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## Interim Report January – March 2005

CEO ARNE KARLSSON COMMENTS ON THE REPORT AT [www.ratos.se](http://www.ratos.se)  
 TELEPHONE CONFERENCE 10 a.m. tel. no. +46 8 505 20 114

- Pre-tax profit SEK 490m (303)
- Earnings per share SEK 6.05 (2.75)
- Dynal and Martinsson sold – exit gain SEK 271m
- Envac sold after end of period – exit gain SEK 123m
- Total return on Ratos shares +27%

### Important events

Ratos completed two exits during the period with an overall favourable result. The sale of Dynal Biotech to the US-company Invitrogen Corporation provided a total exit gain of SEK 288m. The investment in Dynal Biotech thus provided an annual average return (IRR) of 24%. In March, the entire holding in Martinsson was sold to Atea. This sale resulted in a capital loss of SEK 17m and the investment provided a small, negative IRR.

Major sales were conducted within Industri Kapital including shares in Alfa Laval, Arca, Intrum Justitia and MacGREGOR, which made a positive contribution to Ratos's result of SEK 23m.

With effect from 1 January 2005, Arcorus ceased to be a parent company. The subsidiaries Hägglunds Drives and GS-Hydro are owned directly by Ratos and are now reported as separate holdings.

After the end of the period an agreement was concluded for the sale of the waste management company Envac (within Atle Industri) to Stena Adactum. The purchase price amounted to SEK 590m. For Ratos, with its 50% holding, the sale provided an exit gain of SEK 123m and an average annual return (IRR) of 26%.

### Business environment and market

Ahead of 2005, Ratos's general assessment of the economic outlook was that the strong global economy of 2004 would flatten out at a high level during the current year. Development for Ratos's holdings in the first three months of 2005 indicate that this scenario may materialise. Overall activity has been good and most holdings have high or very high order bookings.

Combined sales for the underlying portfolio at the end of the period increased by 2% compared with the previous year. Taking Ratos's different ownership stakes into account, sales rose by 3%. The corresponding changes in operating profit were -17% and -5% respectively, and for pre-tax profit -23% and -8% respectively. These change figures exclude LRT/Tornet.

As usual, the change figures for the first quarter should not be over-interpreted, since many of the Ratos holdings, including a large number of the major earnings providers, have most of their earning capacity after the first quarter. This means that the absolute numbers are still relatively small and that minor events can result in large percentage effects. This can be accentuated by the "Easter effect". Since in 2005 these factors combined in a negative direction, the underlying performance in the companies is more positive than indicated by the above change figures.

Having said that, it can be noted that the overall situation in the portfolio is more normalised than in the particularly favourable 2004, to the extent that there are companies in the portfolio that require extra measures. Here there are three companies that together account for more than the entire decline in earnings compared with the first quarter of 2004, namely BTJ InfoData, 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 quarter was in line with the forecasts made at the beginning of the year. Overall, 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 17 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](http://www.ratos.se) in downloadable Excel files.

### Ratos's results

The Group's profit before tax amounted to SEK 490m (303). This result includes profits from the holdings of SEK 504m, of which exits accounted for SEK 294m (304, of which exits SEK 78m). Exit gains are mainly attributable to the sale of Dynal Biotech. Exits were also made by Industri Kapital which made a positive contribution to Ratos's results of SEK 23m.

