



Drottninggatan 2 Box 1661 SE-111 96 Stockholm Sweden
 Org nr/Corp. Id no. 556008-3585 Phone +46 8 700 17 00 Fax +46 8 10 25 59 www.ratos.se

Interim Report January – June 2005

CEO ARNE KARLSSON COMMENTS ON THE REPORT AT www.ratos.se
 TELEPHONE CONFERENCE 9.30 a.m. tel. no. +46 8 505 20 114

- Pre-tax profit SEK 1,081m (1,862)
- Earnings per share SEK 12.41 (21.53)
- Favourable development in portfolio companies
- Two new holdings – BBI/Infodata and Arcus Gruppen
- Envac sold – exit gain SEK 124m

Important events

A new market leader within business information was formed during the period when Ratos-owned Infodata merged with Bonnier Business Information (BBI). The newly formed group expects to reach sales of SEK 3.4 billion and to post an operating profit (EBITA) of almost SEK 350m. Ratos's ownership stake is 80% and the remaining 20% is owned by Bonnier. Bonnier also owns a convertible debenture corresponding to 10% of the share capital. Prior to the merger, the BTJ Infodata group was divided into two main components, BTJ Nordic and Infodata. Ratos acquired the remaining shares in Infodata and increased its holding in BTJ Nordic to 56%. Ratos's total add-on investment as a result of the division of BTJ Infodata and the merger between Infodata and BBI is expected to amount to approximately SEK 500m. The book value of BTJ Nordic is estimated to amount to approximately SEK 15m and the book value of the new BBI/Infodata group amounts to approximately SEK 790m. The deal is expected to be completed during the third quarter.

The sale of the waste management company Envac (within Atle Industri) was completed in May. The buyer was Stena Adactum and the purchase price was SEK 590m. For Ratos, with its 50% holding, this sale generated an exit gain of SEK 124m and an average annual return (IRR) of 26%.

In June, Lindab completed its largest acquisition ever through the purchase of the Luxembourg company Astron SA which is Europe's leading manufacturer of prefabricated steel buildings. The purchase price amounted to SEK 685m. Ratos made no capital contribution in connection with this acquisition.

Inwido (formerly Elitfönster Group) completed four acquisitions, of which two took place after the end of the period. In April, 70% of the Finnish window manufacturer Pihlavan Ikkuna was acquired and in June an agreement was concluded for acquisition of 58% of the door company Diplomat Scandinavia. After the end of the period, agreements were completed for acquisition of 100% of Lenhovda Fönster and 60% of the Danish window manufacturer Storke Vinduer. In the most recent financial year, these four acquisitions had total sales of approximately SEK 1 billion and a combined operating profit (EBITA) totalling SEK 159m. The total value of the four companies (Enterprise Value) amounted to approximately SEK 1,050m. In conjunction with these acquisition, Ratos is providing Inwido with approximately SEK 140m.

After the end of the period, Ratos concluded an agreement to acquire 85% of Norway's leading wine and spirits supplier Arcus Gruppen. In 2004 the company's sales amounted to NOK 2,075m with a profit (EBITA) of NOK 77m. Ratos's investment amounts to NOK 434m (c. SEK 520m).

Business environment and market

Ahead of 2005, Ratos's general assessment of the economic outlook was that the strong global economy in 2004 would flatten out at a high level during the current year. General economic development and development for Ratos's holdings during the first half of 2005 have well matched this scenario. Activity and order bookings have been high or very high for most holdings.

Combined sales for the underlying portfolio at the end of the period increased by 5% compared with the previous year. Taking Ratos's ownership stakes into account, sales rose by 8%. The corresponding changes in operating profit were +36% and +49% respectively, and for pre-tax profit +54% and +66% respectively. These change figures exclude LRT/Tornet.

Earnings development during the second quarter benefited from positive, factors affecting comparability. Adjusted for these, development was in line with the expectations Ratos had at the start of the year.

As in the first quarter, three companies performed considerably less well than planned, namely BTJ Infodata (entirely attributable to the BTJ Nordic component), HL Display and Superfos. Both strategic and short-term measures are being implemented in all these companies.

Taking Ratos's ownership stakes into account, development during the first half was in line with expectations at the start of the year. Overall, as before the assessment is that conditions exist for a continued improved result in the underlying portfolio during 2005.

To facilitate analysis, an extensive table is provided on page 18 with key figures for all the Ratos holdings. A summary of income statements and balance sheets for Ratos's associate companies and subsidiaries is available at www.ratos.se in downloadable Excel files.

Ratos's results

The Group's profit before tax amounted to SEK 1,081m (1,862). This result includes profits from the holdings of SEK 1,128m, of which exits accounted for SEK 428m (1,889, of which exits SEK 1,438m). Exits gains are attributable to the sale of Dynal and Envac and to sales made within Industri Kapital.

