RATOS

Annual Report 2011

Directors' report

Holdings

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

Listed private equity conglomerate

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.

As a private equity conglomerate we can combine the best from both the private equity and the conglomerate sectors.

Long tradition as an industry-oriented financial player

Ratos has a 146-year tradition of active ownership. The business has 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. Ratos was listed on the stock exchange in 1954, at the time as a mixed investment company. Today Ratos is a private equity conglomerate which creates added value in conjunction with acquisition, development and divestment of primarily unlisted companies.

Tailor-made organisation

26 people work in our investment organisation today. All of them possess 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 sound knowledge and experience within finance, accounting and information.

Ratos has a total of 49 employees. The organisation is presented on pages 26-29.

Professional Active Responsible

2011 – weak but better towards the end

2011 profit before tax amounted to SEK 860m.

Taken overall the development in the holdings was weak, but improved towards the end of the year. There was a high level of activity on the transaction and financing side with 18 major acquisitions, exits and refinancings during the year.

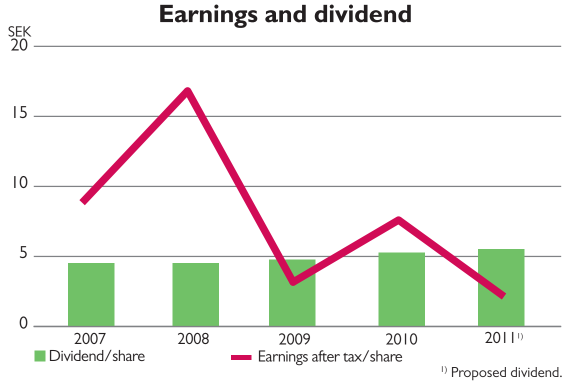
Share performance

Ratos is listed on Nasdaq OMX Stockholm, Large Cap.

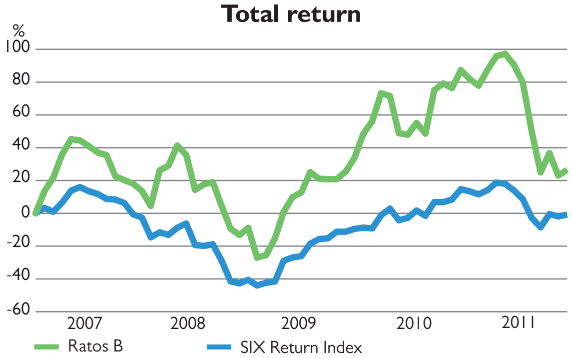
Share performance 2011:

■ Total return	-32%
SIX RX Index	-14%
■ Share price	-35%
OMXSPI Index	-17%
■ Dividend yield	6.8%

Earnings and dividend



Total return



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

Value creation with Ratos as owner

Ratos's financial target is that each investment should generate an average annual return (IRR) of at least 20%. Since 1999 our IRR has amounted to 26% on the total of 33 exits we have completed. Most value creation occurs through industrial development during the holding period.

19 holdings which have

- **sales of SEK 35 billion**
- **operating profit (EBITA) SEK 2.4 billion and**
- **23,000 employees worldwide**

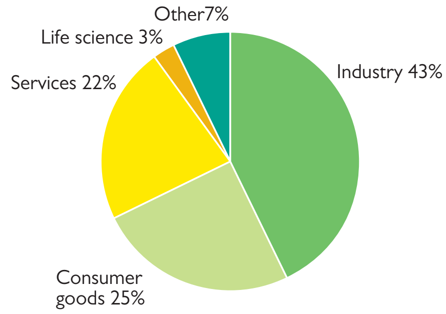
Sector-neutral investments in the Nordic region

Ratos invests in companies in the Nordic region. Companies can be in all sectors – although never in the arms industry or pornography, or in activities with an obvious negative environmental impact.

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

An overview of Ratos's holdings is presented on the subsequent pages and a detailed description of each holding is provided on pages 112-149.

Sector breakdown by consolidated book value



19 holdings in the Nordic region

Ratos's 19 holdings

Read more about the holdings on pages 112-149.

AH Industries

www.ah-industries.dk

AH Industries is a Danish leading supplier of metal components and services to the wind power, cement and minerals industries. The company has production facilities in Denmark, China and Germany.

Sales	SEK 925m
Operating profit	SEK 24m
Profit/loss before tax	SEK -6 m
No. of employees (c.)	450
Ratos's holding	69%
Investment year	2007

Anticimex

www.anticimex.se

Anticimex is a European service company that provides safe and healthy indoor environments through inspections, guarantees and insurance. Operations are conducted in the Nordic region, Germany and the Netherlands.

Sales	SEK 1,927m
Operating profit	SEK 192m
Profit before tax	SEK 113m
No. of employees (c.)	1,300
Ratos's holding	85%
Investment year	2006

Arcus-Gruppen

www.arcusgruppen.no

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

Sales	SEK 2,072m
Operating profit	SEK 146m
Profit before tax	SEK 78m
No. of employees (c.)	460
Ratos's holding	83%
Investment year	2005

Biolin Scientific

www.biolinscientific.com

Biolin Scientific develops, manufactures and markets analytical instruments for research, development, quality control and clinical diagnostics. The company's largest market niche is nanotechnology.