#### Ratos's results January-March 2005

SEKm	Ratos's holding,%	2005 Q 1	Comparison 2004 Q 1
Alimak Hek	50	5	3
Arcorus <sup>1)</sup>			16
Atle Industri	50	1	2
Bluegarden	100	17	11
BTJ InfoData	49	19	
Camfil	30	13	14
Dahl <sup>2)</sup>			37
DIAB	50	6	9
Dynal Biotech <sup>2)</sup>		6	8
Elitfönster	95	-3	
Gadelius	100	10	4
Giga Consulting	50		
GS-Hydro <sup>1)</sup>	100	1	
Haendig	100	12	11
Haglöfs	100	4	3
HL Display	29	0	5
Häggglunds Drives <sup>1)</sup>	100	17	
Lindab	48	0	-4
LRT/Tornet	40	62	87
Martinsson <sup>2)</sup>		1	4
Overseas Telecom	9		
Q-Labs <sup>2)</sup>			1
Superfos	33	3	15
<b>Total profit/share of profits</b>		<b>174</b>	<b>226</b>
<b>Exit gains</b>			
Dynal Biotech		288	
Industri Kapital		23	78
Martinsson		-17	
<b>Total exits gains</b>		<b>294</b>	<b>78</b>
Dividends from other companies		36	
<b>Profit from holdings</b>		<b>504</b>	<b>304</b>
Net expenses		-14	-1
<b>Consolidated profit before tax</b>		<b>490</b>	<b>303</b>

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

<sup>2)</sup> Entire holding sold.

#### Central income and expenses

Ratos's net income and expenses amounted to SEK -14m (-1) of which personnel costs amounted to SEK 8m (11). Other management costs, including costs for acquisition and exit processes not carried out, amounted to SEK 14m (9). Net financial items amounted to SEK 8m (19).

#### 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 -218m (-243) and the Group's cash and cash equivalents at the end of the period amounted to SEK 2,066m (2,160 at 31 December 2004) of which short-term interest-bearing investments comprised SEK 1,707m (1,866 at 31 December 2004). In addition, at the end of the period there were current receivables of SEK 725m relating to the sale of Dynal Biotech and Martinsson. The interest-bearing debt amounted to SEK 1,757m (1,687 at 31 December 2004).

#### Parent company

The parent company's pre-tax profit amounted to SEK 398m (98). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 1,793m (1,890 at 31 December 2004).

#### Ratos shares

Earnings per share amounted to SEK 6.05 (2.75). The total return on Ratos shares during the period was +27%. In the same period the SIX Return Index rose 6% and the global private equity index LPX50 VW rose 3%.

#### Decisions at Annual General Meeting

Ratos's Annual General Meeting held in Stockholm on 6 April approved a dividend of SEK 8.50 per share (7.25). In accordance with the Nomination Committee's proposal the following Board members were re-elected: Olof Stenhammar, Lars Berg, Peggy Bruzelius, Göran Grosskopf, Arne Karlsson (CEO), Jan Söderberg and Per-Olof Söderberg. Staffan Bohman was elected as a new member of the Board. Olof Stenhammar was elected as Chairman of the Board.

The Meeting assigned the Chairman of the company, in consultation with the company's major shareholders, to appoint a Nomination Committee ahead of the 2006 Annual General Meeting. The Nomination Committee shall comprise at least four members, one of whom is the company's Chairman. The composition of the Committee must be announced no later than six months prior to the 2006 Annual General Meeting.

The Meeting authorised the Board to make a decision, prior to the next Annual General Meeting, to repurchase a maximum number of shares so that the company's holding of own shares at any time does not exceed 7% of all the shares in the company. No repurchases were made during the period.

The Meeting decided to issue a maximum of 150,000 call options on repurchased shares. The call options will be offered to a maximum of seven key people who work at Ratos.

After publication of the annual report for 2004, the terms relating to compensation to the CEO have been changed. With effect from 1 January 2005 a basic salary of SEK 4.5m will be paid. Pension premiums will be paid amounting to 25% of basic salary increased by a variable compensation component of up to 50% of basic salary. These terms apply until 31 December 2006.

<b>Equity</b>	<b>31 March 2005</b>	<b>% of equity</b>
SEKm		
Alimak Hek (formerly Intervect)	197	2
Atle Industri	452	5
Bluegarden	274	3
BTJ InfoData	296	3
Camfil	435	5
DIAB	613	6
Elitfönster	471	5
Gadelius	171	2
GS Hydro	137	1
Haendig	329	3
Haglöfs	133	1
HL Display	229	2
Hägglunds Drives	329	3
Industri Kapital	300	3
Lindab	1,150	12
LRT/Tornet	866	9
Overseas Telecom	27	0
Superfos	365	4
<b>Total</b>	<b>6,774</b>	<b>69</b>
Other shares	13	0
Parent company's property	11	0
Other net assets in central companies	2,988	31
<b>Equity</b> (attributable to parent company's owners)	<b>9,786</b>	<b>100</b>

### Equity/share

At 31 March 2005 Ratos's equity per share amounted to SEK 124. Payment of a dividend of SEK 8.50 per share was made on 14 April 2005.

