale and then sell at a premium. This standard picture evidently does not apply to Ratos but probably not to the industry as a whole either.

An analysis of value creation in the 28 companies today included in Ratos's exit portfolio, reveals the following explanations of how a 30% IRR was achieved (see illustration on next page).

Average annual return, IRR +30% – how?



Industrial development +67%

Approximately 67% 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 +35%

Approximately 35% of value creation comes from financial effects. Some of these effects, approximately half, can basically derive from 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 -2%

The multiple arbitrage has consequently provided a negative contribution of 2%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

Future exit portfolio

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

- Today there are some investments in the portfolio that will probably drag down the total return even if the investments themselves land up on the plus side. These investments are expected, however, to achieve a 20% annual return from today's market values.
- Many companies in the portfolio will meet the return requirement 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 shares

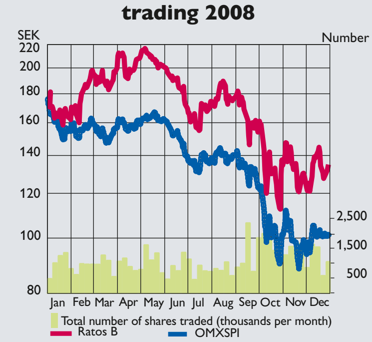
Ratos A and B shares are listed on NASDAQ OMX Stockholm, Large Cap.

Share price performance

2008 was a black year for stock exchanges around the world. Ratos shares provided a negative performance during the year, although development was better than for the benchmark index. Ratos B shares fell 23% compared with the OMXSPI which fell 42% in the same period. The highest quotation during the year, SEK 218 occurred in May and the lowest, SEK 108, in October. The closing price on 30 December was SEK 135.

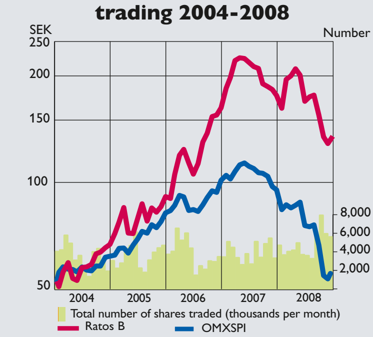
In 2008 the total return (price development including reinvested dividends) for Ratos B shares amounted to -20% compared with the SIX Return Index which fell 39% in the same period.

Share price trend and trading 2008



Source: NASDAQ OMX

Share price trend and trading 2004-2008



Source: NASDAQ OMX

Trading

A total of 67.6 million Ratos shares (of which B shares accounted for 67.4 million) were traded during 2008 at a value of over SEK 11.3 billion. An average of 268,239 shares (B shares: 267,391) were traded per day, an increase of 37% compared with 2007. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, increased to 55% (40% in 2007).

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 21 billion at year-end.

Brief facts 2008

Share listing	NASDAQ OMX Stockholm, Large Cap
Total number of shares	161,349,252
Number of shares outstanding	157,937,855
Closing price 30 Dec 2008	SEK 135
Highest/lowest quotation	SEK 218/108
Market capitalisation, 30 Dec 2008	SEK 21 billion
Reuters ticker code	RATOb.st
Bloomberg ticker code	RATOB SS

Breakdown by class of share

Class	Number of shares	% of voting rights	% of capital
A	42,328,530	78	26
B	119,020,722	22	74
	161,349,252	100	100

Development of share capital

Year	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
2008	Conversion of A shares to B shares	42,328,530	119,020,722			1,017

This ranks the company at number 24 in terms of size of the 261 companies listed on NASDAQ OMX Stockholm, and number 44 of the 596 companies on the joint Nordic Exchange.

Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for the 2008 financial year of SEK 9 (9). Dividend yield amounts to 6.7% based on the closing price at year-end. Over the past ten years, Ratos's dividend has increased by an average of approximately 19% per year.

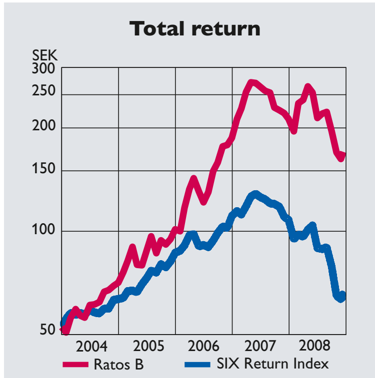
Purchase of treasury shares

A decision was made at the 2008 Annual General Meeting that up to 7% of the company's shares may be acquired until the next Annual General Meeting in 2009. During 2008, Ratos repurchased 1,045,800 of its own B shares. The buy-backs were effected at an average price of SEK 161 per share.

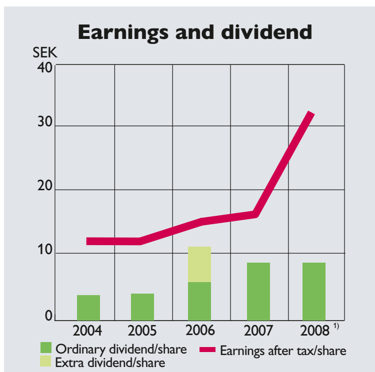
At year-end, Ratos owned 3,411,397 B shares, corresponding to 2.1% of the total number of shares, repurchased at an average price of SEK 121.

Conversion of shares

Since the 2003 Annual General Meeting there has been a conversion clause allowing conversion of A shares to B shares in the articles of association. A total of 953,724 A shares had been submitted for conversion into B shares.



Source: NASDAQ OMX



[1] Proposed

Data per share

SEK	2008	2007	2006	2005	2004
Earnings after tax [1]	32.62	16.66	15.50	12.42	12.45
Dividend per A and B share	9 [2]	9	5.50 (11) [5]	4.19	3.96
Dividend as % of earnings	28 [2]	54	35 (71) [5]	34	32
Dividend as % of equity	9 [2]	12	8 (15.9) [5]	6.5	7.2
Equity [3]	100	75	69	64	55
Closing market price, B share	135	176	162.50	91	67
Market price/equity, %	135	235	236	142	122
Dividend yield, %	6.7 [2]	5.1	3.4 (6.8) [5]	4.6	5.9
Total return, %	-20	14	85	43	35
P/E ratio	4.1	10.6	10.5	7.3	5.4
Highest/lowest price paid, B share	218 / 108	238.50 / 152.50	171 / 86	91 / 68	68 / 51

Key figures

	2008	2007	2006	2005	2004
Market capitalisation, SEKm	21,321	28,376	25,719	15,812	11,328
Number of shareholders	38,099	36,396	34,233	30,549	29,345
Average number of shares outstanding [1]	158,576,030	158,829,266	163,005,841	170,062,755	169,572,845
Number of shares outstanding at year-end [4]	157,937,855	158,489,155	158,276,730	170,209,628	169,650,634
Average number of Ratos shares traded/day, thousands	268	196	186	176	170
Dividend, SEKm	1,421 [2]	1,430	877 (1,754) [5]	715	673

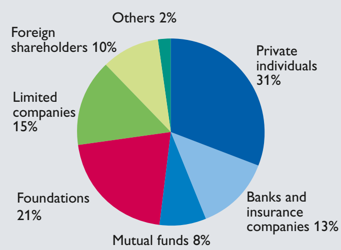
[1] Before dilution.
[2] Proposed ordinary dividend.
[3] Attributable to equity holders of the parent.
[4] After deduction for treasury shares.
[5] Ordinary dividend (incl. extra dividend).

Definitions, see page 145.

Ownership structure

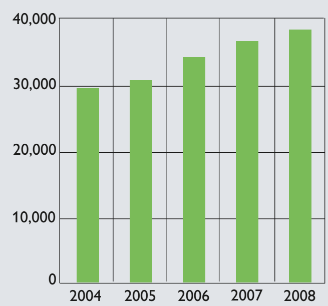
The number of shareholders amounted to approximately 38,100 at year-end. The ten largest shareholders accounted for 80% of the voting rights and 52% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 10%, with the UK, Luxembourg and the US accounting for the largest shareholdings. 62% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital.

Breakdown of Ratos's shareholders



Source: Euroclear Sweden

Number of shareholders



Source: Euroclear Sweden

Share capital and number of shares

Ratos's share capital at year-end 2008 amounted to SEK 1,016.5m divided among a total of 161,349,252 shares, of which 42,328,530 A shares and 119,020,722 B shares. The number of treasury shares at year-end was 3,411,397, which means that outstanding shares amounted to 157,937,855. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 votes.

Ratos shareholders *)

31 Dec 2008	Number A shares	Number B shares	Share of capital, %	Share of voting rights, %
Söderberg family	24,614,558	6,863,956	19.5	46.7
Torsten and Ragnar Söderbergs foundations	13,114,740	13,882,620	16.7	26.7
Swedbank Robur Fonder		6,543,923	4.1	1.2
AMF Pension		5,683,306	3.5	1.0
AP4		2,817,879	1.7	0.5
AP6		2,585,492	1.6	0.5
AP2		2,583,749	1.6	0.5
SEB Private Bank S.A.	1,243,338	804,577	1.3	2.4
SEB Funds		1,881,190	1.2	0.4
Confederation of Swedish Enterprise		1,550,000	1.0	0.3
Treasury shares		3,411,397	2.1	–
Others	3,355,894	70,412,633	45.7	19.8
Total	42,328,530	119,020,722	100.0	100.0

*) Refers to shares registered with Euroclear Sweden (formerly VPC) at 31 December 2008. Loaned shares are not included in shareholder statistics.

Source: Euroclear Sweden

Range analysis

Number of shares	Number of shareholders	Share of capital, %
1 – 500	23,684	3
501 – 1,000	6,122	3
1,001 – 5,000	6,452	9
5,001 – 10,000	960	4
10,001 – 20,000	393	4
20,001 –	488	77
	38,099	100

Source: Euroclear Sweden

Analysts who monitor Ratos

ABG Sundal Collier
Richard Henze
richard.henze@abgsc.se
Tel: +46 8 566 286 00

Carnegie
Fredrik Skoglund
fredrik.skoglund@carnegie.se
Tel: +46 8 676 88 52

Cazenove & Co
Chris Brown
christopher.brown@cazenove.com
Tel: +44 20 7155 8145

Cheuvreux Nordic
Pawel Wyszynski
pwyszynski@cheuvreux.com
Tel: +46 8 723 51 70

Goldman Sachs
Markus Iwar
markus.iwar@gs.com
Tel: +44 20 7552 1264

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

Erik Penser
Christian Hellman
christian.hellman@penser.se
Tel: +46 8 463 84 39

Martin Larsson
martin.larsson@penser.se
Tel: +46 8 463 84 29

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

Investment organisation

More information about the organisation is available at www.ratos.se

Henrik Blomé · Per Frankling · Arne Karlsson · Lene Sandvoll Stern

Thomas Hofvenstam · Henrik Lundh

Susanna Campbell · Bo Jungner

Jan Pomoell · Johan Pernvi · Berit Lind · Mikael Norlander

Anna Ahlberg
Investment Manager.

Born 1970. MSc Econ.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance 2000-01. PricewaterhouseCoopers Corporate Finance 1994, 1996-00.

Magdalena Aniansson
Senior Investment Manager.

Responsible for the holding GS-Hydro.

Born 1967. MSc Econ.
Employed by Ratos since 2004.
Accenture 1992-04.

Michael Arvidsson
Investment Manager.

Born 1979. MSc Econ.
Employed by Ratos since 2006.
Lazard 2004-06.

Jenny Askfelt Ruud
Investment Manager.

Born 1973. MSc Econ.
Employed by Ratos since 2007.
McKinsey & Company 2001-07.
Arts Alliance 2000-01.
Morgan Stanley 1998-00.

Henrik Blomé
Senior Investment Manager.

Responsible for the holdings DIAB, MCC and Hafa Bathroom Group.

Born 1974. MSc. Econ.
Employed by Ratos since 2001.
Bain & Co. 1998-01.

Susanna Campbell
Senior Investment Manager.

Responsible for the holdings Haglöfs and HL Display.

Born 1973. MSc Econ.
Employed by Ratos since 2003.
McKinsey & Company 2000-03.
Alfred Berg Corporate Finance 1996-00.

Per Frankling
Senior Investment Manager.

Responsible for the holdings Jøtul and Lindab.

Born 1971. MSc Econ and MSc Eng.
Employed by Ratos since 2000.
McKinsey & Company 1999-00.
Arkwright 1996-99.

Thomas Hofvenstam
Senior Investment Manager.

Responsible for the holdings Scandinavian Business Seating and Superfos.

Born 1969. MSc Econ.
Employed by Ratos since 2001.
Booz Allen Hamilton 1996-01.
Arla 1995-1996. Enskilda Strategy 1994-95.

Henrik Joelsson
Senior Investment Manager.

Responsible for the holdings Anticimex and EuroMaint.

Born 1969. MSc Econ and MBA.
Employed by Ratos since 2004.
Bain & Company 1995-03.

Leif Johansson
Investment Director.

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

Born 1949. Combined engineering and business degree.
Joined Ratos 2004.
LB-Invest 1985-93.
Own consulting company 1994-04.
Procuritas KB 1989-04.

Bo Jungner
Investment Director.

Responsible for the holding Bisnode.

Born 1960. MSc Econ.
Employed by Ratos since 1998.
Brummer & Partners 1996-98.
SEB/Enskilda 1983-96.

Robin Molvin　Cecilia Lundberg

Johan Rydmark　Thomas Mossberg　Magdalena Aniansson　Leif Johansson

Jonathan Wallis　Johan Pålsson　Jenny Askfelt Ruud　Michael Arvidsson

Henrik Joelsson　Anna Ahlberg

Arne Karlsson
CEO.

Responsible for the holding Camfil.

Born 1958. MSc Econ.
Employed by Ratos since 1999.
Atle Mergers & Acquisitions 1996-98.
Atle 1993-1998. Hartwig Invest 1988-93.
Aktiv Placering 1982-88.

Berit Lind
Investment Manager.

Responsible for investments in IK Investment Partners.

Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996-00.
E Öhman J:or 1994-96.
Öhman Corporate Finance 1987-94.

Cecilia Lundberg
Investment Manager.

Born 1978. MSc Econ.
Employed by Ratos since 2006.
Alfred Berg Corporate Finance 2003-06.

Henrik Lundh
Investment Manager.

Born 1972. MSc. Econ.
Employed by Ratos since 2007.
Keystone Advisers 2000-07
UBS Warburg 1998-00

Robin Molvin
Senior Investment Manager.

Responsible for the holdings AH Industries and BTJ Group.

Born 1972. MSc Econ.
Employed by Ratos since 2006.
Nordstjernan 1999-05.
Alfred Berg Corporate Finance 1997-99.

Thomas Mossberg
Senior Advisor.

Responsible for the holding Overseas Telecom.

Born 1946. Doctor of Economics.
Employed by Ratos since 1977, Executive Vice President 1988-08 (acting CEO 1998).
Teacher and researcher at the Stockholm School of Economics and IFL 1970-77.

Mikael Norlander
Investment Manager.

Born 1978. MSc Econ.
Employed by Ratos since 2008.
Bain & Company 2003-08.

Johan Pernvi
Investment Manager.

Born 1978. MSc Econ.
Employed by Ratos since 2006.
Bain & Co 2003-05.

Jan Pomoell
Investment Manager.

Born 1976. MSc Econ.
Employed by Ratos since 2007.
Tamro Corporation 2002-07.
The Boston Consulting Group 2000-02.

Johan Pålsson
Investment Manager.

Born 1979. MSc Econ.
Employed by Ratos since 2007.
Arthur D. Little 2004-07.

Johan Rydmark
Investment Manager.

Born 1977. MSc Econ.
Employed by Ratos since 2008.
AAC Capital Partners 2007-08.
ABN AMRO Capital 2003-07.

Lene Sandvoll Stern
Investment Manager.

Born 1981. MSc Econ.
Employed by Ratos since 2008.
McKinsey & Company 2004-08.

Jonathan Wallis
Investment Manager.

Born 1974. MSc Econ.
Employed by Ratos since 2007.
Bain & Company 2000-07.

Business support

Clara Bolinder-Lundberg Emma Rheborg

Barbro Wallin Lars Warg

Maria Glifberg Ing-Marie Pilebjer-Bosson

Kerstin Svanqvist Carina Strid

Clara Bolinder-Lundberg
Head of Corporate Communications.

Born 1958. MSc. Econ.
Employed by Ratos since 2001.
Askus and Intellecta 1995-98.
Bankstödsnämnden 1994-95.
Hägglöf & Ponsbach 1988-92.
Handelsbanken 1983-88.

Maria Glifberg
Group Accounts.

Born 1961. MSc Econ.
Employed by Ratos since 2008.
SAS Group 2000-08.
SAS Internal Audit 1998-00.
Deloitte 1985-98.

Ing-Marie Pilebjer-Bosson
Accounting specialist.

Born 1951. MSc Econ.
Employed by Ratos since 2008.
KPMG 2001-08.
Swedish Match 1998-01.
Scribona 1990-98.
Trygg-Hansa 1980-90.
Skatteförvaltningen 1975-80.

Emma Rheborg
Investor Relations Manager.

Born 1972. MSc Econ.
Employed by Ratos since 2007.
JKL 2001-07.
Hagströmer & Qviberg 1997-00.

Carina Strid
CFO.

Born 1968. MSc Econ.
Employed by Ratos since 2002.
KPMG 1997-02.
Pharmacia Upjohn 1988-96.

Kerstin Svanqvist
Accounts Manager.

Born 1947. BSc Econ.
Employed by Ratos since 2002.
Scandic Hotels 1998-01.
Ratos 1991-97.
Lantmännen organisation and
LKAB Group 1973-90.

Barbro Wallin
Head of Financial Structures.

Born 1944. BSc Econ.
Joined Ratos 2003.
Nordea 1993-02.
SEB 1961-93.
Own consulting company since 2002.

Lars Warg
Financial Structures.

Born 1946. M Pol Sc.
Joined Ratos in 2008.
Nordea 1972-07.

Corporate Responsibility

Many different terms are used when referring to matters relating to sustainability or company responsibility. Ratos has chosen to use the expression Corporate Responsibility (CR) and to focus on environmental and working environment issues, matters that concern society and the community, as well as corporate governance questions.

Ratos's operations are based on nurturing and developing the trust that Ratos has built up in the Swedish business community during operations spanning more than 140 years. One key component is responsibility towards Ratos's owners, employees, society, holdings and other stakeholders.

Ratos's business model

Ratos is a private equity company and its mission is to acquire, develop and divest companies. The business model is based on professional, active and responsible exercise of the ownership role where long-term, sustainable development is combined with the highest possible returns. Ratos's aim is both to meet the expectations of its stakeholders and to pursue these issues in order to raise the standard of CR initiatives in the holdings.

At a central level Ratos, a company with no production of its own, has a limited impact on the environment and society. In the holdings the level of impact varies depending on company and sector.

Ratos makes investments independent of sector throughout the Nordic region in companies in a wide range of situations. Ratos never invests, however, in companies that operate in the arms industry, pornography or that are obviously harmful to the environment.

Management of CR issues is an integrated part of Ratos's business model. At acquisition the inherent risks and opportunities are always examined as part of the due diligence process. During the ownership period CR is often a strategic and competitive matter for the board. At exits a company with a well-documented analysis of its impact on the environment and society commands a lower risk premium and therefore a higher price.

Ratos's operations and basic values are summarised in the keywords *professional*, *active* and *responsible*, which together form and characterise the common value system that must permeate the work of the organisation and how stakeholders view Ratos as a company. Ratos's basic values are the foundation for the commitment that contributes to sustainable development for both Ratos and its holdings.

Ratos's stakeholders

- Authorities
- Co-investors
- Community
- Employees
- Holdings
- Shareholders

Guidelines and policies

Ratos and the Board have drawn up a total of ten internal and external policies. All policies are subject to an annual review to see if new ones are required and/or existing ones need to be revised. The Head of Corporate Communications is responsible for producing these policy documents.

Four of the policy documents focus especially on issues related to sustainability and responsibility towards Ratos's stakeholders. These can be summarised as follows:

Ownership policy describes the role of the owner in unlisted companies and clarifies how Ratos's basic values must be reflected in the exercise of the ownership role taking into account, among other things, co-owners, Ratos's shareholders, management and employees in the holdings. The ownership policy covers the ownership role from acquisition to exit. The policy also stipulates that Ratos must comply with current practice and regulations. Ahead of a possible acquisition a due diligence process for the company concerned examines such matters as contractual relationships, accounts, business opportunities, environmental risks, the company's social responsibility, management structure and capacity. The consequence might be that Ratos refrains from making an investment if this contravenes Ratos's ownership policy.

Code of social conduct stipulates that Ratos and the holdings must comply with local laws and regulations, international conventions, agreements and ethical norms. Ratos undertakes to train its employees in matters relating to international business and human rights and to make sure that the holdings respect the rights of their employees. Ratos offers the holdings the resources they need to assess aspects relating to human rights both ahead of an investment and throughout the entire development phase. Ratos subscribes to the UN Convention on the Rights of the Child and the ILO's eight core conventions. Ratos does not invest in companies that contravene human rights if such non-conformances cannot be redressed.

Environmental policy states that environmental consideration must be included as a natural part of Ratos's operations and the necessary resources be offered to the holding team to assess and measure environmental risks ahead of an investment. Identification and evaluation of environmental aspects must be included in the due diligence process prior to investment. Furthermore, Ratos will ensure that each holding draws up its own environmental policy which is suitable to its industry and operations. The environmental policy also states how Ratos will work actively to reduce the use of harmful substances at the head office.

Sponsorship policy clarifies Ratos's work with issues of a social nature. Ratos has chosen to work with a limited number of targeted projects in the Nordic region which mainly assist the most vulnerable in society, particularly children and young people. In addition, Ratos has chosen to support associations and organisations linked to Ratos's history, focus and business activities. Read more about sponsorship on pages 32-33.

Ratos's basic values

- Professional
- Active
- Responsible

Ratos's sustainability policies

- Ownership policy
- Code of social conduct
- Environmental policy
- Sponsorship policy

Organisation and training

At Ratos there is a CR Group led by the Head of Corporate Communications, and including two Investment Directors and one Investment Manager. These four people are responsible both for ensuring that work on CR issues is carried out responsibly in compliance with guidelines and policies and for ongoing training within the organisation. Each person responsible for a holding works actively to pursue CR issues in the company through its board and directly with the person responsible for CR in the holding. Holdings' work on CR issues is followed up in Ratos's annual evaluation.

Events during the year

- During 2008 almost all Ratos's holdings formulated an Environmental Policy which was adopted by the respective company's board.
- Work on producing CR reports will start in all holdings in 2009.
- A review started in the holdings of possible risks at suppliers, employees' conditions, environmental risks, competitors, production facilities.
- A total of five training seminars were offered to the investment organisation on matters relating to environmental risks, sustainability reporting and climate issues.
- A environmental programme was drafted in conjunction with refurbishing of the head office at Drottninggatan 2 in Stockholm. The programme includes improved waste management, paper recovery and recycling. Low-energy light bulbs, presence sensors for lighting and heating in offices and conference rooms, rechargeable batteries, and water dispensers to replace cans and bottles are also used.

Sustainability initiatives at Haglöfs

Lennart Svensson, Director of Sustainability at Haglöfs, how do you view sustainability issues at Haglöfs?

Sustainability issues have been important to Haglöfs for many years and today this work is an integrated part of the company's operations. We are convinced that we will see increasingly high demands from end consumers and society and that conducting a responsible business will be essential to ensure financial earning ability.

What are your tangible initiatives on these issues?

We make demands on both producers and suppliers and select them very carefully. When evaluating new suppliers we always ensure that they have a clear position on sustainability issues. We also require our material suppliers to sign an agreement in which we specify which chemicals we do not permit in our products. Our producers must also sign our code of conduct that covers human rights, working environment, prohibition of child labour, consideration for the environment and wildlife.

We want to contribute to the sustainable development of society over time with products that are manufactured in an ethically and environmentally sustainable manner. We will also continue to develop products with high quality and long life cycles in order to limit the negative environmental impact of each product.

Use of material that has a minimal negative environmental impact will be increased. We will also continue with our preventive efforts with substitution of hazardous chemicals.

Lennart Svensson, responsible for sustainability issues at Haglöfs, wearing a fleece Baffin Jacket made of recycled Polartec®.

How do you check your producers and suppliers?

We are aware that sometimes written guarantees are not enough to ensure that our suppliers and producers meet our high demands in relation to sustainability issues. This is why we work to improve our control mechanisms by having a closer dialogue with our suppliers and extending control of our producers, all in order to ensure compliance with our objectives as set out in the code of conduct.

How do you conduct environmental work?

Logistics, offices and travel are areas we have chosen to work on actively in order to reduce our environmental impact. We are also working flat out to certify Haglöfs according to the ISO 14001 international standard for environmental management systems.

In order to handle environmental problems within textile production we have also joined bluesign®, a voluntary initiative among major global brands that seeks to persuade textile manufacturers to improve environmental properties.

Ratos in the community

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

Söderberg & Haak was among the first to offer its employees social benefits.

Torsten and Ragnar Söderberg foundations

In 1960 the two brothers Torsten and Ragnar Söderberg, then the largest owners of Ratos, each formed a foundation to which 40,000 Ratos shares were donated. The purpose of these foundations was to "promote scientific research and scientific education and studies of benefit to the country, whereby the main focus should be on economics, medicine and law". Since 1960, the Söderberg foundations have distributed more than SEK 1 billion in today's money for different purposes such as professorships, academic theses, research projects, field studies, scientific equipment and rewards for outstanding achievements. The largest recipients of grants since the start have been the Stockholm School of Economics, the Karolinska Institutet, and the universities of Uppsala, Lund and Gothenburg. The Söderberg foundations, today one of Sweden's biggest non-government providers of grants within its fields, distributed approximately SEK 290m in 2008.

Vulnerable women can receive support and food in Klaragården, part of Stockholm's City Mission.

Active community involvement

Ratos does not have its own production and sells neither products nor services. The Board therefore decided that Ratos should not be involved in outgoing and visible sponsoring. Instead, the company has chosen to work in a structured manner with a limited number of targeted projects, membership of associations, and other support. Targeted projects are selected carefully in the countries in which Ratos operates in order to ensure that the funds allocated have the greatest possible effect. Each project is monitored closely. The choice of membership of associations and research is linked to Ratos's business activities or where Ratos has an historic and well-motivated involvement. The priority with regard to grants and gifts is given to project partners which like Ratos operate in the Nordic region and to projects that primarily focus on the most vulnerable groups in our society especially children and young people.

In 2008 and 2009 Ratos has chosen to support the following projects and associations:

STOCKHOLMS STADSMISSION

Stockholm's City Mission, Klaragården project

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


By offering friendship families, Save the Children Denmark supports children and parents in vulnerable families.

S:ta Clara Grannar

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

Mentor

Since 2006, Ratos has been a corporate partner of Mentor Sweden, which is a sibling of the international Mentor Foundation based in Geneva, Switzerland. The aim is to support and work with drug addiction prevention activities among children and young people. This is done through a mentorship programme which targets young people and through support to parents via a parenting programme that offers courses and seminars to spread knowledge and create awareness.

Sales of the jewellery item "Not for sale" designed by Dangerous Goods, provides funds for the Co-operation Against Trafficking foundation.

Co-operation Against Trafficking

The development partnership Co-operation Against Trafficking (ISMT) is a recently started foundation. The aim is to provide direct support to victims of human trafficking and this is one the biggest initiatives ever taken in Sweden in the fight against today's slave trade. ISMT has identified a need within this area where society's resources are insufficient. Ratos is the foundation's only sponsor partner and therefore plays a key role in how this work can develop.

Save the Children Norway WHISPER

Ratos was one of the instigators of and is today a principal sponsor of Save the Children Norway's WHISPER project. The aim of the project is to prevent trading in children in Norway. The project started in 2006 and has today a central position in work against human trafficking in Norway.

Save the Children Denmark – Children's Friendship Families

In Denmark, Ratos has chosen the Danish Save the Children project Children's Friendship Families which works to help children aged 5-15 who live in vulnerable families. The aim of the project is to offer these families a friendship family which regularly relieves the pressure on and supports vulnerable children.

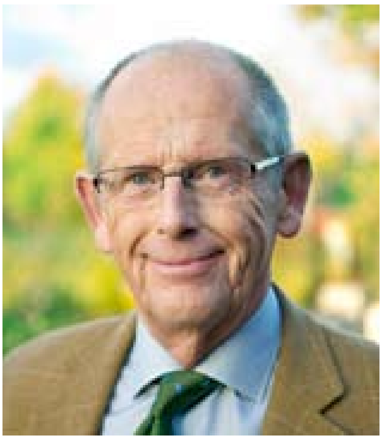
Other projects and membership of associations

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

Under the auspices of Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to the Group's activities. During the year Ratos's CEO Arne Karlsson became Chairman of the Board of SNS. Ratos is represented on the Stockholm Chamber of Commerce Tax Committee and Business Policy Council and the Tax Delegation for Swedish Business and Commerce.

During 2008 Ratos contributed with disaster relief to the victims of the earthquake in China by sending backpacks from Haglöfs.

Board of Directors and Auditor



Olof Stenhammar

Honorary Doctor of Philosophy and Economics. Born 1941.

Independent Chairman of the Board. Board Member since 1994 and Chairman since 1998.

Founder of OMX, Chairman 1996-07, CEO 1984-96.
Deputy CEO Bonnierföretagen 1982-84.

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

Shareholding in Ratos (own and related parties): 35,978 A shares
1,400,000 B shares

Lars Berg

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

Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999-00, President and CEO Telia 1994-99, and Senior positions within Ericsson 1970-94.

Main assignments: European Venture Partner, Constellation Growth Capital. Chairman of Eniro, Net Insight and Viamare Invest.

Shareholding in Ratos (own): 10,000 B shares

Staffan Bohman

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

Formerly President and CEO Gränges and Sapa 1999-04.
President and CEO DeLaval 1992-99.

Deputy Chairman of EDB Business Partner ASA and Scania. Board Member of Atlas Copco, Boliden, InterIKEA Holding SA, OSM, Ramundberget Alpina and Trelleborg.

Shareholding in Ratos (own): 30,000 B shares

Annette Sadolin

LL.B. Born 1947.
Independent Board member since 2007.

Formerly Deputy CEO GE Frankona Ruck 1996-04,
CEO GE Employers Re International 1993-96,
Deputy CEO GE Employers Re International 1988-93.
Board Member of Topdanmark, Dansk Standard, Lindab, Skodsborg Kurhotel og Spa, Østre Gasværk Teater and Ny Carlsberg Glyptotek.

Shareholding in Ratos (own): 4,132 B shares

Jan Söderberg
MSc Econ. Born 1956.
Non-independent Board Member since 2000.

Formerly CEO Bröderna Edstrand 1991-93.

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

Shareholding in Ratos (own and related parties): 6,675,824 A shares
601,400 B shares

Per-Olof Söderberg
MSc Econ and MBA Insead. Born 1955.
Non-independent Board Member since 2000.

Formerly CEO Dahl 1990-04.

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

Shareholding in Ratos (own and related parties): 8,069,663 A shares
17,000 B shares

Arne Karlsson
MSc Econ. Born 1958.
CEO of Ratos since 1999.
Non-independent Board member since 1999.

Formerly President Atle Mergers & Acquisition 1996-98, Atle 1993-98, President Hartwig Invest 1988-93, Aktiv Placering 1982-88.

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

Shareholding in Ratos (own): *85,600 B shares*
Number of options in Ratos: *115,000 call options/2006*
100,000 call options/2007
100,000 call options/2008

Auditor

KPMG

Thomas Thiel
Authorised Public Accountant, Senior Auditor.

Company's auditor since 2004.

Other assignments: Auditor of Atlas Copco, Axfood, Folksam, GS-Hydro, Peab Industri, Skandia, SKF, Swedish Match and Torsten and Ragnar Söderberg Foundations.

Holdings at January 2009.

Corporate Governance

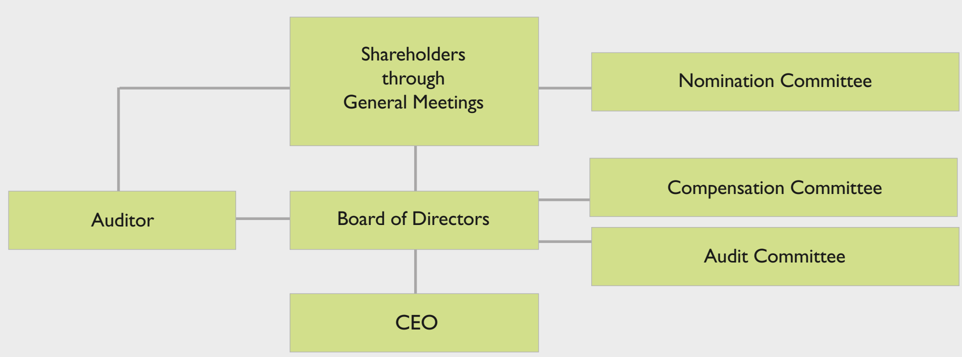
In my opinion, good corporate governance is a basic prerequisite for the ability to create a favourable, long-term, sustainable return for our shareholders. At Ratos we have very high demands on order and structure and we work continually to improve and strengthen our structural capital such as routines and rules for decision-making, areas of responsibility and control systems. We also make every effort to be as transparent as possible so that our stakeholders can monitor our development effectively and understand how added value is created. Our basic values – professional, active and responsible – must characterise the work of the entire organisation and how our business is governed.

Ratos has chosen to comply with the Swedish Code of Corporate Governance since its introduction four years ago, except with regard to the composition of the Nomination Committee (see Nomination Committee page 38). The self-regulatory Code has made a positive contribution in that we now have clearer guidelines on how corporate governance should be applied. The Code's "comply or explain" rule allows it to be adapted to companies' different circumstances if sensible reasons for non-compliance exist. As I see it, this is one of the strengths of the Code. The Code has also helped to raise the credibility of and confidence in Swedish business.

Olof Stenhammar
Chairman of the Board

Corporate governance report

Governance structure at Ratos



Policy documents adopted by the Board

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

Ratos AB is a public limited company and is regulated by Swedish legislation in the form of the Swedish Companies Act, the listing agreement with NASDAQ OMX Stockholm including the Swedish Code of Corporate Governance (the Code). In addition, the Articles of Association form the basis for governance of operations where it states where the Board shall be domiciled, the focus of operations, rules about general meetings, information about class of shares and share capital, etc.

In order to establish guidelines for the company's activities, the Board has prepared and adopted ten external and internal policy documents. The policy documents set out the basic values that must characterise the organisation and the conduct of its employees.

Ratos applies the Code and does not report any non-compliance with the Code in the 2008 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee below).

The report has not been reviewed by the company's auditors. The Corporate Governance Report is also available at www.ratos.se.

Share capital and shareholders

Ratos has been listed on NASDAQ OMX Stockholm since 1954. At year-end 2008 the share capital amounted to SEK 1,016.5m divided among 161,349,252 shares, of which 42,328,530 A shares and 119,020,722 B shares. The company's A shares carry entitlement to one vote per share while B shares carry entitlement to one-tenth of a vote per share. All shares carry the same right to a share of the company's assets and to the same amount of dividend.

At year-end 2008 Ratos had a total of 38,099 shareholders according to statistics from Euroclear Sweden (formerly VPC). The ten largest shareholders accounted for 80% of the voting rights and 52% of the capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 10%. 62% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital. More information about Ratos's shareholders and share performance in 2008 is provided on pages 22-24.

General meetings

The Annual General Meeting of Shareholders in Ratos is to be held in Stockholm once a year before the end of June. Notice of an ordinary general meeting must be published no earlier than six weeks and no later than four weeks prior to the meeting and of an extraordinary general meeting no earlier than six weeks and no later than two weeks prior to the meeting. The notice must always take the form of an announcement published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in a Swedish and English version.

All shareholders who are registered on Euroclear Sweden's list of shareholders who have notified their attendance to the company in due time are entitled to attend the Meeting and to vote for their total holding of shares. Shareholders may bring an assistant to the meeting provided they have notified the company.

2008 Annual General Meeting

The 2008 Annual General Meeting was held on 9 April in Berwaldhallen in Stockholm. The Meeting was attended by 551 shareholders, representatives or assistants, who together represented 79.7% of the voting rights and 51.3% of the capital. Ratos's Board, management and auditor were present at the meeting. The CEO's address to the meeting was published in its entirety on the website the day after the Meeting. Minutes in Swedish and English versions were available approximately two weeks after the Meeting. The 2008 Annual General Meeting re-elected seven of the members of the Board: Olof Stenhammar (Chairman), Lars Berg,

The Nomination Committee ahead of the 2009 Annual General Meeting

Member	Represents	Share of voting rights 30 Sept 2008	Share of voting rights 31 Dec 2008
Per-Olof Söderberg	Own and related parties' holdings	14.9%	14.9%
Jan Söderberg	Own and related parties' holdings	12.4%	12.4%
Maria Söderberg	Torsten Söderberg foundation	12.2%	12.2%
Peder Hasslev	AMF Pension	0.9%	1.0%
Annika Andersson	AP4	0.5%	0.5%
Olof Stenhammar	Chairman of the Ratos Board	–	–
Total		40.9%	41.0%

Staffan Bohman, Annette Sadolin, Jan Söderberg and Per-Olof Söderberg. Göran Grosskopf declined re-election. No deputies were elected. Members of the Board elected at the 2008 Annual General Meting are presented in more detail on pages 34-35.

Nomination Committee

The 2008 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 2009 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 members of the Nomination Committee do not receive any remuneration from the company but are entitled to receive reasonable remuneration from the company for expenditure incurred with regard to evaluation and recruitment.

The composition of the Nomination Committee was announced together with contact details through a press release on 30 September 2008. The members of the Nomination Committee were as follows:

- Annika Andersson representing AP4
- Peder Hasslev representing AMF Pension
- Olof Stenhammar as Chairman of Ratos's Board
- Jan Söderberg representing his own and related parties' holdings, Board member
- Maria Söderberg representing the Torsten Söderberg Foundation
- Per-Olof Söderberg representing his own and related parties' holdings, Board member

Members represented approximately 41% of all the votes in the company.

Ratos has chosen to deviate from the Code with regard to the recommendation that not more than one Board member who sits on the Nomination Committee is non-independent in relation to the company's major shareholders. Olof Stenhammar and Ratos are of the opinion that Per-Olof Söderberg and Jan Söderberg, regardless of their non-independence to major shareholders, should be members of the Nomination Committee in their capacity as the company's two largest individual owners.

The work of the Nomination Committee

The duties of the Nomination Committee are as follows:

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

Ahead of the 2009 Annual General Meeting the Nomination Committee held three minuted meetings as well as a number of telephone conversations. As in the previous year, the Nomination Committee's work included the strategic issues the Board is expected to face in the years ahead and on this basis a discussion of the composition and size of the Board. The general opinion was that the Board should be complemented with a member from Norway. A process of finding a suitable candidate was initiated back in 2007 but did not result in a nomination. The Nomination Committee is therefore very pleased to be able to nominate the Norwegian Magareth Øvrum who is assessed as possessing the sought-after broad and sound expertise.