Ratos's results January-June 2005

SEKm	Ratos's holding, %	2005 Q 1-2	Comparison 2004 Q 1-2
Alimak Hek	50	16	11
Arcorus ¹⁾			42
Atle Industri	50	2	19
Bluegarden	100	26	12
BTJ Infodata	49	33	16
Camfil	30	34	31
DIAB	50	20	21
Dynal Biotech ²⁾		6	20
Gadelius	100	17	5
GS-Hydro ¹⁾	100	7	
Haendig	100	22	26
Haglöfs	100	2	-3
HL Display	29	3	13
Hägglungs Drives ¹⁾	100	51	
Inwido (formerly Elitfönster)	95	57	
Lindab	48	54	35
LRT/Tornet	40	303	98
Martinsson ²⁾		1	7
Overseas Telecom	9		
Superfos	33	10	32
Dahl ²⁾			37
Q-Labs ²⁾			1
Total profit/share of profits		664	423

Exit gains		
Atle Industri/Envac	124	
Dahl		1,356
Dynal Biotech	288	
Industri Kapital	33	83
Martinsson	-17	
Q-Labs		-1
Total exit gains	428	1,438
Dividends from other companies	36	28
Profit from holdings	1,128	1,889
Net expenses	-47	-27
Consolidated profit before tax	1,081	1,862

¹⁾ From 1 January 2005, Arcorus ceased to be a parent company. Subsidiaries Hägglunds Drives and GS-Hydro are now reported as separate holdings.

²⁾ Entire holding sold.

Central income and expenses

Ratos's net income and expenses amounted to SEK -47m (-27) of which personnel costs amounted to SEK 30m (25). Other management costs, including costs for acquisition and exit processes not carried out, amounted to SEK 40m (28). Net financial items amounted to SEK 23m (26).

Tax

Ratos's consolidated tax expense currently comprises subsidiaries' tax 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.

Financial position

Cash flow from operating activities and investing activities was SEK 489m (881) and the Group's cash and cash equivalents at the end of the period amounted to SEK 2,565m (2,160 at 31 December 2004) of which short-term interest-bearing investments comprised SEK 2,314m (1,866 at 31 December 2004). The interest-bearing debt amounted to SEK 2,399m (1,795 at 31 December 2004).

Parent company

The parent company's pre-tax profit amounted to SEK 901m (1,497). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 2,370m (1,890 at 31 December 2004).

Ratos shares

Earnings per share amounted to SEK 12.41 (21.53). The total return on Ratos shares during the period was +24%. During the same period the SIX Return Index rose 16% and the global private equity index LPX50 VW rose 1%. Ratos's A and B shares have been listed on the Stockholm Stock Exchange's A list since 5 July 2005.

Equity SEKm	30 June 2005	% of equity
Alimak Hek	205	2
Atle Industri	261	3
Bluegarden	300	3
BTJ Infodata	307	3
Camfil	478	5
DIAB	622	6
Gadelius	188	2
GS-Hydro	146	2
Haendig	317	3
Haglöfs	139	2
HL Display	231	2
Hägglands Drives	343	4
Industri Kapital	304	3
Inwido (formerly Elitfönster Group)	576	6
Lindab	1,207	13
LRT/Tornet	1,102	11
Overseas Telecom	27	0
Superfos	382	4
Total	7,135	74
Other shares	13	0
Parent company's property	12	0
Other net assets in central companies	2,550	26
Equity (attributable to parent company shareholders)	9,710	100

Equity/share

At 30 June 2005 Ratos's equity amounted to SEK 9,710m corresponding to SEK 123 per outstanding share.

Credit facilities

Since the beginning of 2005, the parent company has a rolling five-year credit facility amounting to SEK 1.3 billion including an overdraft facility. Normally, the parent company should be unleveraged. 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 credit facility was unutilised at the end of the period.

New accounting principles in accordance with IAS/IFRS

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting.

With effect from 2005 all listed companies within the EU must report and publish their consolidated accounts in accordance with International Financial Reporting Standards (IFRS), previously designated International Accounting Standards (IAS).

With effect from 2005 Ratos will therefore publish financial reports according to IFRS. Changed accounting principles mean that the comparative year, i.e. the 2004 opening balance, results and closing balance, are restated according to IFRS. As a result the 2004 figures differ from those presented during 2004. New rules are being introduced regarding financial instruments. In accordance with the interim rules in IFRS 1 applying to IAS 39, Financial Instruments: Recognition and Measurement, financial instruments have not been restated in the balance sheet at the period ending 31 December 2004. On the other hand, restatement has been effected as of 1 January 2005.

The new accounting principles and the effects on the 2004 income statement and balance sheet are described in the 2004 annual report. The effect on opening equity per 2004 is SEK -17m. Implementation of IAS 17 Leasing, had the biggest effect on the opening balance and amounts to SEK -28m.