### 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 accounting 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 depreciation of investment properties is no longer carried out. 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 instrument. 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 (formerly Intervect)

- Sales SEK 239m (178) and EBITA SEK 15m (9)
- Completed action programmes contributed to improved earnings
- Strong order bookings for Construction and Industrial business areas

*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 197m at 31 March 2005.

#### Atle Industri

- Sales SEK 423m (473) and EBITA SEK 7m (10)
- Sales and earnings improved, adjusted for sold units
- Improved earnings for Ekman, Envac, Elpress, Tempcold, and Nordhydraulic while Moving reports a loss
- Elektrolindningar sold
- All shares in Envac sold after the end of the period. The sale provides Ratos with an exit gain of SEK 123m corresponding to an average annual return (IRR) of 26%

*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 Elpress (electrical connectors), 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 452m at 31 March 2005.

#### Bluegarden

- Sales SEK 126m (90) and EBITA SEK 20m (11)
- Takeover of Bluegarden PA-Konsult AB in Sweden on 1 January 2005. Acquisition price approximately SEK 170m
- Several important new customers in Norway

*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 at 31 March 2005 amounted to 100% and the consolidated book value of the holding was SEK 274m.

#### BTJ InfoData

- Sales SEK 568m (571) and EBITA SEK 43m (61)
- Decline in earnings attributable to less favourable development within BTJ Nordic. The market remains highly competitive with substantial price pressure
- InfoData continues to show good growth and high margins

*BTJ InfoData consists of the operating areas BTJ Group and InfoData. BTJ Group's operations include Bibliotekstjänst, Seelig and PriolInfo. InfoData is a leading supplier of database and direct marketing services in Sweden.*

Ratos's holding amounts to 49% and the consolidated book value of the holding was SEK 296m at 31 March 2005.

#### Camfil

- Sales SEK 676m (666) and EBITA SEK 50m (52)
- Improved performance and profitability in North America
- The decline in earnings is entirely attributable to a credit loss in the UK

*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 435m at 31 March 2005.

#### DIAB

- Sales SEK 199m (187) and EBITA SEK 14m (21)
- Continued good order bookings and demand for DIAB's products in most markets and customer segments
- Implementation of an improved product programme led to production disruptions which had a negative impact on earnings
- Deliveries started from a new finishing unit in Lithuania

*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 613m at 31 March 2005.

#### Elitfönster

- Sales SEK 279m (248) and EBITA SEK 19m (16)
- Good earnings trend and continued strong order bookings
- Acquisition of 70% of the shares in the Finnish company Pihlavan Ikkuna Oy after the end of the period. Acquisition price approximately SEK 265m
- Ratos provides approximately SEK 65m in a directed new issue

*The Elitfönster Group 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 the Elitfönster Group amounts to 95% and the consolidated book value was SEK 471m at 31 March 2005.

#### Gadelius

- Sales SEK 179m (157) and EBITA SEK 11m (8)
- Higher sales within most divisions and cost reductions contributed to improved earnings
- 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 31 March 2005 amounted to 100% via a Dutch holding company. The consolidated book value in Ratos was SEK 171m at 31 March 2005. This figure excludes the holding company.

#### GS-Hydro

- Sales SEK 129m (117) and EBITA SEK 4m (-1)
- Favourable sales trend in most markets
- Completed action programme improved profitability
- New organisational structure expected to be in place by mid-year

*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. GS-Hydro was previously part of Arcorus but is a separate Ratos holding with effect from January.*

Ratos's holding in GS-Hydro amounts to 100% and the consolidated book value in Ratos was SEK 137m at 31 March 2005.