Sales	SEK 232m
Operating profit	SEK 15m
Profit before tax	SEK 0m
No. of employees (c.)	140
Ratos's holding	100%
Investment year	2010

Bisnode

www.bisnode.com

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

Sales	SEK 4,310m
Operating profit	SEK 447m
Profit before tax	SEK 203m
No. of employees (c.)	3,000
Ratos's holding	70%
Investment year	2005

Contex Group

www.contex.com

The Danish company Contex is the world's largest manufacturer of advanced large-format scanners.

Sales	SEK 662m
Operating profit	SEK 44m
Profit/loss before tax	SEK -15m
No. of employees (c.)	140
Ratos's holding	99%
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, industrial applications and buildings.

Sales	SEK 1,219m
Operating profit/loss	SEK -5m
Profit/loss before tax	SEK -50m
No. of employees (c.)	1,300
Ratos's holding	95%
Investment year	2001

Euromaint

www.euromaint.com

Euromaint is one of Europe's leading independent maintenance companies for the rail transport sector. The company has operations in Sweden, Germany, Belgium, the Netherlands and Latvia.

Sales	SEK 2,860m
Operating profit	SEK 102m
Profit before tax	SEK 52m
No. of employees (c.)	2,450
Ratos's holding	100%
Investment year	2007

Finnkino

www.finnkino.fi

Finnkino is the largest movie theatre chain in Finland and the Baltic countries with 25 movie theatres and 160 screens with a total of approximately 30,000 seats. The company also conducts film distribution and some distribution of DVDs.

Sales	SEK 799m
Operating profit	SEK 77m
Profit before tax	SEK 21m
No. of employees (c.)	790
Ratos's holding	98%
Investment year	2011

GS-Hydro

www.gshydro.com

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

Sales	SEK 1,074m
Operating profit	SEK 31m
Profit/loss before tax	SEK -13m
No. of employees (c.)	610
Ratos's holding	100%
Investment year	2001

Hafa Bathroom Group

www.hafabg.com

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

Sales	SEK 324m
Operating profit/loss	SEK -5m
Profit/loss before tax	SEK -2m
No. of employees (c.)	170
Ratos's holding	100%
Investment year	2001

HL Display

www.hl-display.com

HL Display is a market-leading, international supplier of products and solutions for store merchandising and in-store communication with operations in 47 countries.

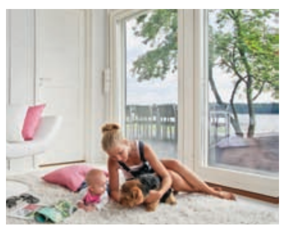
Sales	SEK 1,643m
Operating profit	SEK 64m
Profit before tax	SEK 24m
No. of employees (c.)	1,100
Ratos's holding	99%
Investment year	2001/2010

Inwido

www.inwido.se

Inwido develops, manufactures and sells a full range of windows and exterior doors to consumers, construction companies and prefabricated home manufacturers. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.

Sales	SEK 5,050m
Operating profit	SEK 407m
Profit before tax	SEK 315m
No. of employees (c.)	3,500
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. The company dates back to 1853 and the products are sold worldwide.

Sales	SEK 996m
Operating profit/loss	SEK -33m
Profit/loss before tax	SEK -66m
No. of employees (c.)	720
Ratos's holding	61%
Investment year	2006

KVD Kvarndammen

www.kvarndammen.se

KVD Kvarndammen is Sweden's largest independent online marketplace offering broker services for capital goods, via the auction site kvd.se. The company includes Sweden's largest valuation portal for cars, bilpriser.se.

Sales	SEK 276m
Operating profit	SEK 52m
Profit before tax	SEK 42m
No. of employees (c.)	170
Ratos's holding	100%
Investment year	2010

Lindab

www.lindabgroup.com

Lindab is a leading European company within development, production, marketing and distribution of systems and products in sheet metal and steel for the construction industry. The company is listed on Nasdaq OMX Stockholm.

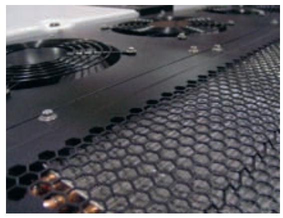
Sales	SEK 6,878m
Operating profit	SEK 348m
Profit before tax	SEK 186m
No. of employees (c.)	4,400
Ratos's holding	11%
Investment year	2001

Mobile Climate Control (MCC)

www.mcc-hvac.com

Mobile Climate Control (MCC) offers complete, customised climate comfort systems mainly for buses, off road and military vehicles. Approximately 80% of the company's sales take place in North America and 20% in Europe.

Sales	SEK 1,048m
Operating profit	SEK 45m
Profit before tax	SEK 7m
No. of employees (c.)	630
Ratos's holding	100%
Investment year	2007



SB Seating

www.sbseating.com

SB Seating develops and produces ergonomic office chairs with a Scandinavian design for corporate and public environments. The group markets three strong brands: HÅG, RH and RBM.

Sales	SEK 1,264m
Operating profit	SEK 253m
Profit before tax	SEK 196m
No. of employees (c.)	480
Ratos's holding	85%
Investment year	2007

Stofa

www.stofa.dk

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides some 350,000 Danish households with cable TV and some 180,000 households with broadband.

Sales	SEK 1,390m
Operating profit	SEK 146m
Profit before tax	SEK 96m
No. of employees (c.)	400
Ratos's holding	99%
Investment year	2010

Read more about the holdings on pages 112-149.