The Nomination Committee also examined the evaluation of the proposal for Board members' fees that has been drawn up by a committee consisting of members independent to the Board. The Audit Committee submitted a proposal on auditor fees to the Nomination Committee.

The Nomination Committee's proposals, an account of the Committee's work ahead of the 2009 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and at the 2009 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. All members of the Board are elected by the shareholders at the Annual General Meeting for the period until the next Annual General Meeting has been held. A Board decision only applies if more than half of the elected Board members are agreed.

The Board's formal work plan

Each year the Board adopts a formal work plan for its work designed to ensure that the company's operations and financial circumstances are controlled in an adequate manner. The formal work plan includes instructions for the company's CEO, 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 Investment Director and/or the person responsible for the company.

Evaluation of the Board

The Chairman of the Board decides on an annual evaluation 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 some years the evaluation if performed with the help of an external consultant and in other under the auspices of the Chairman. For 2008, the latter alternative was used. 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.

Work of the Board in 2008

During 2008, 15 minuted Board meetings were held – seven ordinary meetings, one statutory meeting and seven extra Board meetings. Information about attendance at Board meetings is provided in the table below. The minutes were taken by the Secretary to the Board who

Board of Directors

			No. of meetings attended					
Member	Elected	Nationality	Board 15 meetings	Compensation Committee 5 meetings	Audit Committee 4 meetings	Remuneration 2008, SEK	Position in relation to Company	Major shareholders
Olof Stenhammar	1994	Swedish	14	5	3	900,000	independent	independent
Lars Berg	2000	Swedish	14		3	430,000	independent	independent
Staffan Bohman	2005	Swedish	15	3	4	460,000	independent	independent
Arne Karlsson	1999	Swedish	15				non-independent	independent
Annette Sadolin	2007	Danish	15		3	430,000	independent	independent
Jan Söderberg	2000	Swedish	14	5	4	460,000	independent	non-independent
Per-Olof Söderberg	2000	Swedish	15	5	4	460,000	independent	non-independent

during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives attended Board meetings to present specific issues. Board meetings follow an adopted agenda and complete documentation is sent out in due time ahead of every Board meeting.

Auditor

At the 2008 Annual General Meeting the audit firm KPMG AB was elected as auditor with authorised public accountant Thomas Thiel as Senior Auditor for the period until the 2012 Annual General Meeting has been held. KPMG with Thomas Thiel as Senior Auditor were elected for the first time at the 2004 Annual General Meeting. In addition to his assignment for Ratos, Thomas Thiel is auditor of companies that include Atlas Copco, Axfood, Folksam, GS-Hydro, Peab Industri, Skandia, SKF and Swedish Match as well as the Söderberg foundations, which are Ratos's largest single owner.

Compensation Committee

At Ratos structured work with compensation principles has been under way for many years and this was formalised in 1999 when the Board set up a Compensation Committee to which members are appointed annually. Committee members in 2008 were Olof Stenhammar (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg.

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

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

The work of the Compensation Committee in 2008

The Compensation Committee held five minuted meetings during 2008 and was in regular contact in between. The minutes were taken by the company's CEO, Arne Karlsson.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination was carried out to see whether there were any major compensation-related issues of principle to prepare. If such issues exist they are processed ahead of a final decision at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the year ahead and conducts an annual review of Ratos's long-term incentive systems. During the year the committee also discussed succession matters as well as questions relating to leadership and organisational development.

Audit Committee

The Board has appointed an Audit Committee in order to give work with reporting 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 2008 and held four minuted meetings. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors.

Internal control

Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and have been communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and the other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

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

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the Investment Director or Senior Investment 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, a review of capital structure and a financial risk analysis.

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 those responsible for the companies check reporting from a material aspect. Control within subsidiaries and associates is decided separately for each company. Ratos continuously follows up the holdings' compliance with guidelines and manuals.

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

Quality assurance for financial reporting

In addition to what is stated above, the Audit Committee is tasked with quality assurance of the company's financial reporting and maintaining regular contact with the company's auditors.

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

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 accounts/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. In conjunction with third quarter and annual accounts, 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 accounts and finance function regularly offers training for the holdings' finance functions in central reporting and accounting/finance matters.

The accounts 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.

Compensation to the Board of Directors, auditor and senior executives

Compensation to the CEO and the Board

The 2008 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 400,000 per member and year (although not to Ratos's CEO) while compensation to the Chairman of the Board should amount to SEK 800,000 per year. Information on compensation to the CEO is provided in Note 9 on page 71.

Compensation to members of the Compensation and Audit Committees

It was decided to pay an additional SEK 30,000 per year and committee to Board members who sit on these committees while compensation to committee chairmen was set at SEK 50,000 per year and committee.

Auditors' fees

Compensation is paid to the company's auditors in accordance with a special agreement on this matter. In 2008, audit fees amounted to SEK 2m in the parent company and SEK 18m 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 6m 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.

Guidelines and principles for compensation to senior executives

The guidelines for compensation and incentive systems for key people as set out below were approved by the 2008 Annual General Meeting. The following guidelines were applied throughout 2008.

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 compensation 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 amount at maximum to approximately one per cent of the company's equity at the start of the financial year.

- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through 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.

The variable compensation that can be allocated to an employee is paid over a multi-year period. The cost for each year's variable compensation, however, is booked in its entirety in the year in which the compensation was earned. With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. The Board shall be entitled to deviate from these guidelines if special reasons exist.

Variable compensation does not fall due until certain conditions regarding return on the company's equity have been met. For 2008, this return requirement was that consolidated profit before tax should correspond to at least 8% of equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which corresponds to a return on equity of 32%. An earnings bank for the result that forms the basis for calculation of variable compensation is applied. This means that earnings which in certain years exceed the 32% ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount of 8% are also transferred and charged against earnings on which compensation is based in the following year.

Results and payments of variable compensation in 2008

Return on equity amounted to 46% and the variable compensation paid will therefore amount to SEK 100m. At total of 29 people are included in the entitlement to receive variable compensation.

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

Call options 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% 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.

Synthetic options

The 2008 Annual General Meeting resolved to introduce a cash-based option programme related to the Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are

Terms for call options outstanding at 31 December 2008

Maturity	Price/Option, SEK	Entitlement to purchase no. share	Exercise price, SEK	Outstanding no. of options	Corresponding no. of shares
2004 – 31 March 2009	7.60	2.15	68.40	56,000	120,400
2005 – 31 March 2010	11.20	2.15	102.90	99,000	212,850
2006 – 31 March 2011	21.20	2.15	151.80	464,000	997,600
2007 – 31 March 2012	36.50	1	278.00	518,000	518,000
2008 – 30 March 2013	28.10	1	261.90	552,500	552,500
				1,689,500	**2,401,350**

Maximum dilution in relation to outstanding shares 1.5%.

transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year.

Stockholm, February 2009

Olof Stenhammar
Chairman

Lars Berg Member of the Board	Staffan Bohman Member of the Board	Annette Sadolin Member of the Board
Jan Söderberg Member of the Board	Per-Olof Söderberg Member of the Board	Arne Karlsson CEO

Formal section

Directors' report

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2008. 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. Ratos is normally the largest shareholder with a holding of at least 20%, investment size is SEK 150m-5,000m and the number of holdings 20-30. Ratos is a sector generalist with acquisitions within the Nordic region and global exits. Ratos has an active exit strategy.

Since Ratos's mission is to acquire, develop and divest companies, the development and results of the business depend on how successfully these three phases can be carried out. The success of company acquisitions primarily depends on Ratos's search process and the process for carrying out an acquisition as well as the general conditions in the market for company transfers. A number of circumstances, including the price, must be evaluated before an acquisition is made. The development of an acquired company depends, among other things, on chosen strategy, the ability of the company's management and employees to conduct operations in an effective manner as well as development of the industry and the economy. Ratos's active ownership also includes HR issues such as equal opportunities, working environment and skills development. Ratos's exit strategy means that the holdings' ability to continue to generate an average annual return (IRR) of 20% and Ratos's opportunities to contribute to the continued development of the holdings are evaluated annually. This means that Ratos does not have any time limit for its holding period. Ratos's success or lack of success over time is determined by the company's skill as an active owner. It is in this phase of the process that most value is created.

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 April, Ratos's subsidiary Medifiq Healthcare acquired Medisize Medical. Ratos provided SEK 393m in a new issue which increased Ratos's holding in the new group to 93%. The name of the merged company was changed to Medisize.

The Swedish Library Association's shares in BTJ Group AB were acquired in April. Ratos thus increased its holding in BTJ Group from 59% to 66%.

In November, Ratos acquired the remaining 40% in MCC, after which the holding amounted to 100%. The purchase price was SEK 210m.

Ratos's subsidiary Bisnode acquired all the shares in WLW in December. Ratos made an equity contribution of SEK 305m in conjunction with this transaction.

In addition, add-on acquisitions were made by Arcus Gruppen, Bisnode, Contex Holding, MCC, Inwido and GS-Hydro.

Superfos made a SEK 200m new issue in December, of which Ratos's share was SEK 66m.

Acquisition of subsidiaries and associates totalled SEK 1,962m.

Divestments (exits)

The sale of Hägglunds Drives was completed in December and generated an exit gain of SEK 4,405m.

Call options were realised in DIAB which meant that Ratos's holding decreased from 50% to 48% which generated an exit gain of SEK 31m.

The exits carried out by IK Investment Partners during the year contributed SEK 13m to Ratos's earnings.

Atle Industri sold Moving and Nordhydraulic. The exit gains were SEK 8m and SEK 100m respectively.

Refinancing and dividends

Refinancing was carried out in Camfil and Bisnode. From the refinancing in Camfil, Ratos released SEK 457m and in Bisnode approximately SEK 605m, of which SEK 315m in dividends and SEK 245m through redemption of shares.

Ratos received a dividend of SEK 149m from Arcus Gruppen and SEK 175m from Haendig. Ratos received SEK 118m in dividends from associates.

Ratos's holding in GS-Hydro was refinanced in September when Ratos received a cash payment of SEK 473m. Ratos's share in the new company GS-Hydro Holding amounts to 100%.

Divestments and redemption of shares in subsidiaries and associates as well as other holdings amounted to SEK 4,393m.

Environmental impact

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

Results

The Ratos Group's profit before tax (see Note 2) amounted to SEK 5,671m (3,462). This result includes profit from holdings of SEK 5,911m (3,554), of which exit gains amounted to SEK 4,449m (933), as well as management costs of SEK 547m (349) and net financial items of SEK 307m (257).

The parent company's profit before and after tax amounted to SEK 4,438m (1,285).

Financial position

Cash and cash equivalents in the Group amounted to SEK 7,485m (4,240) at year-end, of which short-term fixed-income investments accounted for SEK 5,060m (2,282).

The Group's interest-bearing net debt at year-end amounted to SEK 8,255m (9,444). Interest-bearing net debt for associates is not included. The Group's equity ratio amounted to 40% (38).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 5,700m (2,296) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

The parent company should normally be unleveraged. The parent company has a credit facility of SEK 3.2 billion including a bank overdraft facility. The purpose of the facility is to be able to use it when bridging financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company does not pledge assets or issue guarantees.

For further information, refer to Note 30 Financial risks and risk policy.

Events after the closing date

In February, Ratos concluded an agreement to acquire up to an additional 48% in the associate DIAB. The purchase price for the shareholding amounts to approximately SEK 400m. The acquisition means that DIAB will become a Ratos subsidiary where Ratos's holding will amount to 91-96%. The add-on acquisition in DIAB is subject to approval from the relevant competition authorities.

Ratos will provide equity in order to financially strengthen some of the holdings. Equity will be provided in conjunction with new issues in: Contex Holding with approximately SEK 150m, Inwido with SEK 400m and Jøtul with approximately SEK 60m.

Future development

2008 was a year in which the drama and turbulence in our business environment continued to increase. It is true that for most of the year the problems were mainly confined to specific sectors – finance, construction/property, automotive – but in the closing months of 2008 most sectors were hit by a powerful slowdown. In the current situation there are few companies that do not have any problems in their operations, something that naturally also applies to Ratos with some 20 holdings operating in many sectors and on all continents. Ratos is well placed to emerge stronger from the other side of the recession and take advantage of the unique opportunities that will present themselves over the next few years. Thanks to the sale of Hägglunds Drives, Ratos has today a very strong financial position. This gives Ratos freedom of action to:

- retain an aggressive dividend policy
- handle any capital contribution issues that might arise in Ratos's companies
- carry out new and add-on investments.

The work of the Board of Directors

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

The work of the Board is regulated by an annually adopted formal work plan. This stipulates among other things
– instructions to the CEO
– decision-making procedures within the company
– board meeting procedures and assignment of tasks
– the duties of the Chairman
– the provision of information between the company and the Board

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

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

The Board has also appointed a Compensation Committee which comprises Olof Stenhammar (Chairman), Jan Söderberg, Staffan Bohman and Per-Olof Söderberg. This committee deals with remuneration to the CEO and to senior executives who report to the CEO, as well as remuneration issues of a fundamental nature. Note 9 provides an account of the guidelines for compensation to senior executives decided at the 2008 Annual General Meeting to apply until the 2009 Annual General Meeting.

The Board's proposal to the 2009 Annual General Meeting for a decision on guidelines for compensation to senior executives

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 equity.
- Each year the Board sets a limit for the total variable compensation. This means that the variable compensation component can only amount to a maximum of approximately 1% of equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced options programmes where employees can gain from price rises alternatively realised increases in value as well as taking a personal risk by paying a market price for the options.

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

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

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

Ratos shares

Total number of A shares at year-end	42,328,530
Total number of B shares at year-end	119,020,722
Total number of shares	161,349,252

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

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

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

Holdings of treasury shares

A decision was made at the 2008 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 give the Board greater freedom of action in its efforts to create value for the company's shareholders. This includes hedging of call options issued within the framework of Ratos's incentive programme.

During the year, 1,045,800 shares were acquired. The acquired shares correspond to 0.6% of the total number of shares. A total of SEK 169m was paid in cash for the acquisition. At year-end, the company held 3,411,397 treasury shares, corresponding to 2.1% of the total number of shares. A total of SEK 413m was paid for the shares.

During the year 240 A shares were converted into B shares.

Proposed distribution of profit

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

	SEKm
Retained earnings	8,283
Fair value reserve	-36
Profit for the year	4,438
Total	12,685
The Board of Directors and the CEO propose the following distribution of profit:	
Dividend to holders of A and B shares SEK 9.00 per share [1]	1,421
To be carried forward	11,264

[1] Based on the number of shares outstanding on 19 February 2009. The number of treasury shares on that date was 3,411,397 and may change during the period until the record date for dividends.

Consolidated income statement

SEKm	Note 2, 4, 38	2008	2007
Net sales	3	26,836	21,179
Other operating income	5	237	223
Change in inventories		-12	18
Raw materials and consumables		-10,047	-8,171
Employee benefit costs	9, 26	-8,286	-6,694
Depreciation and impairment of tangible and intangible non-current assets	13, 14	-949	-622
Other costs	10, 31	-5,928	-4,257
Capital gain from the sale of group companies	7	4,412	995
Capital gain from the sale of associates	8	31	741
Share of profit of associates	8	582	559
Operating profit		6,876	3,971
Financial income	11	264	370
Financial expenses	11	-1,469	-879
Net financial items		-1,205	-509
Profit before tax		5,671	3,462
Tax	12	-382	-516
Profit for the year		5,289	2,946
Attributable to			
Equity holders of the parent		5,172	2,646
Minority interests		117	300
Earnings per share, SEK	24		
– before dilution		32.62	16.66
– after dilution		32.54	16.56

Consolidated balance sheet

SEKm	Note 4	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Intangible assets	13	19,686	18,066
Property plant and equipment	14	3,378	3,091
Investments in associates	15	2,851	2,331
Financial investments	18	199	257
Non-current receivables	18, 20, 38	385	190
Deferred tax assets	12	471	291
Total non-current assets		26,970	24,226
Current assets			
Inventories	21	2,802	2,941
Tax assets		190	105
Trade and other receivables	18	4,317	4,329
Prepaid expenses and accrued income		523	467
Other receivables	18, 20, 38	463	474
Cash and cash equivalents	18, 35	7,485	4,240
Total current assets		15,780	12,556
Total assets		42,750	36,782
EQUITY AND LIABILITIES			
Equity			
Share capital		1,017	1,017
Other capital provided		286	286
Reserves	23	507	102
Retained earnings including profit for the year		14,015	10,500
Equity attributable to equity holders of the parent		15,825	11,905
Minority interests		1,465	1,965
Total equity	23	17,290	13,870
Liabilities			
Non-current interest-bearing liabilities	18, 25	13,643	11,113
Other non-current liabilities	18	387	178
Other financial liabilities	9, 18	121	240
Provisions for pensions	25, 26	486	627
Other provisions	27	679	413
Deferred tax liabilities	12	780	750
Total non-current liabilities		16,096	13,321
Current interest-bearing liabilities	18, 25	1,798	2,094
Other financial liabilities	9, 18	37	
Trade and other payables	18	1,883	1,811
Tax liabilities		200	340
Other liabilities	18, 28	2,041	2,827
Accrued expenses and deferred income	18	2,936	2,090
Provisions	27	469	429
Total current liabilities		9,364	9,591
Total liabilities		25,460	22,912
Total equity and liabilities		42,750	36,782

For information about the Group's pledged assets and contingent liabilities, see Note 32.

Consolidated cash flow statement

SEKm	Note 35	2008	2007
Operating activities			
Consolidated profit before tax		5,671	3,462
Adjustment for non-cash items		-3,193	-1,238
		2,478	2,224
Income tax paid		-514	-379
Cash flow from operating activities before change in working capital		1,964	1,845
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-76	-719
Increase (-)/Decrease (+) in operating receivables		-389	232
Increase (+)/Decrease (-) in operating liabilities		471	633
Cash flow from operating activities		1,970	1,991
Investing activities			
Acquisitions, group companies		-1,854	-3,590
Sales, group companies		4,245	1,445
Acquisition of shares in associates and other holdings		-108	-103
Sale and redemption, shares in associates and other holdings		148	1,708
Acquisition of other intangible/tangible assets		-937	-842
Sale of other intangible/tangible assets		161	18
Investments, financial assets		-71	-826
Sales, financial assets		33	96
Cash flow from investing activities		1,617	-2,094
Financing activities			
Purchase of treasury shares		-168	-189
Transfer of treasury shares		27	68
Option premiums		15	23
Minority interest in issue		238	30
Dividend paid		-1,430	-1,754
Dividend paid and redemption, minority		-580	-93
Loans raised		6,645	1,913
Amortisation of loans		-5,095	-724
Cash flow from financing activities		-348	-726
Cash flow for the year		3,239	-829
Cash and cash equivalents at the beginning of the year		4,240	5,009
Exchange differences in cash and cash equivalents		6	60
Cash and cash equivalents at the end of the year		7,485	4,240

Consolidated statement of changes in equity

SEKm Note 23	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Minority interest	Total equity
	Equity attributable to equity holders of the parent						
Opening equity at 1 January 2007	1,017	286	-135	9,707	10,875	939	11,814
Change in translation reserves for the year			203		203	57	260
Change in hedging and fair value reserve for the year			38		38	-1	37
Tax attributable to items recognised directly in equity			-4		-4		-4
Total changes in income recognised directly in equity, excluding transactions with the company's owners	1,017	286	102	9,707	11,112	995	12,107
Profit for the year				2,646	2,646	300	2,946
Total changes in income, excluding transactions with the company's owners	1,017	286	102	12,353	13,758	1,295	15,053
Dividend				-1,754	-1,754	-5	-1,759
Purchases/sales of treasury shares				-121	-121		-121
New issue						327	327
Redemptions						-94	-94
Option premiums				23	23	1	24
Acquired minority						-5	-5
Minority at acquisition						445	445
Reallocation of capital contribution				-1	-1	1	0
Closing equity at 31 December 2007	1,017	286	102	10,500	11,905	1,965	13,870
Opening equity at 31 December 2008	1,017	286	102	10,500	11,905	1,965	13,870
Change in translation reserves for the year			724		724	145	869
Change in hedging and fair value reserve for the year			-396	-29	-425	-85	-510
Tax attributable to items recognised directly in equity			77		77	22	99
Total changes in income, recognised directly in equity, excluding transactions with the company's owners	1,017	286	507	10,471	12,281	2,047	14,328
Profit for the year				5,172	5,172	117	5,289
Total changes in income, excluding transactions with the company's owners	1,017	286	507	15,643	17,453	2,164	19,617
Dividend				-1,430	-1,430	-175	-1,605
Purchase/sales of treasury shares				-141	-141		-141
Purchase of treasury shares in associate				-78	-78		-78
New issue				11	11	228	239
Redemptions						-405	-405
Option premiums				10	10		10
Acquired minority						-320	-320
Minority at acquisition						4	4
Minority in sold company						-31	-31
Closing equity at 31 December 2008	1,017	286	507	14,015	15,825	1,465	17,290

Parent Company income statement

SEKm	Note	2008	2007
Other operating income	5	4	3
Other operating expenses	10	-267	-90
Personnel costs	9, 26	-248	-251
Depreciation of property, plant and equipment	14	-1	-1
Other operating expenses	6	-5	-4
Operating profit/loss		-517	-343
Profit from participations in group companies	7	3,998	389
Profit from participations in associates	8	656	890
Result from other securities and receivables accounted for as non-current assets	11	242	257
Other interest income and similar profit/loss items	11	89	124
Interest expenses and similar profit/loss items	11	-30	-32
Profit after financial items		4,438	1,285
Tax	12	–	–
Profit for the year		4,438	1,285

Parent Company cash flow statement

SEKm	Note 35	2008	2007
Operating activities			
Profit before tax		4,438	1,285
Adjustment for non-cash items		-3,887	-1,053
		551	232
Income tax paid		–	–
Cash flow from operating activities before change in working capital		551	232
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		106	16
Increase (+)/Decrease (-) in operating liabilities		-79	-108
Cash flow from operating activities		578	140
Investing activities			
Acquisition of shares, subsidiaries		-953	-1,685
Sale of shares, subsidiaries		5,024	910
Acquisition, shares in associates		-87	-25
Sale and redemption, shares in associates		497	1,597
Acquisition of other property, plant and equipment		-25	-2
Investment, financial assets		-115	-1,074
Sales, financial assets		25	152
Cash flow from investing activities		4,366	-127
Financing activities			
Purchase of treasury shares		-168	-189
Transfer of treasury shares		27	68
Option premiums		15	19
Dividends paid		-1,430	-1,754
Loans raised, group companies		32	229
Amortisation of loans, group companies		-16	-97
Cash flow from financing activities		-1,540	-1,724
Cash flow for the year		3,404	-1,711
Cash and cash equivalents, opening balance		2,296	4,007
Cash and cash equivalents, closing balance		5,700	2,296

Parent company balance sheet

SEKm	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Property, plant and equipment	14	38	14
Financial assets			
Participations in group companies	34	5,376	6,187
Participations in associates	15, 16	1,078	1,488
Receivables from group companies	17, 18	2,496	1,329
Receivables from associates	17, 18		26
Other securities held as non-current assets	18, 19	161	154
Other non-current receivables	20		1
Total non-current assets		9,149	9,199
Current assets			
Current receivables			
Receivables from group companies	17, 18	8	361
Other receivables	18	5	21
Tax assets			2
Prepaid expenses and accrued income	22	9	12
Short-term investments, other	18	5,048	2,278
Cash and bank balances		652	18
Total current assets		5,722	2,692
Total assets		14,871	11,891

SEKm		Note	31 Dec 2008	31 Dec 2007
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital: A shares	42,328,770			
B shares	119,020,482	23	1,017	1,017
Statutory reserve			286	286
Unrestricted equity				
Retained earnings			8,283	8,553
Fair value reserve			-36	27
Profit for the year			4,438	1,285
Total equity			13,988	11,168
Non-current provisions				
Provisions for pensions		25, 26	2	3
Other provisions		27	178	
Total non-current provisions			180	3
Non-current liabilities				
Non-interest bearing liabilities				
Other liabilities		18, 28	193	202
Interest-bearing liabilities				
Liabilities to group companies		18, 25	228	188
Total non-current liabilities			421	390
Current provisions				
Other provisions		27	57	
Current liabilities				
Non-interest bearing liabilities				
Trade and other payables		18	11	3
Liabilities to group companies		18	1	14
Other liabilities		18	23	8
Accrued expenses and deferred income		29	188	138
Interest-bearing liabilities				
Liabilities to group companies		18, 25	2	167
Total current liabilities			225	330
Total equity and liabilities			14,871	11,891
Pledged assets			None	None
Contingent liabilities			None	None

Parent company statement of changes in equity

SEKm	Note 23	Restricted equity Share capital	Restricted equity Statutory reserve	Unrestricted equity Fair value reserve	Unrestricted equity Retained earnings	Unrestricted equity Profit for the year	Total equity
Opening equity, 1 January 2007		1,017	286		5,943	4,466	11,712
Other disposition of earnings					4,466	-4,466	0
Change in fair value reserve				27			27
Total change in income recognised directly in equity, excluding transactions with company's owners		1,017	286	27	10,409		11,738
Profit for the year						1,285	1,285
Total change in income, excluding transactions with the company's owners		1,017	286	27	10,409	1,285	13,024
Dividends					-1,754		-1,754
Purchase of treasury shares					-189		-189
Call options exercised					68		68
Option premiums					19		19
Closing equity, 31 December 2007		1,017	286	27	8,553	1,285	11,168
Other disposition of earnings					1,285	-1,285	0
Change in fair value reserve				-63			-63
Total change in income recognised directly in equity, excluding transactions with the company's owners		1,017	286	-36	9,838		11,105
Profit for the year						4,438	4,438
Total change in income, excluding transactions with the company's owners		1,017	286	-36	9,838	4,438	15,543
Dividends					-1,430		-1,430
Purchase of treasury shares					-168		-168
Call options exercised					27		27
Option premiums					16		16
Closing equity, 31 December 2008		1,017	286	-36	8,283	4,438	13,988

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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 Reporting Board's recommendation RFR 1.1, Complementary accounting rules for groups, is applied. The parent company applies the same accounting principles as the Group except in cases specified below in the section Parent company accounting principles.

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

New IFRS recommendations and interpretations that have come into effect

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* clarifies two issues. The first is how to classify equity-settled payment arrangements where the company at settlement buys equity instruments from another party or where the owner of the entity transfers the instrument. The second is how to classify transactions in which the entity's employees are granted or hold rights to equity instruments in the equity's parent. This recommendation has not led to any change in accounting principles.

IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* explains how the limit specified in IAS 19 related to a defined benefit asset should be interpreted as well as stating how this limit is affected by possible minimum funding requirements for pension plans. The interpretation also specifies when the minimum funding requirement may give rise to a liability. The interpretation will be applied with effect from the 2008 financial year and has not led to any change in accounting principles.

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

A number of new or changed standards and interpretations will come into force during coming financial years and have not been applied in advance in preparation of these financial statements. Early application of new standards or changes that come into force starting in financial years after 2009 is not planned. To the extent the anticipated effects on the financial statements of application of the new or changed standards and interpretations listed below are not described below, the company has not yet made an assessment of these effects.

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:

Standard/IFRIC	Application according to IASB/IFRIC	Status within EU
IFRS 8 Operating Segments	1 January 2009	Approved
Amendment to IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	Not yet approved
IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements	1 July 2009	Not yet approved
IFRIC 13 Customer Loyalty Programmes	1 July 2009	Not yet approved
IAS 1 Presentation of Financial Statements, Amendments: A Revised Presentation	1 January 2009	Not yet approved
IAS 23 Borrowing Costs, Amendments	1 January 2009	Not yet approved
IAS 32 and IAS 1 Amendments, Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	Not yet approved
IFRS 2 Share-based Payment, Amendments: Vesting Conditions and Cancellations	1 January 2009	Not yet approved
IAS 39 Financial Instruments: Recognition and Measurement, Eligible Hedged Items Improvements to IFRS	1 July 2009	Not yet approved
IFRIC 15 Agreements for Construction of Real Estate	1 January 2009	Not yet approved
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008	Not yet approved
IFRIC 17 Distribution of Non-cash Assets to Owners	1 July 2009	Not yet approved

IFRS 8 Operating Segments defines an operating segment and specifies the information to be provided about them in the financial reports. This standard, which has been adopted by the EU, should be applied in the financial year starting on 1 January 2009 or later. Ratos did not previously apply IAS 14 Segment Reporting (see below). The new standard IFRS 8 means that Ratos will be able to report its holdings as segments, the manner in which management monitors business operations. On the other hand, Ratos will still not report the information required on "Products and services, geographic regions and major customers" since this would be misleading (see below).

Revised IAS 1 Presentation of Financial Statements means that the presentation of financial statements is changed in some respects and that new, non-mandatory, titles for the financial statements are proposed. This change means that Ratos will present two income statements: (i) an unchanged consolidated income statement and (ii) a new statement of comprehensive income.

Amendments to IAS 23 Borrowing Costs specify that capitalisation must be carried out for borrowing costs directly attributable to purchase, construction or production of assets that take a significant time to complete for their intended use or sale. The amendments to be applied in the financial year starting on 1 January 2009 or later.

Ratos does not consider that this amendment will affect the Group to any appreciable extent.

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements mean changes with regard to consolidated accounts and reporting of acquisitions. The revised standards will be applied with effect from 1 January 2010.

Ratos expects that the introduction of amendments to IAS 27 and IFRS 3 may have a significant effect on the consolidated financial statements in the future, above all with respect to partial sales and partial acquisitions.

Segment reporting is not prepared in accordance with IAS 14

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

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

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

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

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

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

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

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

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

- Financial instruments are measured at fair value, cost or amortised cost.
- Associates are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are valued at the lower of cost and net realisable value.
- Provisions are valued at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is valued at the present value of an estimate of the future benefit earned by the employees with deduction for any assets linked to the respective pension plan applying the corridor rule.

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

Estimations and assessments

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

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

When applying IFRS, assessments which have a material effect on the financial statements and estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 36 to the consolidated accounts.

Classification

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

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

Consolidated financial statements

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

Subsidiaries – purchase method

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

Subsidiaries are reported according to the purchase method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The method means that 100% of the subsidiary's income and expenses as well as assets and liabilities are reported on the respective line in the income statement and balance sheet. A minority interest's share of net assets is recognised as part of equity. In conjunction with the income statement disclosure is provided on the distribution of earnings between the majority and any minority.

Associates – equity method

Associates are companies over which Ratos AB exercises a significant influence, directly or indirectly. 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.

Potential voting rights

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

Purchase price allocation

A purchase price allocation (PPA) is prepared in conjunction with acquisition of an associate or subsidiary. In the PPA the cost of the participations is determined as well as the fair value on the acquisition date of acquired identifiable assets as well as any assumed liabilities and contingent liabilities.

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

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

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

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

Transactions eliminated on consolidation

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

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

Acquisition and divestment

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

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

Foreign currency

Transactions

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

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

Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Financial statements of foreign operations

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

Net investment in foreign operations

The Group includes operations in several countries. In the consolidated balance sheet investments in foreign operations are represented by recognised net assets in subsidiaries. In a few cases measures have been adopted to reduce the currency risks inherent in such investments. In such cases, Ratos subsidiaries have raised loans in the same currency as the net investments. On the closing date these loans are reported translated at the closing day rate. The effective part of exchange rate fluctuations for the period relating to hedging instruments is recognised directly in equity in the translation reserve in order to meet and wholly or partly match the translation differences reported relating to net assets in the foreign operations which were hedged. Translation differences from both net investment and hedging instruments are dissolved and recognised in profit or loss when the foreign operation is sold. In cases where hedging is ineffective, the ineffective portion is recognised directly in profit or loss.

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

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

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

Construction contracts

When the outcome of a construction contract can be calculated in a reliable manner, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out and estimated total contract costs.

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

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

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

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

Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the assets, the intention is and conditions exist for using the assets and the expenditure can be calculated in a reliable manner. Depreciation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible non-current assets

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

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

Subsequent expenditure

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

Amortisation

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

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

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

Property, plant and equipment

Owned assets

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

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

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

Leased assets

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

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

Borrowing costs

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

Subsequent expenditure

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

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

Depreciation principles

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

Years	Group	Parent Company
Buildings	10 - 100	35 - 100
Equipment	3 - 20	3 - 10

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

Financial assets and liabilities

Financial instruments recognised in the balance sheet on the assets side include cash and cash equivalents, loans and receivables, trade receivables, financial investments and derivatives. On the liabilities side there are trade payables, loans payable and derivatives.

Recognition and derecognition from the balance sheet

A financial asset or a financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Trade receivables are taken up in the balance sheet when an invoice has been sent. A liability is taken up when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are taken up when an invoice has been received.

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

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

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.

Classification and measurement

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

Fair value for listed financial assets corresponds to the listed purchase price of the asset on the balance sheet date. Fair value of unlisted financial assets is determined by applying valuation techniques such as recently completed transactions, price of similar instruments and discounted cash flows. Amortised cost is determined on the basis of effective interest that is calculated on the acquisition date. Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all charges made or received by the contractual parties that are part of effective interest, transaction costs and all other premiums or discounts.

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

Cash and cash equivalents consist of cash and immediately available balances held by banks and similar institutions as well as short-term liquid investments with a maturity from the acquisition date of less than three months which are only exposed to an insignificant risk for fluctuations in value.

– Financial assets at fair value through profit or loss

This category consists of two sub groups: financial assets held for trading and other financial assets that the company has chosen to place in this category (according to the Fair Value Option). Financial instruments in this category are measured on a current basis at fair value with changes in value recognised in profit or loss. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss. In the second sub group, Ratos has chosen to classify financial investments that are managed and measured based on fair values.

– Held to maturity investments

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

– Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Trade receivables have a short remaining maturity and are therefore measured at a nominal amount without discount.

This category includes trade, loan 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 trade and other receivables is recognised in operating expenses.

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

The category Available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here. Assets in this category are measured on a current basis at fair value with changes in value recognised in equity, although not those that are due to impairment losses, nor interest on receivable instruments and dividend income as well as exchange rate differences on monetary items which are recognised in profit or loss.

In the event of a sale of the asset, accumulated gains/losses previously recognised in equity are recognised in profit or loss.

Investments in shares and participations classified as assets available for sale and which are not listed on an active market and the fair value of which cannot be calculated in a reliable manner are measured at cost.

– Financial liabilities at fair value through profit or loss

This category consists of two sub groups: financial liabilities held for trading and other financial liabilities that the company chose to place in this category (the Fair Value Option), see description above under Financial assets at fair value through profit or loss. The first category includes derivative instruments with a negative value that are not classified as hedging instruments when hedge accounting is applied. These are measured on a current basis at fair value with changes in 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

Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at amortised cost.

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

The category to which the Group's financial assets and liabilities belong is specified in Note 18 Financial instruments.

Derivative instruments and hedge accounting

The Group's derivative instruments are acquired to hedge the risks of interest rate and currency exposure to which the Group is exposed. In order to hedge this risk, Ratos uses various types of derivative instruments, such as forward contracts, options and swaps.

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

If the 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, changes in value are recognised depending on the type of hedge, see below.

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.

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

Cash flow hedges

The forward contracts used to hedge future cash flows and forecast purchases/sales in foreign currency are recognised in the balance sheet at fair value. Changes in value are recognised directly in equity in the hedging reserve until the hedged flow reaches the income statement, when the hedging instrument's accumulated changes in value are transferred to profit or loss where they meet and match the profit or loss effects from the hedged transaction.

Fixed-interest hedging – cash flow hedges

To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used. These interest rate swaps are measured at fair value in the balance sheet. The interest coupon is recognised on a current basis in the income statement as interest income or interest expense. Other change in value of the interest rate swap is recognised directly in the hedging reserve in equity until the hedged item affects the income statement and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit or loss.

Fair value hedges

When a hedging instrument is used to hedge fair value the derivative is booked at fair value in the balance sheet and the hedged asset/liability is also booked at a fair value relating to the hedged risk. The change in value of the derivative is recognised in profit or loss together with the change in value of the hedged item.

Hedge accounting of fair values is used in cases where the value of assets and liabilities in the balance sheet are not recognised at fair value as well as for contractual flows.

Fixed-interest hedges – fair value hedges

In order to hedge the risk of a change in fair value in own borrowing that carries fixed interest, interest rate swaps are used as hedging instruments. Fair value hedges are applied in the accounts and the hedged item is translated to fair value relating to the hedged risk (the risk-free interest) and changes in value are recognised in profit or loss in the same manner as the hedging instrument.

Net investment hedges

Investments in foreign subsidiaries (net assets including goodwill) are in some cases hedged by Ratos's foreign subsidiaries by raising currency loans which on the balance sheet date are translated at the closing rate. Translation differences on financial instruments used as hedging instruments in a net investment hedge in a group company are recognised, to the extent the hedge is effective, in equity. This in order to neutralise the translation differences that affect equity when group companies are consolidated.

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, see respective headings.

Impairment of goodwill and intangible assets

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

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.

Impairment of financial assets

On each reporting date the company evaluates whether there are objective indications that a financial asset or group of financial assets is impaired. Objective indications comprise both noticeable circumstances that have occurred and which have a negative impact on the possibility to recover cost, as well as significant or lengthy reductions in the fair value of an investment in a financial investment classified as an Available-for-sale financial asset.

In the event of impairment of an equity instrument classified as an Available-for-sale financial asset, the previously recognised accumulated loss in equity is transferred to profit or loss.

For assets in the Held to maturity investments and Loan and receivables categories, 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 as an expense in the income statement.

Reversal of impairment losses

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the 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.

Impairment of held to maturity investments or loan and trade receivables recognised at amortised costs are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment was recognised.

Impairment of equity instruments classified as Available-for-sale financial assets, which were previously recognised in profit or loss are not reversed through profit or loss. The impaired value is the amount from which a subsequent revaluation is performed which is recognised directly in equity. Impairments of fixed-income instruments, classed as Available-for-sale financial assets, are reversed through profit or loss if the fair value increased and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

Inventories

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

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

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

Assets held for sale

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

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 recognised directly in equity.

Employee benefits

Defined contribution plans

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

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

Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. This remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate on the balance sheet date for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. When 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.

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.

Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obliged, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

Incentive programmes

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

Synthetic option programmes with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

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

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

Earnings per share

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

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, 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.

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.

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

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

Restructuring

A provision for restructuring is recognised when there is an adopted detailed and formal restructuring plan and the restructuring has either started or been publicly announced. No provision is made for future operating expenses.

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 commitment 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 a commitment that is not recognised as a liability or provision since it is not probable that an outflow of economic benefits will be required.

Parent company's accounting principles

The parent company prepares its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.1 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2.1 means that the parent company in the annual accounts for a legal entity must apply all EU approved IFRS and statements as far as this is possible within the framework of the Annual Accounts Act, the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation states what exemptions and additions should be made from IFRS.