#### Haendig

- Sales SEK 263m (287) and EBITA SEK 13m (14)
- Sales decrease attributable to the sold Markt companies. Sales for comparable units rose 7%
- Continued strong performance within bathroom products company Hafa
- Acquisition of Lundbergs Produkter consolidated with effect from 1 January 2005

*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 329m at 31 March 2005.

#### Haglöfs

- Sales SEK 91m (90) and EBITA SEK 5m (3)
- Continued success for Haglöfs brand primarily within textiles and in export markets
- Improved profitability and strong order bookings ahead of the 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 133m at 31 March 2005.

#### HL Display

- Sales SEK 294m (308) and EBITA SEK -2m (19)
- Lower sales in the largest sales companies in the UK and France
- 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 229m at 31 March 2005.

#### Hägglands Drives

- Sales SEK 235m (227) and EBITA SEK 19m (22)
- Order bookings still very strong, +22%
- Postponed deliveries and completed marketing activities led to slightly lower earnings
- Favourable reception for newly developed high-effect system scheduled for delivery 2006

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

Ratos's holding in Hägglands Drives is 100% and the consolidated book value in Ratos was SEK 329m at 31 March 2005.

#### Industri Kapital

- Sales of Alfa Laval, Intrum Justitia, MacGREGOR and Arca Systems contributed SEK 23m to Ratos's exit gains
- Agreement concluded for the sale of Laho Equipment

*Industri Kapital is an unlisted private equity company with assets under management in excess of EUR 3 billion. Since its formation in 1989, Industri Kapital has completed more than 40 investments in four 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 amounted to SEK 300m at 31 March 2005.

#### Lindab

- Sales SEK 1,181m (1,179) and EBITA SEK 20m (15)
- Strong development within Profil with good growth in Nordic region and Eastern Europe. Sales successes in the Building Systems product area
- Less favourable trend within Ventilation due to weak development in Western Europe. New organisation introduced in the business area with stronger product and cost focus
- Sharp price rises for sheet metal compensated by price increases

*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 1,150m at 31 March 2005.

#### LRT/Tornet

- Rental income SEK 417m (582) and EBITA SEK 533m (512) in Fastighets AB Tornet. Operating profit was affected by realised and unrealised changes in value of properties, SEK 321m
- Completed sales included Center Syd outside Malmö, residential properties in Västerås and the property portfolio in Karlstad
- Bengt Evaldsson new CFO from 1 April

*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 as well as Västerås and Karlstad. At year-end 2004 Tornet owned 257 properties.*

Ratos's holding in LRT Acquisition AB amounts to 40% and the consolidated book value in Ratos was SEK 866m at 31 March 2005.

#### Overseas Telecom

- Good performance for the two remaining portfolio companies in Sri Lanka and Uganda

*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 31 March 2005.

#### Superfos

- Sales SEK 803m (817) and EBITA SEK 42m (78)
- Higher raw material prices and a weak market had a negative impact on earnings within Industrial and Consumer
- Continued good earnings performance in the US
- Decision to build a new factory in Poland

*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 365m at 31 March 2005.

Stockholm, 12 May 2005  
Ratos AB (publ)

Arne Karlsson  
CEO

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

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Financial calendar:

Interim Report January-June 2005  
Interim Report January-September 2005

24 August 2005  
11 November 2005

**Consolidated income statement**

SEKm	2005 Q 1	2004 Comparative year Q 1	Transition to IFRS <sup>1)</sup>	2004 Q 1	2004 Comparative year full year
<b>Holdings</b>					
Profit from subsidiaries	58	40	13	27	168
Share of profits of associates	116	186	76	110	806
Exit gains, associates	271				1,356
Impairment loss, associates					-17
Dividends, other companies	36				28
Exit gains, other holdings	23	78	,	78	82
Profit from holdings	504	304	89	215	2,423
<b>Central income and expenses</b>					
Management costs	-22	-20		-20	-161
Financial items	8	19		19	63
Net expenses	-14	-1	,	-1	-98
Profit before tax	490	303	89	214	2,325
Tax	-12	-82	-6	-76	-210
Profit after tax	478	221	83	138	2,115
Attributable to					
Parent company shareholders	478	217	82	135	2,111
Minority owners	0	4	1	3	4
Earnings per share, SEK					
- before dilution	6.05	2.75		1.71	26.75
- after dilution	6.03	2.75		1.71	26.68
Number of shares outstanding					
- average before dilution	78,976,773	78,768,266		78,768,266	78,902,245
- average after dilution	79,334,190	78,979,743		78,979,743	79,122,799
- at the end of the period	79,182,440	78,986,640		78,986,640	78,938,440
<sup>1)</sup> Effect on profit before tax					
Goodwill, IAS 38		75			
Restructuring reserves IAS 37		0			
Leasing IAS 17		-3			
Investment properties IAS 40		17			
Total effect on profit before tax		89			