Profit for 2004 is positively affected by SEK 336m before tax, of which SEK 290m is due to the effect of the cessation of goodwill amortisation, and SEK 48m by the fact that market valuation replaces previous depreciation of investment properties. The new rules mean that goodwill is tested annually for impairment. Any impairment losses are recognised in profit or loss. Investment properties can be measured either at fair value or at cost. Ratos recognises investment properties at fair values. This means that the properties are not depreciated. Instead, changes in the fair value of properties are continuously recognised in profit or loss.

Ratos will continue to report associated companies according to the equity method.

The new rules for financial instruments, IAS 32 and IAS 39, affect opening equity for 2005 by SEK -124m after tax.

Financial instruments IAS 32 and IAS 39

IAS 32 and IAS 39 deal with disclosure, classification, recognition and measurement of financial instruments. According to the rules financial instruments include accounts receivable, accounts payable, loans, investments and derivatives. Financial assets and liabilities must be classified in different categories for measurement purposes. Measurement is either at fair value or amortised cost. The division into categories is not shown in the balance sheet. The categories are

Financial assets

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

Financial liabilities

- Financial liabilities at fair value through profit or loss
- Other financial liabilities

Derivatives are recognised at fair value. Changes in value are recognised in profit or loss provided the derivative is not a hedging instrument in a cash flow hedge. In these cases the change in value is recognised in equity until the date when the hedged transaction affects profit or loss. On that date the accumulated change in value is recognised in equity over profit or loss.

As far as Ratos is concerned it is mainly hedging of foreign currency flows and interest-rate derivatives that are affected. The value is recognised in equity after deduction for deferred tax. The effects mainly stem from associates which in Ratos's balance sheet are recognised as shares in associates and equity.

Accounting principles for the parent company

With effect from 1 January 2005 the parent company applies RR 32 Accounting for legal entities. RR 32 primarily means that IFRS is applied but with certain exceptions. Application of RR 32 will have no effect on the parent company's results and position.

Holdings

Alimak Hek

- Sales SEK 526m (434) and EBITA SEK 41m (32)
- Strong earnings improvement due to completed action programmes and volume growth
- Continued growth in most business areas driven by favourable demand in US and Middle East

Alimak Hek is a world leader in development, manufacture, rentals and sales of rack and pinion driven equipment for vertical access – hoists and platforms for customers in the construction, offshore and other industries. The company was formed in 2001 when the Swedish company Alimak merged with the Dutch company HEK International.

Ratos's holding in Alimak Hek amounts to 50% and the consolidated book value in Ratos was SEK 205m at 30 June 2005.

Atle Industri

- Sales SEK 831m (1,045) and EBITA SEK 379m (48)
- Sale of all shares in Envac completed. Sales generated a pro forma exit gain for Atle Industri of SEK 349m and for Ratos SEK 124m, corresponding to a 26% annual average return (IRR)
- Adjusted for sold units, sales and earnings on a par with previous year
- Improved earnings for Tempcold, Nordhydraulic, Jens S. and Elpress
- Ratos received a dividend of SEK 30m

Atle Industri comprises a portfolio of 8 companies, of which 6 are wholly owned. The portfolio was created when Ratos acquired Atle. The companies in the portfolio operate in the engineering industry and trading. The largest companies are Ekman (trading house), Elpress (electrical connectors), Evert Johansson (systems solutions), Jens S. (mechanical transmission components), Moving (materials handling systems), Nordhydraulic (hydraulic valves), Pressmaster Tool (crimping tools) and Tempcold (distributes cooling products).

Ratos's holding in Atle Industri amounts to 50% and the consolidated book value in Ratos was SEK 261m at 30 June 2005.

Bluegarden

- Sales SEK 250m (181) and EBITA SEK 35m (13)
- PA-Konsult in Sweden taken over on 1 January 2005. Acquisition price approximately SEK 170m
- Several important new customers in Norway and Sweden

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

Ratos's holding in Bluegarden at 30 June 2005 amounted to 100% and the consolidated book value of the holding was SEK 300m.

BTJ Infodata

- Sales SEK 1,150m (1,043) and EBITA SEK 78m (102)
- Decline in earnings attributable to less favourable development for BTJ Nordic. The market remains highly competitive with intense price pressure
- Agreement signed on a merger between Bonnier Business Information and Infodata. Ratos's stake amounts to 80% and the remaining 20% is owned by Bonnier. Prior to the merger, the BTJ Infodata group was divided into Infodata and BTJ Nordic. Ratos acquired the remaining shares in Infodata and increased its holding in BTJ Nordic to 60%. Ratos's total add-on investment as a result of the division of BTJ Infodata and the merger between Infodata and BBI is expected to amount to approximately SEK 500m. The deal is scheduled for completion during the third quarter and means that BTJ Nordic and BBI/Infodata will be two new Ratos subsidiaries.

BTJ Infodata consists of the operating areas BTJ Nordic and Infodata. BTJ Nordic's operations include Bibliotekstjänst, Seelig and subsidiaries in Finland and Denmark. Infodata is a leading supplier of database and direct marketing services in Sweden.

Ratos's holding in BTJ Infodata amounted to 49% at the end of the period and the consolidated book value of the holding was SEK 307m at 30 June 2005.