The differences between the Group's and the parent company's accounting principles are stated below.

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

Revenue recognition

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

Financial instruments

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

Associates and subsidiaries

Investments in associates and subsidiaries 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 Swedish Financial Reporting Board. In cases where Ratos AB provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

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

Tax

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

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received are reported as income. Net interest and overheads are tax deductible as are dividends paid. These rules meen 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	2008	2007
Holdings		
Profit from group companies	1,004	2,005
Exit gains, group companies	4,405	160
Impairment, group companies	-92	
Share of profits of associates	550	545
Exit gains, associates	31	727
Dividends, other holdings		71
Exit gains, other holdings	13	46
Profit from holdings	5,911	3,554
Central income and expenses		
Management costs	-547	-349
Financial items	307	257
Net expenses	-240	-92
Profit before tax	5,671	3,462
Tax	-382	-516
Profit for the year	5,289	2,946
Attributable to		
Equity holders of the parent	5,172	2,646
Minority interests	117	300

For formal reasons the income statement is reported 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. In order to better reflect Ratos's operations, profit from holdings are recognised in this note, where subsidiaries are included to 100% and associates to owned share. The lines which have the same values in both presentation forms are therefore profit before tax, tax and profit for the year.

Note 3 Revenue breakdown

SEKm	2008	2007
Breakdown of net sales		
Sales of goods	20,259	15,285
Service contracts	5,763	5,188
Construction contracts	328	229
Insurance services	486	477
	26,836	21,179

Note 4 Company acquisitions

Company acquisitions 2008

In April, Ratos acquired the Swedish Library Association's shares in BTJ Group. This increased Ratos's holding in BTJ Group from 59% to 66%.

In April, Ratos's subsidiary Medifiq Healthcare acquired Medisize Medical. Ratos provided SEK 393m in a new issue, which increased Ratos's holding to 93%. The name of the company was changed to Medisize Oy.

In November, Ratos acquired the remaining 40% of MCC, bringing Ratos's holding to 100%. The purchase price amounted to SEK 210m.

In all three cases, the difference between cost and fair value is attributed to goodwill since the companies are already included in the Ratos Group at fair value.

Acquisitions made by group companies

Medifiq Healthcare acquired 100% of Medisize Medical in April. The total investment amounted to SEK 535m. The company's name was changed to Medisize Oy. The acquired company is included in consolidated sales with SEK 460m and in profit before tax with SEK 13m. The company's sales and profit before tax amount to SEK 670m and SEK 22m respectively calculated from the start of the year.

In May, Hägglunds Drives acquired the operations in the American company Rineer Hydraulics Inc. The purchase price amounted to SEK 141m. Rineer Hydraulics Inc. was included in consolidated profit before tax with approximately SEK 2m until 30 September. Hägglunds Drives was sold by Ratos in a deal that was finalised in the fourth quarter.

In July, Contex Holding acquired the operations in the American company Ideal Scanners Distribution. The acquired company is included in consolidated sales with SEK 23m and in profit before tax with SEK -3m. The company's sales and profit before tax amount to SEK 42m and SEK 3m respectively calculated from the start of the year.

In September, MCC acquired the operations in the American company ACME Radiator and Air Conditioning. The purchase price amounted to SEK 173m with a possible earn-out payment in the same amount. ACME is included in consolidated sales and profit before tax with SEK 193m and SEK 55m respectively.

In December, Bisnode acquired all the shares in the German company WLW. A number of smaller acquisitions were also made during the year. A total of approximately SEK 716m was invested. The acquired companies are included in consolidated sales with SEK 85m and in profit before tax with SEK -0.7m. The companies' sales and profit before tax amount to SEK 491m and SEK 38m respectively calculated from the start of the year.

Inwido made a number of minor acquisitions during the year. A total of approximately SEK 49m was invested. The acquired companies are included in consolidated sales with SEK 27m and in profit before tax with SEK -0.1m. The companies' sales and profit before tax amount to SEK 34m and SEK -0.6m respectively calculated from the start of the year.

GS-Hydro made a number of minor acquisitions during the year. In total an amount corresponding to SEK 17m was invested. The acquired companies are included in consolidated sales with SEK 1m and in profit before tax with SEK 0.3m. The companies' sales and profit before tax amount to SEK 4m and SEK 1m respectively calculated from the start of the year.

cont. next page

Note 4, cont.

The table below shows fair value at acquisition date.

SEKm	Arcus Gruppen	Bisnode	Contex Holding	GS-Hydro	Hägglunds Drives	Inwido	Medisize	MCC	Total
Intangible non-current assets		187			41	20	23	29	300
Property, plant and equipment	121	71		2	33		158	29	414
Financial assets									0
Deferred tax receivable		13				38	7		58
Inventories		4	7	3	10		115	35	174
Other receivables		107		6	10	3	103		229
Cash and cash equivalents		134		3		1	30		168
Non-current liabilities and provisions	23	45		1			164		233
Current liabilities and provisions		318		6	2	22	60		408
Net identifiable assets and liabilities	98	153	7	7	92	40	212	93	702
Consolidated goodwill		563	29	10	49	9	323	80	1,063
Total purchase price	98	716	36	17	141	49	535	173	1,765
Purchase price paid	98	716	36	17	141	49	535	173	1,765

Adoption of preliminary PPAs for previous year

PPAs for AH Industries, Contex Holding and EuroMaint have been adopted. These adoptions did not represent any changes from previously prepared preliminary PPAs.

Business combinations 2007

During the year Ratos acquired RH Form, RBM, HÅG, MCC, Contex Holding, EuroMaint and AH Industries. All these acquisitions were carried out by newly formed acquisition companies. Ratos's investment pertains to capital provided including any shareholder loan to the acquisition companies where identifiable assets, assumed liabilities and contingent liabilities were measured at fair value. Ratos's PPAs therefore only recognise goodwill when acquired assets, liabilities and contingent liabilities in conjunction with the acquisition had already been measured at fair value in sub groups. In the acquisition companies' preliminary PPAs the difference between the cost and fair value of acquired identifiable assets and liabilities is attributed to goodwill.

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

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

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

Ratos acquired 66% of AH Industries at 31 August 2007. The company is included in Ratos's earnings from 1 September. Sales during the period totalled SEK 202m and profit before tax was SEK 23m. If the acquisition had been made as at 1 January 2007, sales reported in the Ratos Group during the period would instead have been SEK 553m and profit before tax SEK 73m. The acquisition company's interest expenses were stated pro forma to correspond to a full-year figure.

Ratos's investment amounted to SEK 304m. In the preliminary PPA the entire difference between cost and fair value of assets, excluding intangible assets, liabilities and contingent liabilities was attributed to goodwill. The goodwill recognised for AH Industries represents the company's strong market position in Europe as a leading niche company with major growth potential, a competent management as well as intangible assets that cannot be identified and measured separately from goodwill.

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

Ratos's acquisitions

The table below shows fair value on the acquisition date.

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

Acquisitions carried out by group companies

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

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

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

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

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

The table below shows fair value on the acquisition date.

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

1) Excluding internal acquisition of DeCasa.

cont. next page

Note 4, cont.

Adoption of previous year's preliminary PPAs

PPAs for Jøtul and Medifiq have been adopted. In Jøtul's definite PPA brands were measured. In Medifiq's definite PPA customer relations were measured.

Jøtul SEKm	Preliminary PPA	New valuation	Definite PPA
Intangible non-current assets	13	208	221
Property plant and equipment	235		235
Financial assets	11		11
Current assets	468		468
Cash and cash equivalents	110		110
Non-current liabilities and provisions	898	58	956
Current liabilities	463		463
Net identifiable assets and liabilities	-524	150	-374
Consolidated goodwill	689	-150	539
Purchase price, total	165	0	165
Ratos's holding, %	62,5		62,5
Purchase price paid	103		103
Additional shareholder loan	172		172
Total investment	275	0	275

Medifiq SEKm	Preliminary PPA	New valuation	Definite PPA
Intangible non-current assets	18	8	26
Property plant and equipment	199		199
Current assets	100		100
Cash and cash equivalents	70		70
Non-current liabilities and provisions	310	2	312
Current liabilities	63		63
Net identifiable assets and liabilities	14	6	20
Consolidated goodwill	343	-6	337
Purchase price, total	357	0	357
Ratos's holding, %	78,5		78,5
Purchase price paid	280		280
Total investment	280	0	280

Note 5 Other operating income

Group

SEKm	2008	2007
Rental income	4	4
Gain from the sale of non-current assets	49	60
Exchange gains on receivables and operating liabilities	65	22
Government grant	2	3
Other	117	134
	237	223

Parent company

SEKm	2008	2007
Rental income	1	2
Other	3	1
	4	3

Note 6 Other operating expenses

Parent company

SEKm	2008	2007
Property costs	-5	-4
	-5	-4

Note 7 Capital gain from the sale of group companies

Group

SEKm	2008	2007
Bluegarden		160
Hägglunds Drives	4,405	
Companies within Arcus Gruppen		748
Companies within Bisnode	7	77
Companies within Haendig		177
Intra-group profit		-167
	4,412	995

Result from participations in group companies

Parent company

SEKm	2008	2007
Dividends	639	73
Result from sale of shares	3,556	316
Impairment	-197	
	3,998	389

Note 8 Share of profits of associates

Group

SEKm	2008	2007
Share of profits		
Atle Industri	104	19
Camfil	106	93
DIAB	88	100
HL Display	39	44
Lindab	222	264
Superfos	14	24
	573	544
Share of profits of associates, owned by group companies	9	15
	582	559
Exit gains		
Alimak Hek		727
DIAB	31	
	31	727
Share of profits of associates, owned by group companies		14
	31	741
Share of profits of associates	613	1,300

Result from investments in associates

Parent company

SEKm	2008	2007
Dividends	118	92
Result from sale of shares	551	800
Impairment	-13	-2
	656	890

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

Average number of employees

	2008 Total	2008 Of whom men, %	2007 Total	2007 Of whom men, %
Parent company	39	51	35	51
Group companies	15,592	70	14,336	62
Group total	15,631	70	14,371	62
Of whom in				
Sweden	5,920	73	6,173	50
Norway	2,016	74	2,006	73
Finland	1,330	68	1,130	61
Denmark	1,475	72	1,254	75
Poland	800	70	646	69
UK	695	77	571	71
Germany	585	57	558	63
Canada	471	94	423	95
USA	458	77	234	82
Netherlands	368	62	236	73
Ireland	245	62	188	82
Belgium	212	59	108	60
Russia	195	64	122	66
Switzerland	178	63	74	54
France	168	58	126	61
Czech Republic	117	39	58	43
Austria	77	53	71	58
China	57	79	71	76
Hungary	56	23	53	26
Spain	46	87	43	86
Slovenia	46	50	40	48
Korea	34	91	31	94
Latvia	29	90	2	50
Slovakia	18	11	15	7
Lithuania	10	50	9	44
Singapore	7	100	19	84
Italy	6	50	11	82
Japan	6	67	20	75
Estonia	6	17	8	13
Australia			34	82
India			20	95
Brazil			13	92
Mexico			4	75

Gender distribution in boards and senior executives

	31 Dec 2008 Men	31 Dec 2007 Men
Boards		
Parent company	86%	87%
Group total	90%	92%
Company management		
Parent company	50%	83%
Group total	78%	81%

cont. next page

Note 9, cont.

Group

Salaries and other remuneration

SEKm	Board and senior executives	Other employees	Total
2008			
Group, total	563	5,468	6,031
– of which bonus	114		114
Of which in Sweden	250	2,191	2,441
– of which bonus	71		71
Of which in other countries	313	3,277	3,590
– of which bonus	43		43
Number of people	1,034		
2007			
Group, total	520	4,299	4,819
– of which bonus	125		125
Of which in Sweden	244	1,686	1,930
– of which bonus	88		88
Of which in other countries	276	2,613	2,889
– of which bonus	37		37
Number of people	1,026		

Social security costs

SEKm	2008	2007
Social Security costs	1,741	1,506
(of which pension costs)	(453)	(380)

Of the Group's pension costs SEK 71m (74) refers to the Board of Directors and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 19m (17).

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	2008	2007
Senior executives, CEO and Deputy CEO (until 1 Aug 2008)		
Number of people [1)]	6	6
Salaries and other remuneration	68	82
– of which bonus	(51)	(66)
Other employees	105	74
Total	173	156

1) Of whom, one on a consultancy basis in 2008.

Social security costs

SEKm	2008	2007
Social security costs	72	88
(of which pension costs)	(17)	(28)

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

Absence due to illness as a percentage of working hours

	2008	2007
Total absence due to illness		
Total absence due to illness as % of normal working hours	0.8	1.0
Proportion of contiguous absence due to illness of 60 days or more	–	–
Gender breakdown		
Men	0.3	0.4
Women	1.3	1.7
Age breakdown		
< 30 years	0.5	0.2
30-49 years	0.9	1.4
≥ 50 years	0.5	0.5

The 2008 Annual General Meeting guidelines for compensation to senior executives

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 efforts 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 equity.
- 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.

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

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

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

Previously decided remuneration that has not fallen due for payment includes previously decided variable compensation and subsidies of option premiums. At year-end this amounted to SEK 193m (158).

Information about variable compensation and option programmes

Variable compensation 2008

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2008, the requirement for variable compensation to be paid was that consolidated profit before tax should correspond to at least 8% of equity. A ceiling was stipulated at a total of SEK 100m in variable compensation, which corresponds to a profit before tax of 32% of equity. Profit before tax for 2008 amounted to 46% of opening equity and variable compensation therefore amounts to SEK 100m and will be paid in 2009 – 2011. A total of 29 people are entitled to receive variable compensation.

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

Call option programme

Annual general meetings 2004-2008 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% 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 Ratos. Starting with the 2005 option programme, in order to receive a subsidy the person concerned must continue to hold the options to which the subsidy relates or shares acquired through the options.

Call options are issued on treasury shares purchased by Ratos.

Call options

	31 Dec 2008		31 Dec 2007	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	1,367,000	2,343,350	1,382,500	2,972,375
Issued	552,500	552,500	518,000	518,000
Exercised [1]	-230,000	-494,500	-533,500	-1,147,025
Outstanding at end of period	1,689,500	2,401,350	1,367,000	2,343,350

[1] Average exercise price SEK 55 (59) per share, average share price when the options were exercised was SEK 190 (204).

Details of options issued during the period

Each option carries entitlement to purchase one share.

	2008	2007
Maturity	20 Mar 2013	31 Mar 2012
Exercise price per share, SEK	261.90	278.00
Total option premium payments, SEKm	15.5	18.9
Total payments to Ratos if shares acquired, SEKm	144.7	144.0

Terms for options outstanding at end of period:

				31 Dec 2008		31 Dec 2007	
Maturity date	Option price SEK	Exercise price, SEK	Number of share/ options	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
28 March 2008	7.20	54.00	2.15			210,000	451,500
31 March 2009	7.60	68.40	2.15	56,000	120,400	76,000	163,400
31 March 2010	11.20	102.90	2.15	99,000	212,850	99,000	212,850
31 March 2011	21.20	151.80	2.15	464,000	997,600	464,000	997,600
31 March 2012	36.50	278.00	1.00	518,000	518,000	518,000	518,000
20 March 2013	28,10	261.90	1.00	552,500	552,500		
				1,689,500	2,401,350	1,367,000	2,343,350
Maximum increase in number of shares in relation to outstanding shares at end of period, %					1.5%		1.5%

Cash amount that the company may receive on redemption of outstanding options amounts to SEK 470m (353).

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Synthetic options

The 2007 and 2008 Annual General Meetings resolved to introduce a cash-based option programme related to Ratos's investments in portfolio companies. The programme is carried out through the issue of synthetic options that are transferred at market price. The programme gives key people within Ratos an opportunity to share in the growth in value of the portfolio companies. If the value growth on Ratos's investment in the portfolio company concerned exceeds 15% per year, the options will have a value. The total value of the issued options at the closing date will be a maximum of 3% of the difference between the actual realised value for Ratos's investment at the closing date and the cost increased by 15% per year. Financial liabilities relating to synthetic options amount to SEK 6m (8).

Remuneration to Board and senior executives

2008

SEKm	Basic salary/ Board fee	Variable compensation	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	0.9				0.9	–
Lars Berg, Board member	0.4				0.4	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.4				0.4	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Arne Karlsson, CEO	5.5	17.6	0.1	2.1	25.3	–
Thomas Mossberg, Deputy CEO until 1 August	1.6	4.6	0.1	4.3	10.6	–
Other senior executives (5 people, of whom one on a consultancy basis)	9.5	28.8	0.3	2.0	40.6	–

2007

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

Call options

Holding 31 Dec 2008

	2004 Number	2005 Number	2006 Number	2007 Number	2008 Number	Benefit
Chairman of the Board						
Other Board members						
Arne Karlsson, CEO			115,000	100,000	100,000	–
Other senior executives		54,000	135,000	135,000	110,000	–

Holding 31 Dec 2007

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

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Synthetic options, senior executives

SEKm	2008 Paid in premium	2008 Benefit	2007 Paid in premium	2007 Benefit
Board of Directors	–	–	–	–
Senior executives, CEO and Deputy CEO	–	–	3	–

Remuneration to the CEO

Variable compensation

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

Pension terms

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

Terms for severance pay

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

Other senior executives

Remuneration to the other five senior executives, see table above.

Pension terms

Pension is paid from the age of 65 with some exceptions. For two executives when determining pension premiums, variable compensation component up to 50% of basic salary carries pension entitlement. For others the pensionable salary is the maximum ITP limit.

Severance pay

For other senior executives in Ratos there are no agreements on severance pay that amount to more than two annual salaries. Severance pay may not be triggered by an individual executive, except in one instance, in the event of change of principal owner.

Incentive programmes in Ratos's holdings

Ratos makes active efforts to ensure that an incentive strategy is in place for boards and senior executives of the companies in which Ratos invests. There are a number of different incentive programmes which include shares, shareholder loans, subscription warrants, synthetic options and synthetic shares. Investments are made on market terms with some exceptions. IFRS 2 Share-based payments is applicable to the exceptions. These did not have a material effect on the Ratos Group's income statement and balance sheet. In total, financial liabilities relating to synthetic option programmes relating to Ratos's holdings amounted to SEK 158m (232). In 2008 the Group's earnings were charged with SEK 12m (103) due to remeasurement of synthetic option liabilities relating to the holdings.

Note 10 Fees and disbursements to auditors

SEKm	2008 Group	2008 Parent co.	2007 Group	2007 Parent co.
KPMG				
Audit assignment	18	2	14	2
Other assignments	6	3	11	8
Other auditors	50	15	52	7
	74	20	77	17

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

Note 11 Financial income and expenses

Group

SEKm	2008	2007
Financial income		
Financial assets measured		
at fair value through profit or loss		
Fair value option	84	92
Held for trading	5	4
Held-to-maturity investments	3	1
Trade and loan receivables	95	81
Non-financial instruments	7	10
Dividends		
Available-for-sale financial assets		73
Result from sale		
Available-for-sale financial assets	48	50
Other financial income		
Available-for-sale financial assets	4	2
Trade and loan receivables	18	57
Financial income	264	370
Interest expenses		
Other liabilities	-1,063	-638
Available-for-sale financial assets		-19
Non-financial instruments	-14	-31
Net loss		
Synthetic options	-12	-103
Change in value of derivatives		
– hedge accounted	-64	
– non-hedge accounted	-62	
Other financial expenses		
Other liabilities	-58	-63
Impairment		
Available-for-sale financial assets		-2
Exchange rate fluctuations, net	-196	-23
Financial expenses	-1,469	-879

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 105m (92). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 1,058m (688).

Parent company

	Result from other securities and receivables accounted for as non-current assets		Other interest income and similar profit/loss items	
SEKm	2008	2007	2008	2007
Financial income				
Financial assets measured at fair value through profit or loss				
Fair value option			74	92
Trade and loan receivable	229	140	15	30
Dividends				
Available-for-sale financial assets		71		
Result from sale				
Available-for-sale financial assets	13	46		
Other financial income				
Available-for-sale financial assets				
Exchange rate fluctuations, net				2
Financial income	242	257	89	124

	Interest expenses and similar profit/loss items	
SEKm	2008	2007
Interest expenses		
Other liabilities	-15	-9
Net loss		
Synthetic options		-19
Other financial expenses		
Other liabilities	-15	-4
Financial expenses	-30	-32

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 244m (170). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 15m (9).

Note 12 Taxes

Recognised in the income statement

SEKm	2008	2007
Tax expense for the period	-371	-398
Adjustment of tax attributable to previous years	18	4
Share in tax of associates	-141	-101
	-494	-495
Deferred tax relating to temporary differences		
Property, plant and equipment	4	-6
Intangible non-current assets	33	-3
Financial assets	8	-3
Inventories	8	15
Trade and other receivables	-1	
Pension provisions	-38	5
Other provisions	22	-15
Tax allocation reserves and similar	22	-53
Other	18	-7
Deferred tax income due to changed tax rates	7	3
Deferred tax income in capitalised tax value in loss carry forward during the year	72	54
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry forward	-43	-11
	112	-21
Total recognised tax expense in the Group	-382	-516

Reconciliation effective tax, Group

SEKm	2008	2007
Profit before tax	5,671	3,462
Less profit from associates	-582	-559
	5,089	2,903
Tax according to current tax rate, 28%	-1,425	-812
Effect of special taxation rules for investment companies	1,316	202
Effect of different tax rates in other countries	-21	-12
Non-deductible expenses	-34	-93
Non-taxable income	-133	340
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-26	-40
Use of previously non-capitalised tax loss carry-forward	76	12
Tax attributable to previous years	18	4
Effect of changed tax rates/and tax rules	15	3
Other	-27	-19
Tax in associates	-141	-101
Reported effective tax	-382	-516

Tax items recognised directly in equity

SEKm	2008	2007
Deferred tax attributable to hedging reserve	40	7
Other	1	2
	41	9

Recognised deferred tax assets and liabilities

Group

	Deferred tax asset		Deferred tax liability	
SEKm	2008	2007	2008	2007
Property, plant and equipment	23	29	183	88
Intangible non-current assets	20	18	447	462
Financial assets	8		3	10
Inventories	4	13	9	18
Trade and other receivables	6	8		
Interest-bearing liabilities	27	14		5
Provisions for pensions	42	112	3	
Other provisions	109	21	1	
Other	80	54	43	24
Loss carry-forward	314	168	4	0
Tax allocation reserves	8		257	289
Tax assets/tax liabilities	641	437	950	896
Offsets	-170	-146	-170	-146
Tax assets/tax liabilities, net	471	291	780	750

Of recognised deferred tax assets, SEK 46m (40) falls due within one year and SEK 332m (200) has no due date. Of deferred tax liabilities, SEK 61m (51) falls due within one year and SEK 489m (333) has no due date.

Unrecognised deferred tax assets

SEKm	2008	2007
Deductible temporary differences		10
Tax deficit	1,181	979
	1,181	989

Approximately SEK 481m (340) of the unmeasured loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 120m (100) of the tax deficit falls due in 2009-2016. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit corresponds to a tax value amounting to SEK 326m (273).

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

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise are not liable to tax. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year 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

	Acquired intangible assets							Internally generated			
SEKm	Goodwill	Trade-marks	Customer relations	Contract portfolio	Data-bases	Business relations	Other assets	Data-bases	Business relations	Other assets	Total
Accumulated cost											
Opening balance 1 January 2007	9,224	548	284	116	310		585				11,067
Investments					35	21	101			24	181
Reclassification		7			99	57	-109				54
Business combinations	7,261	24	128	20	282	60	43			85	7,903
Disposals					-2		-36				-38
Sold company	-535						-183				-718
Exchange differences for the year	275	41	7		11	5	15			-1	353
Closing balance 31 December 2007	16,225	620	419	136	735	143	416			108	18,802
Opening balance 1 January 2008	16,225	620	419	136	735	143	416			108	18,802
Investments						21	87	50		52	210
Reclassification		3	35		-418	25	223	157	4	-6	23
Business combinations	1,012	23	216				175	4	6		1,436
Disposals								-3			-3
Sold company	-343	-39				-20	-25				-427
Exchange differences for the year	819	-36	36	3	18	2	66	6	1	19	934
Closing balance 31 December 2008	17,713	571	706	139	335	171	942	214	11	173	20,975
Accumulated amortisation and impairment											
Opening balance 1 January 2007	-181	-15	-48	-5	-93		-259				-601
Amortisation for the year		-10	-51	-7	-55	-5	-49			-8	-185
Impairment for the year	-3									-4	-7
Reclassification						-54					-54
Accumulated amortisation in acquired companies			-4	-9	-146		-21			-10	-190
Disposals					2						2
Accumulated amortisation in sold companies	195						130				325
Exchange differences for the year	-11	-2	-1		-5	-1	-6				-26
Closing balance 31 December 2007	0	-27	-104	-21	-297	-60	-205			-22	-736
Opening balance 1 January 2008	0	-27	-104	-21	-297	-60	-205			-22	-736
Amortisation for the year		-10	-63	-10	-32	-15	-66	-13	-3	-14	-226
Impairment for the year	-92						-3	-39		-10	-144
Reclassification		-5	-10		245	-8	-190	-54	-4	3	-23
Accumulated amortisation in acquired companies			-45				-75	-4			-124
Disposals								2			2
Accumulated amortisation in sold companies		12				6	4				22
Exchange differences for the year		1	-10	-3	-3	1	-41	1		-6	-60
Closing balance 31 December 2008	-92	-29	-232	-34	-87	-76	-576	-107	-7	-49	-1,289
Value according to consolidated balance sheet	17,621	542	474	105	248	95	366	107	4	124	19,686

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:

	2008		2007	
SEKm	Goodwill	Intangible non-current assets*)	Goodwill	Intangible non-current assets*)
Bisnode	4,907		3,914	
Inwido	3,538		3,155	
Anticimex	1,867		1,857	
Contex Holding	1,673		1,367	
Scandinavian Business Seating (formerly HÅG/RH/RBM)	1,532		1,656	
	13,517		11,949	
Subsidiaries without significant goodwill values, total	4,104	465	4,276	441
	17,621	465	16,225	441

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

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

Subsidiaries without significant goodwill, total

Goodwill attributable to Ratos subsidiaries, except Bisnode, Inwido, Anticimex, Scandinavian Business Seating and Contex Holding, is not significant on its own in relation to the Ratos Group's total goodwill.

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

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

Value in use

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

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

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

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

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

Fair value minus selling costs

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

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

Bisnode

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

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

Inwido

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

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

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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.

Scandinavian Business Seating

Impairment testing for Scandinavian Business Seating is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2012, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of approximately 10% after tax. Sales growth and profit multiple at exit are key variables for calculating Scandinavian Business Seating's value in use. The anticipated future scenario is in accordance with Scandinavian Business Seating's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Contex Holding

Impairment testing for Contex Holding is based on a calculation of value in use. The estimated value is based on cash flow forecasts until 2012, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the financial conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate just below 8% after tax. Sales growth and profit multiple at exit are key variables for calculating Contex Holding's value in use. The anticipated future scenario is in accordance with Contex Holding's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Impairment

For goodwill attributable to the holding in Jøtul an impairment loss of SEK 92m was recognised based on Ratos's impairment testing. Impairment testing for Jøtul comprised a value in use calculation.

In addition impairment was recognised on earlier IT investments in Bisnode.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2007	1,180	3,145	40	4,365
Reclassification	-15	-154		-169
Investments	33	450	178	661
Transferred from construction in progress	14	59	-73	0
Disposals	-250	-209		-459
Assets in acquired companies	496	1,629	55	2,180
Assets in sold companies	-155	-78		-233
Exchange differences for the year	44	136	2	182
Closing balance 31 December 2007	1,347	4,978	202	6,527
Opening balance 1 January 2008	1,347	4,978	202	6,527
Reclassification	18	208	-62	164
Investments	50	569	108	727
Transferred from construction in progress	48	71	-119	0
Disposals	-133	-247		-380
Assets in acquired companies	372	378	6	756
Assets in sold companies	-125	-489	-11	-625
Exchange differences for the year	81	206	4	291
Closing balance 31 December 2008	1,658	5,674	128	7,460
Accumulated depreciation and impairment				
Opening balance 1 January 2007	-253	-1,988		-2,241
Reclassification	15	154		169
Depreciation for the year	-39	-391		-430
Disposals	4	233		237
Accumulated depreciation in acquired companies	-137	-984		-1,121
Accumulated depreciation in sold companies	23	9		32
Exchange differences for the year	-7	-75		-82
Closing balance, 31 December 2007	-394	-3,042		-3,436
Opening balance 1 January 2008	-394	-3,042		-3,436
Reclassification	-3	-161		-164
Depreciation for the year	-57	-521		-578
Disposals	14	205		219
Accumulated depreciation in acquired companies	-89	-253		-342
Accumulated depreciation in sold companies	41	317		358
Exchange differences for the year	-24	-115		-139
Closing balance 31 December 2008	-512	-3,570		-4,082
Value according to consolidated balance sheet	1,146	2,104	128	3,378
Of which finance leases	137	52		189

Paid leasing charges during the year SEK 89m (64). Charges to pay within 1 year SEK 87m (69), within 2-5 years SEK 196m (160) and after 5 years SEK 119m (132).

Note 14, cont.

Tax assessment values in Sweden

SEKm	31 Dec 2008	31 Dec 2007
Buildings	190	131
Land	56	47

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2007	21	16	37
Disposals		1	1
Closing balance 31 December 2007	21	17	38
Opening balance 1 January 2008	21	17	38
Investments	24	1	25
Closing balance 31 December 2008	45	18	63
Accumulated depreciation			
Opening balance 1 January 2007	-10	-13	-23
Depreciation for the year		-1	-1
Closing balance 31 December 2007	-10	-14	-24
Opening balance 1 January 2008	-10	-14	-24
Depreciation for the year		-1	-1
Closing balance 31 December 2008	-10	-15	-25
Value according to the balance sheet	35	3	38

Tax assessment values in Sweden

SEKm	31 Dec 2008	31 Dec 2007
Buildings	54	54
Land	35	35

Note 15 Investments in associates

Change in carrying amounts

Group

SEKm	31 Dec 2008	31 Dec 2007
Carrying amount 1 January	2,331	2,601
Investments	83	27
Associates that became group companies		-67
Divestment of associates	-27	-94
Redemptions		-500
Dividends	-141	-137
Share in profit of associates [1]	472	458
Translation differences	222	38
Change in other reserves	-84	3
Other changes in associates' equity	-5	2
Carrying amount at year-end	2,851	2,331

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

Holdings

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

2008

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and minority	Consolidated value
Atle	50%		0	7	4	3	0	1
Atle Industri	50%	198	294	309	4	305	106	153
HL Display [1]	29%	1,536	96	946	405	541	28	295
DIAB Group [2]	48%	1,414	128	2,513	1,537	976	94	467
Lindab Intressenter [3]	22%	9,840	723	8,625	5,279	3,346	163	752
Superfos Industries	33%	3,481	-23	3,686	2,298	1,387	-1	475
Associates owned by Ratos							390	2,143
Camfil [4]	30%	4,361	247	3,762	1,924	1,838	74	671
Inwido Academy	34%	6	-2	1	0	1	-1	0
Inwido Ireland	20%	6	-1	90	59	31	0	6
Racasse [5]	25%						0	
SAS de L'ile Madame	34%	201	29	327	217	110	9	27
UAB Panorama	40%	10	0	3	2	1	0	2
VinUnic	32%	1	0	1	0	1	0	2
VisTech Windows	33%	0	0	1	0	1	0	0
Associates owned by Ratos							82	708
Total							472	2,851

[1] Share of voting rights 20.2% Market value SEK 205m.
[2] Formerly Laholm Intressenter.
[3] Market value SEK 858m.
[4] Owned by Ratos Limfac Holding.
[5] Sold during the year.

Note 15, cont.

2007

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

[1] Share of voting rights 20.2%. Market value SEK 434m.
[2] Parent company, DIAB group.
[3] Market value SEK 2,606m.
[4] Reclassified to other shares.
[5] Sold during the year.

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

SEKm	31 Dec 2008	31 Dec 2007
Accumulated cost at 1 January	1,878	2,903
Investments	77	25
Redemptions		-500
Repaid shareholder contribution	-24	
Divestments	-450	-550
Closing balance	1,481	1,878
Accumulated impairment at 1 January	-390	-622
Divestments		280
Dividends		-45
Impairment for the year	-13	-3
Closing balance	-403	-390
Value according to balance sheet	1,078	1,488

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

cont. next page

Note 16, cont.

Associate, company reg, no., reg. office	No of shares	Holding, %	Book value 2008	Book value 2007
Atle AB, 556454-8799, Stockholm	50,000	50	1	14
Atle Industri AB, 556725-7885, Stockholm	5,000	50	16	40
Camfil AB, 556230-1266, Trosa [1]				450
DIAB Group AB, 556603-1711, Laholm	504,000	48/50	126	114
HL Display AB, 556286-9957, Stockholm [2]	8,900,280	29	229	229
Lindab International AB, 556606-5446, Stockholm	17,699,157	22	236	236
Superfos Industries A/S, Vipperöd, Denmark	3,876,101	33	471	405
Total			1,078	1,488

1) Sold to Ratos Limfac Holding AB.

2) Share of voting rights 20.2%.

Note 17 Receivables from group companies and associates

Parent company

SEKm	Non-current receivables group companies 2008	2007	Non-current receivables associates 2008	2007
Accumulated cost at 1 January	1,329	1,073	26	
Investments	700	834		26
Settlements	-71	-591	-26	
Capitalised interest	228	87		
Exchange rate fluctuation	-63	27		
Reclassifications	373	-101		
Closing balance	2,496	1,329	0	26

SEKm	Current receivables group companies 2008	2007
Accumulated cost at 1 January	361	118
Investments	121	176
Settlements	-101	-34
Reclassifications	-373	101
Closing balance	8	361

Note 18 Financial instruments

Fair value

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

Fair value of interest rate swaps is based on a discount of estimated future cash flows according to the maturity dates and terms of the contract and taking into account market interest rate for similar instruments on the balance sheet date.

Group

2008

Assets per category of financial instrument	Fair value through profit or loss: Measured according to fair value option	Held for trading	Held to maturity investments	Loans and receivables	Available-for-sale financial assets: Cost	Fair value	Derivatives, hedge accounted	Total
Non-current assets								
Financial investments	7				171	21		199
Non-current receivables (part of)			77	188	1			266
	7		77	188	172	21		465
Current assets								
Trade and other receivables				4,317				4,317
Other receivables (part of)	10	5		307		2	13	337
Cash and cash equivalents								
– short-term investments	5,060							5,060
	5,070	5		4,624		2	13	9,714

cont. next page

Note 18, cont.

Liabilities per category of financial instrument	Fair value through profit or loss: Held for trading	Financial liabilities measured at amortised cost	Derivatives, hedge accounted	Total
Non-current liabilities				
Non-current interest-bearing liabilities (part of)		13,210	69	13,279
Other non-current liabilities		190	197	387
Other financial liabilities	121			121
	121	13,400	266	13,787
Current liabilities				
Current interest-bearing liabilities (part of)		1,733		1,733
Trade and other payables		1,883		1,883
Other liabilities (part of)	63	1,489	181	1,733
Other financial liabilities	37			37
Accrued expenses (part of)		54		154
	100	5,159	181	5,440
Impairment of financial assets				
Non-current assets non-interest bearing	–			
Trade receivables	28			
Total impairments	28			

2007

Assets per category of financial instrument	Fair value through profit or loss: Measured according to fair value option	Fair value through profit or loss: Held for trading	Held to maturity investments	Loans and receivables	Available-for-sale financial assets: Cost	Available-for-sale financial assets: Fair value	Derivatives, hedge accounted	Total
Non-current assets								
Financial investments	11				161	85		257
Non-current receivables	1	8	73	100			8	190
	12	8	73	100	161	85	8	447
Current assets								
Trade receivables				4,329				4,329
Other receivables (part of)	23	17		304		2	13	359
Cash and cash equivalents								
– short-term investments	2,278		4					2,282
	2,301	17	4	4,633		2	13	6,970

Liabilities per category of financial instrument	Fair value through profit or loss: Held for trading	Financial liabilities measured at amortised cost	Derivatives, hedge accounted	Total
Non-current liabilities				
Non-current interest-bearing liabilities (part of)		10,867		10,867
Other non-current liabilities		175	3	178
Other financial liabilities	240			240
	240	11,042	3	11,285
Current liabilities				
Current interest-bearing liabilities (part of)		2,055		2,055
Trade payables		1,811		1,811
Other liabilities (part of)	5	2,085		2,090
Accrued expenses (part of)		30		30
	5	5,961		5,986
Impairment of financial assets				
Non-current assets non-interest bearing	-2			
Trade receivables	-20			
Total impairments	-22			

Note 18, cont.

Parent company

2008

Assets per category of financial instrument	Fair value through profit or loss: Measured according to fair value option	Loans and receivables	Available-for sale financial assets: Cost	Total
Non-current assets				
Receivables from group companies		2,496		2,496
Other non-current securities			161	161
		2,496	161	2,657
Current assets				
Receivables from group companies		8		8
Other receivables		5		5
Cash and cash equivalents				
– short-term investments	5,048			5,048
	5,048	13		5,061

Liabilities per category of financial instrument	Fair value through profit or loss: Held for trading	Financial liabilities at amortised cost	Total
Non-current liabilities			
Liabilities to group companies, interest-bearing		228	228
Other liabilities	64	129	193
	64	357	421
Current liabilities			
Trade payables		11	11
Liabilities to group companies, non-interest bearing		1	1
Other liabilities (part of)		23	23
Liabilities to group companies, interest-bearing		2	2
		37	37

2007

Assets per category of financial instrument	Fair value through profit or loss: Measured according to fair value option	Loans and receivables	Available-for sale financial assets: Cost	Total
Non-current assets				
Receivables from group companies		1,329		1,329
Receivables from associates		26		26
Other non-current securities			154	154
		1,355	154	1,509
Current assets				
Receivables from group companies		361		361
Other receivables		21		21
Cash and cash equivalents				
– short-term investments	2,278			2,278
	2,278	382		2,660

Liabilities per category of financial instrument	Fair value through profit or loss: Held for trading	Financial liabilities at amortised cost	Total
Non-current liabilities			
Liabilities to group companies, interest-bearing		188	188
Other liabilities	82	120	202
	82	308	390
Current liabilities			
Trade payables		3	3
Liabilities to group companies, non-interest bearing		14	14
Other liabilities (part of)		7	7
Liabilities to group companies, interest-bearing		167	167
		191	191

Note 19 Other securities held as non-current assets

Parent company

SEKm	2008	2007
Accumulated cost		
At 1 January	154	202
Investments	10	
Divested	-3	-48
At 31 December	161	154

Note 20 Receivables

Group

Non-current receivables

SEKm	31 Dec 2008	31 Dec 2007
Receivables from associates, interest bearing		25
Receivables from associates, non-interest bearing		1
Derivatives		16
Interest-bearing receivables	178	108
Non-interest bearing receivables	207	40
	385	190

Other receivables held as current assets

SEKm	31 Dec 2008	31 Dec 2007
Advances to suppliers	112	116
Derivatives	18	30
Interest-bearing receivables	9	17
Non-interest bearing receivables	324	311
	463	474

Parent Company

Other non-current receivables

SEKm	2008	2007
Accumulated cost		
At 1 January	1	8
Settled receivables	-1	
Reclassifications		-7
At 31 December	0	1

Note 21 Inventories

Group

SEKm	31 Dec 2008	31 Dec 2007
Raw materials and consumables	1,192	1,136
Products in progress	256	401
Finished products and goods for resale	1,354	1,404
	2,802	2,941

Note 22 Prepaid expenses and accrued income

Parent company

SEKm	31 Dec 2008	31 Dec 2007
Interest income	6	8
Other	3	4
	9	12

Note 23 Equity

Specification of equity reserves

Group

SEKm	2008	2007
Foreign currency translation reserve		
Opening translation reserve	58	-145
Translation differences for the year	732	210
Translation differences attributable to discontinued operations	-8	-7
Closing translation reserve	782	58
Hedging reserve		
Opening hedging reserve	6	10
Hedging reserves attributable to discontinued operations	28	4
Hedging of net investment in foreign operation	-73	
Cash flow hedges		
Recognised in net financial items	17	-31
Recognised directly in equity	-255	22
Tax attributable to change for the year	65	1
Recognised ineffectiveness in profit or loss	-3	
Translation differences	-1	
Closing hedging reserve	-216	6
Fair value reserve		
Opening fair value reserve	38	
Remeasurement recognised directly in equity	-108	43
Tax attributable to remeasurements for the year	11	-5
Closing fair value reserve	-59	38
Total reserves		
Opening reserves	102	-135
Change in translation reserve	724	203
Change in hedging reserve	-222	-4
Change in fair value reserve	-97	38
Closing reserves	507	102

cont. next page

Note 23, cont.