2011 highlights

Significant events

- Weak development in the holdings, better in the fourth quarter
- Large number of transactions and refinancings
- Acquisition of Finnkino
- Major add-on acquisitions in Biolin Scientific (Sophion Bioscience), Mobile Climate Control (Carrier) and Arcus-Gruppen (Excellars)
- Exit Medisize. Euromaint sold Euromaint Industry, Contex Group sold Z Corporation and Vidar Systems

Finnkino new holding – the largest movie theatre operator in Finland and the Baltic countries.

Biolin Scientific acquired Sophion Bioscience.

Several exits and partial exits during the year, including the Finnish company Medisize.

Results

SEKm	2011	2010	2009	2008	2007
Profit/share of profits	546	1,419	1,295	1,554	2,550
Exit gains	525	1,320		4,449	933
Revaluations and impairment	-312	140		-92	
Profit from holdings	759	2,879	1,295	5,911	3,483
Central income and expenses	101	-11	80	-240	-21
Profit before tax	860	2,868	1,375	5,671	3,462
Equity	13,658	15,091	15,302	15,825	11,905

- Profit before tax SEK 860m (2,868)
- Exit gain SEK 525m (1,320)
- Equity SEK 13,658m (15,091) corresponding to SEK 43 per share

Data per share *)

SEK per share	2011	2010	2009	2008	2007
Earnings after tax	1.63	7.09	2.66	16.31	8.33
Equity	43	47.50	48	50	37.50
Dividend	5.50 [1)]	5.25	4.75	4.50	4.50
Dividend yield, %	6.8 [1)]	4.2	5.1	6.7	5.1
Total return, %	-32	40	47	-20	14
Market price	80.75	124.50	92.50	67.50	88
Market price/equity, %	188	262	193	135	235

*) Applicable historical figures are recalculated taking into account the split in 2011.
1) Proposed dividend.

- Earnings per share SEK 1.63 (7.09 adjusted for share split)
- Proposed dividend SEK 5.50 per share
- Dividend yield 6.8%
- Total return -32%

2011 – win a few...

That the economic situation has never been more difficult to assess than right now, is something that is probably said every year and therefore far too often. For my part, however, I cannot bring to mind any occasion when uncertainty has been as great in so many key issues at the same time as it is today. It feels like ages since the global economy developed in a reasonably balanced way. This is also reflected in a highly fragmented business environment scenario, where different countries, sectors and companies act under widely differing conditions.

For Ratos the year can be summarised as follows:

- The fragmented macroeconomic development also left its mark on Ratos's portfolio of 19 companies, where just over half of the holdings showed good development, almost half were affected by a weaker economy and three companies were hit hard by structural problems.
- This meant that taken overall the year was a disappointment in terms of results with unchanged sales, an operating profit that decreased by 18% and a profit before tax that decreased by 31%.
- The high level of activity on the transaction and financing side continued, with 18 major acquisitions, exits or refinancings during the year.
- Our assessment is that the slow global economic recovery will continue during 2012, but combined with uncomfortably high risks.
- In an extremely tough business environment our assessment is still that the prospects for improved earnings in our portfolio companies are good.

Arne Karlsson

MOBBM

Ahead of 2011 as usual we summed up our macroeconomic forecast with an acronym, this time MOBBM – Make Or Break Becomes Make. Our assessment was that 2011 would be a year when many questions would come to a head and must reach a conclusion – Make or Break. The most important of these questions was the euro crisis, where politicians needed to proactively manage the problem during the first half of 2011, which was still a possibility then, otherwise market forces would start a revolt and force through a solution or dissolution of the system.

Our main hypothesis was that the outcome would Become(s) Make, the questions would be dealt with during the year and the world would continue to muddle along with sub-par growth (i.e. growth but at a lower level than normal). And even if our working hypothesis certainly did apply to 2011, we can see that the euro question did not find a solution even in the medium term and will therefore continue to torment the world in 2012.

Another important assumption ahead of 2011 was that we live in a time when macroeconomic development, in our case, has a greater impact on development than anything we and our holdings do. Naturally the latter is of major importance – something that for us was clearly illustrated in the crises during the 2000s (if you build a stable house, you can withstand the worst storm, if you build a hut you get blown away) – but the macroeconomic forces at present have a strength that dominates everything. This situation will persist during 2012.

TOW

For 2012 our acronym which summarises the macroeconomic forecast is TOW – Tug-Of-War. In recent years a "struggle" has taken shape between two conflicting forces in economic policy: on the one hand an extremely easy monetary policy, on the other a strict fiscal policy. And global economic development will depend on which of these forces gains the upper hand and/ or in which area policy is changed first.

In our opinion this means that the forecast for multi-year economic development we have had since the Lehman crash in 2008 – sub-par growth, growth in the economy but below the long-term potential trend – will also apply in 2012. If we look at some key countries and regions this can be divided into a mild recession in Europe, weak growth in the US and a soft landing in China.

The greatest risk in the forecast naturally arises in Europe where a chaotic dissolution of the euro would drag down not only Europe but probably the global economy as well into a economic black hole. And the risks here are considerable since European fiscal and monetary policy right now is flirting with the spectre of deflation and repeating the mistakes that led to the depression in the 1930s. We agree with the great majority who believe that politicians and, above all, the European Central Bank (ECB), will in the end take the measures that are required in order to avert the acute crisis. The stakes are enormous, however, and measures adopted are continually too little too late which means that the more negative scenario must unfortunately be considered to have an uncomfortably high probability.

"Our assessment is that the slow global economic recovery will continue ... but combined with uncomfortably high risks."