Camfil

- Sales SEK 1,454m (1,441) and EBITA SEK 108m (122)
- Less favourable development within the clean room market and a credit loss in the UK had a negative impact on earnings
- Continued favourable trend in North America and Asia

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

Ratos's holding in Camfil amounts to 30% and the consolidated book value was SEK 478m at 30 June 2005.

DIAB

- Sales SEK 428m (385) and EBITA SEK 45m (46)
- Strong development during second quarter with continued good order bookings and demand for DIAB's products in most markets and customer segments
- Introduction of an improved product programme provides continuous increased delivery capacity
- Decision to set up a sales company in China

DIAB is a world-leading company that manufactures and develops core materials for composite structures. Key applications include blades for wind turbines, hulls and decks for boats, and components for aircraft, trains, buses and space rockets. The material has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

Ratos's holding in DIAB amounts to 50% and the consolidated book value was SEK 622m at 30 June 2005.

Gadelius

- Sales SEK 361m (298) and EBITA SEK 18m (9)
- Strong sales increase and stable cost structure contributed to improved earnings
- Continued good order bookings, +13%

Gadelius is a technology oriented, modern distributor of selected high-tech products for professional niche markets in Japan and Europe. Customers include the medical technology, construction, packaging, food and engineering/electronics industries.

Ratos's holding in Gadelius at 30 June 2005 amounted to 100% via a Dutch holding company. The consolidated book value in Ratos was SEK 188m at 30 June 2005. This figure excludes the holding company.

GS-Hydro

- Sales SEK 287m (237) and EBITA SEK 14m (-3)
- Favourable sales and earnings trend due to good recovery in the Norwegian market and major international projects
- New market-oriented organisation provides greater opportunities to supply large international projects

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

Ratos's holding in GS-Hydro amounts to 100% and the consolidated book value in Ratos was SEK 146m at 30 June 2005.

Haendig

- Sales SEK 592m (625) and EBITA SEK 25m (33)
- Sales decrease attributable to the sold Markt companies. Sales for comparable units rose 6% and earnings improved in most subsidiaries
- Acquisition of Lundbergs Produkter (consolidated with effect from 1 January 2005) and Westerbergs Badrum (consolidated with effect from 1 June 2005)
- Continued strong development for bathroom products company Hafa. Acquisition of Westerbergs Badrum makes Hafa/Westerbergs the Nordic leader in bathroom fittings

Haendig is an active owner of small and medium-sized wholesalers with a focus on the DIY market and the professional sector in the Nordic region. The Group includes the subsidiaries HDF-Bolagen, Hafa, Duri, Sven Svenssons and Penope.

Ratos's holding in Haendig amounts to 100% and the consolidated book value in Ratos was SEK 317m at 30 June 2005.

Haglöfs

- Sales SEK 160m (143) and EBITA SEK 3m (-2)
- Continued success for Haglöfs brand primarily within textiles and export markets
- Improved profitability and strong order bookings ahead of autumn

Haglöfs develops, produces and markets equipment and clothing for an active outdoor life. The product range includes rucksacks, sleeping bags, tents, footwear and clothes. The group is market leader in Sweden and also holds strong positions in the other Nordic countries.

Ratos's holding in Haglöfs amounts to 100% and the consolidated book value in Ratos was SEK 139m at 30 June 2005.

HL Display

- Sales SEK 626m (680) and EBITA SEK 8m (49)
- Lower sales in the largest markets the UK and France while other markets together showed strong growth
- The lower sales volume had a negative impact on earnings due to low resource utilisation in the factories

HL Display is a global, market leading supplier of products and systems for merchandising and in-store communication. The company has subsidiaries in 25 countries. Manufacture takes place in Sweden, the UK and the US. HL Display is listed on the Stockholm Stock Exchange.

Ratos's holding in HL Display amounts to 29% and the consolidated book value was SEK 231m at 30 June 2005.

Häggglunds Drives

- Sales SEK 499m (474) and EBITA SEK 53m (53)
- Strong demand and good market situation in most market. Continued major success in the Chinese market
- Order bookings remain very strong, +28%
- Postponed deliveries and completed marketing activities had negative earning impact during the period

Häggglunds Drives is an international supplier of complete hydraulic motors and drive systems. The company has subsidiaries in approximately 15 countries.

Ratos's holding in Häggglunds Drives is 100% and the consolidated book value in Ratos was SEK 343m at 30 June 2005.

Industri Kapital

- Sales of Intrum Justitia, Alfa Laval, Arca Systems, MacGREGOR and Laho Equipment contributed SEK 33m to Ratos's exit gains
- Ratos received a dividend of SEK 58m

Industri Kapital is an unlisted private equity company with assets under management of almost EUR 4 billion. Since its formation in 1989, Industri Kapital has completed more than 50 investments in five funds within different sectors in Europe, mainly in the engineering, wholesale & retail and service industries. Ratos has invested in four funds: 1989, 1994, 1997 and 2000.