Parent company

	2008	2007
Fair value reserve		
Opening balance	27	
Remeasurements recognised directly in equity	-63	27
Tax attributable to change for the year	0	0
Closing balance	-36	27
Purchase of treasury shares		
Opening balance	-297	-173
Repurchase of shares	-169	-189
Call options exercised	53	65
Closing balance	-413	-297

Share capital

	Number	Quota value	SEKm
Ordinary A	42,328,530	@ 6.30	266.7
Ordinary B	119,020,722	@ 6.30	749.8
	161,349,252		1,016.5

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. During the year 240 A shares were converted into B shares.

Equity management

The financial target for the Group is to have a good financial position that contributes towards maintaining the confidence of investors, creditors and the market and provides a basis for continued development of business operations at the same time as the long-term return generated to shareholders is satisfactory.

Ratos's strategic target is that the average annual return (IRR) is to exceed 20% on each individual holding. During the years 1999-2008 the average annual return (IRR) was 30% on completed exits. During 2008, Hägglunds Drives was sold which resulted in an average annual return of 55%. Ratos has thus exceeded its financial target by a wide margin.

Neither the parent company nor any of the subsidiaries is subject to external capital requirements, with the exception of Anticimex's insurance business.

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

	2008	2007
Opening treasury shares	2,860,097	3,072,522
Purchased during the year	1,045,800	934,600
Sold during the year (option programme)	-494,500	-1,147,025
Closing treasury shares	3,411,397	2,860,097
Number of shares outstanding		
Total number of shares	161,349,252	161,349,252
Treasury shares	-3,411,397	-2,860,097
	157,937,855	158,489,155

Call options 2004 - 2008

The 2004-2008 Annual General Meetings decided to issue call options on treasury shares.

Number of shares reserved for transfer according to option programmes

AGM	Number of call options decided	Number of call options acquired	Outstanding unexercised call options	Entitle to number of shares	Option price, SEK/option	Exercise price/ SEK/share	Maturity date
2004	250,000	76,000	56,000	120,400	7.60	68.40	31 March 2009
2005	150,000	99,000	99,000	212,850	11.20	102.90	31 March 2010
2006	500,000	464,000	464,000	997,600	21.20	151.80	31 March 2011
2007	775,000	518,000	518,000	518,000	36.50	278.00	31 March 2012
2008	750,000	552,500	552,500	552,500	28.10	261.90	20 March 2013
Total number of reserved shares				2,401,350			

Group

Other capital provided

Relates to capital provided from the owners. This includes premium reserves paid in conjunction with new issues.

Reserves

The foreign currency translation reserve includes all exchange rate differences that arise on translation of financial reports from foreign operations that have prepared their financial reports in another currency than the currency in which the Group's financial reports are presented. The parent company and Group present their financial reports in Swedish kronor. In addition, the translation reserve comprises exchange rate differences that arise at remeasurement of liabilities taken up as hedging instruments from a net investment in a foreign operation.

The hedging reserve comprises the effective portion of cumulative net change in fair value of the cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

The fair value reserve includes the accumulated net change in fair value of Available-for-sale financial assets until the asset is derecognised from the balance sheet.

Accumulated profit including profit for the year

Accumulated profit including net profit for the year includes profit in the parent company and its subsidiaries and associates. Prior provisions to a statutory reserve, excluding transferred premium reserves, are included in this item.

cont. next page

Parent company

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

Statutory reserve
The purpose of the statutory reserve has been to save part of net profits not used to cover a loss carried forward. The statutory reserve also includes amounts transferred to the premium reserve prior to 1 January 2006.

Premium reserve
When shares are issued at a premium, i.e. more is paid for the shares than their 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.

Fair value reserve
The fair value reserve includes the accumulated net change in fair value of Available-for-sale financial assets until the asset is derecognised from the balance sheet.

Treasury shares
Treasury shares comprise cost of own shares held by the parent company.

Dividend
After the balance sheet date, the Board of Directors proposed the following dividend:

SEKm	2008	2007
Ordinary dividend per share SEK 9.00 (9.00)	1,421	1,430

The dividend will be proposed for decision at the Annual General Meeting on 2 April 2009.

Note 24 Earnings per share

Calculation of earnings per share is carried out as follows:

	2008	2007
Profit for the year attributable to equity holders of the parent, SEKm	5,172	2,646
Weighted average number of shares		
Total number of ordinary shares 1 January	161,349,252	161,349,252
Effect of holding of treasury shares	-2,773,222	-2,519,986
Weighted average number of shares before dilution	158,576,030	158,829,266
Effect of share options	343,089	935,317
Weighted average number after dilution	158,919,119	159,764,583
Earnings per share before dilution	32.62	16.66
Earnings per share after dilution	32.54	16.56

Instruments that can lead to potential dilution effects
In 2008, the company had two outstanding call option programmes for which the exercise price, SEK 278.00 and SEK 261.90 respectively, 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 25 Interest-bearing liabilities

Group

SEKm	31 Dec 2008	31 Dec 2007
Non-current		
Liabilities to credit institutions, non-current	12,770	10,247
Other long-term liabilities, interest-bearing	873	866
	13,643	11,113
Current		
Liabilities to credit institutions	1,215	1,355
Bank overdraft	491	632
Other current liabilities	92	107
	1,798	2,094
Pension provisions	486	627
	15,927	13,834

For information on the company's risk policy and exposure, see Note 30.

Parent company

SEKm	31 Dec 2008	31 Dec 2007
Non-current liabilities, group companies	228	188
Current liabilities, group companies	2	167
	230	355
Pension provisions	2	3
	232	358

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

Note 26 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.

Note 26, cont.

Group

Pension cost

SEKm	2008	2007
Cost regarding current service period	74	62
Interest expense	14	55
Anticipated return on plan assets	-4	-38
Recognised actuarial gains and losses	1	2
Past service costs	1	2
Effect of curtailments and settlements		1
Pension costs	86	84
Pension costs for defined contribution pensions, Alecta	46	72
Pension costs for defined contribution pensions, other	256	219
Pension costs for the year	388	375

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

Defined benefit pension plans

SEKm	2008	2007
Present value of funded obligations	677	1 375
Fair value of plan assets	-530	-1 015
	147	360
Present value of unfunded obligations	446	276
Unrecognised actuarial gains (plus) and losses (minus)	-117	-31
Unrecognised past service costs	1	5
Effect of limitation rule for net assts	9	17
Net liability in the balance sheet	486	627
Amounts disclosed in the balance sheet (Specification of net liability)		
Provisions for pensions	486	627
Non-current receivables	–	–
Net debt in the balance sheet	486	627

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

SEKm	2008	2007
Net liability at 1 January	627	573
Net cost recognised in the income statement	86	84
Premiums and pensions paid	-99	-71
Exchange differences on foreign plans	11	25
Net transferred pension obligations in conjunction with sale of companies	-76	-19
Net pension obligations assumed through business combinations		35
Effects of settlements	-63	
Net liability at 31 December	486	627

Actuarial gains and losses

Adjustments based on experience are made as a consequence of the result due to mortality, morbidity, employee turnover, changes in salary and return on plan assets during the year deviating from assumptions made.

Specification of actuarial gains and losses during the year

	2008	2007
Experience-based adjustment relating to plan assets	-4	7
Experience-based adjustment relating to defined benefit obligations		
– salary increase		4
– other	1	13
Effect of changed actuarial assumptions (net)	-5	1
	-8	25

Plan assets comprise the following

	2008	2007
Equity instruments	226	162
Financial fixed-income assets	209	266
Properties	49	7
Insurance contracts		512
Other assets	46	68
	530	1,015

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2008, Alecta surplus in the form of the collective funding ratio amounted to 112% (152). 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

	31 Dec 2008	31 Dec 2007
Discount rate, %	4.0-5.8	3.8-5.1
Inflation, %	1.6-3.0	1.3-2.8
Anticipated rate of salary increase, %	2.2-4.5	2.2-4.5
Annual increase in pensions and paid-up policies, %	1.6-4.3	1.3-4.3
Anticipated return on plan assets, %	4.5-6.5	4.5-6.6

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 17m (28) of which SEK 3m (3) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounted to SEK 2m (3).

Note 27 Provisions

Group

Provisions that are non-current liabilities

SEKm	2008	2007
Guarantee commitments		
At 1 January	52	19
Provisions for the year	19	28
Unused reversed provisions	-16	
Reclassification	14	-11
Utilised provisions	-5	
Provisions in sold companies	-6	
Provisions in acquired companies		16
At 31 December	58	52
Technical provisions		
At 1 January	95	72
Provisions for the year		23
At 31 December	95	95
Other		
At 1 January	266	173
Provisions for the year	243	11
Unused reversed provisions	-7	
Reclassification	15	3
Change in discounted value	38	
Utilised provisions	-27	-29
Provisions in sold companies	-2	
Provisions in acquired companies	4	97
Translation difference	-4	11
At 31 December	526	266
Total non-current provisions	679	413

Provisions that are current liabilities

SEKm	2008	2007
Guarantee provisions		
At 1 January	2	6
Provisions for the year	1	3
Reclassification	-1	-6
Utilised provisions	-1	-3
Provisions in acquired companies		2
At 31 December	1	2
Technical provisions		
At 1 January	130	347
Provisions for the year	151	
Reclassification		-202
Utilised provisions	-130	-15
At 31 December	151	130
Other		
At 1 January	297	39
Provisions for the year	371	82
Reclassification	-31	211
Utilised provisions	-266	-43
Provisions in acquired companies		7
Translation difference	-54	1
At 31 December	317	297
Total current provisions	469	429

Parent company

Provisions that are non-current liabilities, other

SEKm	2008	2007
At 1 January		
Provisions for the year	178	
At 31 December	178	

Provisions that are current liabilities, other

SEKm	2008	2007
At 1 January		
Provisions for the year	57	
At 31 December	57	

Note 28 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 557m (509) and advances from customers of SEK 275m (734).

Parent company

Other non-current liabilities include liability to employees for variable compensation of SEK 93m (79).

Note 29 Accrued expenses and deferred income

Parent company

SEKm	2008	2007
Personnel costs	161	132
Other	27	6
	188	138

Note 30 Financial risks and risk policy

Principles for funding and financial risk management

The Group is exposed to different types of financial risks through its operations.

Financial risks refer to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks.

Decisions on financial strategies are made independently of each other in Ratos's parent company and Ratos's subsidiaries, as is the case for other strategic issues.

Parent company

The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

Group companies

The Group has no treasury management function and the board of each subsidiary adopts the company's financial policy annually. Since the policies vary between subsidiaries, the policy is not reported in the descriptions of risk. When required the parent company assists the subsidiaries with their various financial questions.

Financing risk

Definition:

Financing risks refer to the risks inherent in raising new loans or refinancing loans that have matured.

The parent company shall normally be unleveraged and should not pledge assets or issue guarantees. In order to guarantee access to capital and flexibility, 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 2005, the parent company has a rolling five-year loan facility, which since the start of 2008 amounts to SEK 3.2 billon, including a bank overdraft facility.

At 31 December 2008 the Group's interest-bearing debt to credit institutions amounted to SEK 15,441m (13,207). Total unutilised credit facilities amounted to SEK 5,148m (1,969).

The average remaining fixed-interest term on the loans was approximately 24 months.

Loan agreements in subsidiaries contain agreements for some financial key ratios. The terms vary for different subsidiaries. The most usual key ratios are net debt in relation to profit before depreciation and net interest, interest coverage and cash flow in relation to total interest expenses and amortisation.

The table below shows financial interest-bearing liabilities and amortisation on these loans. Since most bank loans in the Ratos Group do not normally need to be renegotiated, the table below relates to the total amortisation plan in the subsidiaries.

Amortisation plan for financial liabilities in the Group 31 December 2008

	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	13,985	1,215	2,673	3,897	1,045	5,155
Bank overdraft facilities	491	491	–	–	–	–
Finance leases	428	63	70	75	81	139
Other interest-bearing liabilities	537	29	71	0	316	121
	15,441	1,798	2,814	3,972	1,442	5,415

Of the Group's trade payables, the majority fall due within one year.

Corresponding amortisation plan for 2007 shows that interest-bearing liabilities were amortised by 14% within 1 year, 55% within 1-5 years and 31% after 5 years.

Credit risks

Definition:

Credit risks can be divided into credit risks in financing activities and credit risks in trade receivables. In its financing activities the Group is exposed to credit risk in conjunction with investment of surplus liquidity in fixed-income securities and in conjunction with the purchase of derivative instruments. Customer credit risk is the risk that the Group's customers will be unable to meet their commitments, i.e. that payment is not received.

Financial credit risks

In order to reduce the parent company's financial credit risk and so that the parent company will have a high level of preparedness for investments, cash and cash equivalents are invested in fixed-income securities with high liquidity and short maturities. Investments may be made with Ratos's principal banks or in instruments with high creditworthiness issued by governments, banks or other players that have received a K1 rating from Standard &Poor's/Nordisk Rating and/or A1 rating from Standard & Poor's.

At 31 December 2008 cash and cash equivalents amounted to SEK 7,485m (4,240), of which outstanding investments at 31 December amounted to SEK 5,060m (2,282) with an average fixed-interest period of approximately 2 months (1.5). During 2008 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

Credit risks in trade receivables

The parent company, which is an investment company, does not have any credit risk in trade receivables.

The maximum exposure to credit risk can be seen in the carrying amount in the balance sheet. In the Group there is no significant concentration of credit risks since the holdings operate in different sectors and separate segments. Through its industry spread the Group also operates in a large number of geographic markets.

Trade receivables are analysed continuously to determine whether any impairment exists. Based on historical data the assessment is made that no impairment of trade receivables not yet due is required as per the closing date.

Ageing of trade receivables

2008

Trade and receivables	Nominal	Impairment	Book value
Not overdue	2,861	-4	2,857
Past due 0 – 60 days	1,224	-12	1,212
Past due 61 – 180 days	155	-14	141
Past due 181 – 365 days	79	-14	65
Past due more than one year	72	-30	42
Total	4,391	-74	4,317

2007

Trade and receivables	Nominal	Impairment	Book value
Not overdue	3,230	-2	3,228
Past due 0 – 60 days	893	-6	887
Past due 61 – 180 days	208	-22	186
Past due more than one year	52	-24	28
Total	4,383	-54	4,329

Interest rate risks

Definition:

Interest rate risk is the risk of a negative effect on consolidated earnings as a result of the value of a financial instrument varying due to fluctuations 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 maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

Interest rate risk mainly arises through long-term borrowing in group companies. The fixed-interest term in group companies is adapted to each company's structure and strategy. Where interest rate exposure in the debt portfolio is hedged, derivative instruments such as interest rate swaps are used. Derivative instruments used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 31% is hedged accounted. Derivative instruments in the form of interest rate swaps are used to control fixed-interest terms. The maturity of interest rate swaps is usually 12 - 36 months. In cases where hedge accounting is applied, change in value is recognised in equity.

At 31 December 2008 the Group had interest rate swaps with a net fair value of SEK 235m (26) consisting of assets of SEK 0m (21) and liabilities of SEK 235m (5).

Anticipated cash flows attributable to the swaps are recognised in profit or loss as set out in the table below.

Group

SEKm	Within 1 year	1-2 years	3 years and later
Fixed-interest expense of swaps	289	453	214

Sensitivity analysis

If interest rates rise by one percentage point in all countries where the Ratos Group has loans or investments, the effect on net financial items in 2009, based on the part of net debt at year-end which is not hedged will total approximately SEK 110m. This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Currency risks

Definition:

Currency risk is the risk that exchange rate fluctuations have a negative impact on the consolidated income statement, balance sheet and/or cash flow. Currency risk can be divided into transaction risks and translation risks.

Translation exposure

The effects of exchange rate fluctuations affect the Group's earnings at translation of foreign subsidiaries' income statement to SEK. Currency risks also arise when foreign subsidiaries' assets and liabilities as well as any surplus values are translated into the parent company's functional currency.

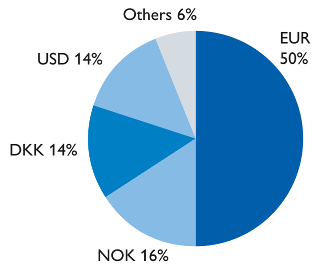
Transaction exposure

Currency flows that arise at purchase and sale of goods and services in other currencies than the respective subsidiary's functional currency give rise to transaction exposure.

Translation exposure

In the parent company currency hedging is not carried out without special reason. Exchange rate fluctuations for net assets in foreign currency are not hedged in the parent company. In some cases Ratos's foreign subsidiaries can hedge net investments in underlying subsidiaries.

The diagram below shows exposure of foreign subsidiaries' net assets by currency.



Sensitivity analysis

A weakening of the Swedish krona by 10% against other currencies at 31 December would lead to a change in equity of approximately SEK 690m.

Transaction exposure

Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. In cases where subsidiaries face net exposure in foreign currency the risk is hedged on the basis of the subsidiary's adopted financial policy.

In cases where subsidiaries choose hedge accounting, hedge accounting is applied when the requirements for this are met. The Group classifies its forward contracts that are used to hedge forecast transactions as cash flow hedges. The forward contract is recognised in equity when hedge accounting is applied.

The Group's exposure from purchases and sales of goods mainly occurs in the Nordic currencies. Some exposure arises in USD in conjunction with sales in the American market as well as a negative net flow in EUR from purchases of goods from Europe.

The net fair value of forward contracts amounted to SEK 207m (28) at 31 December 2008. Of this amount, SEK 18m (25) is recognised in the balance sheet as assets and SEK 189m (3) as liabilities.

Note 31 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:

Operating leases

Group

Lease charges

SEKm	2008	2007
Paid during the year	461	137
Charges within 1 year	356	294
1-5 years	639	622
5 years and later	418	496
	1,413	1,412

Note 32 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	31 Dec 2008	31 Dec 2007
Real estate mortgages	1,906	1,256
Chattel mortgages	3,853	2,085
Shares in group companies	7,882	7,078
Other pledged assets	1,858	1,756
	15,499	12,175
Contingent liabilities	196	238

Relate to pledged assets and contingent liabilities in group companies.

Parent company

The parent company has no pledged assets or contingent liabilities.

Note 33 Related party disclosures

Transactions with related parties are conducted on market terms.

Group

Receivable from associates amounted to SEK 0m (26) at 31 December.

Parent company

The parent company has a related party relationship with its group companies and with its associates, see Note 34 and Note 15.

Parent company

SEKm		Interest expenses	Interest income	Dividend	Receivable	Liability	Capital contribution
Subsidiaries	2008	-15	227	639	2,504	230	908
Subsidiaries	2007	-8	163	139	1,690	355	–
Associates	2008		2	118			78
Associates	2007		1	137	26		25

Transactions with key management personnel

Remuneration to key management personnel and Board members is specified in Note 9.

Note 34 Participations in group companies

Parent company

SEKm	31 Dec 2008	31 Dec 2007
Accumulated cost		
at 1 January	6,253	4,567
Invested	495	691
Shareholder contribution	1,342	1,888
Redemptions	-945	
Divestments	-1,506	-893
Closing balance	5,639	6,253
Accumulated impairment losses		
at 1 January	-66	-99
Divestments		99
Dividends		-66
Impairment losses for the year	-197	
Closing balance	-263	-66
Value according to balance sheet	5,376	6,187

cont. next page

Note 34, cont.

Subsidiary, company reg. no., reg. office	Number	Share, %	2008	2007
AHI Intressenter AB, 556726-7744, Stockholm [1]	100,000	100	304	304
Anticimex Holding AB, 556696-2568, Stockholm	10,119,047	85	340	340
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway	833,278	83	7	7
Bisnode AB, 556681-5725, Stockholm	84,412,286	70	653	1,293
BTJ Group AB, 556678-3998, Lund	72,774	66/59	44	16
EMaint AB, 556731-5378, Stockholm [1]	100,000	100	208	208
GS Hydro Holding AB, 556761-8797, Stockholm [2]	28,301,900	100	284	–
GS-Hydro Oy, 1494075-7, Hämeenlinna, Finland			–	135
Haendig AB, 556554-3625, Halmstad	1,220,845	100	204	204
Haglöfs Holding AB, 556101-0785, Stockholm	30,000	100	200	200
Hägglunds Drives Holding AB, 556309-8481, Mellansel			–	1,371
Image Matters Intressenter AB, 556733-1854, Stockholm [1]	100,000	100	684	684
Inwido AB, 556633-3828, Malmö	108,933,395	96/95	556	538
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway	875,000	63	0	103
Medisize Oy, 2046714-2, Vantaa, Finland [3]	2,967,497	93/78	672	280
Myggvärmare AB, 556723-5667, Stockholm [1]	1,000	100	505	295
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6
Ratos Limfac Holding AB, 556730-7565, Stockholm [4]	1,000	100	506	–
Spin International AB, 556721-4969, Stockholm [1]	1,000,000	100	203	203
			5,376	6,187

1) AHI Intressenter AB is an owner company to AH Industries, EMaint AB is an owner company to EuroMaint, Image Matters Intressenter AB is an owner company to Contex Holding, Myggvärmare AB is an owner company to MCC and Spin International AB is an owner company to Scandinavian Business Seating.

2) New owner company to GS-Hydro Oy. Formed in conjunction with refinancing.

3) Name changed during the year from Medifiq Healthcare Oy.

4) Owner company to Camfil AB.

Note 35 Cash flow statement

SEKm	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Dividends received	118	137	639	347
Interest received	186	185	78	89
Interest paid	-992	-631	-1	-1

Adjustment for non-cash items

SEKm	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Share of profits of associates	-582	-559		
Dividends received from associates	141	137		
Capital gains/losses	-4,516	-1,781	-4,119	-1,163
Depreciation and impairment of assets	949	622	210	4
Dividend that reduced book value of shares				111
Unrealised exchange differences	221	27		
Provisions, etc.	594	316	22	-5
Adjustment for non-cash items	-3,193	-1,238	-3,887	-1,053

Cash and cash equivalents

SEKm	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Cash and bank balances	2,425	1,958	652	18
Short-term investments, on a par with cash and cash equivalents	5,060	2,282	5,048	2,278
Cash and cash equivalents	7,485	4,240	5,700	2,296

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 5,148m (1,969) for the Group and SEK 3,200m (1,300) for the parent company.

cont. next page

Note 35, cont.

Sold group companies – Group

SEKm	2008	2007
Intangible assets	405	407
Tangible assets	267	334
Financial assets	14	2
Deferred tax asset	43	7
Inventories	400	1
Current receivables	576	123
Cash and cash equivalents	129	20
Assets held for sale		97
Total assets	1,834	991
Non-current liabilities and provisions	1,129	189
Current liabilities and provisions	724	218
Liabilities attributable to Assets held for sale		91
Total liabilities	1,853	498
Selling price	4,385	1,465
Minus: Purchase promissory note	-11	
Minus: Cash and cash equivalents in the sold operations	-129	-20
Effect on Group's cash and cash equivalents	4,245	1,445

Acquisition of group companies – Group

SEKm	2008	2007
Intangible assets	1,312	7,629
Tangible assets	414	1,052
Financial assets		18
Deferred tax asset	58	54
Inventories	174	495
Current receivables	230	1,762
Cash and cash equivalents	168	582
Total assets	2,356	11,592
Minority interests	-318	439
Non-current liabilities	169	5,104
Deferred tax liability	76	135
Current liabilities	407	1,742
Total liabilities	334	7,420
Purchase price paid	2,022	4,172
Minus: Cash and cash equivalents in the acquired operations	-168	-582
Effect on Group's cash and cash equivalents	1,854	3,590

Note 36 Key assumptions

The most important assumptions about the future in estimations in the balance sheet affect:

Impairment testing of goodwill and other intangible assets

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. a value in use or fair value with deduction for selling costs for each company. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Although impairment tests involve assumptions about the future, this is not judged to represent a significant risk for a significant adjustment of carrying amounts for goodwill and associates in the next financial year.

Note 37 Risk related to insurance operations

Insurance risk is the risk that is attributable to the insurance operations in Anticimex, which are concentrated to Sweden and Norway. The insurance operations are based on insurance related to pests, transfer of real property and excess compensation in the event of water damage as well as for all requisite regular insurance inspections. Anticimex assesses that the risk in its insurance operations is well balanced in relation to the size of the premiums. This is also supported by an historically acceptable and stable claims result.

Guidelines for the 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 38 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project. See accounting principles Note 1.

Information from the income statement

SEKm	2008
Contract revenue	328
Net profit	51

Information from the balance sheet

Receivables from customers for assignments under a construction contract

SEKm	2008
Contract revenue	287
Billing	-145
	142
Of which current receivables	24

Liabilities to customers for assignments under a construction contract

SEKm	2008
Billing	2
Contract revenue	
	2

Note 39 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 NASDAQ OMX Stockholm. The address of the head office is Box 1661, SE-111 96 Stockholm and the street address is Drottninggatan 2.

The consolidated accounts for 2008 comprise the parent company and its group companies, together with the said Group. The Group also includes the owned portion of associates.

Note 40 Events after the balance sheet date

Ratos has concluded an agreement to acquire up to an additional 48% in the associate DIAB. The seller is 3i and the purchase price for the shareholding amounts to approximately SEK 400m. The acquisition means that DIAB will be a Ratos subsidiary and Ratos's holding will amount to 91-96%.

Ratos will provide equity to financially strengthen some of the holdings. Equity will be provided in conjunction with new issues in: Contex Holding with approximately SEK 150m, Inwido with SEK 400m and Jøtul with approximately SEK 60m.

The Board of Directors' certification

The consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of international financial reporting standards, that disclosures herein give a true and fair view of the Parent Company's and Group's financial position and results of operations, and that the statutory Board of Directors' Report provides a fair review of the development of the Group's and Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 19 February 2009

Olof Stenhammar
Chairman

Lars Berg
Member of the Board

Staffan Bohman
Member of the Board

Annette Sadolin
Member of the Board

Jan Söderberg
Member of the Board

Per-Olof Söderberg
Member of the Board

Arne Karlsson
CEO

The annual accounts and the consolidated accounts were approved for publication by the Board on 19 February 2009. 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 2 April 2009.

Audit Report

To the Annual General Meeting of Ratos AB (publ)
Registered 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 (publ) for the year 2008. The company's annual accounts are included in the printed version of this document on pages 46-98. 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, of evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the directors' report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 19 February 2009

KPMG AB

Thomas Thiel
Authorised Public Accountant

Analysis

Analysis of results

The Ratos Group's profit before tax for 2008 amounted to SEK 5,671m (3,462), which is the highest result in Ratos's history and is largely attributable to the sale of Hägglunds Drives which was completed in December. The result includes profit/share of profits from the holdings of SEK 1,554m (2,550) and exit gains of SEK 4,449m (933). In the 2008 annual accounts an impairment test was conducted by all Ratos's holdings whereby the carrying amount was compared with the recoverable amount. The recoverable amount is the higher of net selling price and value in use for the holding concerned. At valuation of the holdings an impairment loss was identified in the holding in Jøtul of SEK 92m, which was charged against earnings for 2008.

Central income and expenses

Ratos's net income and expenses amounted to SEK -240m (-92), of which personnel costs amounted to SEK 261m (254). The variable portion of personnel costs amounted to SEK 161m (186). Other management costs were SEK 286m (95). Net financial items amounted to SEK +307m (+257).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status, capitalisation of loss carry forwards and by non-taxable capital gains.

Financial position

Cash flow from operating activities and investing activities was SEK 3,587m (-103) and the Group's cash and cash equivalents at year-end was SEK 7,485m (4,240), of which short-term interest-bearing investments comprised SEK 5,060m (2,282). Interest-bearing liabilities including pension provisions amounted to SEK 15,927m (13,834).

Parent company

The parent company's profit before tax was SEK 4,438m (1,285). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 5,700m (2,296). Taking into account financial transactions agreed but not yet carried out, at today's date Ratos has an investment capacity of approximately SEK 5.4 billion without needing to utilise existing credit facilities.

Ratos's results 2008

SEKm	2008	2007
Profit/share of profits before tax [1]		
AH Industries (66%)	83	23
Anticimex (85%)	84	69
Arcus Gruppen (83%)	132	858
Bisnode (70%)	15	331
Camfil (30%)	81	93
Contex Holding (98%)	2	27
DIAB (48%)	88	100
EuroMaint (100%)	33	-29
GS-Hydro (100%)	104	133
Haglöfs (100%)	40	14
HL Display (29%)	39	44
Inwido (96%)	67	296
Jøtul (63%)	-57	-21
Lindab (22%)	222	264
MCC (100%)	115	50
Medisize (93%)	-45	-44
Scandinavian Business Seating (85%)	31	45
Superfos (33%)	14	24
Other holdings [2]	127	27
Bluegarden		-9
Hägglunds Drives [3]	379	255
Total profit/share of profits	**1,554**	**2,550**
Exit gains		
Alimak Hek		727
Bluegarden		160
DIAB	31	
Hägglunds Drives	4,405	
Other holdings [4]	13	46
Total exit gains	**4,449**	**933**
Impairment, Jøtul	-92	
Dividend from Other holdings [4]		71
Profit from holdings	**5,911**	**3,554**
Net expenses	-240	-92
Consolidated profit before tax	**5,671**	**3,462**

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

2) Relates to subsidiaries BTJ Group and Hafa Bathroom Group and associate Atle Industri. Previous year's figures include the entire Haendig Group.

3) Hägglunds Drives is included in consolidated earnings until the end of November. Entire holding sold in December 2008.

4) Relates to holdings in Overseas Telecom and IK Investment Partners.

Equity

At 31 December 2008, Ratos's equity (attributable to equity holders of the parent) amounted to SEK 15,825m (SEK 11,905m at 31 December 2007) corresponding to SEK 100 per outstanding share (SEK 75 at 31 December 2007).

Financial targets and strategies

Ratos's main financial target is that each individual investment should achieve an annual average return (IRR) of at least 20%. During the over ten years that Ratos has operated as a private equity company, the IRR on all 28 completed exits amounted to 30%. 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 26% 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 NASDAQ OMX Stockholm. The total return on Ratos shares, accumulated over the period 1999-2008, was 775% compared with 39% for the SIX Return Index.

Ratos also has an aggressive dividend policy. During the past ten years Ratos's dividend has increased by an average of approximately 19% 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 2008, 1,045,800 shares were repurchased at an average price of SEK 161. The number of call options exercised during the year corresponded to 494,500 shares. At year-end 2008, Ratos owned 3,411,397 B shares which corresponds to 2.1% of the total number of shares.

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. The parent company has a rolling five-year credit facility amounting to SEK 3.2 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 2008, the credit facility was unutilised.

Investment of cash and cash equivalents may only be made in fixed-income securities with a low risk and high liquidity. Currency hedging is not effected except in special cases.

When holdings are acquired, a leveraged holding company may be used in order to achieve a tailor-made financial structure. This method is particularly suitable in operations with positive cash flows.

Ratos's equity [1]

SEKm	31 Dec 2008	%
AH Industries	415	3
Anticimex	711	4
Arcus Gruppen	648	4
Bisnode	1,210	8
Camfil	189	1
Contex Holding	779	5
DIAB	467	3
EuroMaint	448	3
GS-Hydro	-151	-1
Haglöfs	109	1
HL Display	295	2
Inwido	1,374	9
Jøtul	180	1
Lindab	752	5
MCC	565	4
Medisize	685	4
Scandinavian Business Seating	842	5
Superfos	475	3
Other holdings [2]	387	2
Total	**10,380**	**66**
Other net assets in central companies	5,445	34
Equity (attributable to equity holders of the parent)	**15,825**	**100**
Equity per share, SEK	**100**	

1) Holdings are shown at consolidated figures, which correspond to the Group's share of the holdings' equity, any residual values on consolidated surplus and deficit values minus any intra-group profits. Shareholder loans and capitalised interest on such loans are also included.

2) Other holdings include the subsidiaries BTJ Group and Hafa Bathroom Group and the holdings Overseas Telecom and IK Investment Partners.

Accounting principles according to IFRS

The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report is prepared in accordance with IAS 34, Interim Financial Reporting. Pertinent regulations in the Annual Accounts Act and the Swedish Securities Exchange and Clearing Operations Act are also applied. The parent company prepared the interim report in accordance with the Annual Accounts Act and the Swedish Securities Exchange and Clearing Operations Act which are in accordance with the regulations in RFR 2.1 Accounting for Legal Entities. Both the Group's and the parent company's accounting principles are unchanged compared with the most recent annual report.

The key accounting principles applied by Ratos are described below.

Associates

As previously, Ratos applies the equity method for consolidation of associates.

Purchase price allocations

Purchase price allocations (PPAs) are preliminary until adopted, which must take place within 12 months from the acquisition. In cases where a PPA is changed, income statements and balance sheets are adjusted for the comparative period. During the period final PPAs were adopted for AH Industries, Contex Holding and EuroMaint. These confirmations did not result in any changes from preliminary PPAs prepared previously.

Ratos's subsidiary Medifiq Healthcare acquired 100% of Medisize Medical in April. Ratos provided SEK 393m in a new issue which increased Ratos's holding to 93%. The name of the new group was changed to Medisize Oy.

The Swedish Library Association's shares in BTJ Group were acquired in April. Ratos thus increased its holding in BTJ Group from 59% to 66%.

At the end of November, Ratos acquired the remaining 40% of MCC, after which the holding amounted to 100%. The purchase price amounted to SEK 210m.

In all three cases the difference between cost and fair value was attributable to goodwill since the companies are already included in the Ratos Group at fair value.

Ratos's holding in GS-Hydro was refinanced in September, when Ratos received a cash payment of SEK 473m. Ratos's holding in the new holding company GS-Hydro Holding amounts to 100%.

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. When testing for impairment goodwill and other intangible assets with an indeterminable useful life are attributable to cash-generating units, which constitute separate subsidiaries (holdings). All holdings' carrying amounts, including the value of goodwill and intangible non-current assets, attributable to the acquisition are tested by calculating

Ratos's holdings at 31 December 2008

	Net sales		EBITA		EBT *)	
SEKm	2008	2007	2008	2007	2008	2007
AH Industries 1)	751	553	110	97	83	72
Anticimex	1,688	1,508	181	162	111	91
Arcus Gruppen 2)	1,532	1,407	168	91	132	95
Bisnode 3)	4,534	3,899	528	580	70	364
Camfil 4)	4,361	4,115	400	352	357	313
Contex Holding 1)	818	831	92	106	2	18
DIAB 5)	1,414	1,354	220	255	178	155
EuroMaint 1)	2,324	2,067	122	69	60	12
GS-Hydro 6)	1,528	1,311	169	184	83	110
Haglöfs	495	428	53	22	40	14
HL Display	1,536	1,571	130	161	136	155
Inwido	5,639	5,057	323	481	107	312
Jøtul	1,060	938	46	54	-23	9
Lindab	9,840	9,280	1,172	1,318	989	1,175
MCC 1) 7)	1,024	698	167	118	115	75
Medisize 8)	1,021	953	18	27	-34	-7
Scandinavian Business Seating 1)	1,509	1,489	242	219	104	137
Superfos	3,481	3,332	180	175	43	75
Other holdings 9)	1,233	1,233	34	21	21	12
Total	**45,788**	**42,024**	**4,355**	**4,492**	**2,574**	**3,187**
Change	**9%**		**-3%**		**-19%**	

*) Earnings with restored interest expenses on shareholder loan.

**) Investments excluding company acquisitions.

***) Cash flow refers to cash flow from operating activities including interest paid and investing activities before acquisition and divestment of companies.

****) Equity includes shareholder loan. Interest-bearing debt excludes shareholder loan.

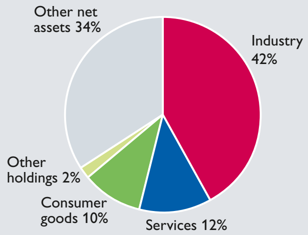
1) A new parent company was formed in conjunction with Ratos's acquisition, which partly loan-financed the acquisition. Earnings for the acquisition year are pro forma taking this leverage into account.

2) 2007 is calculated pro forma taking sale of property into account.

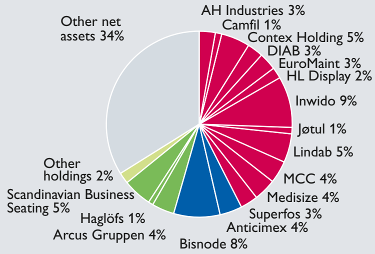
3) Earnings for 2007 are calculated pro forma taking the cost of new financing into account. Earnings for 2008 include items affecting comparability of SEK -17m (including capital gains and write-downs of IT investments made earlier). SEK +104m for 2007.

the recoverable amount for the holdings. Holdings are tested for impairment annually regardless of whether or not there is any indication of impairment. Testing is conducted between annual periods if there is any indication of impairment.

Sector breakdown by equity



Holdings' share of equity



GS-Hydro has a negative value due to refinancing.