If our main hypotheses prove correct, 2012 will also be a year with major swings in both the economy and in the financial markets and with a continued highly fragmented development between and within countries, sectors and companies. Add in the major economic, political and geopolitical risks, and we get an environment which calls for a continued conservative basic strategy. There is a major need to monitor economic development in real time and always be prepared to fine tune and/ or review our working hypotheses, as well as a necessity to always have crash plans ready for different scenarios.

If the world manages to emerge unscathed through all the reefs and rocks that threaten its progress, many years of continued sub-par growth still await us. It will take a long time to repair all the damage caused by many years of overstimulation and overconsumption. The chances of solving these problems will improve, however, in a world with reasonable growth. Higher incomes improve households' opportunities to mend their balance sheets, at the same time as national budgets are the biggest winners from economic growth. In such an environment there would even be chances for an orderly restructuring or dissolution of the euro. For, as a famous economist is once believed to have said: "the European common currency will survive its first crisis but not the second".

It can be worth pointing out that this somewhat grey, long-term macroeconomic development by no means needs to be bad for well-run companies with strong positions in their value chain. On the contrary, this crisis will also create many and major possibilities for those able to take advantage when the opportunities arise.

The DNA of a PEC

Ratos is a Private Equity Conglomerate (PEC), a way to merge together the best from successful long-term private equity players and the conglomerate sectors, and in addition add some of our own characteristics. (For a description of the private equity conglomerate Ratos, see page 16.)

We have a strong belief in the business model we have developed over the years and which has now survived four crises, two bubbles and everything in between. There is no doubt we have found a robust strategy and model which has what it takes to function for many decades ahead.

"... this crisis will also create many and major possibilities for those able to take advantage when the opportunities arise."

Over the years I have often noticed that for the outside observer it can be difficult to fully understand the DNA of an owner company. Even though it is easy to see that this is not an "ordinary" (let me in future use the expression operating) company, even professional observers can misjudge the extent to which a PEC can be compared with an operating company. This can be illustrated with the aid of some examples:

"We have a strong belief in the business model we have developed over the years and which has now survived four crises, two bubbles and everything in between."

- In an operating company, strategic work is naturally extremely central, the strategy constitutes the basic foundation on which the rest of the operations rest. Once the strategy is adopted, however, it is a matter of execution, getting things done. Let us for the sake of illustration say that strategy accounts for 5-10% of time spent. In a PEC the circumstances are very different. Even though execution dominates the work here as well, strategic issues, at different levels, account for perhaps 30% of time. This has major consequences in many parts of the business.
- Macroeconomic issues also carry greater weight in a PEC. We are impacted by the effects on our holdings of macro and specific economic issues, but in addition these same effects can have holding-strategic and other (such as finance-strategic) consequences for us.
- Working consistently strategically is important for all companies – in a PEC, however, you must be fundamentally faithful to the mission and strategy. Anyone who perchance has sometimes wondered why so many owner companies appear to have become what they have become, any old how, will find the explanation here. A company such as ours is exposed over time to an enormous number of opportunities and investment alternatives. Without a fanatical adherence to the basic strategic principles, the risk is that eventually you will be sitting there with a portfolio and business that is not at all what had been decided from the start.
- Parallel with this the organisation must of course be flexible and creative. We therefore try to function like football's Barcelona, a team full of individual international stars which at the same time is organised in a fantastic and structured collective whole. We thus hope to avoid becoming a recreational team, where you send a number of stars on to the field to play as well as they can with unpredictable results, or a team like North Korea's where strict adherence to the trainers' orders is all that matters.
- Another essential factor for success is systematic efforts to develop the company's structural capital. In a broad PEC operation, continuous successful work is conducted which can be reused in other contexts (known as best practice and benchmarking). Without consistent and deliberate systemisation, documentation and internal additional training, however, the risk is that these good examples get forgotten – we simply do not take advantage of opportunities to create an industrial "process oriented" method of exercising ownership, but become more of the ownership equivalent of itinerant market clowns.
- When this professional, active and responsible work as owner is then to be implemented in practice, it is of utmost importance to have a clear plan for how this is to be done. It is a question of finding a balance between the requirement for the owner representative to be able to supply the unique knowledge that is accumulated in the owner company and that boards and managements in the portfolio companies have the full competence they need to be able to recruit first-class employees. The ideal is to find a form of co-operation similar to that between a trainer and an athlete when it works best. In my opinion, this is a problem that we at Ratos have learnt to handle in an excellent way – best illustrated by the fact that the most common complaint I hear from our holdings' CEOs and chairmen is that the Ratos colleague involved is not employed directly by the company in question.

A world-class organisation

This brings us to the most important issue for Ratos's future development: employees, our only production factor.

Ratos has in the most positive meaning of the word a professional owner organisation, something of the industry equivalent to Barcelona. In many speeches I have pointed out that I myself today would not get a job at Ratos if I applied (which in itself maybe does not say a lot...). This is usually met with smiles and laughter. I am, however, totally serious and not excessively modest – it was me who just over 13 years ago came to Ratos with the idea for a new strategic direction and it is (to a large extent) me who has built up today's organisation. In recent years, however, I have had reason to feel grateful that I got here first!

To continue with the Barcelona metaphor, I am today the equivalent of trainer Pep Guardiola. I get to decide who will play, in what position and with what tactics. If you send Pep Guardiola out onto the field instead of Leo Messi, the result will be less good, however – and likewise it would be a bad deal to replace Ratos's person responsible for a holding with Arne Karlsson.