The consolidated book value of Ratos's holding in Industri Kapital was SEK 304m at 30 June 2005.

Inwido (formerly Elitfönster group)

- Sales SEK 866m (585) and EBITA SEK 99m (63)
- Good earnings trend and continued strong order bookings in the Swedish operations
- Acquisition of 70% of the Finnish window manufacturer Pihlavan Ikkuna completed in April. The company performed strongly and had a positive impact on Inwido's earnings during the period
- Agreements concluded for further acquisitions of Norwegian company Diplomat Scandinavia during the period and the Swedish company Lenhovdafönster and Danish Storke Vinduer after the end of the period
- Ratos's add-on investment totals SEK 140m for these acquisitions

Inwido develops, manufactures and sells windows to the building trade, construction companies and modular home manufacturers. In addition to Elitfönster, the Group's brands include Allmogefönster, Norsjöfönster, Överumsfönster and Fönsterinstallatören. The Group also includes Elitdörren which manufactures and sells entrance doors, mainly to the consumer market.

Ratos's holding in Inwido amounts to 95% and the consolidated book value was SEK 576m at 30 June 2005.

Lindab

- Sales SEK 2,675m (2,600) and EBITA SEK 150m (118)
- Acquisition of the Luxembourg company Astron makes Lindab Europe's leading producer of prefabricated steel buildings. The purchase price amounted to SEK 685m
- Continued strong development within Profile with good growth in Nordic region and Eastern Europe. The Building Systems product area continued its strong performance
- Positive development within Ventilation. Action taken to reduce costs

Lindab is a world leader in circular ventilation ducts and accessories and is also a leading manufacturer of sheet metal building materials. Production takes place in 21 countries and is concentrated to sheet metal products. Approximately 70% of sales go to countries outside Sweden. In 2001, together with companies including Skandia Liv and the Sixth Swedish National Pension Fund, Ratos implemented a buyout of Lindab from the stock exchange via a buyout company, Lindab Intressenter.

Ratos's holding in Lindab amounts to 48% and the consolidated book value in Ratos was SEK 1,207m at 30 June 2005.

LRT/Tornet

- Rental income SEK 782m (1,148) and EBITA SEK 416m (557) in Fastighets AB Tornet

- Sales completed for 57 properties corresponding to SEK 4.8 billion. Agreement for sale of a further 43 properties corresponding to SEK 2.1 billion concluded after the end of the period
- After these sales Tornet has 157 properties mainly located in Stockholm, Gothenburg, Malmö and Uppsala
- The acquisition company LRT Acquisition reports EBITA of SEK 1,483m (850)

LRT Acquisition AB owns approximately 82.4% of Fastighets AB Tornet which is one of Sweden's largest listed property companies. The properties are concentrated to Sweden's four largest cities.

Ratos's holding in LRT Acquisition AB amounts to 40% and the consolidated book value in Ratos was SEK 1,102m at 30 June 2005.

Overseas Telecom

- Good performance for the two remaining portfolio companies in Sri Lanka and Uganda
- The portfolio company in Sri Lanka expanded its frequency range which will allow new services to be launched during the third quarter

Overseas Telecom acquires, develops and sells telecom licences, primarily for mobile telephony, and communications networks in developing countries. Portfolio companies are located in Sri Lanka and Uganda.

Ratos's holding in Overseas Telecom amounts to 9% of the capital and 19% of the voting rights. The consolidated book value in Ratos was SEK 27m at 30 June 2005.

Superfos

- Sales SEK 1,671m (1,658) and EBITA SEK 94m (161)
- Continued high raw material prices and a weak market had a negative impact on earnings in the European part of operations
- Continued good earnings performance in the US

Superfos is a Danish international group with plants in 15 countries. Operations comprise two areas. Packaging develops, produces and sells thermoformed plastic packaging to the food, chemical-technical and pharmaceutical industries. Aerosols offers contract filling of aerosols.

Ratos's holding in Superfos amounts to 33% and the consolidated book value in Ratos was SEK 382m at 30 June 2005.

Stockholm, 24 August 2005
Ratos AB (publ)

Arne Karlsson
CEO

This report has not been reviewed by Ratos's auditors.

For additional information, please contact
Arne Karlsson, CEO, +46 8 700 17 00
Clara Bolinder-Lundberg, IR, +46 8 700 17 63

Financial calendar:

Interim report January-September 2005	11 November 2005
Year-end report 2005	23 February 2006
Interim report January-March 2006	11 May 2006
Interim report January-June 2006	24 August 2006
Interim report January-September 2006	10 November 2006