SEKm	Depreciation 2008	Investments [**] 2008	Cash flow [***] 2008	Equity [****] 31 Dec 2008	Interest-bearing net debt [****] 31 Dec 2008	Average number of employees 2008	Consolidated value 31 Dec 2008	Ratos's holding 31 Dec 2008
AH Industries [1]	26	80	-49	614	563	253	415	66%
Anticimex	35	36	128	821	807	1,175	711	85%
Arcus Gruppen [2]	34	21	166	815	-78	461	648	83%
Bisnode [3]	161	206	324	2,276	3,148	3,182	1,210	70%
Camfil [4]	114	179	35	1,841	783	3,321	189	30%
Contex Holding [1]	32	60	-26	799	1,134	467	779	98%
DIAB [5]	77	81	-3	976	1,263	1,280	467	48%
EuroMaint [1]	38	41	87	447	732	1,793	448	100%
GS-Hydro [6]	23	–	–	300	883	641	-151	100%
Haglöfs	5	5	-1	253	106	100	109	100%
HL Display	36	29	131	542	-117	973	295	29%
Inwido	141	205	319	1,963	2,932	4,115	1,374	96%
Jøtul	55	56	-51	385	729	781	180	63%
Lindab	216	280	436	3,346	2,774	5,456	752	22%
MCC [1] [7]	8	41	17	592	706	727	565	100%
Medisize [8]	75	20	106	754	391	994	685	93%
Scandinavian Business Seating [1]	47	70	68	893	993	633	842	85%
Superfos	254	187	67	1,157	1,441	1,549	475	33%
Other holdings [9]	19	13	61	169	85	479	225	–

[4] Ratos refinanced its holding in Camfil during 2008. At 31 December 2008, Ratos had a debt of SEK 482m which is not included in Camfil's income statement and balance sheet. Ratos's consolidated book value was restated taking the refinancing into account.

[5] DIAB was refinanced in December 2007. Earnings for 2007 are calculated pro forma taking the new financing into account.

[6] GS-Hydro was refinanced in September 2008. Earnings for 2008 and 2007 are calculated pro forma taking new financing and group structure into account.

[7] Earnings for 2008 include ACME with effect from 1 September.

[8] Earnings and average number of employees are pro forma taking acquisition of Medisize Medical into account.

[9] "Other holdings" include subsidiaries BTJ Group and Hafa Bathroom Group.

AH Industries – continued expansion

Ratos acquired 66% of the shares in AH Industries in 2007. Co-owners are the company's founder Arne Hougård Mikkelsen (26%), the company's CEO (5%) and other management and board members (3%).

Consolidated book value in Ratos amounted to SEK 415m at year-end.

Ratos is represented on the board by Robin Molvin (responsible for the holding), Anders C. Karlsson (Industrial Advisor) with Leif Johansson and Anna Ahlberg as deputies.

Operations

AH Industries supplies large metal components and services to the wind turbine, offshore and marine industries. The group has four business areas: Flanges, Components, Projects and Transport. Flanges, is a leading supplier of flanges which are used to attach the tower components in a wind turbine. Components machines other large metal components such as shafts and hubs, primarily for the wind power industry. The group also includes the smaller operations, Projects (services and lifting devices) and Transport (logistics). AH Industries has a total of approximately 230 employees and production facilities in Kolding, Horsens and Ejby in Denmark.

AH Industries' strategy is to be a full-service supplier of large steel components to selected markets offering an integrated logistics solution and a high level of technical expertise.

Market

The wind power industry originated in Europe and the European market still accounts for more than half of all installed wind power worldwide.

Despite the turbulence in the world's financial markets, 2008 was a new record year for the global wind power market with growth of approximately 35%. The global wind power industry has seen annual growth of approximately 25% over the past five years.

AH Industries specialises in machining of large and heavy metal components primarily for the wind power industry.

Several interacting driving forces create conditions for long-term growth within the wind turbine industry, such as increased demand for energy and environmental political interests.

AH Industries has a strong market position in northern Europe, but also sells to North America. The company has strengthened its strategic position in recent years by establishing direct contacts and general agreements with wind turbine manufacturers.

The year in brief

AH Industries noted good growth in 2008 despite challenging market conditions caused, among other things, by bottlenecks in the supply chain, a sharp rise in steel prices and the global financial turbulence. To meet the increased demand, major investments were made during the year in production equipment and recruitment of employees. Sales totalled DKK 583m (446), an increase of 31%. Operating profit (EBITA) amounted to DKK 86m (79) corresponding to an operating margin of 14.7% (17.7).

Future prospects

The global financial unease and its impact on available project financing as well as major fluctuations in commodity prices during the autumn led to greater uncertainty about market development in the short term. The long-term positive driving forces for wind power are expected, however, to remain intact which is expected to benefit AH Industries.

Board of Directors

Anders C. Karlsson	Chairman
Peter Leschly	Deputy Chairman
Lars Frithiof	
Arne Hougård Mikkelsen	
Erik Jørgensen	
Robin Molvin	
Anna Ahlberg	Deputy
Leif Johansson	Deputy

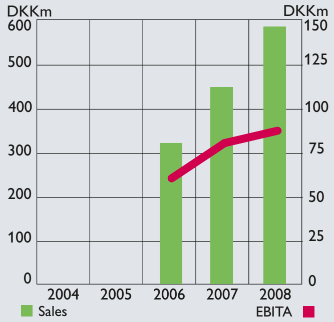
Management

Steffen Busk Jespersen	CEO

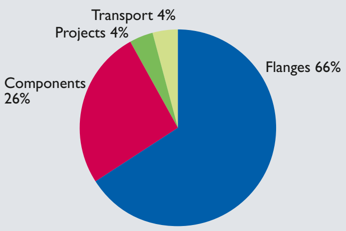
www.ah-industries.dk

CEO Steffen Busk Jespersen

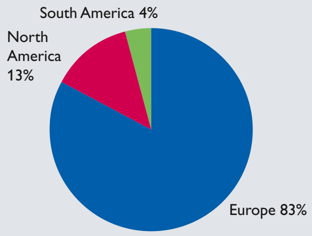
Sales and earnings



Sales by product area



Sales by region



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

AH Industries

DKKm	2008	2007 [1]	2006 [1]	2005	2004
Income statement					
Net sales	583	446	319		
Operating expenses	-478	-358	-248		
Other income/expenses	0	0	0		
Share of profits of associates	0	0	0		
Divestment result	1	4	0		
EBITDA	106	92	71		
Depreciation	-20	-13	-12		
EBITA	86	79	59		
Amort. and impair. of intangible assets	0	0	0		
Impairment of goodwill	0	0	0		
EBIT	86	79	59		
Financial income	2	1	1		
Financial expenses	-24	-21	-20		
EBT	64	59	40		
Tax	-16	-15	-10		
Profit for the year	48	44	30		
Attrib. to equity holders of the parent	48	44	30		
Attributable to minority interests	0	0	0		
Balance sheet					
Goodwill	510	510	–		
Other intangible assets	2	0	–		
Tangible assets	163	124	–		
Financial assets, interest-bearing	0	0	–		
Financial assets, non-interest bearing	2	3	–		
Total non-current assets	677	637	–		
Inventories	58	61	–		
Receivables, interest-bearing	0	0	–		
Receivables, non-interest bearing	110	67	–		
Cash, bank and other short-term invest.	4	2	–		
Total current assets	172	130	–		
Total assets	849	767	–		
Equity attrib. to equity holders of parent	418	370	–		
Equity attrib. to minority interests	0	0	–		
Provisions, interest-bearing	0	0	–		
Provisions, non-interest bearing	0	0	–		
Liabilities, interest-bearing	388	348	–		
Liabilities, non-interest bearing	43	49	–		
Financial liabilities, other	0	0	–		
Total equity and liabilities	849	767	–		
Cash flow statement					
Cash flow from operating activities before change in working capital	64	–	–		
Net investments in companies	-40	–	–		
Cash flow after investing activities	24	–	–		
Investments in non-current assets	-62	–	–		
Disposals of non-current assets	0	–	–		
Cash flow before acquis./divest. of companies	-38	–	–		
Net investments in companies	0	–	–		
Cash flow after investing activities	-38	–	–		
Change in loans	40	–	–		
New issues	0	–	–		
Dividends paid	0	–	–		
Other	0	–	–		
Cash flow from financing activities	40	–	–		
Cash flow for the year	2	–	–		
Key figures					
EBITA margin, %	14.7	17.7	18.5		
EBT margin, %	11.0	13.2	12.5		
Return on equity, %	11.7	–	–		
Return on capital employed, %	11.4	–	–		
Equity ratio, %	49	48	–		
Interest-bearing net debt, DKKm	384	346	–		
Debt/equity ratio, multiple	0.9	0.9	–		
Average number of employees	253	210	173		

Anticimex – continued good development

Ratos acquired 85% of the shares in Anticimex in 2006. Co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 711m at year-end.

Ratos is represented on the board by Henrik Joelsson (responsible for this holding), Bo Jungner and Cecilia Lundberg.

Operations

Anticimex was founded back in 1934, when vermin and insects were a major problem in Swedish homes. Anticimex soon became well-known as a company that both carried out decontamination and could provide a guarantee for a pest-free future. Today, Anticimex is an international company with operations in Sweden, Norway, Denmark, Finland, Germany and the Netherlands. From operating solely within pest control, more than half of sales now come from new services such as property energy and transfer inspections, dehumidifying, hygiene assurance, fire protection and insurance. The company's aim is to create healthy and safe indoor environments for both companies and private individuals.

Operations are divided into five areas of expertise: Pests, Hygiene, Building Environments, Energy and Fire Protection.

Within Pests the company sells a commitment for a pest-free environment where the company both removes pests and works with preventive programmes and measures.

Hygiene works to ensure hygiene in food production and to protect the grocery trade and restaurants against bacteria and pests.

Building Environments works with dehumidifying after water damage, property transfer inspections, insurance for house buyers and sellers. There has been a marked increase in damage from damp and mildew in recent years, and today this is costing society large sums of money. The insurance industry is also under intense pressure from rising claims costs which increases the need for Anticimex's services.

Demand for services from Anticimex within building environments has grown considerably in recent years due to the rising amount of damage caused by damp and mildew.

Within Energy, the company is accredited to carry out energy declarations for multi-storey buildings and single-family homes. The market is driven by statutory requirements. All multi-storey buildings should have completed energy declarations by the end of 2008, but only 25% of them did so. From 2009 onwards, all single-family homes must submit an energy declaration.

Fire Protection is the most recent specialist area. Here customers are offered a service programme that prevents fires and minimises the risks in the event of a fire through regular training of customers' employees, performing risk analyses and preparing a control programme for the company.

Anticimex offers a broad range of services where the customer can combine the different services. In Sweden, Finland, Norway and Denmark, customers are in both the private and corporate sectors. In Germany and the Netherlands, Anticimex works solely in the corporate sector. Customers in the corporate sector include restaurants and food service operators, the food industry, the food retail sector, property owners, hotels, industrial companies, farms and public authorities.

Sales are conducted through the company's own sales organisation and some 30 franchisees as well as through sales with partners such as insurance companies and estate agents.

Market

Anticimex is the market leader in Sweden and Norway. Outside the Nordic region the markets are highly fragmented with many small businesses. Demand is driven, among other things, by new rules and laws. But Anticimex has also been successful in broadening its range of products and services.

The year in brief

Anticimex noted continued favourable development during the year. The Pests and Energy divisions saw a good earnings trend while development was weaker for services related to property transactions. Sales rose 12% (organic growth 7%) and amounted to SEK 1,688m (1,508). Operating profit (EBITA) was SEK 181m (162) which provided an operating margin of 10.7% (10.7).

Future prospects

Anticimex has a very strong brand and continued good growth opportunities in Sweden. In the other countries there is major potential to expand Anticimex's market offering. The company works actively to develop new products and services.

Financial targets

Long-term annual growth	>11%
EBITA margin	>12%

Board of Directors

Mikael Hellberg	Chairman
Ulf Holmlund	
Bo Ingemarson	
Henrik Joelsson	
Bo Jungner	
Cecilia Lundberg	

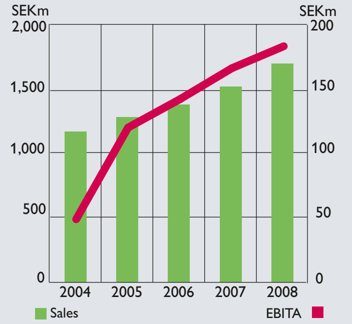
Management

Peter Carrick	CEO
Gunnar Åkerblom	Deputy CEO
Mikael Roos	CFO

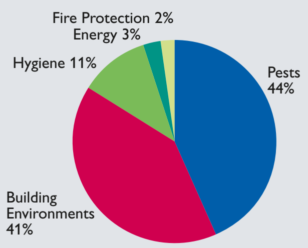
www.anticimex.se

CEO Peter Carrick

Sales and earnings



Sales by operating area



Anticimex

SEKm	2008	2007	2006 [1]	2005 [1]	2005 [2]	2004
Income statement						
Net sales	1,688	1,508	1,373	1,275	1,274	1,162
Operating expenses	-1,472	-1,313	-1,203	-1,130	-1,134	-1,091
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	0	2	0
EBITDA	216	195	170	145	142	71
Depreciation	-35	-33	-30	-27	-28	-24
EBITA	181	162	140	118	114	47
Amort. and impair. of intangible assets	-6	-6	-5	-5	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	175	156	135	113	114	47
Financial income	10	6	2	1	10	2
Financial expenses [3]	-74	-71	-53	-56	-61	-66
EBT	111	91	84	58	63	-17
Tax	-24	-25	-19	-41	-41	36
Profit for the year	87	66	65	17	22	19
Attrib. to equity holders of the parent	87	66	65	17	22	19
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	1,867	1,857	1,729	1,751	708	760
Other intangible assets	128	129	134	118	1	2
Tangible assets	122	109	101	124	98	101
Financial assets, interest-bearing	78	76	43	31	0	0
Financial assets, non-interest bearing	34	45	41	35	53	48
Total non-current assets	2,229	2,216	2,048	2,059	860	911
Inventories	30	30	29	28	41	37
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	394	353	300	297	147	135
Cash, bank and other short-term invest.	38	79	75	41	55	42
Total current assets	462	462	404	366	243	214
Total assets	2,691	2,678	2,452	2,425	1,103	1,125
Equity attrib. to equity holders of parent	821 [4]	751	660	625	292	300
Equity attrib. to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	46	45	43	42	40	36
Provisions, non-interest bearing	712	654	419	377	341	237
Liabilities, interest-bearing	878	1,015	1,005	1,048	255	377
Liabilities, non-interest bearing	234	213	325	333	175	175
Financial liabilities, other	0	0	0	0	0	0
Total equity and liabilities	2,691	2,678	2,452	2,425	1,103	1,125
Cash flow statement						
Cash flow from operating activities before change in working capital	189	200	132	–	133	114
Change in working capital	-29	-27	19	–	54	49
Cash flow from operating activities	160	173	151	–	187	163
Investments in non-current assets	-36	-89	-55	–	-36	-50
Disposals of non-current assets	4	4	9	–	0	0
Cash flow before acquis./divest. of companies	128	88	105	–	151	113
Net investments in companies	0	-94	0	–	0	0
Cash flow after investing activities	128	-6	105	–	151	113
Change in loans	-168	10	-71	–	-138	-125
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	-168	10	-71	–	-138	-125
Cash flow for the year	-40	4	34	–	13	-12
Key figures						
EBITA margin, %	10.7	10.7	10.2	9.3	8.9	4.0
EBT margin, %	6.6	6.2	6.1	4.5	4.9	neg.
Return on equity, %	10.9	9.5	10.1	–	7.4	6.1
Return on capital employed, %	10.4	9.3	8.0	–	19.1	6.8
Equity ratio, %	31	28	27	26	26	27
Interest-bearing net debt, SEKm	807	905	930	1,080	240	371
Debt/equity ratio, multiple	1.1	1.4	1.6	1.7	1.0	1.4
Average number of employees	1,175	1,032	970	–	909	927

1) Pro forma taking Ratos's acquisition into account.
2) Anticimex Europe.
3) Excluding interest on shareholder loan.
4) Equity includes shareholder loan of SEK 287m.

Arcus Gruppen – strong development

Ratos acquired 83% of the Norwegian company Arcus Gruppen in 2005. The other co-owners are HOFF Norske Potetindustrier with almost 10%, and the company's management and board with 7%.

Consolidated book value in Ratos amounted to SEK 648m at year-end.

Ratos is represented on the Board by Leif Johansson (who is responsible for this holding) and Magdalena Aniansson.

Operations

Arcus Gruppen develops, produces, bottles, imports, markets and sells wine and spirits. The company originated in the state-owned Vinmonopolet founded back in 1922. Arcus Gruppen was formed in 1996 to take over production, imports and exports, as well as national distribution of wine and spirits from Vinmonopolet. The Norwegian Parliament (Stortinget) decided to privatise Arcus Gruppen in 1998.

Today the Group has three operating areas: Spirits, Wine and Distribution. Arcus is the market leader in Norway in sales of spirits. These sales account for 37% of the Group's total sales. The best-known own brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.

Acrus with its subsidiary Vinordia is also the market leader in sales of wine in Norway. Arcus is seeing strong growth in Sweden, through the 63%-owned subsidiary Vingruppen. Arcus also has several of its own wine labels. Wine sales account for 43% of the Group's total sales and include producers such as Domaine Laroche, Bodega Julian Chivite, Odfjell and others.

Distribution accounts for 20% of sales and with its subsidiairy Vectura, Arcus is Norway's leading logistics company for importers, producers and agents of alcoholic beverages.

Løitens Mild Gourmet, one of Arcus Gruppen's spirits products, was a major focus in 2008.

Arcus Gruppen also owns 33% of the Cognac-producer Tiffon.

Market

Arcus Gruppen holds a leading position in its home market, Norway, and has significant sales within certain segments in the other Nordic markets, primarily of wine in Sweden and acquavit in Denmark. Growing but so far small market positions within spirits can be noted in other export markets, Finland, Germany and the US. Substantial sales also take place within tax free and travel retail. The spirits market is dominated by major players and international brands such as Bacardi, Diageo and Pernod Ricard. In Arcus's main spirits segment, acquavit, the market mainly consists of local players with tastes and consumption patterns varying considerably between different markets. The wine market includes a significant portion of international producers whose products are mainly sold through local agents.

Wine and spirits are largely consumed to the same extent regardless of the economic climate. In recent years, however, a shift in consumption patterns from spirits to wine has been noted in Norway and Sweden.

The year in brief

The company enjoyed good sales growth with higher volumes within all three business areas. Arcus retained its strong position within spirits in Norway and continued to grow in Sweden, Finland and the US. Vectura acquired additional customers and strengthened its leading position in Norway. Vingruppen, which was acquired in 2006, continued its very strong development within wine in Sweden. In terms of earnings, Arcus Gruppen was negatively affected by sharply rising raw material prices. The most noticeable increases were within Cognac.

Arcus Gruppen's sales in 2008, excluding alcohol taxes and charges, amounted to NOK 1,309m (1,219). Operating profit (EBITA) was NOK 144m (78), of which NOK 52m was an earnings effect from a changed pension plan.

In April, the Group issued a dividend of NOK 150m, of which Ratos received NOK 126m (corresponding to SEK 149m).

Future prospects

Market prospects are good and Arcus Gruppen is expected to show stable development in the future. The company has a unique position in the Norwegian market and a strong market share. Potential exists for further internationalisation of most of the spirits brands and expansion into new geographical markets. The wine market offers good opportunities for growth in both Norway and Sweden. Arcus Gruppen will continue its efforts to rationalise production, administration and distribution. The new production facility in Gjelleråsen is expected to provide further efficiency gains over time.

Board of Directors

Kaare Frydenberg	Chairman
Magdalena Aniansson	
Stefan Elving	
Trond Fidje	
Leif Johansson	
Gro Myking	
Birgitta Stymne Göransson	
Henning Øglænd	
Kjell Arne Greni	Employee representative
Erik Hagen	Employee representative
Lasse Hansen	Employee representative
Bjørn Erik Olsen	Employee representative

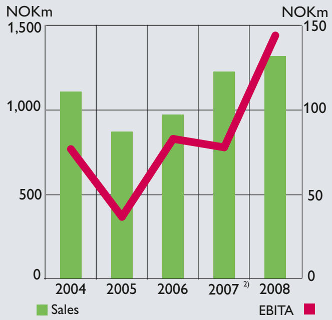
www.arcusgruppen.no

Management

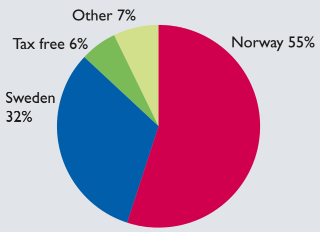
Jan Tore Føsund	CEO
Leif Ove Rørnes	CFO
Rolf Kragerud	Strategy Director
Synnøve Olsbø	HR Director
Thomas Patay	Wines Director
Jan Oluf Skarpnes	Managing Director Arcus AS and Spirits Director
Claes Strømbom	Director Vectura AS
Ther Thurmann-Moe	Head of Communications

CEO Jan Tore Føsund

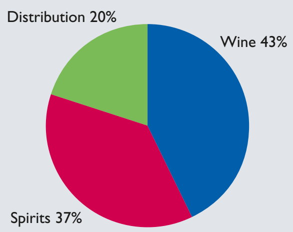
Sales and earnings



Sales by market



Sales by operating area



[1] Earnings include a positive one-time effect of NOK 52m from a changed pension plan.
[2] Pro forma taking property sale into account.
[3] Pro forma taking discontinued operations in 2006 into account.
[4] Pro forma taking Ratos's acquisition into account.
[5] Changed accounting principles.

Arcus Gruppen

NOKm	2008 [1]	2007 [2]	2007	2006 [3]	2005 [3,4]	2004 [4,5]
Income statement						
Net sales	1,309	1,219	1,219	965	863	1,101
Operating expenses	-1,144	-1,114	-1,094	-869	-793	-983
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	8	2	2	0	0	0
Divestment result	0	-1	649	18	0	0
EBITDA	173	106	776	114	70	118
Depreciation	-29	-28	-29	-31	-33	-41
EBITA	144	78	747	83	37	77
Amort. and impair. of intangible assets	-3	-3	-3	-3	-3	-1
Impairment of goodwill	0	0	0	0	0	0
EBIT	141	75	744	80	34	76
Financial income	38	41	41	16	9	9
Financial expenses	-66	-33	-31	-29	-31	-24
EBT	113	83	754	67	12	61
Tax	-26	-31	-31	-18	-2	-19
Loss from discontinued operations	0	0	0	-12	-1	–
Profit for the year	87	52	723	37	9	42
Attrib. to equity holders of the parent	72	40	711	35	9	42
Attrib. to minority interests	15	12	12	2	0	0
Balance sheet						
Goodwill	467	–	462	447	296	–
Other intangible assets	236	–	238	240	243	–
Tangible assets	201	–	108	385	597	–
Financial assets, interest-bearing	8	–	13	8	8	–
Financial assets, non-interest bearing	76	–	18	16	16	–
Total non-current assets	988	–	839	1,096	1,160	–
Inventories	218	–	169	150	169	–
Receivables, interest-bearing	0	–	7	0	0	–
Receivables, non-interest bearing	948	–	837	873	795	–
Cash, bank and other short-term invest.	481	–	635	267	203	–
Total current assets	1,647	–	1,648	1,290	1,167	–
Total assets	2,635	–	2,487	2,386	2,327	–
Equity attrib. to equity holders of parent	705	–	776	554	519	–
Equity attributable to minority interests	34	–	24	16	0	–
Provisions, interest-bearing	123	–	173	172	169	–
Provisions, non-interest bearing	116	–	21	63	32	–
Liabilities, interest-bearing	295	–	350	427	481	–
Liabilities, non-interest bearing	1,352	–	1,143	1,154	1,126	–
Financial liabilities, other	10	–	0	0	0	–
Total equity and liabilities	2,635	–	2,487	2,386	2,327	–
Cash flow statement						
Cash flow from operating activities before change in working capital	75	–	96	90	60	–
Change in working capital	81	–	-36	10	-16	–
Cash flow from operating activities	156	–	60	100	44	–
Investments in non-current assets	-18	–	-29	-31	-26	–
Disposals of non-current assets	4	–	0	0	0	–
Cash flow before acquis./divest. of companies	142	–	31	69	18	–
Net investments in companies	-84	–	890	-53	-844	–
Cash flow after investing activities	58	–	921	16	-826	–
Change in loans	-55	–	-75	-47	479	–
New issues	0	–	0	1	475	–
Dividends paid	-159	–	0	0	0	–
Other	0	–	-479	0	0	
Cash flow from financing activities	-214	–	-554	-46	954	–
Cash flow for the year	-156	–	367	-30	128	–
Key figures						
EBITA margin, %	11.0	6.4	61.3	8.6	4.3	7.0
EBT margin, %	8.6	6.8	61.9	6.9	1.4	5.5
Return on equity, %	–	–	106.9	6.5	–	–
Return on capital employed, %	–	–	63.0	8.2	–	–
Equity ratio, %	28	–	32	24	22	–
Interest-bearing net debt, NOKm	-71	–	-132	324	439	–
Debt/equity ratio, multiple	0.6	–	0.7	1.1	1.3	–
Average number of employees	461	–	456	435	592	559

Bisnode – growing in Europe

Ratos acquired BTJ Infodata in 2004. Ratos effected a buy-out of Infodata in 2005 in order to merge the company with Bonnier Business Information. The newly formed group's name was changed to Bisnode. Ratos owns 70% of the voting rights and capital in the company. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,210m at year-end.

Ratos is represented on the board by Bo Jungner (who is responsible for this holding) and by Henrik Joelsson.

Operations

Bisnode is one of Europe's largest suppliers of digital business information relating to companies and consumers and offers services within credit, market and product information. Operations are conducted in 20 European countries with over 3,400 employees.

Customers are decision-makers in companies and organisations who use these services as support for decisions in order to boost their sales, reduce their risks and improve their day-to-day business decisions.

Offering services based on the same type of information within several parts of the group means that economies of scale are achieved via joint information purchasing and data management, which also leads to lower costs for customisation, packaging and distribution. The business information is distributed digitally and can be adapted to meet the unique needs of every customer.

Bisnode today has one of Europe's largest databases with information about companies throughout the continent as well as extensive databases with information about consumers in a number of countries.

Market

Bisnode operates in the European market for digital business information. This market is estimated to be worth approximately SEK 75bn and Bisnode's market share is about 5%. The European market for digital business information is fragmented with many small, local players where few players compete in the entire market. The trend is heading towards consolidation of this industry.

Bisnode is one of Europe's leading suppliers of digital business information and has one of the largest databases with information about companies throughout Europe.

The market is characterised by relatively high fixed costs for data collection and database management as well as low margin costs for customisation, packaging and distribution. The market for business information in Europe is expected to growth slightly faster than GDP over a business cycle. Bisnode estimates that the number of potential users amounts to approximately 20 million in Europe. Driving forces for market growth are increased global competition and information overflow that require better decision-making support, rapid digital distribution and easily accessible business information to reduce business risks and increase sales. Market forces vary substantially in each country, particularly in relation to growth, competition and access to information as well as the country's digital maturity.

The year in brief

Bisnode made four major add-on acquisitions during the year. The largest was the acquisition of WLW (Wer liefert was?) in December 2008 with sales of approximately SEK 355m. WLW offers web-based search services for companies and has a strong market position in the German-speaking countries in Europe.

Bisnode's total sales amounted to SEK 4,534m (3,899), which corresponds to an increase of 16%. Operating profit (EBITA) was SEK 528m (580). Profit before tax amounted to SEK 70m (364). Operating profit includes items affecting comparability (including capital gains and write-downs on IT investments made earlier) of SEK -17m (+104). Unrealised exchange losses were charged against EBT with SEK 131m.

A refinancing of Bisnode was carried out in January of SEK 864m, of which Ratos received SEK 605m (SEK 360m in January and SEK 245m in April). The refinancing was made possible by the positive earnings trend in recent years. The book value decreased by a corresponding amount.

Johan Wall took over as the new President and CEO of Bisnode in September.

In December, Bisnode's subsidiary Infodata signed an extension agreement for management of the SPAR database (Statens personadressregister, a database containing names and addresses of every person listed in municipal registers in Sweden). The agreement will run for 18 months starting on 1 January 2009. The agreement is expected to continue to have a positive impact on the group's earnings.

In December, Bisnode launched a new region-based organisation which was implemented starting on 1 January 2009 and is intended to strengthen sales, business development and synergy opportunities within the group.

Future prospects

Bisnode will continue to develop its market offering in order to strengthen its position in Europe, which will be achieved by establishing services in new countries and through acquisitions of strategically suitable companies. As it increases in size, Bisnode will improve its opportunities to implement efficiency enhancements within information purchasing and data management.

Financial targets

Growth	10% over a business cycle
EBITA margin	≥ 15% over a business cycle

CEO Johan Wall

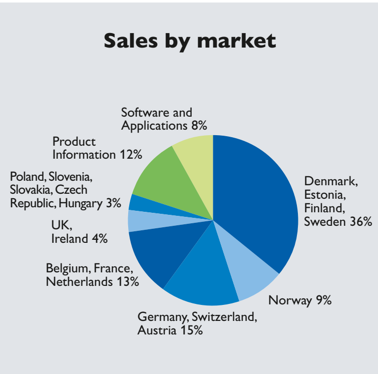
Board of Directors

Håkan Ramsin	Chairman
Torgny Eriksson	
Henrik Joelsson	
Bo Jungner	
Birgitta Klasén	
Jonas Nyrén	
Carl Wilhelm Ros	

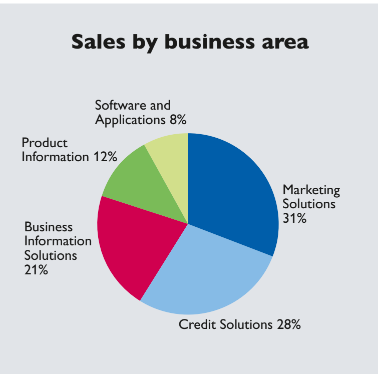
www.bisnode.com

Management

Johan Wall	CEO
Fredrik Åkerman	CFO, Business Area Director
Mattias Aronsson	CIO
Maria Anselmi	Competence Centre Director
Martin Coufal	Regional Director
Mats Erwald	Regional Director
Geir Feltstykket	Regional Director
Alastair Laidlaw	Regional Director, Competence Centre Director
Elin Ljung	Corporate Communication Manager
Norbert Verkimpe	Regional Director, Competence Centre Director
Peter Villa	Regional Director, Business Area Director



Pro forma including WLW.



Pro forma including WLW.

Bisnode

SEKm	2008	2007 [1]	2007	2006 [2]	2005 [2] [3]	2004 [2] [3]
Income statement						
Net sales	4,534	3,899	3,899	3,389	3,283	3,126
Operating expenses	-3,954	-3,397	-3,397	-2,893	-2,850	-2,767
Other income/expenses	68	65	65	25	0	12
Share of profits of associates	0	13	13	11	0	0
Divestment result	41	91	91	66	25	91
EBITDA	689	671	671	598	458	462
Depreciation	-161 [6]	-91	-91	-70	-58	-64
EBITA	528	580	580	528	400	398
Amort. and impair. of intangible assets	-95	-82	-82	-62	-46	-46
Impairment of goodwill	0	0	0	0	0	0
EBIT	433	498	498	466	354	352
Financial income	19	60	60	30	10	8
Financial expenses [4]	-382 [7]	-194	-139	-130	-97	-93
EBT	70	364	419	366	267	267
Tax	-4	-66	-66	-109	-43	-71
Profit for the year	66	298	353	257	224	196
Attrib. to equity holders of the parent	53	292	347	255	213	189
Attributable to minority interests	13	6	6	2	11	7
Balance sheet						
Goodwill	4,907	–	4,199	3,311	3,492	–
Other intangible assets	1,136	–	963	633	436	–
Tangible assets	414	–	327	191	208	–
Financial assets, interest-bearing	40	–	2	6	12	
Financial assets, non-interest bearing	182	–	230	215	286	–
Total non-current assets	6,679	–	5,721	4,356	4,434	–
Inventories	12	–	7	6	23	–
Receivables, interest-bearing	8	–	18	0	129	–
Receivables, non-interest bearing	1,082	–	896	785	659	–
Cash, bank and other short-term invest.	324	–	214	298	438	–
Total current assets	1,427	–	1,135	1,089	1,249	–
Total assets	8,105	–	6,856	5,445	5,683	–
Equity attrib. to equity holders of parent	2,219 [5]	–	2,382	2,051	1,826	–
Equity attrib. to minority interests	57	–	52	3	21	–
Provisions, interest-bearing	354	–	309	219	256	–
Provisions, non-interest bearing	375	–	360	297	219	–
Liabilities, interest-bearing	3,166	–	2,232	1,776	2,117	–
Liabilities, non-interest bearing	1,934	–	1,521	1,019	1,244	–
Financial liabilities, other	0	–	0	80	0	–
Total equity and liabilities	8,105	–	6,856	5,445	5,683	–
Cash flow statement						
Cash flow from operating activities before change in working capital	429	–	426	353	294	–
Change in working capital	5	–	44	-132	45	–
Cash flow from operating activities	434	–	470	221	339	–
Investments in non-current assets	-206	–	-187	-147	-176	–
Disposals of non-current assets	96	–	29	19	47	–
Cash flow before acquis./divest. of companies	324	–	312	93	210	–
Net investments in companies	-504	–	-805	46	0	–
Cash flow after investing activities	-180	–	-493	139	210	–
Change in loans	635	–	403	-269	26	
New issues	0	–	0	0	0	–
Dividends paid	-1,801	–	0	-5	0	–
Other	1,436	–	0	0	0	–
Cash flow from financing activities	270	–	403	-274	26	–
Cash flow for the year	90	–	-90	-135	236	–
Key figures						
EBITA margin, %	11.6	14.9	14.9	15.6	12.2	12.7
EBT margin, %	1.5	9.3	10.7	10.8	8.1	8.5
Return on equity, %	–	–	15.7	13.2	–	–
Return on capital employed, %	–	–	12.4	12.0	–	–
Equity ratio, %	28	–	36	38	33	–
Interest-bearing net debt, SEKm	3,148	–	2,307	1,691	1,794	–
Debt/equity ratio, multiple	1.5	–	1.0	1.0	1.3	–
Average number of employees	3,182	–	2,790	2,527	2,450	2,086

[1] Income statement is pro forma taking new financing into account.
[2] Pro forma including operations in Germany.
[3] Pro forma taking Ratos's acquisition into account.
[4] Excluding interest on shareholder loan.
[5] Equity includes shareholder loan of SEK 1,053m.
[6] Depreciation in 2008 includes impairment of tangible and intangible assets of SEK 46m.
[7] Includes unrealised exchange losses of SEK 131m.

Camfil – good growth and profitability

Ratos acquired 30% of the shares in Camfil in 2000. Co-owners are members of the founder families Larson and Markman.

Consolidated book value in Ratos amounted to SEK 189m at year-end.

Ratos is represented on the board by Arne Karlsson (who is responsible for this holding) and by Henrik Joelsson as a deputy.

Operations

Camfil is a family company dating back two generations. The company was founded in 1963. When Ratos became a shareholder in 2000, Camfil was able to acquire its US competitor Farr. The group has four product areas: Comfort, Clean Processes, Safety & Protection and Power Systems. Comfort (45% of sales) comprises filter products that contribute to a good indoor climate. Clean Processes (32%) offers filter solutions for sensitive manufacturing processes, including clean rooms. Safety & Protection (6%) manufactures filters that protect the environment from discharges from dirty and hazardous manufacturing processes, such as nuclear power stations, mines and chemical plants. Power Systems (17%) supplies filters, inlet air systems and protective structures for gas turbines for power plants and offshore industry. Manufacturing is carried out in 15 plants on four continents and the group is represented by subsidiaries and agents in over 50 countries.

Market

Camfil has a leading position in the market for air filters with a global market share of 15%. The group is the market leader in Europe and among the four largest companies in the US. Camfil has a strong position in the value chain and to a large extent sells its filters directly to end users. In the Power Systems business area Camfil is one of the three largest global suppliers. Camfil supplies its products in more than 50 countries and to end customers in a large number of sectors and industries. Future growth potential is assessed as good in view of rising quality requirements on the indoor climate as well as increasing demand for energy-efficient solutions linked to effective ventilation.

Hi-Flo G is an eco-friendly air filter which contributes to low energy consumption in schools, offices, hotels and similar buildings.

The year in brief

Camfil had a strong sales and earnings trend during the year, mainly due to favourable development in Europe and North America. Sales increased by a total of 6%, most of which was organic growth, and amounted to SEK 4,361m (4,115). The company made two net-asset acquisitions during the year, the Indian company Anfilco, and the New Zealand company Air Care. Operating profit (EBITA) was SEK 400m (352). Profit before tax amounted to SEK 357m (313).

During spring 2008, Ratos carried out a refinancing of the holding in Camfil which resulted in a cash payment to Ratos of SEK 457m. Book value was reduced by the same amount. During the year a new business plan was drawn up intended to improve the company's long-term growth and profitability development.

Future prospects

Camfil has strong market positions in Europe and North America as well as a strong position in the value chain. Operations are relatively insensitive to economic fluctuations since a significant portion of sales comprise replacements and the company supplies to a large number of markets and industries. Camfil also has good opportunities over time to grow with improved profitability by implementing the measures and activities identified in the new business plan.

Board of Directors

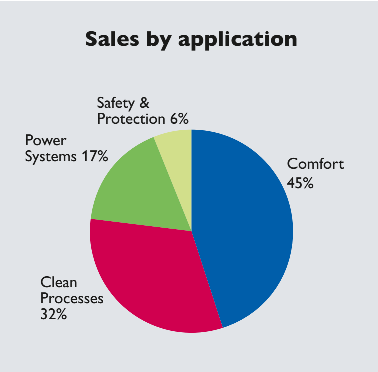
Jan Eric Larson	Chairman
Eric Giertz	
Arne Karlsson	
Mats Lönnqvist	
Johan Markman	
Carl Wilhelm Ros	
Christer Zetterberg	
Rolf Wikström	Employee representative
Henrik Joelsson	Deputy
Dan Larson	Deputy
Erik Markman	Deputy
Christer Stavström	Deputy, employee representative

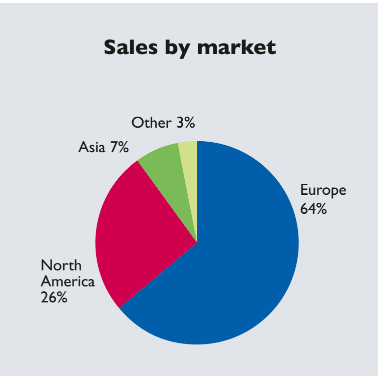
www.camfilfarr.com

Management

Alan O'Connell	CEO
Johan Ryrberg	Deputy CEO, CFO

CEO Alan O'Connell





Ratos refinanced the holding in Camfil in 2008. At 31 December 2008 Ratos had a liability of SEK 482m which is not included in Camfil's income statement and balance sheet.