**Consolidated balance sheet**

SEKm	31 Mar 2005	31 Mar 2004 Comparative year	Transition to IFRS	31 Mar 2004	1 Jan 2005
<b>ASSETS</b>					
<b>Fixed assets</b>					
Intangible fixed assets	1,981	878	13	865	1,824
Tangible fixed assets	574	368	-1	369	602
Financial fixed assets	4,999	5,282	35	5,247	5,328
Deferred tax asset	52	20	2	18	47
Total fixed assets	7,606	6,548	49	6,499	7,801
<b>Current assets</b>					
Inventories	988	680		680	950
Current receivables	2,097	972	-4	976	1,220
Short-term investments, shares	13	24		24	13
Short-term investments, other	1,707	805		805	1,871
Cash and bank balances	359	766		766	294
Total current assets	5,164	3,247	-4	3,251	4,348
Total assets	12,770	9,795	45	9,750	12,149
<b>EQUITY AND LIABILITIES</b>					
Equity	9,813	8,278	51	8,227	9,236
Long-term liabilities					
- pension provisions	107	86		86	108
- other provisions	15	15	-1	16	15
- deferred tax liability	38	28	-2	30	43
- non-interest bearing	36	1		1	56
- interest-bearing	1,019	460		460	1,012
Current liabilities					
- non-interest bearing	1,004	601	-3	604	1,004
- interest-bearing	738	326		326	675
Total equity and liabilities	12,770	9,795	45	9,750	12,149

**Statement of changes in equity**

	2005-03-31			2004-03-31			2004-12-31		
	Parent company share- holders	Minority	Total	Parent company share- holders	Minority	Total	Parent company share- holders	Minority	Total
Opening balance	9 326	34	9360	7 827	107	7934	7 827	107	7934
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							-573		-573
New issue				35		35	35		35
Divestment +/-Buy-back-, own shares	25		25			0	-5		-5
Option premiums, associates				1		1	2		2
Translation difference associates and subsidiaries	59		59	81	2	83	-30	2	-28
Effect of currency hedging				-7		-7			
Hedging reserve	30		30						
Redemption of convertible programme, associates	-8		-8						
Minority share acquired during the period		-7	-7					-165	-165
Minority in acquired company					52	52		86	86
Net profit for the period	478	0	478	217	4	221	2 111	4	2 115
	9 786	27	9 813	8 113	165	8 278	9 326	34	9 360

**Consolidated cash flow statement**

SEKm	2005 Q 1	2004 Q 1	2004 full year
<b>Operating activities</b>			
Consolidated profit before tax	490	303	2,325
Adjustment for non-cash items	-338	-207	-2,032
	152	96	293
Paid tax	-32	-26	-54
Cash flow from operating activities before change in working capital	120	70	239
Cash flow from changes in working capital			
Increase (-) in inventories	-81	-64	-67
Increase (-) in operating receivables	-845	-125	-109
Decrease (-) in operating liabilities	-35	53	179
Cash flow from operating activities	-841	-66	242
<b>Investing activities</b>			
Acquisitions, group companies	-183	-47	-643
Sales, group companies	59		
Acquisitions, holdings	-12		-189
Sales, holdings	742	90	1,625
Acquisitions, other intangible/tangible fixed assets	-3	-15	-81
Change, financial assets	20	-205	48
Cash flow from investing activities	623	-177	760
<b>Financing activities</b>			
Divestment/Buy-back of own shares	25		-5
Option premiums			1
New issue		35	35
Dividend paid			-573
Increase (+) in interest-bearing liabilities	91	144	71
Cash flow from financing activities	116	179	-471
Cash flow for the period	-102	-64	531
Cash and cash equivalents, opening balance <sup>1)</sup>	2,165	1,632	1,632
Exchange difference in cash and cash equivalents	3	3	-3
Cash and cash equivalents, closing balance	2,066	1,571	2,160