Consolidated income statement

SEKm	2005 Q 2	Comparative year 2004 Q 2 ^{*)}	2005 Q 1-2	Comparative year 2004 Q 1-2 ^{*)}	Comparative year 2004 full year
Holdings					
Profit from subsidiaries	124	38	182	78	168
Share of profits of associates	366	159	482	345	806
Exit gains, associates	124	1,355	395	1,355	1,356
Impairment loss, associates					-17
Dividends, other companies		28	36	28	28
Exit gains, other holdings	10	5	33	83	82
Profit from holdings	624	1,585	1,128	1,889	2,423
Central income and expenses					
Management costs	-48	-33	-70	-53	-161
Financial items	15	7	23	26	63
Net expenses	-33	-26	-47	-27	-98
Profit before tax	591	1,559	1,081	1,862	2,325
Tax	-83	-78	-95	-160	-210
Profit after tax	508	1,481	986	1,702	2,115
Attributable to					
Parent company shareholders	503	1,481	981	1,698	2,111
Minority owners	5	0	5	4	4
Earnings per share, SEK					
- before dilution	6.35	18.76	12.41	21.53	26.75
- after dilution	6.33	18.71	12.36	21.48	26.68
Number of shares outstanding					
- average before dilution	79,182,440	78,963,040	79,080,175	78,865,653	78,902,245
- average after dilution	79,520,883	79,159,327	79,399,644	79,046,750	79,122,799
- at the end of the period	79,182,440	78,938,440	79,182,440	78,938,440	78,938,440

^{*)} Comparative year restatement is shown on page 12.

Comparative year restatement

Consolidated income statement

SEKm	Comparative		2004 Q 2	Comparative		2004 Q 1-2
	year 2004 Q 2	Transition IFRS		year 2004 Q 1-2	Transition IFRS	
Holdings						
Profit from subsidiaries	38	17	21	78	30	48
Share of profits of associates	159	74	85	345	150	195
Exit gains, associates	1,355		1,355	1,355		1,355
Impairment loss, associates						
Dividends, other companies	28		28	28		28
Exit gains, other holdings	5		5	83		83
Profit from holdings	1,585	91	1,494	1,889	180	1,709
Central income and expenses						
Management costs	-33		-33	-53		-53
Financial items	7		7	26		26
Net expenses	-26		-26	-27		-27
Profit before tax	1,559	91	1,468	1,862	180	1,682
Tax	-78	-5	-73	-160	-11	-149
Profit after tax	1,481	86	1,395	1,702	169	1,533
Attributable to						
Parent company shareholders	1,481	86	1,395	1,698	168	1,530
Minority owners	0	0	0	4	1	3
Earnings per share, SEK						
- before dilution	18.76		17.67	21.53		19.40
- after dilution	18.71		17.62	21.48		19.36
Number of shares outstanding						
- average before dilution			78,963,040			78,865,653
- average after dilution			79,159,327			79,046,750
- at the end of the period			78,938,440			78,938,440
Effect on profit before tax						
Goodwill, IAS 38		75			150	
Restructuring reserves IAS 37		0			0	
Leasing IAS 17		0			-3	
Investment properties IAS 40		<u>16</u>			<u>33</u>	
Total effect on profit before tax		91			180	

Consolidated balance sheet

SEKm	Comparative				
	30 June 2005	30 June 2004	Transition year IFRS	30 June 2004	1 Jan 2005
ASSETS					
Fixed assets					
Intangible fixed assets	2,336	959	33	926	1,824
Tangible fixed assets	692	370	1	369	602
Financial fixed assets	5,197	5,250	94	5,156	5,328
Deferred tax asset	56	56	5	51	47
Total fixed assets	8,281	6,635	133	6,502	7,801
Current assets					
Inventories	1,064	773		773	950
Current receivables	1,554	1,222	-4	1,226	1,220
Short-term investments, shares	13	19		19	13
Short-term investments, other	2,314	1,921		1,921	1,871
Cash and bank balances	251	243		243	294
Total current assets	5,196	4,178	-4	4,182	4,348
Total assets	13,477	10,813	129	10,684	12,149
EQUITY AND LIABILITIES					
Equity including minority interests	9,775	8,955	125	8,830	9,236
Long-term liabilities					
- pension provisions	111	105	6	99	108
- other provisions	19	19	2	17	15
- deferred tax liability	59	27	-2	29	43
- non-interest bearing	20	1		1	56
- interest-bearing	1,471	569		569	1,012
Current liabilities					
- non-interest bearing	1,205	641	-2	643	1,004
- interest-bearing	817	496		496	675
Total equity and liabilities	13,477	10,813	129	10,684	12,149

Statement of changes in equity

	2005-06-30			2004-06-30			2004-12-31		
	Parent company shareholders	Minority	Total	Parent company shareholders	Minority	Total	Parent company shareholders	Minority	Total
Opening balance	9 326	34	9 360	7 827	107	7 934	7 827	107	7 934
Changed accounting principles				-24		-24	-24		-24
Transition to IFRS				-17		-17	-17		-17
Changed accounting principles, IAS 39	-124		-124						
Restated opening balance	9 202	34	9 236	7 786	107	7 893	7 786	107	7 893
Dividend paid	-673		-673	-573		-573	-573		-573
New issue		4	4	35		35	35		35
Divestment +/-Buy-back -, own shares	25		25	-5		-5	-5		-5
Option premiums	2		2	2		2	2		2
Translation difference associates and subsidiaries	200	1	201	12	2	14	-30	2	-28
Fair value reserve	-19		-19			0			0
Redemption of convertible programme, associates	-8		-8			0			0
Minority share acquired during the period		-7	-7			-165	-165		-165
Minority in acquired company		28	28			52	52		86
Net profit for the period	981	5	986	1 698	4	1 702	2 111	4	2 115
	9 710	65	9 775	8 955	0	8 955	9 326	34	9 360