Camfil

SEKm	2008	2007	2006	2005	2004
Income statement					
Net sales	4,361	4,115	3,763	3,083	2,855
Operating expenses	-3,849	-3,679	-3,389	-2,711	-2,538
Other income/expenses	2	5	8	5	6
Share of profits of associates	0	0	0	0	0
Divestment result	0	14	0	0	0
EBITDA	514	455	382	377	323
Depreciation	-114	-103	-103	-87	-80
EBITA	400	352	279	290	243
Amort. and impairment of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0
EBIT	400	352	279	290	243
Financial income	65	45	55	87	75
Financial expenses	-108	-84	-88	-112	-108
EBT	357	313	246	265	210
Tax	-108	-77	-62	-79	-63
Profit for the year	249	236	184	186	147
Attributable to equity holders of the parent	249	236	184	186	147
Attributable to minority interests	0	0	0	0	0
Balance sheet					
Goodwill	905	788	777	657	557
Other intangible assets	8	4	5	7	5
Tangible assets	843	711	622	620	503
Financial assets, interest-bearing	44	52	42	51	0
Financial assets, non-interest bearing	66	60	57	58	99
Total non-current assets	1,866	1,615	1,503	1,393	1 164
Inventories	574	625	466	412	358
Receivables, interest-bearing	23	7	2	0	0
Receivables, non-interest bearing	1,056	885	832	706	597
Cash, bank and other short-term invest.	243	326	262	215	167
Total current assets	1,896	1,843	1,562	1,333	1,122
Total assets	3,762	3,458	3,065	2,726	2,286
Equity attrib. to equity holders of the parent	1,838	1,498	1,330	1,312	1,065
Equity attrib. to minority interests	3	0	0	0	0
Provisions, interest-bearing	113	114	106	114	101
Provisions, non-interest bearing	33	40	14	92	152
Liabilities, interest-bearing	980	933	878	683	509
Liabilities, non-interest bearing	795	873	737	525	459
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	3,762	3,458	3,065	2,726	2,286
Cash flow statement					
Cash flow from operating activities before change in working capital	338	324	271	210	229
Change in working capital	-129	-18	-30	-36	-62
Cash flow from operating activities	209	306	241	174	167
Investments in non-current assets	-179	-223	-131	-206	-110
Disposals of non-current assets	5	20	19	62	49
Cash flow before acquis./divest. of companies	35	103	129	30	106
Net investments in companies	-11	-40	-284	0	0
Cash flow after investing activities	24	63	-155	30	106
Change in loans	-32	50	253	69	-301
New issues	0	0	0	0	3
Dividends paid	-79	-57	-40	-68	-28
Other	-26	0	0	0	0
Cash flow from financing activities	-137	-7	213	1	-326
Cash flow for the year	-113	56	58	31	-220
Key figures					
EBITA margin, %	9.2	8.6	7.4	9.4	8.5
EBT margin, %	8.2	7.6	6.5	8.6	7.4
Return on equity, %	14.9	16.7	13.9	15.6	13.8
Return on capital employed, %	17.0	16.3	15.1	19.9	19.0
Equity ratio, %	49	43	43	48	47
Interest-bearing net debt, SEKm	783	662	678	531	443
Debt/equity ratio, multiple	0.6	1	0.7	0.6	0.6
Average number of employees	3,321	3,191	2,949	2,693	2,619

Contex Holding – affected by weaker economy

Ratos acquired 98% of the Danish company Contex Holding in 2007. Co-owners are the company's management and board.

Consolidated value in Ratos at year-end was SEK 779m.

Ratos is represented on the board by Leif Johansson (who is responsible for this holding) and by Per Frankling.

Operations

Contex Holding is the world leader in development, production and marketing of advanced 2D and 3D imaging solutions. The group consists of three subsidiaries: Contex A/S, Z Corporation and Vidar Systems.

Contex A/S develops, produces and markets large-format scanners and related software.

Z Corporation develops, produces and markets equipment for 3D print-outs with related consumables. The company also sells 3D scanners. The products are used, among other things, for concept modelling and fast prototype manufacture.

Vidar Systems develops, produces and sells equipment for digitalisation of analogue radiographic images. Vidar's main product is radiology film digitizers which are sold both for pure archiving and in conjunction with the sale of digital radiology equipment. The end customer can then compare new radiographic images with previous ones.

The group and Contex A/S have their head office in Allerød, Denmark. Z Corporation is located in Boston, Massachusetts, USA, and Vidar Systems is located in Herndon, Virginia, USA.

Market

Contex A/S is the market leader within free-standing colour large-format scanners and colour systems where large-format scanners are combined with colour printers. Due to the high picture quality and performance of its products, Contex A/S is strongest in the upper price segment for free-standing large format scanners with a market share of approximately 50%. The total market is expected to grow slightly faster than GDP over time, while the market for colour systems is showing higher growth, driven by the fact that customers are changing from monochrome to colour. Contex A/S has a very strong position in this market due to its OEM contracts with printer market leaders HP, Océ and Ricoh. The primary competitors are Graphtec and Colortrac.

During the year Contex A/S launched a new scanner in its SD series which was very well received by the market.

Z Corporation's market has seen rapid growth over several years due to improved performance and new applications. Use of 3D printers, mainly within product development, architecture, education and medical applications, is expected to continue its rapid growth in the future. Z Corporation is a global market leader in early phases of customers' product development. The company is the only supplier that can offer colour print-outs and also has a competitive advantage when it comes to cost and printing speeds. Competitors include Stratasys and Objet.

Vidar Systems is the market leader in its product segment and sells its products to OEMs and independent distributors. End customers include hospitals and health centres. The market is stable and the US is the largest market.

The year in brief

Contex A/S saw good growth during most of the year due to increased volumes to OEM customers and a successful launch of a new type of scanner. Demand weakened significantly, in the fourth quarter. At the end of the first half, the company acquired its largest American distributor, Ideal, which contributed to the increased sales. Earnings were negatively affected by a weaker dollar against the Danish krona compared with 2007.

Z Corporation was affected by an increasingly weak business climate, particularly in the US where end customers reduced their investments in equipment. Sales of consumables were more stable. A new printer in the upper size and price segment, Z650, was launched at the end of the year.

Vidar Systems, with customers in the healthcare sector, was less affected by the weaker economic climate than other companies within the group. Vidar Systems has successfully strengthened its market leading position and carried out significant rationalisations, which led to a considerable improvement in earnings.

The group's sales increased in USD during the year by 1% to USD 124.3m (122.9). Operating profit (EBITA) amounted to USD 14.0m (15.7). The operating margin was 11.3% (12.8).

Future prospects

Within all three operating areas Contex Holding has a strong global market position and is well placed for profitable growth. All operating areas continue with product development in order to strengthen their technical competitive edge. There are also good opportunities to participate in future consolidation and restructuring in these segments. Demand weakened considerably at the end of 2008 and market prospects for 2009 are therefore weak.

Board of Directors

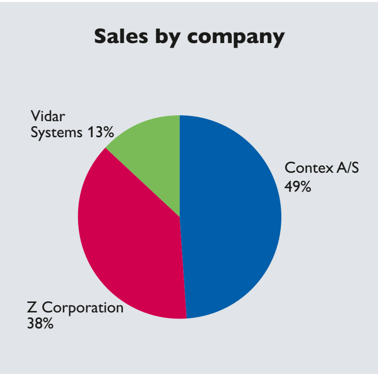
Arne Frank	Chairman
Per Frankling	
Leif Johansson	
Kaj Juul-Pedersen	
Peter Leschly	
Brian Steen Jensen	Employee representative
Søren Thuun Jensen	Employee representative

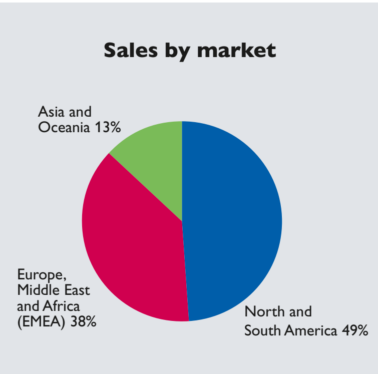
Management

Svenn Poulsen	CEO Contex Group, CEO Contex A/S
Kenneth Aaby Sachse	CFO Contex Group
John Kawola	CEO Z Corporation
John Hart	CEO Vidar Systems

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

CEO Svenn Poulsen





[1] Pro forma taking Ratos's acquisition into account.
[2] For 2007, USD 3.9m is included for costs in conjunction with acquisitions.

Contex Holding

USDm	2008	2007 [1]	2006 [1]	2005	2004
Income statement					
Net sales	124.3	122.9	121.5		
Operating expenses	-106.4	-105.0 [2]	-99.7		
Other income/expenses	1.0	0.9	0.7		
Share of profits of associates	0.0	0.0	0.0		
Divestment result	0.0	0.0	0.0		
EBITDA	18.9	18.8	22.5		
Depreciation	-4.9	-3.1	-2.0		
EBITA	14.0	15.7	20.5		
Amort. and impair. of intangible assets	-1.3	-0.7	-1.2		
Impairment of goodwill	0.0	0.0	0.0		
EBIT	12.7	15.0	19.3		
Financial income	1.0	1.9	1.3		
Financial expenses	-13.5	-14.4	-14.5		
EBT	0.2	2.5	6.1		
Tax	1.3	-4.9	-5.8		
Profit for the year	1.5	-2.4	0.3		
Attributable to equity holders of the parent	1.5	-2.4	0.3		
Attributable to minority interests	0.0	0.0	0.0		
Balance sheet					
Goodwill	215.8	211.4	–		
Other intangible assets	12.1	9.6	–		
Tangible assets	10.7	10.4	–		
Financial assets, interest-bearing	0.0	0.0	–		
Financial assets, non-interest bearing	4.8	2.2	–		
Total non-current assets	243.4	233.6	–		
Inventories	15.1	12.2	–		
Receivables, interest-bearing	0.0	0.0	–		
Receivables, non-interest bearing	20.7	23.9	–		
Cash, bank and other short-term invest.	10.8	24.5	–		
Total current assets	46.6	60.6	–		
Total assets	290.0	294.2	–		
Equity attrib. to equity holders of parent	103.0	105.2	–		
Equity attributable to minority interests	0.0	0.0	–		
Provisions, interest-bearing	0.0	0.0	–		
Provisions, non-interest bearing	0.3	4.8	–		
Liabilities, interest-bearing	157.1	156.2	–		
Liabilities, non-interest bearing	29.6	28.0	–		
Financial liabilities, other	0.0	0.0	–		
Total equity and liabilities	290.0	294.2	–		
Cash flow statement					
Cash flow from operating activities before change in working capital	5.0	–	–		
Change in working capital	-4.6	–	–		
Cash flow from operating activities	0.4	–	–		
Investments in non-current assets	-9.0	–	–		
Disposals of non-current assets	0.0	–	–		
Cash flow before acquis./divest. of companies	-8.6	–	–		
Net investments in companies	-4.1	–	–		
Cash flow after investing activities	-12.7	–	–		
Change in loans	-1.1	–	–		
New issues	0.0	–	–		
Dividends paid	0.0	–	–		
Other	0.0	–	–		
Cash flow from financing activities	-1.1	–	–		
Cash flow for the year	-13.8	–	–		
Key figures					
EBITA margin, %	11.3	12.8	16.9		
EBT margin, %	0.2	2.0	5.0		
Return on equity, %	–	–	–		
Return on capital employed, %	–	–	–		
Equity ratio, %	36	36	–		
Interest-bearing net debt, USDm	146.3	131.7	–		
Debt/equity ratio, multiple	1.5	1.5	–		
Average number of employees	467	448	466		

DIAB – good growth in the wind segment

Ratos became an owner in DIAB in 2001 in connection with the acquisition of Atle. Until the start of 2009 Ratos and 3i each owned 48% and DIAB's board and management the remaining 4%. At the beginning of 2009, Ratos signed an agreement to acquire 3i's holding in DIAB. Ratos's holding will thus increase to 91-96%.

Consolidated book value in Ratos amounted to SEK 467m at year-end.

Ratos is represented on the board by Henrik Blomé (who is responsible for this holding) as a deputy and Stig Karlsson (Industrial Advisor).

Operations

DIAB is a world-leading company that manufactures, develops and sells core materials for composite structures, including blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and rockets. DIAB's core material, which is based on cell plastic material or balsa wood, has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

DIAB's core material has potential for a range of applications within different customer segments. Sales in 2008 were as follows: Wind 54%, Marine 33%, Industry 8%, Transportation 1% and Aerospace 4%.

DIAB is a global company, with more than 95% of sales to customers outside Sweden, with its own sales companies and technical support in all major markets. The company has a total of nine production units. Capacity for material production is located in Sweden, Italy, the US and Ecuador. In addition, DIAB has material processing units in China, India, Thailand, Australia and Lithuania.

Cirrus, one of DIAB's biggest American customers, launched a new private jet during the year which contains a large portion of core material from DIAB.

Market

DIAB is a world-leading manufacturer of core materials for sandwich structures made from polymers and balsa materials within its customer applications. The market, particularly the wind power segment, is in a strong growth phase and broadened technical sales work combined with DIAB's product development initiatives mean that new applications are continuously developed. DIAB's biggest competitors are Alcan Airex and the Swiss company Gurit.

The market was turbulent to some extent during 2008. Underlying demand for wind power has grown, mainly underpinned by high energy prices and global investments in renewable energy sources, but was affected towards year-end by anxiety in the financial markets. Demand in the marine segment was very weak in North America during the year. At the start of the year the marine market in Europe showed stable development, but this market was also strongly affected by financial anxiety during the second half.

The year in brief

DIAB's sales totalled SEK 1,414m (1,354), representing growth of 4% (5% in local currency). Underlying growth in the wind segment and the weak marine market in the second half of the year resulted in a changed segment mix for DIAB, where wind rose from 45% to 54% of total sales. In regional terms, sales in 2008 developed best in Asia/Oceania.

Operating profit (EBITA) for the year decreased slightly to SEK 220m (255). Operational disruptions at the production unit in the US had a negative impact on DIAB's earnings during the year, but there were significant improvements in the second half. Profit for the year was also negatively affected by the focus on the launch of new materials, increased depreciation from the substantial investment programme in previous years and a delayed start-up of production in India.

At the beginning of 2009, Ratos concluded an agreement to acquire 3i's holding in DIAB. The purchase price for the shares amounted to approximately SEK 400m. Ratos's holding will amount to 91-96% depending on how many shares are subscribed for by minority owners.

Future prospects

DIAB has a strategically strong position as a world-leading manufacturer of core materials for customer segments with a strong, underlying long-term growth. The company's growth is driven by the strong market growth of its customer segments, the potential to broaden use of the core material within the current applications, and a long-term potential to develop new applications, due among other things to the current broader product programme. A completed investment programme has created capacity for continued strong growth on a global basis.

The positive opportunities for long-term growth should be weighed up against short-term uncertainty in the marine market in Europe as well as possible delays in wind power projects due to the current uncertainty in the global financial markets.

Board of Directors

Carl-Erik Ridderstråle	Chairman
Georg Brunstam	
Tomas Ekman	
Sven-Åke Henningsson	
Stig Karlsson	
Maria Ek	Employee representative
Cecilia Klang Larsson	Employee representative
Henrik Blomé	Deputy
Christer Nilsson	Deputy
Per Månsson	Deputy, Employee representative
Vancea Valerian	Deputy, Employee representative

www.diabgroup.com

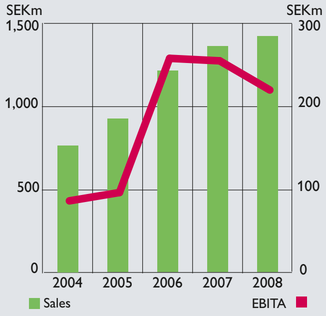
Management

Anders Paulsson	CEO
Peter Sundback	CFO

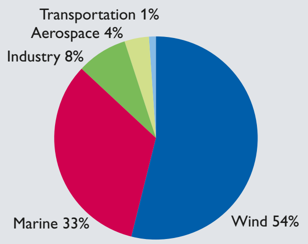
CEO Anders Paulsson

DIAB

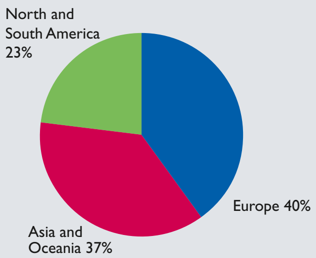
Sales and earnings



Sales by customer segment



Sales by market



SEKm	2008	2007 [1]	2007	2006	2005	2004
Income statement						
Net sales	1,414	1,354	1,354	1,205	918	759
Operating expenses	-1,115	-1,040	-1,035	-910	-782	-637
Other income/expenses	-2	-6	-6	3	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	0	0	0
EBITDA	297	308	313	298	136	122
Depreciation	-77	-53	-53	-40	-39	-35
EBITA	220	255	260	258	97	87
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	220	255	260	258	97	87
Financial income	1	3	2	1	3	1
Financial expenses	-43	-103	-16	-15	-10	-7
EBT	178	155	246	244	90	81
Tax	-50	25	-70	-80	-29	-23
Profit for the year	128	180	176	164	61	58
Attributable to equity holders of the parent	128	180	176	164	61	58
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	1,094	1,008	0	0	0	0
Other intangible assets	27	26	26	7	0	0
Tangible assets	684	621	621	415	348	304
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	71	75	8	10	10	7
Total non-current assets	1,876	1,730	655	432	358	311
Inventories	293	220	220	183	177	134
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	297	257	256	223	197	149
Cash, bank and other short-term invest.	47	51	51	79	30	22
Total current assets	637	528	527	485	404	305
Total assets	2,513	2,258	1,182	917	762	616
Equity attrib. to equity holders of the parent	976	677	577	409	288	209
Equity attrib. to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	34	31	31	31	13	13
Provisions, non-interest bearing	6	18	18	15	29	30
Liabilities, interest-bearing	1,276	1,250	250	209	264	220
Liabilities, non-interest bearing	221	244	306	253	168	144
Financial liabilities, other	0	38	0	0	0	0
Total equity and liabilities	2,513	2,258	1,182	917	762	616
Cash flow statement						
Cash flow from operating activities before change in working capital	162	–	231	267	123	119
Change in working capital	-87	–	13	16	-62	-11
Cash flow from operating activities	75	–	244	283	61	108
Investments in non-current assets	-81	–	-278	-139	-78	-53
Disposals of non-current assets	3	–	10	0	0	5
Cash flow before acquis./divest. of companies	-3	–	-24	144	-17	60
Net investments in companies	0	–	-8	0	0	0
Cash flow after investing activities	-3	–	-32	144	-17	60
Change in loans	-7	–	43	-44	29	98
New issues	0	–	0	0	0	-14
Dividends paid	0	–	-10	-25	0	-144
Other	-2	–	-31	-24	-6	0
Cash flow from financing activities	-9	–	2	-93	23	-60
Cash flow for the year	-12	–	-30	51	6	0
Key figures						
EBITA margin, %	15.6	18.8	19.2	21.4	10.6	11.5
EBT margin, %	12.6	11.4	18.2	20.2	9.8	10.7
Return on equity, %	15.5	–	35.7	47.1	24.5	27.8
Return on capital employed, %	10.5	–	34.8	42.7	19.9	19.9
Equity ratio, %	39	30	49	45	38	34
Interest-bearing net debt, SEKm	1,263	1,230	230	161	247	211
Debt/equity ratio, multiple	1.3	1.9	0.5	0.6	1.0	1.1
Average number of employees	1,280	–	1,067	892	734	788

[1] Pro forma taking new group structure and financing into account.

EuroMaint – strong growth

Ratos acquired 100% of EuroMaint in 2007.

Consolidated book value in Ratos amounted to SEK 448m at year-end.

Ratos is represented on the board by Henrik Joelsson (who is responsible for the holding) and Jonathan Wallis with Bo Jungner as deputy.

Operations

EuroMaint is one of Sweden's leading maintenance companies. Operations are conducted in two subsidiaries: EuroMaint Rail (84% of sales) and EuroMaint Industry (16%). The former subsidiary EuroMaint Tracksupport is now included in EuroMaint Rail. EuroMaint's companies are specialists which offer qualified maintenance services to the rail transport sector and manufacturing industry. Industry-wide matters that promote new business and strengthen EuroMaint's position as a leading supplier of maintenance are conducted at group level. The group's operations are conducted in a total of 18 locations in Sweden, Latvia, and the US.

Market

EuroMaint Rail has a strong position in the Swedish train maintenance market. Operations are conducted through a nationwide network of workshops and the organisation has a high level of technical expertise with a good understanding of the commercial needs of customers. EuroMaint Rail works in close partnership with train operators where the company usually accepts total responsibility for rolling stock availability and is paid a fixed price per kilometre. This allows customers to optimise their operations and gives them better control of maintenance costs.

EuroMaint Industry works in the growing market for industrial maintenance. The company offers qualified services for operational reliability and production optimisation as well as automated production equipment and component servicing. Market development for EuroMaint Industry's services is assessed as good with an increasing need for improved production efficiency and outsourcing of line maintenance.

EuroMaint offers qualified maintenance services to the rail transport sector and manufacturing industry.

The year in brief

Sales for the full year amounted to SEK 2,324m, which corresponds to an increase of 12% compared with 2007. Growth was very favourable for both EuroMaint Rail (+8%) and EuroMaint Industry (+34%). In October, EuroMaint Rail received an order from Swedish Railways (SJ) to refurbish and modernise SJ's passenger coaches with a total order value of SEK 350m and delivery over two years. EuroMaint Industry received an extensive automation order from Volvo AB and signed an agreement to take over Husqvarna's maintenance workforce in Huskvarna and Stora Enso's maintenance workforce in Norrsundet. Operating profit (EBITA) amounted to SEK 122m (69). The improvement in earnings is explained by increased sales and the fact that 2007 was charged with extraordinary expenses of SEK 44m. Profit before tax amounted to SEK 60m (12).

At the end of the year Ole Kjörrefjord took over as CEO of the group and Wille Laurén became chairman of the board.

Future prospects

EuroMaint Rail has a strong market position in Sweden and good prospects for continued development and efficiency enhancement of its operations. There are also good international opportunities due to the current deregulation of the train operator market. EuroMaint Industry performed well during the year and there are still considerable opportunities to develop the company through organic growth, takeover of maintenance operations and acquisitions. Uncertainty regarding economic development is considerable, however. The areas affected so far by the weaker business climate are maintenance of goods trains and operations exposed to the car industry. Work during 2009 will focus on both growth and profitability improvements.

Board of Directors

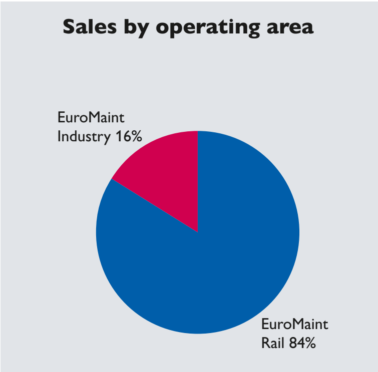
Wille Laurén	Chairman
Knut Hansen	
Henrik Joelsson	
Ole Kjörrefjord	
Jonathan Wallis	
Per Granström	Employee representative
Anders Gustafsson	Employee representative
Bertil Hallén	Employee representative
Bo Jungner	Deputy

Management

Ole Kjörrefjord	CEO
Åke Finn	Vice President & CFO
Henrik Dagberg	Vice President, Strategy & Business Development
Ilona Östlund	Vice President, Corporate Communications
Mats Önner	President EuroMaint Rail
Nicklas Falk	President EuroMaint Industry

www.euromaint.se

CEO Ole Kjörrefjord



EuroMaint

SEKm	2008	2007 1)	2006 1)	2006	2005	2004
Income statement						
Net sales	2,324	2,067	2 037	2,037	1,872	1,493
Operating expenses	-2,164	-1,972 4)	-1 902	-1,906	-1,734	-1,427
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	1	-4	-4	1	0
EBITDA	160	96	131	127	139	66
Depreciation	-38	-27	-29	-25	-24	-19
EBITA	122	69	102	102	115	47
Amort. and impair. of intangible assets	-4	-2	-2	-2	-1	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	118	67	100	100	114	47
Financial income	3	6	3	3	1	1
Financial expenses 2)	-61	-61	-46	-12	-12	-11
EBT	60	12	57	91	103	37
Tax	-11	5	-5	-21	-10	15
Profit for the year	49	17	52	70	93	52
Attrib. to equity holders of the parent	49	17	52	70	93	52
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	692	692	–	30	30	0
Other intangible assets	14	18	–	12	14	0
Tangible assets	208	196	–	131	132	119
Financial assets, interest-bearing	0	0	–	0	0	0
Financial assets, non-interest bearing	11	12	–	34	45	41
Total non-current assets	925	918	–	207	221	160
Inventories	266	285	–	269	259	241
Receivables, interest-bearing	0	0	–	0	0	0
Receivables, non-interest bearing	673	588	–	507	434	322
Cash, bank and other short-term invest.	33	0	–	45	66	14
Total current assets	973	873	–	821	759	577
Total assets	1,897	1,791	–	1,028	980	737
Equity attrib. to equity holders of parent	447 3)	406	–	249	178	81
Equity attrib. to minority interests	0	0	–	0	0	0
Provisions, interest-bearing	19	36	–	39	38	41
Provisions, non-interest bearing	32	21	–	32	40	5
Liabilities, interest-bearing	746	799	–	270	340	250
Liabilities, non-interest bearing	645	529	–	438	384	360
Financial liabilities, other	8	0	–	0	0	0
Total equity and liabilities	1,897	1,791	–	1,028	980	737
Cash flow statement						
Cash flow from operating activities before change in working capital	65	–	–	105	94	-27
Change in working capital	63	–	–	-28	-32	75
Cash flow from operating activities	128	–	–	77	62	48
Investments in non-current assets	-41	–	–	-35	-21	-51
Disposals of non-current assets	0	–	–	3	2	17
Cash flow before acquis./divest. of companies	87	–	–	45	43	14
Net investments in companies	0	–	–	0	-81	0
Cash flow after investing activities	87	–	–	45	-38	14
Change in loans	-30	–	–	-70	90	0
New issues	0	–	–	0	0	0
Dividends paid	0	–	–	0	0	0
Other	-24	–	–	4	0	0
Cash flow from financing activities	-54	–	–	-66	90	0
Cash flow for the year	33	–	–	-21	52	14
Key figures						
EBITA margin, %	5.2	3.3	5.0	5.0	6.1	3.1
EBT margin, %	2.6	0.6	2.8	4.5	5.5	2.5
Return on equity, %	–	–	–	32.8	71.8	26.3
Return on capital employed, %	–	–	–	18.5	24.8	13.7
Equity ratio, %	24	23	–	24	18	11
Interest-bearing net debt, SEKm	732	835	–	264	312	277
Debt/equity ratio, multiple	1.7	2.1	–	1.2	2.1	3.6
Average number of employees	1,793	1,781	–	1,746	1,669	1,534

1) Pro forma taking Ratos's acquisitions into account.
2) Excluding interest on shareholder loan.
3) Equity includes shareholder loan of SEK 244m.
4) Operating expenses for 2007 include SEK 44m in restructuring costs.

GS-Hydro – continued strong demand

Ratos became owner of GS-Hydro in conjunction with the acquisition of Atle in 2001. Ratos's holding amounts to 100%.

The consolidated book value at year-end was SEK -151m. (Negative consolidated value due to refinancing carried out in 2008.)

Ratos is represented on the board by Magdalena Aniansson (who is responsible for the holding), Johan Pålsson and Anders Lindblad (Industrial Advisor) as well as by Leif Johansson as a deputy.

Operations

GS-Hydro is a global, leading supplier of non-welded piping systems. Piping systems are mainly used in hydraulic high-pressure systems but are also used in other systems that require fast installation, a high degree of cleanliness and a minimum of operating shutdowns. The company supplies complete piping systems, prefabricated piping modules, components for piping systems and services. Services include design, pre-fabrication, installation, documentation and maintenance of piping systems. The products are mainly used within the marine and offshore industries as well as in land-based industries such as pulp and paper, mining and metals, automotive and aerospace, and defence. The company has approximately 630 employees in 17 countries. The head office is in Finland.

Market

GS-Hydro conducts operations worldwide. The largest individual market is Norway where the marine and offshore sectors remained strong in 2008.

Demand in the offshore segment is strong with full order books at rig manufacturers over the next few years. Despite signs of some decline in manufacturers' incoming orders, several underlying driving forces remain in place that indicate continued favourable development over time. These include a long-term supply/demand imbalance for oil and an obsolete installed base of oil rigs. In the offshore segment, non-welded systems offer clear advantages since no welding flame is needed for installation and maintenance, which also allows customers' production to continue without expensive shutdowns.

GS-Hydro is a leading global supplier of non-welded piping systems with subsidiaries in 17 countries worldwide.

Demand in the marine market segment continued to show strong growth. Growth is driven by the increasingly long life of ships which means higher quality demands which favours suppliers of non-welded systems such as GS-Hydro. Today the shipyards have full order books until 2010/11. GS-Hydro's products and services are primarily used for hydraulic and fire systems on ships and can be installed in confined spaces, which is an important competitive advantage.

In the land-based segment total demand decreased during the year due to the weaker economic climate.

In the global market for piping systems for hydraulic applications, non-welded solutions are a niche that accounts for less than 10% of the total market. One key task for the company and a significant growth potential for GS-Hydro is to market the advantages of non-welded solutions in order to increase the market penetration of this technology.

The year in brief

GS-Hydro's sales amounted to EUR 159m (142) which represents an increase of 12% compared with the previous year. The strongest growth was in the marine segment but the offshore segment also performed well. During the year order bookings for new ships fell and the number of cancelled orders increased. However, this did not have a significant impact on sales for 2008.

Operating profit (EBITA) was EUR 17.6m (EUR 16.3m adjusted for property sales) and was negatively affected during the year by restructuring work in China, Korea and North America.

The company made two add-on acquisitions both in the UK. Airdale Tubes & Fittings was acquired in April and BSH Ltd in June.

The favourable development in recent years allowed the company to be refinanced during 2008 and Ratos received a cash payment of SEK 473m in September. The book value was decreased by a corresponding amount.

Future prospects

In the short term market prospects are difficult to assess but in the medium to long term there are several strong driving forces that indicate a continued favourable development. The company continues to work to co-ordinate its operations and increase integration within the group while realising the full potential in the units that were restructured in 2008.

Financial targets

Growth	15%
EBITA margin	15%
Working capital/Sales	20%

Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Magdalena Aniansson	
Staffan Paues	
Johan Pålsson	
Eli K. Vassenden	
Thomas Rönnholm	CEO
Leif Johansson	Deputy

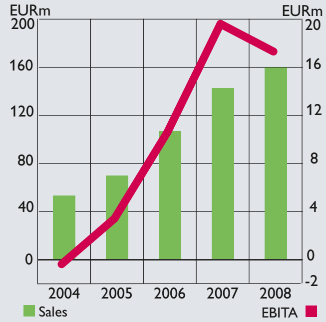
www.gshydro.com

Management

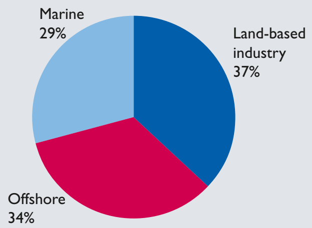
Thomas Rönnholm	CEO
Jari Punkari	CFO
Krister Blomqvist	V.P. Business Development
Terho Hoskonen	V.P. Sales and Marketing
Harri Jokinen	V.P. Technology
Lauri Leskinen	V.P. Sourcing and Logistics
Fernando Guarido	Managing Director, GS-Hydro Spain
Chris Hargreaves	Managing Director, GS-Hydro UK
Bjørn Morten Olesen	Managing Director, GS-Hydro Norway
Heikki Pennanen	Managing Director, GS-Hydro Finland

CEO Thomas Rönnholm

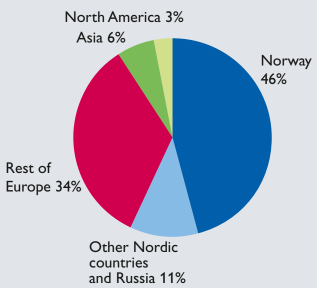
Sales and earnings



Sales by segment



Sales by region



1) GS-Hydro was refinanced in September 2008. Earnings for 2008 and 2007 are calculated pro forma taking new financing and group structure into account.

GS-Hydro

EURm	2008 1)	2007 1)	2007	2006	2005	2004
Income statement						
Net sales	159.0	141.8	141.8	106.3	69.1	52.6
Operating expenses	-139.0	-123.4	-123.4	-93.8	-63.8	-51.4
Other income/expenses	0.0	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	0.0
Divestment result	0.0	3.6	3.6	0.0	-0.1	0.0
EBITDA	20.0	22.0	22.0	12.5	5.2	1.2
Depreciation	-2.4	-2.1	-2.1	-1.6	-1.5	-1.3
EBITA	17.6	19.9	19.9	10.9	3.7	-0.1
Amort. and impair. of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	17.6	19.9	19.9	10.9	3.7	-0.1
Financial income	0.0	0.0	0.0	0.0	0.0	0.1
Financial expenses	-8.9	-8.0	-3.3	-1.7	-0.9	-1.1
EBT	8.7	11.9	16.6	9.2	2.8	-1.1
Tax	-4.1	-5.6	-5.6	-2.4	-1.2	-0.4
Profit for the year	4.6	6.3	11.0	6.8	1.6	-1.5
Attrib. to equity holders of the parent	4.6	6.3	11.0	6.8	1.6	-1.5
Attributable to minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet						
Goodwill	56.8	–	15.1	15.1	13.8	13.9
Other intangible assets	0.0	–	0.0	0.0	0.5	0.5
Tangible assets	8.8	–	7.2	8.6	7.0	6.1
Financial assets. interest-bearing	0.0	–	0.0	0.0	0.0	0.0
Financial assets. non-interest bearing	1.8	–	0.9	1.0	1.7	1.3
Total non-current assets	67.4	–	23.2	24.7	23.0	21.8
Inventories	34.7	–	34.9	23.8	16.9	13.9
Receivables. interest-bearing	0.0	–	0.0	0.0	0.0	0.0
Receivables. non-interest bearing	40.3	–	35.9	29.6	16.4	12.5
Cash, bank and other short-term invest.	11.6	–	7.2	0.2	3.4	1.4
Total current assets	86.6	–	78.0	53.6	36.7	27.8
Total assets	154.0	–	101.2	78.3	59.7	49.6
Equity attrib. to equity holders of parent	27.4	–	34.4	23.1	16.8	15.0
Equity attributable to minority interests	0.0	–	0.0	0.0	0.0	0.0
Provisions, interest-bearing	0.0	–	0.0	0.0	0.1	0.2
Provisions, non-interest bearing	0.3	–	0.2	0.6	0.4	0.4
Liabilities, interest-bearing	92.3	–	33.6	30.5	29.5	25.6
Liabilities, non-interest bearing	32.1	–	30.6	23.1	12.9	8.4
Financial liabilities. other	1.9	–	2.4	1.0	0.0	0.0
Total equity and liabilities	154.0	–	101.2	78.3	59.7	49.6
Cash flow statement						
Cash flow from operating activities before change in working capital	–	–	14.1	8.0	3.3	-0.4
Change in working capital	–	–	-13.4	-8.0	-3.1	-0.1
Cash flow from operating activities	–	–	0.7	0.0	0.2	-0.5
Investments in non-current assets	–	–	-3.2	-2.0	-2.2	-1.8
Disposals of non-current assets	–	–	0.0	0.0	0.0	0.0
Cash flow before acquis./divest. of companies	–	–	-2.5	-2.0	-2.0	-2.3
Net investments in companies	–	–	6.4	-2.0	0.0	0.0
Cash flow after investing activities	–	–	3.9	-4.0	-2.0	-2.3
Change in loan	–	–	3.1	1.0	3.9	3.2
New issues	–	–	0.0	0.0	0.0	6.3
Dividends paid	–	–	0.0	0.0	0.0	-8.8
Other	–	–	0.0	0.0	0.0	0.0
Cash flow from financing activities	–	–	3.1	1.0	3.9	0.7
Cash flow for the year	–	–	7.0	-3.0	1.9	-1.6
Key figures						
EBITA margin, %	11.1	14.0	14.0	10.3	5.3	neg.
EBT margin, %	5.5	8.4	11.7	8.7	4.0	neg.
Return on equity, %	–	–	38.3	34.1	9.9	neg.
Return on capital employed, %	–	–	32.7	21.8	8.4	–
Equity ratio, %	18	–	34	29	28	30
Interest-bearing net debt, EURm	80.7	–	26.4	30.3	26.2	24.4
Debt/equity ratio, multiple	3.4	–	1.0	1.3	1.8	1.7
Average number of employees	641	–	527	404	315	307

Haglöfs – a very strong year

Ratos became the owner of Haglöfs in 2001 in conjunction with the acquisition of Atle. Haglöfs is 100% owned by Ratos.

Consolidated book value in Ratos amounted to SEK 109m at year-end.

Ratos is represented on the board by Susanna Campbell (who is responsible for this holding), Arne Karlsson and Stig Karlsson (Industrial Advisor).

Operations

Haglöfs develops, produces and markets equipment and clothes for an active outdoor life. As a complete supplier within outdoor, the company offers backpacks, sleeping bags, clothes and footwear. All production is outsourced. Haglöfs is the leading outdoor brand in the Nordic countries and has established itself successfully in selected export markets primarily in Europe. The company is currently represented in 19 countries. Approximately 35% of sales take place outside the Nordic region. Annual sales growth during the period 1989-2008 averaged 20%.

Market

The outdoor market is growing faster than the global sports markets due to increased health awareness and demand for active holidays. Increased use of the products is also due to increased "everyday use" where technical outdoor products are used in contexts other than purely for outdoor activities. As a result of the growth within the outdoor segment, retailers are investing to a greater extent in store furnishings and general profiling of their outdoor departments. Many retailers see continued major potential for outdoor.

Haglöfs is today the market leader in its Nordic home market and also has a strong position in the rest of Europe.

Haglöfs is the leading outdoor brand in the Nordic region with a strong market position in the rest of Europe.

Haglöfs' main international competitors are The North Face, Mammut and Arc'teryx.

The year in brief

2008 was a good year for the outdoor sector. Demand was also good during the second half of the year and so far the industry has only been marginally affected by the general economic downturn.

Haglöfs showed strong development and sales amounted to SEK 495m (428) an increase of 16%. Growth was good in almost all markets. The Nordic region increased 11% and export sales were up 26%. Operating profit (EBITA) amounted to SEK 53m (22) which corresponds to an EBITA margin of 10.8% (5.1). The considerable improvement in margins is mainly due to Haglöfs' determined efforts to make the supply chain more efficient and improve the price model which contributed to a strong improvement in gross margins. Control of costs was also good.