The fact that we succeeded in building up this fantastic organisation is mainly due to three things:

- The headline for all our recruitments, both in the investment and business support organisation, has been "humble stars". We have certainly tried to find world-class individuals, but only those who also show and feel respect for their colleagues, the holdings' employees and our business environment, who believe that the content of their work is more important than form and title and who appreciate co-operating in a highly qualified collective. We have sometimes summarised this as "Henke Larsson rather than Zlatan".
- The main emphasis in terms of skills in the organisation is clearly industrial. We have the transaction and financing expertise we need, but so does everyone in our sector, it is simply a ticket you need to be on board. What separates the wheat from the chaff in the long term is how good we are in the role of owner at managing the industrial development work. This is a mantra which can be heard today from most companies in our industry – closer examination shows, however, that not everyone recruits people with a background that enables them to implement this strategic aim.
- A continual challenge to and further development of business model, structural capital and individuals in accordance with what is described above.

"Ratos today is an organisation manned with world stars but at the same time not dependent on individuals."

The for Ratos's owners (particularly) important summary of this is that Ratos today is an organisation manned with world stars but at the same time not dependent on individuals. The level of risk is therefore dramatically lower than can sometimes be the case in knowledge organisations.

Mixed earnings development

Ratos's holdings showed mixed development in 2011. Just over half the companies developed satisfactorily or very well, almost half were affected to varying degrees by the economic climate while three of the holdings suffered structural problems. Taken overall this led to a disappointment in terms of earnings with sales that were unchanged and an operating profit that decreased by 18%. The three companies in the structural problem group (DIAB, Hafa and Jøtul) account for approximately 75% of the decline in earnings.

High transaction activity

2011 was a year with a high level of activity on the transaction and refinancing side, with a total of 18 major transactions. Two new acquisitions

were made (Finnkino and the completion of the buyout of Biolin Scientific) at the same time as six holdings made add-on acquisitions (such as Arcus-Gruppen/Excellars, Biolin Scientific/ Sophion Bioscience and MCC/Carrier). Exits or partial exits were agreed in four cases (including Medisize and the sale of Z Corporation and Vidar Systems from Contex Group), while six companies carried out refinancing which resulted in capital accruing to Ratos.

In addition to this a number of smaller transactions were carried out during 2011.

Conditions during the year became gradually tougher, in both the transaction and financing markets, but as Ratos's final result shows both markets are still very much alive.

Negative total return

During 2011 the total return, the combination of share price development and reinvested dividend, on Ratos shares was -32% (the SIX Return Index was -14%). During 13 years as a private equity conglomerate the total return, however, amounts to 1,117% (or 21% per year) compared with the SIX Return Index with a performance of 132% (or 7% per year).

2012 – undramatically dramatic

The macroeconomic prerequisites for 2012 are extremely tough and risky. If our main hypothesis that the world as a whole will continue to grow, although at a modest rate (sub-par growth) holds true, our best assessment is still that the prospects for improved earnings in our portfolio companies are good.

From an individual perspective, 2012 started in a relatively dramatic manner for Ratos. Olof Stenhammar is leaving the board after 18 years, including 14 years as chairman. I myself have been proposed as the new chairman by the nomination committee, at the same time as the board has appointed Susanna Campbell as the new CEO. As I pointed out above, the structured manner in which Ratos works means that this issue seen from outside, after possible immediate reactions, will be totally undramatic.

I am extremely glad and satisfied that we have succeeded in recruiting a new CEO from inside the company, something I believe is extra important in a strongly value-driven company like Ratos. Of course, I warmly welcome Sanna to the CEO chair and I know, after almost ten years of close co-operation, that our shareholders are to be congratulated.

Finally I would like, or rather I am forced (I tried to persuade Olof to stay for a few more years!) to extend a deep, personal thank-you to Olof for his literally invaluable contributions to Ratos and to me personally during many years. No one has been more worth the gold gavel for outstanding performance as chairman that was awarded to you in 2009. I have never seen a chairmanship that has been so significant for a company's development as yours in Ratos and, despite everything, through my professional role I am one of those who has most to compare with.

The simple fact is that if you had not been chairman I would not have sat in Ramundberget and written these lines right now. Without a strong and supportive, but at the same time competent and flexible chairman, I would not have survived as CEO in those first years when most of what we undertook was regarded as being wrong. The fact that Ratos has enjoyed the development we have had over the last 13 years is thanks to you as much as anyone else (and naturally I include myself).

The fact that you are also damned good fun to work with – and we have enjoyed a very close co-operation during all these years – makes this divorce all the more painful. I hope, however, that we will have reason to see each other outside Ratos and that I can continue to regard you as a good and close friend.

Arne Karlsson, CEO

Chairman's letter

After 18 years on the board of Ratos, including 14 as chairman, it is time for me to "log out". During these years Ratos has undergone a major and positive transformation.

When I, unwillingly, took over the chairman's gavel in June 1998, the then CEO had hastily left the company and the board found itself forced to choose a new chairman in the middle of the financial year. (In those days the chairman was chosen by the board itself.)

I had for some time felt rather dubious about Ratos's strategic direction which did not make me more willing to take over the chairmanship in a company without a CEO. It felt a little like drawing the short straw.

Deputy CEO Thomas Mossberg without hesitation immediately assumed responsibility for the day-to-day business as acting CEO and I was able to devote my energies to finding a new one. During his many years with Ratos, Thomas has been an enormous asset and a truly firm rock, who has often worked behind the scenes. I would like to express a big personal thank-you to Thomas for his contribution.