Consolidated cash flow statement

SEKm	2005 Q 1-2	2004 Q 1-2	2004 full year
Operating activities			
Consolidated profit before tax	1,081	1,862	2,325
Adjustment for non-cash items	-756	-1,692	-2,032
	325	170	293
Paid tax	-55	-36	-54
Cash flow from operating activities before changes in working capital	270	134	239
Cash flow from changes in working capital			
Increase (-) in inventories	-90	-76	-67
Increase (-) in operating receivables	-227	-111	-109
Decrease (-) in operating liabilities	61	9	179
Cash flow from operating activities	14	-44	242
Investing activities			
Acquisitions, group companies	-584	-234	-643
Sales, group companies	59		
Acquisitions, holdings	-13	-188	-189
Sales, holdings	1,031	1,462	1,625
Acquisitions, other intangible/tangible fixed assets	-50	-21	-81
Change, financial assets	32	-94	48
Cash flow from investing activities	475	925	760
Financing activities			
Divestment/Buy-back of own shares	25	-5	-5
Option premiums	2	1	1
New issue		35	35
Dividend paid	-673	-573	-573
Increase (+) in interest-bearing liabilities	549	193	71
Cash flow from financing activities	-97	-349	-471
Cash flow for the period	392	532	531
Cash and cash equivalents, opening balance ¹⁾	2,165	1,632	1,632
Exchange difference in cash and cash equivalents	8	0	-3
Cash and cash equivalents, closing balance	2,565	2,164	2,160

¹⁾ Cash and cash equivalents, opening balance 2005 has been restated with the effect of revaluation according to IAS 39.

Consolidated key figures

Return on equity, %			21
Equity ratio, %	73	83	76
Interest-bearing receivable, SEKm	884	1,253	1,127

Key figures per share

Total return, %	24	16	35
Yield, %			5.9
Market price, SEK	170.00	123.50	143.50
Dividend, SEK			8.50
Equity attributable to parent company shareholders, SEK	123	113	118

Parent company income statement

SEKm	2005 Q 2	2004 Q 2	2005 Q 1-2	2004 Q 1-2	2004 full year
Holdings					
Exit gains, subsidiaries	327		327		
Dividends, subsidiaries	20	73	20	73	51
Exit gains, associates	151	1,284	467	1,290	1,261
Dividends, associates	15		41	12	12
Impairment loss, associates					-162
Dividends, other companies		28	36	28	28
Exit gains, other holdings	11	5	33	83	83
Profit from holdings	524	1,390	924	1,486	1,273
Central income and expenses					
Management costs	-46	-23	-67	-42	-150
Financial items	25	32	44	53	101
Net expenses	-21	9	-23	11	-49
Profit before tax	503	1,399	901	1,497	1,224
Tax					
Profit after tax	503	1,399	901	1,497	1,224

Parent company balance sheet

SEKm	30 June 2005	30 June 2004	31 Dec 2004
ASSETS			
Fixed assets			
Tangible	14	14	13
Financial	6,752	6,860	6,998
Total fixed assets	6,766	6,874	7,011
Current assets			
Current receivables	132	329	144
Short-term investments	2,309	1,921	1,866
Cash and bank balances	61	113	24
Total current assets	2,502	2,363	2,034
Total assets	9,268	9,237	9,045
EQUITY AND LIABILITIES			
Shareholders' equity	9,022	9,041	8,768
Long-term liabilities			
- pension provisions	3	3	3
- non-interest bearing	16		34
- interest-bearing	139	129	130
Current liabilities			
- non-interest bearing	54	34	74
- interest-bearing	34	30	36
Total equity and liabilities	9,268	9,237	9,045
Statement of changes in equity			
	2005	2004	2004
	Q 1-2	Q 1-2	full year
Opening equity according to previously adopted balance sheet	8,768	8,087	8,087
Dividend paid	-673	-573	-573
New issue		35	35
Divestment/Buy-back of own shares	25	-5	-5
Option premiums	1	0	0
Net profit for the period	901	1,497	1,224
Closing equity	9,022	9,041	8,768