In view of the positive performance during the year, the board raised Haglöfs' EBITA margin target to exceed 12% (previously 10%).

During autumn the basic sales order ahead of spring 2009 as completed. The result was a strong increase compared with spring 2008 which can give Haglöfs a good start to 2009.

Future prospects

Haglöfs continues to have good growth potential. In many European markets Haglöfs is a small player with major opportunities for continued growth. There is also further potential in the Nordic countries, especially in Norway where earlier problems with distribution meant that growth did not materialise. There are also opportunities for establishment in new markets.

Financial targets

Growth	>10%
EBITA margin	>12%

Read more about Haglöfs' sustainability initiatives on page 31.

Board of Directors

Stig Karlsson	Chairman
Susanna Campbell	
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
Leif Fontér	Logistics Director

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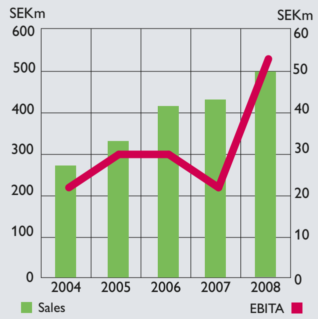
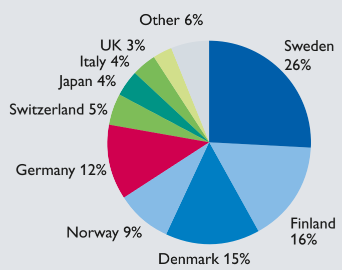
CEO Mats Hedblom

Sales and earnings



Sales by market



Haglöfs

SEKm	2008	2007 [1]	2006 [2]	2006	2005 [3]	2004 [3]
Income statement						
Net sales	495	428	412	412	328	269
Operating expenses	-437	-402	-379	-379	-295	-244
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	0	0	0	0	0
EBITDA	58	26	33	33	33	25
Depreciation	-5	-4	-3	-3	-3	-3
EBITA	53	22	30	30	30	22
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	53	22	30	30	30	22
Financial income	1	1	0	0	0	0
Financial expenses	-14	-9	-8	-2	-1	-2
EBT	40	14	22	28	29	20
Tax	-2	-3	-8	-8	-9	-6
Profit from discontinued operations	0	0	-17	-17	-2	-4
Profit for the year	38	11	-3	3	18	10
Attributable to equity holders of the parent	38	11	-3	3	18	10
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	204	204	204	0	0	4
Other intangible assets	1	2	1	1	1	2
Tangible assets	19	17	19	18	11	14
Financial assets, interest-bearing	0	0	0	0	0	0
Financial assets, non-interest bearing	1	1	1	2	1	4
Total non-current assets	225	224	225	21	13	24
Inventories	103	66	80	80	81	74
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	109	73	71	79	73	68
Cash, bank and other short-term invest.	19	18	9	11	17	23
Assets held for sale	0	0	0	31	45	–
Total current assets	231	157	160	201	216	165
Total assets	456	381	385	222	229	189
Equity attrib. to equity holders of parent	253	212	200	96	95	75
Equity attrib. to minority interests	0	0	0	0	0	0
Provisions, interest-bearing	0	0	0	0	0	2
Provisions, non-interest bearing	6	4	3	3	3	2
Liabilities, interest-bearing	125	122	139	41	62	65
Liabilities, non-interest bearing	65	41	43	50	42	45
Financial liabilities, other	7	2	0	0	0	0
Liabilities attributable to assets held for sale	0	0	0	32	27	–
Total equity and liabilities	456	381	385	222	229	189
Cash flow statement						
Cash flow from operating activities before change in working capital	43	14	–	15	23	17
Change in working capital	-39	20	–	13	-36	-5
Cash flow from operating activities	4	34	–	28	-13	12
Investments in non-current assets	-5	-4	–	-12	-2	-1
Disposals of non-current assets	0	0	–	0	0	0
Cash flow before acquis./divest. of companies	-1	30	–	16	-15	11
Net investments in companies	0	0	–	0	0	0
Cash flow after investing activities	-1	30	–	16	-15	11
Change in loans	3	-22	–	-20	10	-11
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	3	-22	–	-20	10	-11
Cash flow for the year	2	8	–	-4	-5	0
Key figures						
EBITA margin, %	10.8	5.1	7.3	7.3	9.1	8.2
EBT margin, %	8.1	3.3	5.3	6.8	8.8	7.4
Return on equity, %	16.4	5.3	–	20.9	–	–
Return on capital employed, %	15.2	6.8	–	20.4	–	–
Equity ratio, %	55	56	52	43	41	40
Interest-bearing net debt, SEKm	106	104	130	30	45	44
Debt/equity ratio, multiple	0.5	0.6	0.7	0.4	0.7	0.9
Average number of employees	100	91	–	72	58	52

1) Earnings were charged with items affecting comparability of SEK 8m.
2) Pro forma taking new capital structure and financing into account.
3) Pro forma taking discontinued operations in 2006 into account.

HL Display – weak end to stable year

Ratos became a shareholder in HL Display in 2001 in conjunction with the acquisition of Atle. Ratos's holding amounts to 29% of the share capital and 20% of the voting rights.

The consolidated book value amounted to SEK 295m at year-end. Market capitalisation of Ratos's holding on the same date was SEK 205m.

Ratos is represented on the board by Stig Karlsson (Industrial Advisor). Susanna Campbell is responsible for this holding.

Operations

HL Display is a market-leading international supplier of products and solutions for in-store communication and merchandising. The customer base is the retail sector (food and non-food) and brand manufacturers.

The company manufactures and sells shelf-edge strips, shelf management systems, dividers, display stands, floor stands, coupon holders, poster holders, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastic.

The company's main market is Europe, but sales are also carried out in Asia and the US. The company was formed in 1954 and has been listed on the NASDAQ OMX Stockholm exchange since 1993. Production takes place in Sundsvall and Karlskoga, Sweden, and Suzhou, China, (extrusion/injection moulding) as well as in Falun, Sweden, and Shipley, UK, (screen printing/hot bending). Extrusions have been made in the US since 1996 in a 50/50-owned joint venture. HL Display has approximately 1 000 employees in 33 countries, and distributors in an additional 13 countries. Approximately 90% of sales are made outside Sweden. HL Display is the only global player in its market. Competition comes mainly from small, local companies.

Market

The global and regional development of the retail sector is central to demand for HL Display's products. Newly opened stores, implementation of new store concepts and store refurbishing are important factors, as are campaigns and profiling ambitions of brand manufacturers.

HL Display has a complete shelf management system for retailers and brand manufacturers within in-store communication and merchandising.

Demand was relatively stable during most of the year. Mainly towards the latter part of 2008 the global economic downturn started to affect the retail trade which led to some customers postponing or cutting their investments. No dramatic fall in demand has yet occurred.

The year in brief

The Group's net sales for 2008 totalled SEK 1,536m (1,571), which is a decline of 2% compared with the previous year. In many markets, HL Display's sales were below the previous year's level due both to the downturn within the retail sector during the second half of 2008, as well as internal factors such as organisational changes in some subsidiaries.

Sales in western Europe decreased by 6% in 2008 which was mainly due to disruptions in conjunction with organisational changes as well as a tougher market situation particularly in France. Sales in eastern Europe rose by 1%. Exceptions were noted for the Nordic countries, which showed favourable development and accounted for sales growth of 3%, and Asia where sales rose 29%.

Operating profit (EBITA) amounted to SEK 130m (161) in 2008 corresponding to an EBITA margin of 8.5% (10.3). The gross margin improved to 49% (47) due to a favourable product mix, implemented price increases and efficiency enhancements in production. This positive effect was offset, however, by an increase in operating expenses of SEK 39m or 8%, primarily related to recently added subsidiaries as well as the build-up of sales companies in emerging markets.

HL Display's former distributor in Bulgaria was acquired in the first quarter of 2009.

Future prospects

HL Display updated its business plan during the year and will focus on the following:

- sales organisation to concentrate on growth
- reducing overheads
- investment in several new own developed products
- continued centralisation of administrative functions (accounts, logistics, etc.) to streamline the sales companies
- continued increase in production in low-cost countries, specialised production in Sweden
- managing overcapacity in production caused by the significant improvements in productivity

Organic growth is the main focus, but acquisitions may be made to provide a broader product range with new products and new technology and/or a stronger position in a geographical market (competitors or distributors). Work carried out in recent years intended to make HL Display more cost efficient, combined with a strong financial position, mean that HL Display can benefit from the current market situation from a competitive perspective. The goal is to emerge from the recession as an even stronger company with a strengthened market position. In 2009, sales are expected to be at the 2008 level. The company's long-term financial targets are unchanged.

Financial targets

Organic growth	5-10%
EBITA margin	≥12%

Board of Directors

Anders Remius	Chairman
Jan-Ove Hallgren	
Stig Karlsson	
Mats-Olof Ljungkvist	
Åke Modig	
Anna Ragén	
Lars-Åke Rydh	
Gérard Dubuy	CEO

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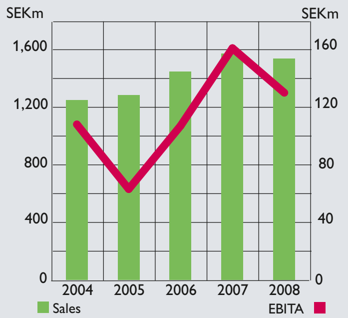
Management

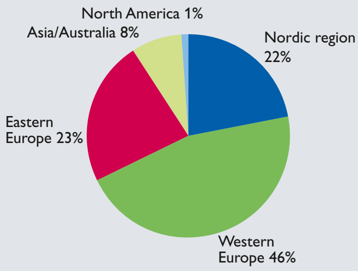
Gérard Dubuy	CEO
Per Sundqvist	CFO
Håkan Eriksson	Marketing Director
Staffan Forslund	HR Director
Birger Nilsson	Development Director
Elisabeth Tylstedt	IT Manager
Xavier Volpato	Head of Operations

CEO Gérard Dubuy

Sales and earnings



Sales by market



Major shareholders

	Capital, %	Votes, %
Remius family	28.4	59.1
Ratos	28.8	20.1
Lannebo funds	9.9	4.8
Didner & Gerge Aktiefond	6.4	3.1
Skandia	5.7	2.8
Unionen	1.5	0.7
Jonsson family	1.7	0.4

Source: Euroclear Sweden

Financial calendar

Interim report Jan-Mar, 20 April 2009

Interim report Jan-Jun, 16 July 2009

Interim report Jan-Sep, 21 October 2009

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HL Display

SEKm	2008	2007	2006	2005	2004
Income statement					
Net sales	1,536	1,571	1,448	1,285	1,249
Operating expenses	-1,367	-1,376	-1,296	-1,175	-1,097
Other income/expenses	-3	6	-1	0	7
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	0	0	0
EBITDA	166	201	151	110	159
Depreciation	-36	-40	-44	-47	-51
EBITA	130	161	107	63	108
Amort. and impair. of intangible assets	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0
EBIT	130	161	107	63	108
Financial income	13	4	2	11	3
Financial expenses	-7	-10	-17	-12	-18
EBT	136	155	92	62	93
Tax	-40	-47	-30	-19	-30
Profit from discontinued operations	0	0	0	-7	-15
Profit for the year	96	108	62	36	48
Attributable to equity holders of the parent	96	108	61	35	47
Attributable to minority interests	0	0	1	1	1
Balance sheet					
Goodwill	33	23	0	0	0
Other intangible assets	9	12	6	3	3
Tangible assets	138	138	208	224	231
Financial assets, interest-bearing	0	0	0	0	0
Financial assets, non-interest bearing	22	22	20	15	14
Total non-current assets	202	195	234	242	248
Inventories	187	154	137	133	116
Receivables, interest-bearing	0	0	0	0	0
Receivables, non-interest bearing	336	365	343	304	291
Cash, bank and other short-term invest.	221	178	163	81	112
Total current assets	744	697	643	518	519
Total assets	946	892	877	760	767
Equity attrib. to equity holders of parent	538	472	386	342	328
Equity attrib. to minority interests	4	3	2	0	0
Provisions, non-interest bearing	3	4	9	2	0
Provisions, interest-bearing	23	23	19	13	16
Liabilities, interest-bearing	100	128	202	189	195
Liabilities, non-interest bearing	278	262	259	214	228
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	946	892	877	760	767
Cash flow statement					
Cash flow from operating activities before change in working capital	147	148	137	71	121
Change in working capital	8	-10	-17	-28	-19
Cash flow from operating activities	155	138	120	43	102
Investments in non-current assets	-29	-40	-32	-42	-45
Disposals of non-current assets	5	9	0	0	0
Cash flow before acquis./divest. of companies	131	107	88	1	57
Net investments in companies	-1	-37	0	0	0
Cash flow after investing activities	130	70	88	1	57
Change in loans	-46	-32	14	-18	-26
New issues	0	1	5	0	1
Dividends paid	-43	-27	-23	-19	-13
Other	0	1	0	0	0
Cash flow from financing activities	-89	-57	-4	-37	-38
Cash flow for the year	41	13	84	-36	19
Key figures					
EBITA margin, %	8.5	10.3	7.4	4.9	8.6
EBT margin, %	8.9	9.9	6.4	4.8	7.4
Return on equity, %	19.1	25.2	16.8	10.4	15.1
Return on capital employed, %	22.8	27.4	19.3	14.0	23.1
Equity ratio, %	57	53	44	45	43
Interest-bearing net debt, SEKm	-117	-46	48	110	83
Debt/equity ratio, multiple	0.2	0.3	0.5	0.6	0.6
Average number of employees	973	968	952	933	967

Inwido – stronger market position in weak construction climate

Ratos acquired the leading Swedish window and exterior door manufacturer Inwido (formerly Elitfönster) in 2004. Ratos owns 96% of Inwido. Other shareholders are senior executives in Inwido.

Consolidated value in Ratos amounted to SEK 1,374m at year-end.

Ratos is represented on the board by Leif Johansson (who is responsible for this holding) and Thomas Hofvenstam.

Operations

Inwido operates in the window and exterior door market, primarily in the Nordic region and in selected countries in Northern Europe. From being Sweden's leading window manufacturer, through 30 add-on acquisitions during Ratos's ownership period the company has also established strong market positions in Finland, Denmark and Norway. Today, Inwido is the leading Nordic player within windows and exterior doors. Operations are also conducted in the UK, Ireland, Poland and Russia.

The company's products are windows and exterior doors made of wood and wood/aluminium. The products are sold to the building materials and DIY trade, construction companies and modular home manufacturers. The company markets national brands in each country. The best-known brands are Elitfönster, Allmogefönster and SnickarPer in Sweden, Storke Vinduer, KPK and Outline in Denmark, Tiivi, Pihla and Eskopuu in Finland, Lyssand, Frekhaug and Diplomat in Norway, Allan Brothers in the UK, Carlson and Dansk Windows in Ireland, and Sokolka in Poland. The number of employees at year-end 2008 totalled approximately 3,650.

Market

The total Nordic window and door market is estimated at approximately EUR 2.1 billion with exterior doors accounting for approximately 25% and façade windows about 75%.

Inwido has carried out 30 add-on acquisitions over the last four years and is today the largest manufacturer of windows and exterior doors in the Nordic region.

The Nordic markets are all relatively the same size. The markets in different countries are fragmented and national with their own window systems, fittings and dimensions. There is relatively limited export between the countries. Market development is driven by repairs and extensions to existing properties and new construction of homes and other buildings. Approximately two-thirds of Inwido's sales are related to the repairs and extensions market.

The year in brief

During the year Inwido was negatively affected by a gradually increasingly weak construction climate in the majority of its markets which had a negative impact on the company's sales and earnings. In order to meet the downturn in the market, Inwido carried out extensive action programmes during the year. These included factory closures as well as rationalisation within production, stocks and sales. A net total of over 500 employees have left the company and cutbacks will continue at the start of 2009. Costs of measures implemented were charged against EBITA with SEK 107m in 2008. Market positions in several Nordic markets strengthened, however, during the year – particularly in Finland.

Sales amounted to SEK 5,639m (5,057) and operating profit (EBITA) was SEK 323m (481). Operating margin (EBITA) was 5.7% (9.5). During the year Inwido continued the integration of acquisitions carried out in previous years. No new acquisitions were made in 2008.

Håkan Jeppsson, formerly CEO of the BE Group, among others, was recruited to succeed Sven-Gunnar Schough who has retired. Håkan Jepsson took up his CEO post on 1 March 2009.

Future prospects

Inwido has leading market positions in all the Nordic countries with competitive advantages within production, product range and distribution. Inwido is well placed for continued growth and for continued active participation in the restructuring of the industry. Inwido also has opportunities to improve profitability as a result of initiated efficiency programmes and consolidation of the acquisitions made in recent years.

Board of Directors

Anders C. Karlsson	Chairman
Bengt Adolfsson	
Benny Ernstson	
Thomas Hofvenstam	
Leif Johansson	
Kjell Åkesson	
Håkan Jeppsson	CEO

Management

Håkan Jeppsson	CEO
Arne Dyngeland	President Inwido Norway
Jörgen Hermansson	Vice President, Technical Development
Anders Isaksson	President Inwido Sweden
Timo Luhtaniemi	President Inwido Finland
Niels Peter Pretzmann	President Inwido Denmark
Cay Strandén	President Inwido Poland
Peter Welin	CFO

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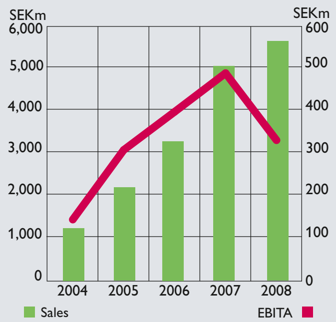
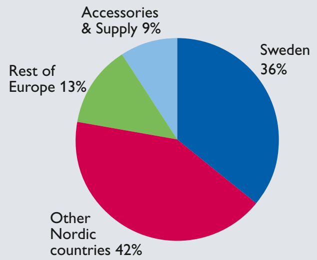
CEO Håkan Jeppsson

Sales and earnings



Sales by segment



Inwido

SEKm	2008	2007	2006	2005	2004	2004 [1]
Income statement						
Net sales	5,639	5,057	3,285	2,197	1,235	1,235
Operating expenses	-5,168 [4]	-4,510	-2,837	-1,858	-1,071	-1,070
Other income/expenses	-6	46	0	5	0	0
Share of profits of associates	-1	1	0	-1	0	0
Divestment result	0	0	20	1	0	0
EBITDA	464	594	468	344	164	165
Depreciation	-141	-113	-78	-44	-29	-29
EBITA	323	481	390	300	135	136
Amort. and impair. of intangible assets	-7	-5	-6	-33	-14	0
Impairment of goodwill	0	0	0	0	0	-14
EBIT	316	476	384	267	121	122
Financial income	10	12	0	6	1	1
Financial expenses [2]	-219	-176	-112	-75	-41	-26
EBT	107	312	272	198	81	97
Tax	37	-81	-73	-62	-28	-28
Profit for the year	144	231	199	136	53	69
Attrib. to equity holders of the parent	110	191	165	111	52	68
Attributable to minority interests	34	40	34	25	1	1
Balance sheet						
Goodwill	3,538	3,322	2,048	1,740	863	185
Other intangible assets	69	52	42	9	1	1
Tangible assets	951	1 070	650	469	231	231
Financial assets, interest-bearing	52	8	2	2	0	0
Financial assets, non-interest bearing	142	38	13	6	3	3
Total non-current assets	4,752	4,490	2,755	2,226	1,098	420
Inventories	674	823	505	311	194	194
Receivables, interest-bearing	0	0	0	0	0	0
Receivables, non-interest bearing	654	740	474	357	180	166
Cash, bank and other short-term invest.	341	356	132	277	64	29
Total current assets	1,669	1,919	1,111	945	438	389
Total assets	6,421	6,409	3,866	3,171	1,536	809
Equity attrib. to equity holders of parent	1,588 [3]	1,285	914	759	500	204
Equity attrib. to minority interests	375	252	173	139	7	7
Provisions, interest-bearing	0	2	0	0	0	0
Provisions, non-interest bearing	156	122	65	58	20	20
Liabilities, interest-bearing	3,325	2,999	1,960	1,736	752	337
Liabilities, non-interest bearing	944	1,700	710	479	257	241
Financial liabilities, other	33	49	44	0	0	0
Total equity and liabilities	6,421	6,409	3,866	3,171	1,536	809
Cash flow statement						
Cash flow from operating activities before change in working capital	165	385	298	230	–	140
Change in working capital	183	-181	-3	25	–	-14
Cash flow from operating activities	348	204	295	255	–	126
Investments in non-current assets	-205	-224	-177	-163	–	-40
Disposals of non-current assets	176	32	1	7	–	5
Cash flow before acquis./divest. of companies	319	12	119	99	–	91
Net investments in companies	-34	-614	-467	-879	–	0
Cash flow after investing activities	285	-602	-348	-780	–	91
Change in loans	-521	640	182	830	–	-61
New issues	88	30	28	162	–	0
Dividends paid	0	0	0	0	–	-44
Other	115	146	0	0	–	0
Cash flow from financing activities	-318	816	210	992	–	-105
Cash flow for the year	-33	214	-138	212	–	-14
Key figures						
EBITA margin, %	5.7	9.5	11.9	13.7	10.9	11.0
EBT margin, %	1.9	6.2	8.3	9.0	6.6	7.9
Return on equity, %	7.7	17.4	19.7	17.6	–	35.5
Return on capital employed, %	6.6	12.9	13.5	14.0	–	22.0
Equity ratio, %	31	24	28	28	33	26
Interest-bearing net debt, SEKm	2,932	2,637	1,826	1,457	688	308
Debt/equity ratio, multiple	1.7	2.0	1.8	1.9	1.5	1.6
Average number of employees	4,115	3,591	2,123	1,615	–	995

1) Elitfönster AB.
2) Excluding interest on shareholder loan.
3) Equity includes shareholder loan of SEK 413m.
4) Operating expenses include items affecting comparability of SEK -107m.

Jøtul – continued weak development

Ratos became an owner of Jøtul in 2006. Ratos's holding amounts to 63%. Co-owners are Accent Equity Partners and the company's management.

Consolidated book value at year-end amounted to SEK 180m.

Ratos is represented on the board by Per Frankling (who is responsible for this holding), Anders Lindblad (Industrial Advisor), Johan Pernvi and by Bo Jungner as a deputy.

Operations

Jøtul is the largest manufacturer of stoves and fireplaces in Europe and is the market leader in Norway as well as holding strong positions in Denmark, France and the US. The company, which is one of Norway's oldest companies dating back to 1853, manufactures cast-iron stoves and fire places, cassettes, built-ins and accessories for stoves and fireplaces. The group's most important brands are Jøtul and Scan. Manufacturing takes place in Norway, Denmark, France, Poland and the US. Products are sold worldwide via 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 15 billion. Market growth is driven by an increased focus on heating with renewable energy and by the cost trend for alternative heating sources (electricity, oil and natural gas). Facts such as weather, interest rate trends, house prices, housing starts and renovations also affect market growth. During 2008 development in the Nordic market was negative while the markets in North America and France, despite a negative economic trend and housing price development, developed positively due to high prices for oil and gas during most of the year.


During the year Jøtul enjoyed major success with two newly launched stoves under the Scan brand.

Jøtul's largest markets are Scandinavia, the US and France. Jøtul has a strong position in Scandinavia with a market share of about 25%. Other players in Scandinavia are Nibe, Hwam, Morsø and Dovre.

The year in brief

Jøtul successfully launched two new models during the year under its Scan brand (Scan 57 & 58).

Sales growth was strong in the US, France, the UK and Eastern Europe, partly due to good market development but also because of strong market positions. In Norway, development was negatively affected by a generally falling market for stoves due to the economic and housing price trend. In Sweden and Germany, falling demand was offset by strong market positions.

Sales increased by 12% and amounted to NOK 906m (812). Operating profit (EBITA) was NOK 39m (47). The operating margin was 4.3% (5.8).

Future prospects

Further costs reductions will be carried out in 2009 in order to adapt the company to a lower sales level. At the same time Jøtul will continue its investments in product development and the focus on developing its positions in the markets in which the company operates. The industry is fragmented and offers opportunities for acquisitions in the future.

Board of Directors

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

Management

Erik Moe	CEO
Gunnar Hjortaas	CFO

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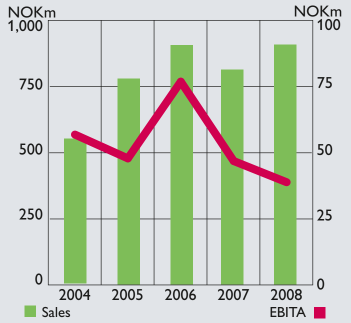
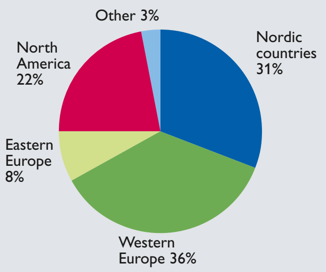
CEO Erik Moe

Sales and earnings



Sales by market



[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 265m.

Jøtul

NOKm	2008	2007	2006 [1) 2)]	2005 [1) 2)]	2005	2004
Income statement						
Net sales	906	812	905	777	587	547
Operating expenses	-820	-742	-793	-685	-515	-463
Other income/expenses	0	0	0	0	0	0
Share of profits of associates	0	0	0	0	0	0
Divestment result	0	18	0	0	0	0
EBITDA	86	88	112	92	72	85
Depreciation	-47	-41	-35	-44	-32	-28
EBITA	39	47	77	48	40	57
Amort. and impair. of intangible assets	0	0	0	0	0	0
Impairment of goodwill	0	0	0	0	0	0
EBIT	39	47	77	48	40	57
Financial income	13	8	12	0	6	2
Financial expenses [3)]	-72	-46	-44	-32	-34	-11
EBT	-20	9	45	16	12	48
Tax	14	3	-8	-1	-5	-15
Profit for the year	-6	12	37	15	7	33
Attributable to equity holders of the parent	-6	12	37	15	7	33
Attributable to minority interests	0	0	0	0	0	0
Balance sheet						
Goodwill	488	477	593	–	20	20
Other intangible assets	203	201	14	–	192	190
Tangible assets	254	242	212	–	240	198
Financial assets, interest-bearing	0	0	0	–	18	19
Financial assets, non-interest bearing	4	4	8	–	6	6
Total non-current assets	949	924	827	–	476	433
Inventories	202	214	196	–	134	125
Receivables, interest-bearing	0	6	4	–	0	0
Receivables, non-interest bearing	171	116	144	–	121	101
Cash, bank and other short-term invest.	2	0	0	–	0	8
Total current assets	375	336	344	–	255	234
Total assets	1,324	1,260	1,171	–	732	667
Equity attrib. to equity holders of parent	349 [4)]	393	385	–	209	201
Equity attrib. to minority interests	0	0	0	–	0	0
Provisions, interest-bearing	40	43	39	–	43	42
Provisions, non-interest bearing	87	132	90	–	0	4
Liabilities, interest-bearing	622	580	534	–	430	379
Liabilities, non-interest bearing	225	112	123	–	50	41
Financial liabilities, other	0	0	0	–	0	0
Total equity and liabilities	1,324	1,260	1,171	–	732	667
Cash flow statement						
Cash flow from operating activities before change in working capital	24	13	–	–	33	75
Change in working capital	-12	0	–	–	3	-41
Cash flow from operating activities	12	13	–	–	36	34
Investments in non-current assets	-48	-57	–	–	-77	-55
Disposals of non-current assets	3	0	–	–	2	0
Cash flow before acquis./divest. of companies	-33	-44	–	–	-39	-21
Net investments in companies	0	-7	–	–	0	0
Cash flow after investing activities	-33	-51	–	–	-39	-21
Change in loans	35	30	–	–	28	56
New issues	0	0	–	–	0	0
Dividends paid	0	0	–	–	0	-33
Other	0	0	–	–	3	-2
Cash flow from financing activities	35	30	–	–	31	21
Cash flow for the year	2	-21	–	–	-8	0
Key figures						
EBITA margin, %	4.3	5.8	8.5	6.2	6.9	10.3
EBT margin, %	-2.2	1.1	5.0	2.1	2.1	8.7
Return on equity, %	-1.7	3.1	–	–	3.6	–
Return on capital employed, %	5.2	5.6	–	–	7.1	–
Equity ratio, %	26	31	33	–	29	30
Interest-bearing net debt, NOKm	660	617	569	–	455	394
Debt/equity ratio, multiple	1.9	1.6	1.5	–	2.3	2.1
Average number of employees	781	799	821	–	515	512

Lindab – weak second half

In 2006, Lindab was re-listed on the NASDAQ OMX Stockholm exchange having been unlisted with Ratos as principal owner since the buyout from the stock exchange in 2001. Ratos's holding is 22%.

Consolidated book value in Ratos at year-end amounted to SEK 752m and the market capitalisation on the same date was SEK 858m.

Ratos is represented on the Board by Stig Karlsson (Industrial Advisor). Per Frankling is responsible for this holding.

Operations

Lindab is a leading company in Europe within development, production, marketing and distribution of systems and products for building materials made from sheet metal and steel. The company has operations in 30 countries and approximately 5,000 employees. Over 60% of sales go to countries outside the Nordic region.

The operations are divided into two business areas. The Profile business area (51% of sales) comprises two product areas. The product area Building Components offers sheet metal based building components such as roof drainage systems, roof and wall cladding for industrial and commercial premises and residential properties. Within this area Lindab 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. The other product area, Building Systems, includes complete building systems made of steel in the form of prefabricated steel buildings. Here Lindab is the market leader in Europe.

The Ventilation business area (49% of sales) offers a broad range of ventilation components made of sheet metal such as circular ducting systems and complete systems and solutions for the indoor climate.

Approximately 60% of the company's products and systems are used in new construction and 40% in refurbishment. The products are primarily used in commercial premises (offices, retail, warehouses and industry) and only to a minor extent in homes. 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.

Lindab has achieved strong growth in Eastern Europe in recent years and built a new factory in Russia in 2008.

The year in brief

The favourable market development experienced by Lindab in recent years continued during the first half of 2008 despite a dawning decline in demand within the housing segment. During the second half of the year demand also fell in the segment for commercial premises and during the fourth quarter demand weakened significantly. In order to adjust the company's cost structure, an extensive savings programme was carried out at the end of the year designed to achieve an annual reduction in the company's costs of more than SEK 300m. David Brodetsky took over as CEO on 1 October when he succeeded Kjell Åkesson who had retired. David Brodetsky was previously head of Lindab's Building Systems product area.

A couple of acquisitions were made during the year. The largest was the Slovakian company Sipog, which has been included in Lindab's product area Building Components in the Profile business area since 1 September.

Construction is under way of a new factory for Building Systems in Yaroslavl, Russia, which is expected to be completed in the first quarter of 2009.

Lindab's total net sales amounted to SEK 9,840m (9,280). Adjusted for effects of company acquisitions and sales as well as currency effects, organic growth was 2%. Sales showed positive development in both the Profile and Ventilation business areas.

Operating profit (EBITA) amounted to SEK 1,172m (1,318), which was charged with extraordinary expenses of SEK 130m mainly related to the cost-cutting programme. Profit before tax was SEK 989m (1,175). The EBITA margin amounted to 11.9% (14.2). Cash flow was good during the year but affected by tied-up capital due to Lindab's growth and higher raw material prices.

Future prospects

Development in Lindab's markets during 2009 is very uncertain. However, a large part of Lindab's products are used within renovation. Demand in this section of the construction market tends to be more stable than within new building.

At the same time as Lindab has adapted to the weaker demand, the company will continue to focus on long-term growth with the aid of the products' excellent properties and to increase its market presence with higher growth over time.

Financial targets

Organic growth	6%
Operating margin (EBIT)	14%
Net debt/equity ratio	1.0-1.4 times
Dividend policy	40-50% of net profit

Board of Directors

Svend Holst-Nielsen	Chairman
Anders C. Karlsson	
Stig Karlsson	
Hans-Olov Olsson	
Annette Sadolin	
Kjell Åkesson	
Pontus Andersson	Employee representative
Markku Rantala	Employee representative
Bjarne Larsson	Deputy, employee representative
Staffan Råberg	Deputy, employee representative

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Management

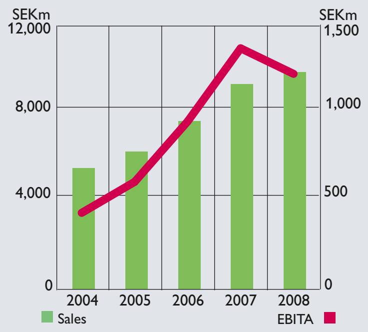
David Brodetsky	CEO
Nils-Johan Andersson	CFO
Peter Andsberg	Head of Profile
Hannu Paitula	Head of Ventilation

CEO David Brodetsky

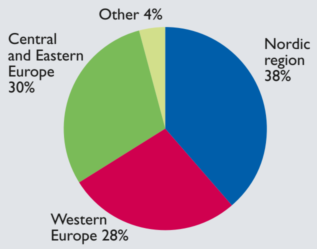
Lindab

SEKm	2008	2007	2006	2005	2004
Income statement					
Net sales	9,840	9,280	7,609	6,214	5,477
Operating expenses	-8,331	-7,764	-6,470	-5,516	-4,912
Other income/expenses	-121	-4	-39	56	4
Share of profits of associates	0	0	0	0	0
Divestment result	0	0	0	-3	0
EBITDA	1,388	1,512	1,100	751	569
Depreciation	-216	-194	-197	-191	-185
EBITA	1,172	1,318	903	560	384
Amort. and impair. of intangible assets	-10	-9	-9	-3	0
Impairment of goodwill	0	0	0	0	0
EBIT	1,163	1,309	894	557	384
Financial income	22	20	11	10	10
Financial expenses	-196	-154	-108	-83	-98
EBT	989	1,175	797	484	296
Tax	-266	-274	-212	-133	-94
Profit for the year	723	901	585	351	202
Attributable to equity holders of the parent	723	901	585	351	201
Attributable to minority interests	0	0	0	0	1
Balance sheet					
Goodwill	2,961	2,713	2,616	2,398	2,006
Other intangible assets	74	66	74	81	20
Tangible assets	1,715	1,425	1,391	1,527	1,393
Financial assets, interest-bearing	7	7	6	6	57
Financial assets, non-interest bearing	392	352	325	324	25
Total non-current assets	5,149	4,563	4,412	4,336	3,501
Inventories	1,645	1,278	1,083	875	1,024
Receivables, interest-bearing	34	10	1	0	0
Receivables, non-interest bearing	1,539	1,478	1,382	1,070	868
Cash, bank and other short-term invest.	258	371	199	244	117
Total current assets	3,476	3,137	2,665	2,189	2,009
Total assets	8,625	7,700	7,077	6,525	5,510
Equity attrib. to equity holders of parent	3,346	2,969	2,190	2,853	2,367
Equity attrib. to minority interests	0	0	0	0	2
Provisions, interest-bearing	116	109	106	105	85
Provisions, non-interest bearing	511	419	439	367	144
Liabilities, interest-bearing	2,957	2,516	2,702	1,991	1,920
Liabilities, non-interest bearing	1,695	1,687	1,640	1,209	992
Financial liabilities, other	0	0	0	0	0
Total equity and liabilities	8,625	7,700	7,077	6,525	5,510
Cash flow statement					
Cash flow from operating activities before change in working capital	797	1,092	883	587	463
Change in working capital	-124	-217	-105	143	-49
Cash flow from operating activities	673	875	778	730	414
Investments in non-current assets	-280	-195	-146	-226	-209
Disposals of non-current assets	43	18	96	216	50
Cash flow before acquis./divest. of companies	436	698	728	720	255
Net investments in companies	-181	-48	-373	-657	0
Cash flow after investing activities	255	650	355	63	255
Change in loans	351	-231	707	61	-358
New issues	0	0	0	0	0
Dividends paid	-413	-256	-1,196	0	0
Other	-334	0	94	-3	0
Cash flow from financing activities	-396	-487	-395	58	-358
Cash flow for the year	-141	163	-40	121	-103
Key figures					
EBITA margin, %	11.9	14.2	11.9	9.0	7.0
EBT margin, %	10.1	12.7	10.5	7.8	5.4
Return on equity, %	22.9	34.9	23.2	13.4	8.5
Return on capital employed, %	19.7	25.1	18.2	12.2	9.0
Equity ratio, %	39	39	31	44	43
Interest-bearing net debt, SEKm	2,774	2,237	2,602	1,846	1,831
Debt/equity ratio, multiple	0.9	0.9	1.3	0.7	0.8
Average number of employees	5,456	5,013	4,689	4,315	4,011

Sales and earnings



Sales by market



Financial calendar

Interim report Jan-March, 6 May 2009

Interim report Jan-June, 17 July 2009

Interim report Jan-Sept, 28 Oct 2009

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Major shareholders

Ratos	22.5%
Skandia Liv	11.7%
AP6	11.2%
Swedbank Robur	7.6%
AP2	5.3%

Source: Euroclear Sweden

MCC – strong growth and good profitability

Ratos owns 100% of the shares in Mobile Climate Control (MCC). 60% of the shares were acquired in spring 2007 and the remaining 40% in autumn 2008.

Consolidated book value in Ratos amounted to SEK 565m at year-end.

Ratos is represented on the board by Henrik Blomé (who is responsible for this holding), Anders Lindblad (Industrial Advisor) and Johan Pernvi as well as by Leif Johansson as a deputy.

Operations

MCC is a niche supplier which develops, manufactures and sells customised climate control systems for vehicles produced in short series and with high demands on product performance and quality. The climate systems meet customer specifications and requirements and usually include heating and and/or cooling (AC) which creates a pleasant environment for operators and passengers. MCC has three main customer segments: bus manufacturers, off road vehicle manufacturers (such as construction vehicles and heavy duty specialty vehicles, mining and materials handling vehicles, and forest machines), and military vehicle manufacturers. The company's head office is in Stockholm and production mainly takes place in Canada (Toronto), the US (Goshen), Sweden (Norrtälje), and Poland (Wroclaw). Over 70% of sales take place in North America and the remainder in Europe.

Market

Market growth is driven by the number of vehicles produced and by the fact that a growing proportion of vehicles contain increasingly sophisticated climate systems – the trend is for end customers to demand an increasingly comfortable vehicle climate – as well as by more extensive working environment regulations. MCC has a strong market position within

The trend is towards increasingly sophisticated climate systems in buses and off road vehicles.

selected segments. In the bus segment, MCC is the market leader for heating systems in North America and the Nordic region, while the rest of Europe and the cooling segment (AC) are so far relatively undeveloped markets for the company. Within the off road segment, MCC's market position is strong both in North America and in the Nordic region. In the military vehicle segment, the company's operations focus on North American where MCC has a strong market position.