The recruitment process was fairly advanced when the late Erik Söderberg put me on track.

"Have you checked out Arne Karlsson at Atle?" he asked. "They say he is good."

Arne Karlsson turned up and two hours later I was sold. I hardly knew what "private equity" was (I still think it's not a very good expression). But the implications – with the right capital structure, to be an active owner, buy companies, develop them and create value – I found highly attractive.

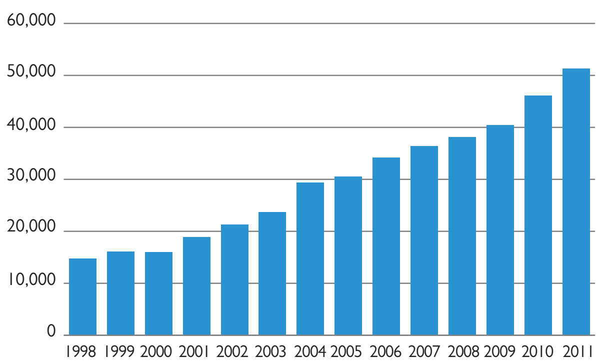
When we then announced the news of the CEO recruitment and change of strategy there was an outcry among analysts, financial journalists and several major owners. There was no limit to the misery that this would entail. We received comments such as: "Ratos lacks the expertise for private equity business." "There probably aren't any attractive companies to acquire." "A private equity company should not be listed." Etc., etc.

In 1999 Arne took over as CEO and our journey together started. The first two years were difficult. Even in the board there were doubts about the chosen strategy. After we completed the Atle deal in 2001, the criticism abated and we could carry out our strategy.

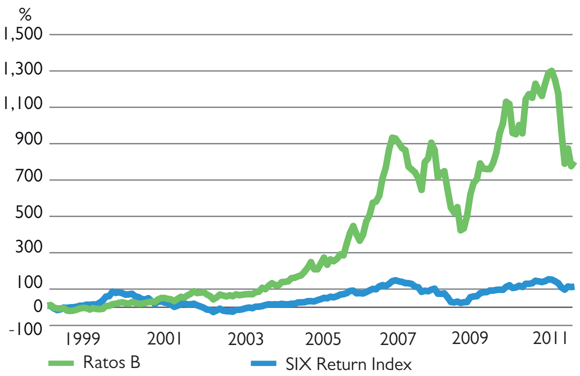
Olof Stenhammar

The fact that shareholders appreciated the change of strategy is clearly reflected in the remarkable increase in the number of shareholders in Ratos. At year-end 1998 we were 14,800 shareholders and at year-end 2011 no less than 51,300! Thank you for your confidence.

Number of shareholders 1998-2011



Total return 1998-2011



Arne was always unshakable in his conviction. It is thanks to him that Ratos's shareholders have been able to profit from an almost unprecedented increase in value during these 13 years (see diagram above). Arne is a unique company leader. His analyses of the macroeconomic conditions found in our business environment have fascinated many people. His conclusions, expressed in abbreviations in capital letters, are almost legendary. Although I can never remember what they mean.

Above all, Arne is a warm and inquisitive person who has inspired confidence among people both internally and externally. With his leadership he has been able to attract, develop and retain a highly skilled employee team at Ratos. A team where the highly qualified investment organisation in particular has played a decisive role in this success.

It is gratifying to be able to recruit Ratos's new CEO – Susanna Campbell – internally. Susanna is well familiar with Ratos's strategy and she has given proof of her energy, analytical skills, leadership and ability to make decisions during several years in leading positions in our investment organisation. Together with Arne as chairman of Ratos, and the rest of the organisation, Susanna will ensure that our ground-breaking strategy continues for a long time ahead.

I would like to thank the board for their good work and for many pleasant and open discussions that often led to wise decisions.

I would also like to express a personal thank-you to Arne for our thirteen years together during which we have built up both a professional relationship and a friendship. I have never met such a multi-faceted company leader. So well-read, so interested in and inquisitive about everything that is happening in our business environment. So thoughtful and with such human warmth but still so sure of his views when he knows he is right. Furthermore, humour has always been a factor. We have simply had great fun!

This co-operation has given me a lot and I will miss it greatly. In future, however, I will monitor the company as a shareholder. I am totally convinced that Ratos will continue to create values that outperform the rest of the stock market.

Olof Stenhammar
Chairman of the Board

Vision, mission, targets and strategy

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

Mission
Ratos is a private equity conglomerate. 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%**

The result of the 33 divestments (exits) completed by Ratos since 1999, corresponds to an IRR of 26%. Four exits were made in 2011.

- **Total return on Ratos shares to be higher over time than the average on Nasdaq OMX Stockholm**

Since 1999 the total return on Ratos shares has amounted to 1,117% (21% per year) compared with the SIX Return Index with 132% (7% per year). Viewed over a ten-year period, the total return on Ratos shares amounted to 518% (20% per year), compared with the SIX Return Index with 80% (6% per year). In 2011 the total return for Ratos amounted to -32% and the benchmark index to -14%.

- **An aggressive dividend policy**

In the last ten years dividend growth has been 14% per year. The proposed dividend for the 2011 financial year is SEK 5.50 which corresponds to 337% of earnings per share in 2011. The dividend yield on Ratos shares based on the closing price at year-end amounted to 6.8%.