Parent company cash flow statement

SEKm	2005 Q 1-2	2004 Q 1-2	2004 full year
Operating activities			
Profit before tax	901	1,497	1,224
Adjustment for non-cash items	-813	-1,366	-1,117
	88	131	107
Paid tax			
Cash flow from operating activities before changes in working capital	88	131	107
Cash flow from changes in working capital			
Increase (-) in operating receivables	-17	-37	2
Decrease (-) in operating liabilities	-37	-25	49
Cash flow from operating activities	34	69	158
Investing activities			
Acquisitions, subsidiaries	-860	-265	-738
Sales, subsidiaries	902	162	162
Acquisitions, holdings	-13	-188	-189
Sales, holdings	1,031	1,463	1,625
Acquisitions, other tangible fixed assets	-1		-1
Change, financial assets	28	-191	-120
Cash flow from investing activities	1,087	981	739
Financing activities			
Divestment (+)/Buy-back (-) of own shares	25	-5	-5
Option premiums	1	0	0
Dividend paid	-673	-573	-573
New issue		35	35
Increase (+) in interest-bearing liabilities	6	27	36
Cash flow from financing activities	-641	-516	-507
Cash flow for the period	480	534	390
Cash and cash equivalents, opening balance	1,890	1,500	1,500
Cash and cash equivalents, closing balance	2,370	2,034	1,890

Ratos's holdings at 30 June 2005

RATOS

	NET SALES		EBITA			EBT			Depreciation 2005	Investments 2005	Cash flow* 2005	excl. minority 2005-06-30	Interest-bearing net debt 2005-06-30	Goodwill 2005-06-30	Consolidated value 2005-06-30	Holdings (%) 2005-06-30	
	2005Q1-2	2004Q1-2	2004	2005Q1-2	2004Q1-2	2004	2005Q1-2	2004Q1-2									2004
Alimak Hek	526	434	956	41	32	85	32	20	60	30	14	-17	308	529	40	205	50
Atle Industri ¹⁾	831	1 045	2 084	379	48	96	377	44	90	14	30	504	388	170	87	261	50
Bluegarden ²⁾	250	181	360	35	13	40	26	12	38	12	191	-172	300	287	490	300	100
BTJ Infodata ³⁾	1 150	1 043	1 980	78	102	188	66	81	138	10	8	22	392	423	850	307	49
Camfil	1 454	1 441	2 855	108	122	243	114	104	210	41	125	-30	1 187	665	644	478	30
DIAB	428	385	759	45	46	87	40	43	81	19	29	-37	237	258	0	622	50
Gadelius	361	298	595	18	9	13	17	8	10	2	2	12	112	130	4	188	100
GS-Hydro	287	237	480	14	-3	-1	7	-5	-10	6	10	-28	146	217	131	146	100
Haendig	592	625	1 291	25	33	70	21	26	55	6	81	-25	261	291	137	317	100
Haglöfs	160	143	340	3	-2	17	2	-3	14	2	1	-19	79	63	4	139	100
HL Display	626	680	1 311	8	49	85	10	44	71	22	17	-36	316	100	0	231	29
Hägglands Drives ⁴⁾	499	474	970	53	53	114	50	51	108	11	11	13	210	140	0	343	100
Inwido (formerly Elitfönster) ⁵⁾	866	585	1 235	99	63	136	57	33	97	19	380	-382	609	1 025	1 136	576	95
Lindab	2 675	2 600	5 477	150	118	384	113	72	297	94	119	-173	2 508	2 053	2 001	1 207	48
LRT/Tornet ⁶⁾	782	1 147	2 223	1 483	850	1 956	936	311	917	5	124	3 313	1 672	6 700	0	1 102	40
Overseas Telecom	153	142	287	83	228	353	75	389	501	38	88	70	509	-49	1	27	9
Superfos	1 671	1 658	3 140	94	161	267	32	97	148	135	93	-29	1 111	2 054	940	382	33
TOTAL excl. LRT/Tornet ⁷⁾	12 376	11 829	23 833	1 150	844	1 824	964	627	1 407								
Change	5%			36%			54%										
TOTAL incl. LRT/Tornet ⁷⁾	13 158	12 976	26 056	2 633	1 694	3 780	1 900	938	2 324								
Change	1%			55%			103%										

* Cash flow refers to cash flow from operating activities and investing activities.

¹⁾ Atle Industri is not a legal group. Earnings for 2005 include a pro forma capital gain from the sale of Envac.

²⁾ EBT 2004 is pro forma taking the new group structure into account.

³⁾ Income statement items for 2004 and 2004Q1-2 are pro forma since Infodata, which was acquired after the first quarter of 2004, is included from 1 January 2004.

⁴⁾ Quarterly figures relate to Hägglands Drives AB. Full-year figures relate to Hägglands Drives International, the company that was part of the Arcorus Group.

⁵⁾ Figures relate to the holding company formed in conjunction with Ratos's acquisition of Elitfönster. EBT 2004 and 2004Q1-2 are reported pro forma taking the new group into account. EBT 2005Q1-2 and 2004Q1-2 are charged with amortisation of acquired intangible assets during 2005.

⁶⁾ Cash flow and investments relate to Fastighets AB Tornet.

⁷⁾ Excluding Overseas Telecom which is not an associated company.