The year in brief

MCC showed very good growth in 2008 and sales totalled SEK 1,024m compared with SEK 698m in the previous year, an increase of 47% where organic growth amounted to approximately 20%. During the year operations were acquired from the American company ACME Radiator and Air Conditioning which were consolidated on 1 September. The organic sales growth in North America amounted to approximately 30% and mainly came from the bus and military segments. Off road showed a slightly weaker development with the economic downturn and reduced activity within the construction sector having a negative impact on growth.

Sales in Europe rose 7% with an even distribution between off roads and buses. Development in the bus segment was driven by strong demand from European bus manufacturers. In the off road segment the year started strongly but was negatively affected during the second half by the general economic downturn.

The company's operating margin was good and EBITA for the year amounted to SEK 167m (118), an increase of 42% compared with the previous year. Profit before tax was SEK 115m (75).

MCC's new factory in Poland was completed during the year. The new factory gives the company capacity to grow in Europe and an opportunity to produce closer to customers in Continental and Eastern Europe.

Future prospects

MCC's strong market positions, structural growth driving factors in the market and unexploited growth opportunities, give the company a strong base for continued long-term growth. Weaker vehicle production is expected in 2009, however, due to the general economic situation which will reduce MCC's sales and earnings growth in the short term while the acquisition of ACME will make a positive contribution in 2009.

Board of Directors

Anders Lindblad	Chairman
Henrik Blomé	
Johan Pernvi	
Michael Mononen	
Leif Johansson	Deputy

Management

Clas Gunneberg	CEO

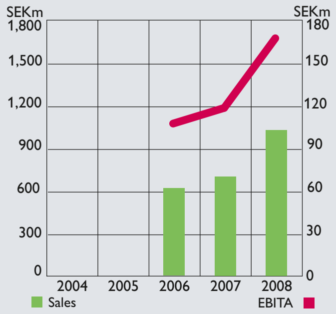
www.mcc-hvac.com

CEO Clas Gunneberg

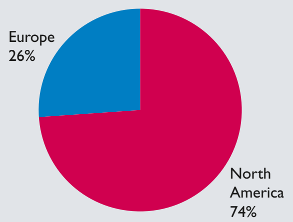
MCC

SEKm	2008	2007 [1]	2006 [1]	2005	2004
Income statement					
Net sales	1,024	698	614		
Operating e xpenses	-741	-575	-500		
Other income/expenses	-108	0	0		
Share of profits of associates	0	0	0		
Divestment result	0	0	0		
EBITDA	175	123	114		
Depreciation	-8	-5	-7		
EBITA	167	118	107		
Amort. and impair. of intangible assets	-2	0	0		
Impairment of goodwill	0	0	0		
EBIT	165	118	107		
Financial income	23	1	2		
Financial expenses	-73	-44	-36		
EBT	115	75	73		
Tax	-44	-28	-25		
Profit for the year	71	47	48		
Attributable to equity holders of the parent	71	47	48		
Attributable to minority interests	0	0	0		
Balance sheet					
Goodwill	939	842	–		
Other intangible assets	36	0	–		
Tangible assets	134	72	–		
Financial assets, interest-bearing	0	0	–		
Financial assets, non-interest bearing	14	0	–		
Total non-current assets	1,123	914	–		
Inventories	166	113	–		
Receivables, interest-bearing	0	0	–		
Receivables, non-interest bearing	197	150	–		
Cash, bank and other short-term invest.	27	44	–		
Total current assets	390	307	–		
Total assets	1,513	1,221	–		
Equity attrib. to equity holders of parent	592	530	–		
Equity attrib. to minority interests	0	0	–		
Provisions, interest-bearing	0	0	–		
Provisions, non-interest bearing	12	10	–		
Liabilities, interest-bearing	733	571	–		
Liabilities, non-interest bearing	174	108	–		
Financial liabilities, other	2	2	–		
Total equity and liabilities	1,513	1,221	–		
Cash flow statement					
Cash flow from operating activities before change in working capital	69	–	–		
Change in working capital	-11	–	–		
Cash flow from operating activities	58	–	–		
Investments in non-current assets	-41	–	–		
Disposals of non-current assets	0	–	–		
Cash flow before acquis./divest. of companies	17	–	–		
Net investments in companies	-173	–	–		
Cash flow after investing activities	-156	–	–		
Change in loans	121	–	–		
New issues	0	–	–		
Dividends paid	0	–	–		
Other	18	–	–		
Cash flow from financing activities	139	–	–		
Cash flow for the year	-17	–	–		
Key figures					
EBITA margin, %	16.3	16.9	17.4		
EBT margin, %	11.2	10.7	11.9		
Return on equity, %	–	–	–		
Return on capital employed, %	–	–	–		
Equity ratio, %	39	43	–		
Interest-bearing net debt, SEKm	706	527	–		
Debt/equity ratio, multiple	1.2	1.1	–		
Average number of employees	727	534	495		

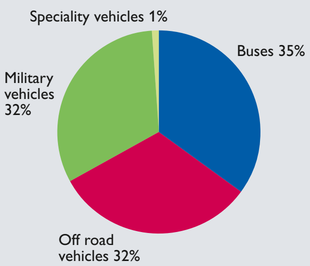
Sales and earnings



Sales by market



Sales by segment



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

Medisize – international player established

Ratos invested in the Finnish company Medifiq Healthcare (previously a division in the Perlos Group) in 2006. Medisize Medical (a division within the Swiss group Medisize Holding) was acquired in April 2008. In conjunction with this acquisition the company's name was changed to Medisize. Ratos's holding amounts to 93%. Other co-owners are Perlos (Lite-On Group) with 5.5% and the company's management and board with 1.5%.

Consolidated book value in Ratos at year-end amounted to SEK 685m.

Ratos is represented on the board by Leif Johansson (who is responsible for this holding) and Magdalena Aniansson.

Operations

Medisize is an international contract manufacturer specialised in medical devices for delivery and administration of drugs and pharmaceutical packaging as well as development, manufacture, sales and distribution of single-use plastic products for anaesthesia and intensive care. Medisize offers services from design to mass production. Operations are conducted in four segments: Drug Delivery Devices, Medical & Diagnostic Devices, Primary Pharmaceutical Packaging and Airway Management.

The Drug Delivery Devices segment consists of products such as injector pens, inhalers and pumps for administering pain killers with pharmaceutical companies as customers.

Medical & Diagnostic Devices is a broad segment with products that include catheters, implants and products for high-pressure injection for medical technology companies.

The Primary Pharmaceutical Packaging segment consist of bottles, closures and flexible containers primarily for pharmaceutical and medical technology companies.

Airway Management's products include tubes, filters, humidifiers and masks for distributors, hospitals and other customers in the healthcare sector.

Medisize was involved in the development of Conix, a new inhaler used by people with asthma and COPD.

The company develops its own products which are sold together with products from third parties.

Medisize has approximately 900 employees and production facilities in Finland, the Netherlands, Ireland, Switzerland and the Czech Republic. The head office is located in Finland.

Market

Medisize is exposed to a number of underlying markets and includes pharmaceutical companies, medical technology suppliers and the food industry among its customers. The company often has long sales cycles as well as manufacturing contracts that run for several years.

In general, Medisize operates in markets where the demographic development creates opportunities for growth while the trend towards greater outsourcing continues. Two of the company's key areas: products for diabetes and asthma and respiratory diseases, are seeing strong growth. Growth for Medisize also depends on the success of its customers with the contracted products.

Medisize also provides high-quality mould production which is a significant competitive advantage for products at the development phase, since the company can ensure confidentiality, speed and a holistic understanding as well as enabling rapid changes to the moulds, something which is often required during development work. This is especially significant within Drug Delivery Devices.

The market for contract manufacturers has consolidated in recent years and this trend is expected to continue.

The year in brief

Medisize Medical was acquired in April 2008. Significant synergies were identified during the integration process. The new group has worked with cost savings and expanded its sales organisation.

During the year Medisize implemented several action programmes to improve efficiency and earnings. As part of the integration work, production in the UK will cease and be transferred to other plants. This relocation is expected to be completed during the first quarter of 2009.

Sales increased from EUR 103m to EUR 106m. Operating profit (EBITA) amounted to EUR 1.9m (3.0). Earnings were charged with and restructuring costs of EUR 4.2m.

The company received an extended order from sanofi-aventis for injector pens with full-scale production from the first quarter of 2010. Sales from the new line are expected to amount to approximately EUR 15m per year.

Future prospects

Market growth and Medisize's investments in the sales organisation are expected to provide good growth opportunities. Earnings for 2009 are expected to be affected positively by synergies from the acquisition and the relocation of production from the facility in the UK.

Board of Directors

Lauri Ratia	Chairman
Magdalena Aniansson	
Helle Bechgaard	
Timo Hildén	
Leif Johansson	
Rabbe Klemets	
Juha Torniainen	

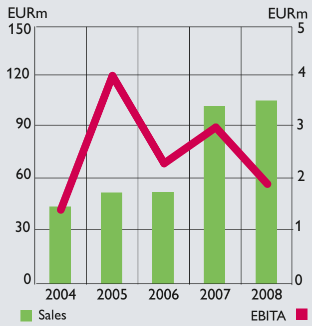
Management

Willem van den Bruinhorst	CEO
Semi Korpela	CFO

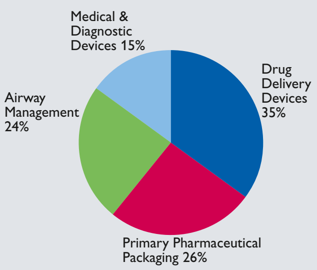
www.medisize.com

CEO Willem van den Bruinhorst

Sales and earnings



Sales by business area



Medisize

EURm	2008 [1) 2)]	2007 [1)]	2007	2006 [3)]	2005 [3)]	2005
Income statement						
Net sales	106.2	103.0	37.5	53.0	52.8	52.8
Operating expenses	-97.3	-93.3	-37.3	-47.3	-44.6	-44.6
Other income/expenses	0.9	-0.1	0.4	0.0	0.0	0.1
Share of profits of associates	0.0	0.0	0.0	0.0	0.0	0.0
Divestment result	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	9.8	9.6	0.6	5.7	8.2	8.2
Depreciation	-7.9	-6.6	-3.7	-3.4	-4.2	-4.2
EBITA	1.9	3.0	-3.1	2.3	4.0	4.0
Amort. and impair. of intangible assets	-0.4	-0.5	-0.1	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.5	2.5	-3.2	2.3	4.0	4.0
Financial income	1.0	0.4	0.3	0.0	0.1	0.1
Financial expenses	-6.1	-3.6	-1.9	-1.2	-1.2	-0.2
EBT	-3.6	-0.7	-4.8	1.1	2.9	3.9
Tax	-0.6	-0.9	-0.5	0.0	–	-1.7
Profit for the year	-4.0	-1.6	-5.3	1.1	–	2.2
Attributable to equity holders of the parent	-4.0	-1.6	-5.3	1.1	–	2.2
Attributable to minority interests	0.0	0.0	0.0	0.0	–	0.0
Balance sheet						
Goodwill	68.9	–	35.6	37.1	–	0.0
Other intangible assets	3.4	–	1.9	1.8	–	2.3
Tangible assets	31.1	–	18.9	21.9	–	26.1
Financial assets, interest-bearing	0.0	–	0.0	0.0	–	0.0
Financial assets, non-interest bearing	1.3	–	0.3	0.4	–	0.3
Total non-current assets	104.7	–	56.7	61.2	–	28.7
Inventories	18.3	–	4.2	5.6	–	8.5
Receivables, interest-bearing	0.0	–	0.0	0.0	–	0.0
Receivables, non-interest bearing	12.5	–	5.6	7.3	–	6.1
Cash, bank and other short-term invest.	13.5	–	0.1	8.1	–	13.0
Total current assets	44.3	–	9.9	21.0	–	27.6
Total assets	149.0	–	66.6	82.2	–	56.3
Equity attrib. to equity holders of parent	69.0	–	31.8	38.4	–	38.6
Equity attrib. to minority interests	0.0	–	0.0	0.0	–	0.0
Provisions, interest-bearing	0.0	–	0.1	0.1	–	0.1
Provisions, non-interest bearing	1.2	–	1.5	1.2	–	0.0
Liabilities, interest-bearing	49.2	–	25.3	28.0	–	3.2
Liabilities, non-interest bearing	28.9	–	7.8	14.5	–	14.4
Financial liabilities, other	0.7	–	0.1	0.0	–	0.0
Total equity and liabilities	149.0	–	66.6	82.2	–	56.3
Cash flow statement						
Cash flow from operating activities before change in working capital	4.6	–	-0.7	–	–	4.7
Change in working capital	8.4	–	-1.2	–	–	-1.1
Cash flow from operating activities	13.0	–	-1.9	–	–	3.6
Investments in non-current assets	-2.0	–	-0.7	–	–	-2.1
Disposals of non-current assets	0.1	–	0.1	–	–	0.1
Cash flow before acquis./divest. of companies	11.1	–	-2.5	–	–	1.5
Net investments in companies	-52.6	–	-2.9	–	–	0.0
Cash flow after investing activities	-41.5	–	-5.4	–	–	1.5
Change in loans	12.5	–	-2.5	–	–	0.0
New issues	42.3	–	0.0	–	–	0.0
Dividends paid	0.0	–	0.0	–	–	0.0
Other	0.0	–	-0.1	–	–	3.0
Cash flow from financing activities	54.8	–	-2.6	–	–	3.0
Cash flow for the year	13.3	–	-8.0	–	–	4.5
Key figures						
EBITA margin, %	1.8	2.9	neg.	4.3	7.6	7.6
EBT margin, %	-3.4	-0.7	neg.	2.1	5.5	7.4
Return on equity, %	–	–	neg.	–	–	6.0
Return on capital employed, %	–	–	neg.	–	–	10.4
Equity ratio, %	46	–	48	47	–	69
Interest-bearing net debt, EURm	35.7	–	25.3	20.0	–	-9.7
Debt/equity ratio, multiple	0.7	–	0.8	0.7	–	0.1
Average number of employees	994	1,043	430	493	–	545

1) Pro forma taking acquisition of Medisize Medical into account.
2) Earnings were charged with restructuring costs of EUR 4.2m.
3) Pro forma taking Ratos's acquisition into account.

Scandinavian Business Seating – successful integration

Ratos acquired the office chair producers RH Form in Sweden, RBM in Denmark and HÅG in Norway in 2007. The companies were merged to form the new group Scandinavian Business Seating (initially called HÅG/RH/RBM Group). Ratos's holding amounts to 85%. The other shareholders are the companies' managements.

Consolidated book value at year-end amounted to SEK 842m.

Ratos is represented on the board by Thomas Hofvenstam (who is responsible for this holding) with Leif Johansson and Henrik Lundh as deputies.

Scandinavian Business Seating is one of Europe's largest players within office and meeting-room chairs.

Operations

Scandinavian Business Seating develops and produces ergonomic seating solutions with a Scandinavian design for private and public office environments. The product range includes office chairs, chairs for conferences, canteens and educational environments. The products are sold under the HÅG, RH and RBM brands and mainly distributed through independent retail outlets to end users in companies and organisations. The three brands share a strong focus on visual design, health, environment and quality.

The group is currently represented through subsidiaries in Norway, Sweden, Denmark, Germany, the UK, Benelux and France. In addition, Scandinavian Business Seating is represented by importers in over 30 countries. The group has a total of some 620 employees. Production takes place at factories in Norway, Sweden and Denmark. Scandinavian Business Seating is among the three largest chair players in Europe with a market share of about 7%.

Market

The west European market for office furniture can be divided into four product segments: seating products, storage, desks and meeting-room tables. Seating products account for one-third of this market with a size of approximately SEK 24 billion. In Western Europe the market for office chairs amounts to approximately SEK 15 billion. The group's main markets: Scandinavia, Germany, the UK and Benelux, account for over 50% of the west European market.

The market is affected late by the business cycle and mainly driven by GDP development, employment levels, construction of commercial premises and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

The year in brief

When the group was established in mid-2007, a number of integration projects were initiated to exploit synergy gains between the companies – primarily within purchasing, production and administration. The programme went according to plan in 2008 and will continue during 2009.

A number of product launches took place in 2008. Scandinavian Business Seating successfully launched new meeting and conference chairs (HÅG Sideways) and office chairs (HÅG Futu). Against the background of the weakened business climate, market growth has levelled out and the company's total sales were unchanged compared with 2007.

Sales amounted to NOK 1,289m (1,289). Operating profit (EBITA) rose 9% to NOK 207m (190).

Future prospects

Scandinavian Business Seating has a strong market position in the Nordic countries and profitable niche positions particularly in Germany, the Netherlands and the UK, where the company's products have a clear differentiation compared with other European players with the focus on ergonomics. The market for ergonomic seating solutions is expected to have good growth over a business cycle and there are good opportunities for continued export activities. In the short term, however, the company's markets may be affected by the prevailing economic situation. The fragmented industry structure provides an attractive opportunity for the company in both the Nordic region and the rest of Europe. Ongoing synergy projects are expected to make a positive contribution to the company's profitability in the years ahead.

Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Torgny Eriksson	
Thomas Hofvenstam	
Olav Kjell Holtan	
Niels Peter Pretzmann	
Sven-Gunnar Schough	
Leif Johansson	Deputy
Henrik Lundh	Deputy

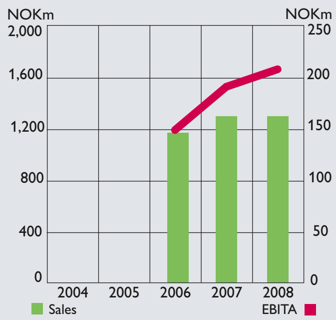
Management

Lars I. Røiri	CEO
Jon-Erlend Alstad	Senior Vice President HÅG Commercial Brand RBM Commercial Brand
Peter Eklund	Senior Vice President RH Commercial Brand
Lillevi Øglænd Ivarson	Senior Vice President HR & Organisational Development
Torbjörn Iversen	Senior Vice President Production & Logistics
André Jaeger	CFO
Hilde Britt Mellbye	Senior Vice President Research & Development

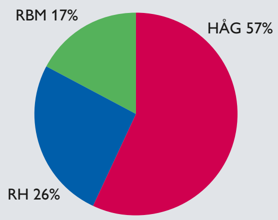
www.sbseating.com

CEO Lars I. Røiri

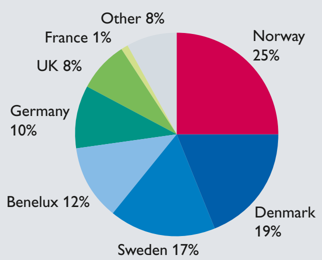
Sales and earnings



Sales by brand



Sales by market



[1] Pro forma taking Ratos's acquisition into account.
[2] Excluding interest on shareholder loan.
[3] Equity includes shareholder loan of NOK 579m.

Scandinavian Business Seating

NOKm	2008	2007 [1]	2006 [1]	2005	2004
Income statement					
Net sales	1,289	1,289	1,160		
Operating expenses	-1,042	-1,048	-968		
Other income/expenses	0	0	1		
Share of profits of associates	0	0	0		
Divestment result	0	0	0		
EBITDA	247	241	193		
Depreciation	-40	-51	-45		
EBITA	207	190	148		
Amort. and impair. of intangible assets	0	0	0		
Impairment of goodwill	0	0	0		
EBIT	207	190	148		
Financial income	8	2	7		
Financial expenses [2]	-126	-73	-70		
EBT	89	119	85		
Tax	-8	-41	-38		
Profit for the year	81	78	47		
Attributable to equity holders of the parent	81	78	47		
Attributable to minority interests	0	0	0		
Balance sheet					
Goodwill	1,388	1,395	–		
Other intangible assets	33	29	–		
Tangible assets	185	159	–		
Financial assets, interest-bearing	0	0	–		
Financial assets, non-interest bearing	21	24	–		
Total non-current assets	1,627	1,607	–		
Inventories	88	82	–		
Receivables, interest-bearing	1	8	–		
Receivables, non-interest bearing	202	178	–		
Cash, bank and other short-term invest.	63	113	–		
Total current assets	354	381	–		
Total assets	1,981	1,988	–		
Equity attrib. to equity holders of parent	809 [3]	742	–		
Equity attrib. to minority interests	0	0	–		
Provisions, interest-bearing	3	5	–		
Provisions, non-interest bearing	85	94	–		
Liabilities, interest-bearing	962	1,039	–		
Liabilities, non-interest bearing	122	108	–		
Financial liabilities, other	0	0	–		
Total equity and liabilities	1,981	1,988	–		
Cash flow statement					
Cash flow from operating activities before change in working capital	93	–	–		
Change in working capital	24	–	–		
Cash flow from operating activities	117	–	–		
Investments in non-current assets	-60	–	–		
Disposals of non-current assets	1	–	–		
Cash flow before acquis./divest. of companies	58	–	–		
Net investments in companies	0	–	–		
Cash flow after investing activities	58	–	–		
Change in loans	-111	–	–		
New issues	0	–	–		
Dividends paid	0	–	–		
Other	0	–	–		
Cash flow from financing activities	-111	–	–		
Cash flow for the year	-53	–	–		
Key figures					
EBITA margin, %	16.0	14.7	12.8		
EBT margin, %	6.9	9.2	7.3		
Return on equity, %	–	–	–		
Return on capital employed, %	–	–	–		
Equity ratio, %	41	37	–		
Interest-bearing net debt, NOKm	900	923	–		
Debt/equity ratio, multiple	1.2	1.4	–		
Average number of employees	633	655	633		

Superfos – stable in a weakened market

The listed Danish conglomerate Superfos was acquired in 1999 by Ratos together with IK Investment Partners. In subsequent years action was taken to streamline the structure and operations were focused on injection moulded plastic packaging. Ratos's holding amounts to 33% and the remaining shares are held by IK Investment Partners and the company's management.

Consolidated book value at year-end amounted to SEK 475m.

Ratos is represented on the board by Thomas Hofvenstam (who is responsible for this holding) and by Thomas Mossberg.

Operations

Superfos develops, produces and sells a broad range of injection-moulded plastic packaging to customers in the food, paint and chemical industries. Superfos has a total of ten production units in Europe and one in the US. With approximately 20% of the market, Superfos is the leading manufacturer of injection moulded plastic packaging in Europe. Superfos also has a profitable and fast-growing niche position in the US.

Market

Superfos's market, injection moulded, open-top plastic packaging is estimated at EUR 5.2 billion worldwide. The European market comprises approximately one-third of the global market. The market is equally divided between consumer packaging (<2 litres) and industrial packaging (>2 litres). The most important users are the paint, dairy and ice-cream segments. The food industry accounts for 60% of sales. Growth is mainly driven by increased consumption in the underlying user segment and a transfer from glass and metal packaging to plastic. Environmental issues are becoming increasingly important which also drives consumption of injection-moulded plastic packaging. The competitive scenario is fragmented and mainly local. There are only a few pan-European players such as Superfos.

The new eco-friendly Superfos packaging UniPak Eco™ reduces carbon dioxide emissions by 20 grams per unit.

The year in brief

During 2008, Superfos completed several of the improvement programmes initiated in 2007. During the year the extended factory in Poland went into operation and a new European distribution solution was set up. Superfos also carried out a number of successful product launches such as Paintainer for the paint industry and packaging products with special barrier properties for the food industry. The company's focus on large pan-European customers continued to show positive development. The European construction market suffered a sharp decline which led to a loss of volume for Superfos within the paint segment, among others. The completed action programmes reduced costs during the year, but these effects were offset to some extent by higher freight and raw material costs. Superfos reported sales of EUR 362m (360). Operating profit (EBITA) was EUR 18.8m (18.9). Profit before tax was EUR 4.5m (8.1).

In order to strengthen Superfos financially an EUR 18m new issue was carried out in December, of which Ratos's share amounted to EUR 5.9m.

Future prospects

The extensive profitability improvement measures carried out in recent years combined with an increased focus on product innovation and pan-European customers create opportunities for growth and improved profitability in the years ahead. As European market leader, Superfos is well placed to participate in a continued consolidation of the market for injection-moulded plastic packaging.

Board of Directors

Waldemar Schmidt	Chairman
Torben Bjerre-Madsen	
Gerard De Geer	
Thomas Hofvenstam	
Mads Ryum Larsen	
Thomas Mossberg	

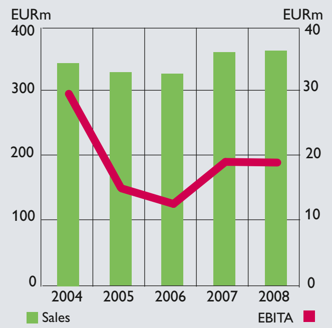
Management

Hans Pettersson	CEO
Benny Nielsen	Executive Vice President, R&D Technology Director
René Valentin	Executive Vice President & CFO

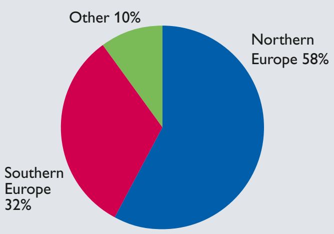
www.superfos.com


CEO Hans Pettersson

Sales and earnings



Sales by market



Superfos

EURm	2008	2007	2006 [1]	2006	2005 [2]	2005
Income statement						
Net sales	362.4	360.3	326.7	342.3	329.2	354.7
Operating expenses	-317.7	-315.6	-291.6	-305.9	-287.4	-307.0
Other income/expenses	0.5	0.9	1.5	1.5	1.0	0.0
Share of profits of associates	0.0	0.0	0.0	0.0	0.0	0.0
Divestment result	0.0	0.0	0.0	0.0	0.0	11.6
EBITDA	45.2	45.6	36.6	37.9	42.8	59.3
Depreciation	-26.4	-26.7	-24.2	-25.1	-28.0	-30.6
EBITA	18.8	18.9	12.4	12.8	14.8	28.7
Amort. and impair. of intangible assets	-0.5	-0.6	0.0	0.0	0.0	0.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	-12.7
EBIT	18.3	18.3	12.4	12.8	14.8	16.0
Financial income	0.1	0.2	0.3	0.3	0.1	0.1
Financial expenses	-13.9	-10.4	-9.3	-9.5	-10.3	-12.8
EBT	4.5	8.1	3.4	3.6	4.6	3.3
Tax	-6.9	-3.3	-6.1	-6.4	-5.0	-5.8
Profit for the year	-2.4	4.8	-2.7	-2.8	-0.4	-2.5
Attrib. to equity holders of the parent	-2.4	4.8	-2.7	-2.8	-0.4	-2.5
Attributable to minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet						
Goodwill	74.4	74.9	–	69.0	–	70.1
Other intangible assets	3.5	4.1	–	0.0	–	0.0
Tangible assets	145.6	151.8	–	142.4	–	158.0
Financial assets, interest-bearing	0.0	0.0	–	0.0	–	0.0
Financial assets, non-interest bearing	7.1	9.6	–	4.4	–	13.7
Total non-current assets	230.6	240.4	–	215.8	–	241.8
Inventories	37.6	42.7	–	35.2	–	38.4
Receivables, interest-bearing	0.0	0.0	–	0.0	–	0.0
Receivables, non-interest bearing	65.0	73.6	–	66.6	–	63.2
Cash, bank and other short-term invest.	3.9	17.7	–	6.5	–	22.8
Total current assets	106.5	134.0	–	108.3	–	124.4
Total assets	337.1	374.4	–	324.1	–	366.2
Equity attrib. to equity holders of parent	126.7	114.5	–	111.0	–	115.1
Equity attrib. to minority interests	0.0	0.0	–	0.0	–	0.0
Provisions, interest-bearing	0.0	0.0	–	0.0	–	0.0
Provisions, non-interest bearing	13.4	13.7	–	13.0	–	17.3
Liabilities, interest-bearing	135.7	173.6	–	140.1	–	177.8
Liabilities, non-interest bearing	61.3	72.6	–	60.0	–	56.0
Financial liabilities, other	0.0	0.0	–	0.0	–	0.0
Total equity and liabilities	337.1	374.4	–	324.1	–	366.2
Cash flow statement						
Cash flow from operating activities before change in working capital	22.9	35.3	–	25.0	–	28.0
Change in working capital	3.2	-3.5	–	-0.6	–	-6.9
Cash flow from operating activities	26.1	31.8	–	24.4	–	21.1
Investments in non-current assets	-19.5	-31.3	–	-26.0	–	-19.5
Disposals of non-current assets	0.3	0.0	–	6.1	–	6.2
Cash flow before acquis./divest. of companies	6.9	0.5	–	4.5	–	7.8
Net investments in companies	-0.7	-22.1	–	16.9	–	51.5
Cash flow after investing activities	6.2	-21.6	–	21.4	–	59.3
Change in loans	-37.8	33.5	–	-38.4	–	-41.6
New issues	18.0	0.0	–	0.0	–	1.0
Dividends paid	0.0	0.0	–	0.0	–	0.0
Other	0.8	-0.7	–	0.0	–	0.9
Cash flow from financing activities	-19.0	32.8	–	-38.4	–	-39.6
Cash flow for the year	-12.8	11.2	–	-17.0	–	19.6
Key figures						
EBITA margin, %	5.2	5.3	3.8	3.7	4.5	8.1
EBT margin, %	1.2	2.2	1.0	1.1	1.4	0.9
Return on equity, %	-2.0	4.3	–	neg.	–	neg.
Return on capital employed, %	6.7	6.9	–	4.8	–	5.1
Equity ratio, %	38	31	–	34	–	31
Interest-bearing net debt, EURm	131.8	155.9	–	133.6	–	155.0
Debt/equity ratio, multiple	1.1	1.5	–	1.3	–	1.5
Average number of employees	1,549	1,546	–	1,525	–	1,669

[1] Pro forma excluding Aerosol IGS.
[2] Actual figures including the sold Pharma division.

Other holdings

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 Group became a separate holding. In 2008, Ratos increased its holding in BTJ Group to approximately 66%.

Ratos is represented on the board by Robin Molvin (who is responsible for this holding) and Lene Sandvoll Stern with Bo Jungner as a deputy.

Operations

BTJ Group is a leading supplier of media products and information services to libraries, universities, companies and organisations in the Nordic market. Operations are conducted through BTJ Sweden and BTJ Finland.

SEKm	2008	2007
Net sales	845	823
Operating profit/loss (EBITA)	-10	4
Profit/loss before tax (EBT)	-13	1
Cash flow before acquisition and divestment of companies	11	-13
EBITA margin, %	-1.2	0.5
Interest-bearing net debt	9	18
Average number of employees	294	297

Board of Directors

Per Samuelson	Chairman
Gunnar Ahlström	
Peter Carrick	
Harold Kaiser	
Robin Molvin	
Lene Sandvoll Stern	
Bo Jungner	Deputy
Paul Steene	Deputy

Management

Jonas Arvidsson	CEO
Bengt Jöndell	CFO

www.btj.se

CEO Jonas Arvidsson

Hafa Bathroom Group

Ratos became an owner in Hafa Bathroom Group (previously part of Haendig) in 2001 in conjunction with the acquisition of Atle. Ratos's holding amounts to 100%.

Ratos is represented on the Board by Henrik Blomé (who is responsible for this holding) with Johan Pålsson as a deputy.

Operations

Hafa Bathroom is a leading supplier of bathroom furnishings in the Nordic market. The company designs, develops and sells a broad range of bathroom products such as furniture, shower solutions and whirlpool baths to Nordic retailers. The product range is sold and marketed under the Hafa brand which primarily sells to the DIY trade, and the Westerbergs brand which mainly sells through the plumbing and building materials trade. Production takes place in Asia and Europe using external suppliers, with the exception of customised assembly of whirlpool baths in Skene, Sweden.

Board of Directors

Thomas Holmgren	Chairman
Henrik Blomé	
Johan Holmgren	
Staffan Jehander	
Anders Reuthammar	
Ola Andrée	CEO
Johan Pålsson	Deputy

Management

Ola Andrée	CEO
Malin Sundbäck	Group Controller

SEKm	2008	2007
Net sales	391	410
Operating profit (EBITA)	41	16
Profit before tax (EBT)	35	10
Cash flow before acquisition and divestment of companies	50	-11
EBITA margin, %	10.4	3.9
Interest-bearing net debt	76	143
Average number of employees	185	175

www.hafabg.com

CEO Ola Andrée

IK Investment Partners

IK Investment Partners (formerly Industri Kapital) is an unlisted private equity company with assets under management of approximately EUR 5.7 billion. Since the start in 1989, the company has made approximately 70 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 IK Investment Partners' funds comprise major Nordic, European and American institutional investors.

Ratos has invested a total of approximately SEK 550m in four funds – 1989 (closed), 1994 (closed), 1997 and 2000. The two funds IK 1997 and IK 2000 are fully invested. Berit Lind is responsible for Ratos's investments in IK Investment Partners.

The holding in IK Investment Partners contributed SEK 13m to Ratos's exit gains in 2008.

IK 1997 – total book value SEK 43m

- Dynea – chemical company that manufactures adhesion and surfacing solutions
- Superfos – manufactures plastic packaging, also owned directly by Ratos as a holding

IK 2000 – total book value SEK 91m

- Welzorg – Dutch distributor of mobility aids
- Europris – Norwegian discount wholesaler and retailer within food and other products
- Idex – French energy and environmental service company
- Tradeka – Finnish retail chain and grocery business
- Kwintet – leading European manufacturer of work wear
- Sport Group – German supplier of outdoor surfaces for sports and recreation, such as artificial grass
- Dynea – chemical company that manufactures adhesion and surfacing solutions

www.ikinvest.com

Overseas Telecom

Overseas Telecom was formed in 1996 in order to identify, evaluate and invest in primarily mobile licenses and operators 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. Seven out of eight investments have been realised. The remaining holding is Suntel in Sri Lanka in which Overseas Telecom owns 55%. Suntel's sales in 2008 amounted to SEK 411m with an EBITA of SEK 34m. Net debt in the company at year-end was SEK 67m and the number of subscribers totalled about 433,000.

Ratos is represented on the board by Thomas Mossberg (who is responsible for this holding) and Berit Lind as a deputy.

Board of Directors

Per Eric Fylking	Chairman
Håkan Jansson	
Helena Krook Kilander	
Thomas Mossberg	
Jon W. Ringvold	
Caroline af Ugglas	
Roger Johanson	Deputy
Berit Lind	Deputy
Ole Christian Søhoel	Deputy
Christina Wik	Deputy

Management

Anders Ekman	CEO
Gunnar Andersson	CFO

www.overseas.se

CEO Anders Ekman

Group summary

[1]	2008	2007	2006	2005	2004
Key figures					
Earnings per share before dilution, SEK	32.62	16.66	15.50	12.42	12.45
Dividend per share, SEK	9 [2]	9	5.50 (11) [3]	4.19	3.96
Dividend yield, %	6.7 [2]	5.1	3.4 (6.8) [3]	4.6	5.9
Total return, %	-20	14	85	43	35
Market price, 31 December, SEK	135	176	162.50	91	67
Equity per share, 31 December, SEK [4]	100	75	69	64	55
Equity, SEKm [4]	15,825	11,905	10,875	10,958	9,326
Return on equity, %	37	23	23	21	21
Equity ratio, %	40	38	44	52	76
Average number of shares before dilution	158,576,030	158,829,266	163,005,841	170,062,755	169,572,845
Number of shares outstanding	157,937,855	158,489,155	158,276,730	170,209,628	169,650,634
Income statement, SEKm					
Profit from group companies	1,004	2,005	1,164	716	168
Exit gains, group companies	4,405	160	-14	134	0
Impairment, group companies	-92	–	-178	–	–
Share of profits of associates	550	545	719	1,411	806
Exit gains, associates	31	727	1,617	392	1,356
Impairment, associates	–	–	–	-29	-17
Dividends, other holdings	–	71	21	36	28
Exit gains, other holdings	13	46	75	125	82
Impairment, other holdings	–	–	-10	–	–
Profit from holdings	5,911	3,554	3,394	2,785	2,423
Central income and expenses	-240	-92	-160	-140	-98
Consolidated profit before tax	5,671	3,462	3,234	2,645	2,325
Tax	-382	-516	-572	-464	-210
Consolidated profit after tax	5,289	2,946	2,662	2,181	2,115
Profit attributable to equity holders of the parent	5,172	2,646	2,527	2,113	2,111
Balance sheet, SEKm					
Intangible assets	19,686	18,066	10,406	6,824	1,824
Property, plant and equipment	3,378	3,091	2,124	1,544	602
Financial assets	3,435	2,778	2,929	4,139	5,455
Deferred tax assets	471	291	187	135	45
Current assets	15,780	12,556	11,016	9,451	4,330
Total assets	42,750	36,782	26,662	22,093	12,256
Equity including minority interests	17,290	13,870	11,814	11,554	9,360
Provisions, other	1,148	842	656	315	15
Deferred tax liabilities	780	750	528	280	43
Interest-bearing liabilities	15,927	13,834	8,709	6,006	1,794
Non-interest bearing liabilities	7,605	7,486	4,955	3,938	1,044
Equity and liabilities	42,750	36,782	26,662	22,093	12,256

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

[2] Proposed ordinary dividend.

[3] Ordinary dividend (including extra dividend).

[4] Attributable to equity holders of the parent.

Definitions

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and divestment of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisitions and divestments.

Consolidated value
The Group's share of the holding's equity, any residual values on consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

Dividend yield
Dividend expressed as a percentage of market price.

Earnings per share
Profit for the year attributable to equity holders of the parent divided by the average number of outstanding shares.

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

EBITA
(Earnings before interest, tax and amortisation.) Operating profit after depreciation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
(Earnings before interest, tax, depreciation and amortisation.) Profit before depreciation and impairment.

EBT
(Earnings before tax.) Profit before tax.

EBT margin
EBT as a percentage of net sales.

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

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

Exit gain/loss
Exit gain/loss is the capital gain or loss which arises when a holding is sold.

Interest-bearing net debt
Net of interest-bearing liabilities and provisions minus interest-bearing assets including cash and cash equivalents.

IRR
(Internal Rate of Return.) Annual average return.

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 for the year attributable to equity holders of the parent divided by average equity attributable to equity holders of the parent.

Total return
Price development of shares including reinvested dividends.

Turnover rate
Number of shares trading during a year in relation to the total number of shares outstanding.

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Information to shareholders

Annual General Meeting
2 April 2009

The Annual General Meeting of Ratos AB (publ) will be held at 17.30 CET on Thursday, 2 April 2009 at City Conference Centre, Barnhusgatan 12-14, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB (formerly VPC) no later than Friday, 27 March 2009,
- notify the company of their intention to attend no later than 16.00 CET on Friday, 27 March 2009.

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
- www.ratos.se

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 Euroclear Sweden no later than Friday, 27 March 2009. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 9 per share for the financial year 2008.

The record date proposed by the Board for the right to receive dividends is Tuesday, 7 April 2009. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden on Tuesday, 14 April 2009.

Calendar

2 April	2009 Annual General Meeting
7 May	Interim Report, January-March 2009
20 August	Interim Report, January-June 2009
5 November	Interim Report, January-September 2009

Reports can be accessed at Ratos's website 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 or by

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