- **Ratos aims to provide transparent, accurate, continuous and timely information of the highest quality**

During the last five years Ratos has placed itself among the top ten in voting on listed companies' communication. In 2011 Ratos came eight in the annual Regi survey IR Nordic Markets, and Arne Karlsson was named as the best CEO among large cap companies listed on the Stockholm Stock Exchange at providing the stock market with information.

Investment strategy
- **Holding at least 20%**

- **Normally the principal owner**

- **Investment size SEK 300m – 5,000m**

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

- **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 – although never in the arms industry or pornography, or in sectors with an obvious negative environmental impact.

- **Focus on own deal flow**

Since 1999 approximately 70% of acquisitions came from own deal flow.

- **Nordic acquisitions – global exits**

Investments are made in the Nordic region. Exits can be effected globally.

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 – a private equity conglomerate

Ratos is a private equity conglomerate (PEC). But what does PEC actually mean and how did the term arise?

In common, probably, with most organisations we at Ratos regard ourselves as rather special. Our 146-year history, our legal form and our long-term and industrial focus are components that contribute to our being regarded within the owner sector as a "country cousin", with our own strategy and corporate culture. Like every company that has survived for many years we are of course in a state of continuous development but we still always carry with us a history of entrepreneurship and professional, active and responsible exercise of our ownership role. This can be summarised with the words: "Our history supports us, but our future feeds us".

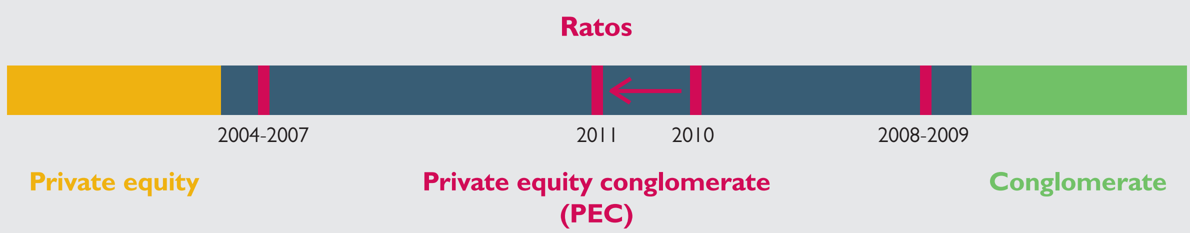
The best proof that we actually have a unique profile is that over the years we have co-invested with a large number of companies within the owner sector – which means we are not perceived by them as a directly competing player that must be kept at a distance.

During the thirteen years we have worked according to our present strategic focus a concept has gradually crystallised which has been used more and more to describe what we are, namely a private equity conglomerate.

In our internal strategy work we have looked at what distinguishes an owner company with a long and successful history. One common feature is that these companies have combined the best from private equity and the conglomerate sector respectively. At an overall level it can also be said that the common component for success has been "active ownership", since most value creation takes place through industrial development work during the holding period. (This fact is clearly illustrated for Ratos in the article "How are returns created?" on page 18.)

It is naturally also essential to possess considerable transaction expertise, in other words purchase and sale of companies, as well as financing. This is, however, an area mastered by most owner companies and where opportunities for long-term and sustained value creation are limited.

In order to develop our business we continuously study our best colleagues and examples from the private equity and conglomerate sectors respectively and try to integrate these lessons into our own business model. At the same time we note mistakes and negatives, and take active steps to avoid being affected by them.



As a private equity conglomerate Ratos is able over time to move between private equity and conglomerate. We will never go to extremes, however. During good years (such as 2004-2007), with an economic boom and high activity in the transaction market, we tend to move in the private equity direction and make many acquisitions and exits. During years when conditions are less favourable (such as 2008-2009) Ratos tends to move more in the conglomerate direction – with fewer transactions and more active work with our existing holdings.

Private equity

If we summarise our conclusions on the private equity sector, where among other things we have studied our successful Swedish and Nordic colleagues, we note the following strengths in the business model:

+ structured and systematised ownership
+ impatient ownership
+ active and demanding ownership
+ considerable transaction expertise
+ leading-edge financial expertise
+ successful use of incentive programmes

If instead we look at the weaknesses in the private equity sector we often find:

- lack of industrial expertise and focus
- short-term approach and transaction orientation
- major focus on financial engineering skills which results in high risk taking
- lack of responsibility

Conglomerate

A corresponding list of strengths for conglomerates (where we analysed companies such as General Electric, ABB, Hanson Trust, Trelleborg and Tyco) contains:

+ professionalised, process-oriented exercise of ownership
+ cohesive and continually developed management culture
+ consistent use of benchmarks and best practices
+ often great success in build-up phases
+ limited sensitivity to business climate through spread of risk

Corresponding downsides to avoid in the conglomerate world:

- lack of exit strategy (leads to rigid structures and diminishing returns)
- long-term approach becomes an alibi for indifferent ownership and failure to make demands
- sub-satisfaction within the portfolio
- one size fits all – same method of approach and/or model pushed out in widely different businesses
- empire building (which does not stop in time)

If you find the ideal combination of the strengths described above at the same time as avoiding the traps that can be created by the weaknesses, it is possible in our opinion to be a successful and profitable owner over very long periods of time. Company deals have always been made and always will be. So there will always be a need for professional, active and responsible owners. The strategic breadth a PEC focus creates makes it possible to surf on waves of success over decades without needing to be over smart when it comes to timing of purchases and sales.