<sup>1)</sup> 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, %	77	85	76
Interest-bearing receivable	955	1,284	1,127

**Key figures per share**

Total return, %	27	13	35
Yield, %			5.9
Market price, SEK	182.50	127.50	143.50
Dividend, SEK			8.50
Equity incl. minority interests, SEK	124	105	119

**Parent company income statement**

SEKm	2005 Q 1	2004 Q 1	2004 full year
<b>Holdings</b>			
Dividends, subsidiaries			51
Exit gains, associates	316	6	1,261
Dividends, associates	26	12	12
Impairment loss, associates			-162
Dividends, other companies	22		28
Exit gains, other holdings	36	78	83
Profit from holdings	400	96	1,273
<b>Central income and expenses</b>			
Management costs	-21	-19	-150
Financial items	19	21	101
Net expenses	-2	2	-49
Profit before tax	398	98	1,224
Tax			
Profit after tax	398	98	1,224

**Parent company balance sheet**

SEKm

31 March 2005 31 March 2004 31 Dec 2004

**ASSETS****Fixed assets**

Tangible	13	15	13
Financial	7,383	6,811	6,998
Total fixed assets	7,396	6,826	7,011

**Current assets**

Current receivables	1,054	265	144
Short-term investments	1,704	804	1,866
Cash and bank balances	89	527	24
Total current assets	2,847	1,596	2,034
Total assets	10,243	8,422	9,045

**EQUITY AND LIABILITIES**

Shareholders' equity	9,191	8,220	8,768
Long-term liabilities			
-pension provisions	3	3	3
-non-interest bearing	34		34
-interest-bearing	131	128	130
Current liabilities			
-non-interest bearing	59	45	74
-interest-bearing	825	26	36
Total equity and liabilities	10,243	8,422	9,045

**Statement of changes in equity**

	2005 Q 1	2004 Q 1	2004 full year
Opening equity according to previously adopted balance sheet	8,768	8,087	8,087
Dividend paid			-573
New issue		35	35
Divestment/Buy-back of own shares	25		-5
Option premiums			0
Net profit for the period	398	98	1,224
Closing equity	9,191	8,220	8,768

**Parent company cash flow statement**

SEKm	2005 Q 1	2004 Q 1	2004 full year
<b>Operating activities</b>			
Profit before tax	398	98	1,224
Adjustment for non-cash items	-337	-75	-1,117
	61	23	107
<b>Paid tax</b>			
Cash flow from operating activities before change in working capital	61	23	107
Cash flow from changes in working capital			
Increase (-) in operating receivables	-725	-51	2
Decrease (-) in operating liabilities	-14	-23	49
Cash flow from operating activities	-678	-51	158
<b>Investing activities</b>			
Acquisitions, subsidiaries	-789	-53	-738
Sales, subsidiaries			162
Acquisitions, holdings	-12		-189
Sales, holdings	742	99	1,625
Acquisitions, other tangible fixed assets			-1
Change, financial assets	-174	-221	-120
Cash flow from investing activities	-233	-175	739
<b>Financing activities</b>			
Divestments/Buy-back of own shares	25		-5
Option premiums			0
Dividend paid			-573
New issue		35	35
Increase (+) in interest-bearing liabilities	789	22	36
Cash flow from financing activities	814	57	-507
Cash flow for the period	-97	-169	390
Cash and cash equivalents, opening balance	1,890	1,500	1,500
Cash and cash equivalents, closing balance	1,793	1,331	1,890

<b>Ratos's holdings at 31 March 2005</b>																		
SEKm	NET SALES		EBITA		EBT		Items affecting comparability		Other investments		Cash flow <sup>*)</sup>		Equity (interest-bearing net debt)		Consolidated value 2005-03-31			
	2005Q1	2004Q1	2004	2005Q1	2004Q1	2004	2005Q1	2004Q1	2005	2004	2005	2005-03-31	2005-03-31	2005-03-31				
Alimak HEK	239	178	956	15	9	85	10	4	60	0	0	18	4	-8	292	510	40	197
Acte Industri <sup>1)</sup>	423	473	2 084	7	10	96	5	8	90	0	0	7	10	9	659	52	88	452
Bluegarden <sup>2)</sup>	126	90	360	20	11	40	17	10	38	0	0	6	180	-190	274	297	470	274
BTJ InfoData <sup>3)</sup>	568	571	1 980	43	61	188	37	55	138	-7	0	5	3	-19	372	449	850	296
Camfil	676	666	2 855	50	52	243	45	48	210	0	0	20	27	-31	1 046	590	591	435
DIAB	199	187	759	14	21	87	12	19	81	-2	0	10	11	-17	218	231	0	613
Eltifönster <sup>4)</sup>	279	248	1 235	19	16	136	-3	-6	97	0	0	7	14	-83	498	785	855	471
Gadellius	179	157	595	11	8	13	10	8	10	0	0	1	1	-2	100	137	4	171
GS-Hydro	129	117	480	4	-1	-1	1	-3	-10	0	0	3	6	-18	137	242	127	137
Haendig	263	287	1 291	13	14	70	12	11	55	0	0	3	1	46	268	204	97	329
Häglöfs	91	90	340	5	3	17	4	3	14	0	0	1	0	-12	79	54	3	133
HL Display	294	308	1 311	-2	19	85	-1	17	71	0	0	12	11	-21	309	91	0	229
Hägglands Drives <sup>5)</sup>	235	227	970	19	22	114	17	21	108	0	0	6	3	17	180	144	0	329
Lindab	1 181	1 179	5 477	20	15	384	1	-9	297	0	0	46	58	-249	2 384	2 130	2 000	1 150
LRT/Tornet	417	582	2 223	533	512	1 956	235	261	917	0	0	2	49	790	2 319	9 885	0	866
Overseas Telecom	73	71	287	44	54	353	40	51	501	0	0	17	15	40	425	-21	1	27
Superfos	803	817	3 140	42	78	267	10	46	148	0	0	66	34	-72	1 063	2 035	910	365
<b>TOTAL excl LRT/Tornet<sup>6)</sup></b>	<b>5 686</b>	<b>5 594</b>	<b>23 833</b>	<b>278</b>	<b>336</b>	<b>1 824</b>	<b>178</b>	<b>231</b>	<b>1 407</b>									
<b>Change</b>				<b>2%</b>														
<b>TOTAL incl LRT/Tornet<sup>6)</sup></b>	<b>6 103</b>	<b>6 176</b>	<b>26 056</b>	<b>811</b>	<b>848</b>	<b>3 780</b>	<b>413</b>	<b>492</b>	<b>2 324</b>									
<b>Change</b>				<b>-1%</b>														

<sup>\*)</sup> Cash flow refers to cash flow from operating activities and investing activities.

<sup>1)</sup> Acte Industri is not a legal group.

<sup>2)</sup> EBT 2004 is pro forma taking the new group structure into account.

<sup>3)</sup> Income statement items for 2004 are pro forma since InfoData, which was acquired after the first quarter of 2004, is included from 1 January 2004.

<sup>4)</sup> Figures relate to the holding company formed in conjunction with Ratos's acquisition of Eltifönster. EBT 2004 is reported pro forma taking the new group into account. EBT 2005Q1 and 2004Q1 are charged with amortisation of acquired intangible assets of SEK 13m.

<sup>5)</sup> Quarterly figures relate to Hägglands Drives AB. Full-year figures relate to Hägglands Drives International, the company that was part of the Atcorus Group.

<sup>6)</sup> Excluding Overseas Telecom which is not an associated company.