Ratos therefore has what it takes to be a chameleon which, with active ownership as its core expertise, continues to grow and improve profitability in this, the third century in which the company operates.

How are returns created?

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 13-year period the exit portfolio has generated an average annual return of 26%.

For a company with Ratos's type of business the divestment ("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 cash 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.

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 we succeed 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 13 years (from 1999 to February 2012) that Ratos has been a private equity conglomerate, 33 exits have been made. These 33 exits have together contributed to Ratos's cash flow with approximately SEK 29 billion. So this is a robust final result in the sense that there are many individual deals and overall large amounts.

In total, Ratos's exit portfolio has to date generated an IRR of 26%. The exit portfolio has thus met the 20% return requirement by a wide margin. Naturally, this result contains both successful investments that fully met the goals set up when the investment was made and investments that must be summarised as less successful. However, the successful investments have compensated for the less successful ones by a wide margin.

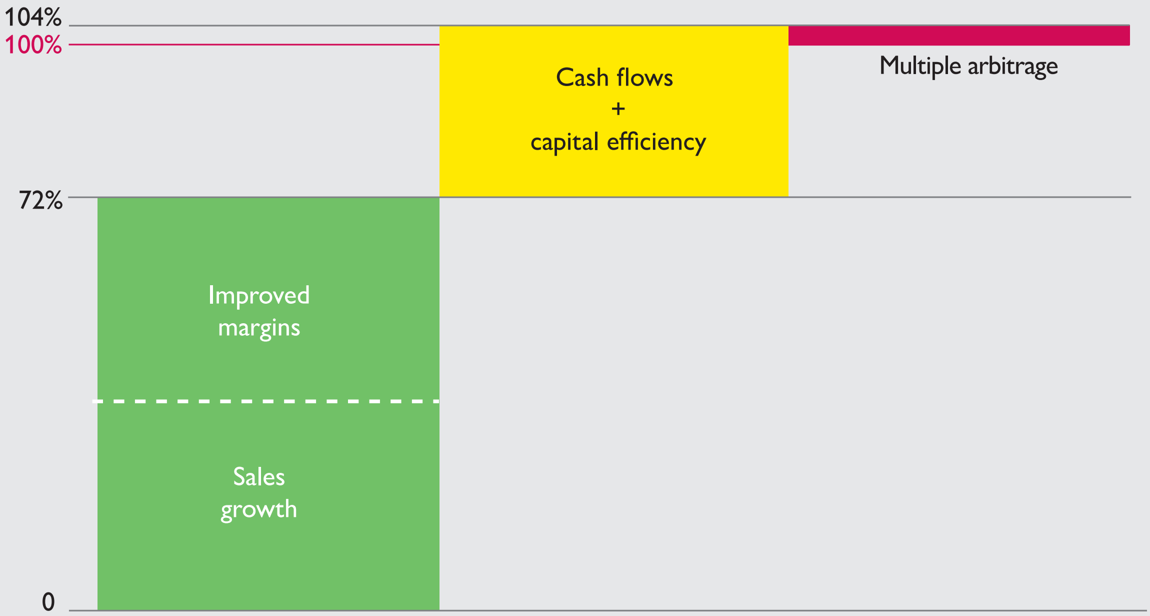
26% is also the gross figure that would be reported as the return if Ratos was a fund like most companies in the private equity industry. In comparison with private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure. This means, all other things being equal, that a risk adjusted return improves the result for Ratos.

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

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

An analysis of value creation in the 33 companies today included in Ratos's exit portfolio, reveals the following explanations of how a 26% IRR was achieved (see illustration on next page).

Average annual return, IRR +26% – how?



Industrial development +72%

Approximately 72% 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 +32%

Approximately 32% of value creation comes from financial effects. Some of these effects, approximately half, can be due to 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 -4%

The multiple arbitrage has consequently provided a negative contribution of 4%, 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 also in the years ahead Ratos's exit portfolio will have generated a return that on aggregate exceeds 20%, even after the entire present portfolio has been sold.
- Ratos's return target is 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.

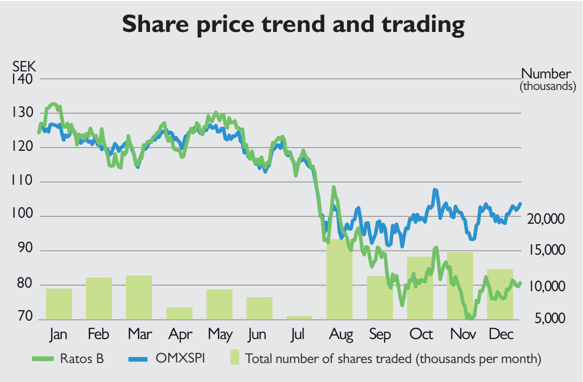
Ratos shares

2011 was another turbulent year on the world's stock exchanges which also affected Ratos shares. The total return on Ratos shares (price development including reinvested dividends) in 2011 was -32% compared with the SIX Return Index which was -14%. A 2:1 share split was carried out in May.

Share price performance

Performance for Ratos B shares was -35% compared with the OMXSPI which was -17% in the same period. The highest quotation during the year (SEK 134.70, adjusted for the split) occurred in January and the lowest (SEK 69.05) in November. The closing price on 30 December was SEK 80.75.

In 2011 the total return (price development including reinvested dividends) for Ratos B shares amounted to -32% compared with the SIX Return Index which fell 14% in the same period.



Source: SIX

Brief facts 2011

Share listing	Nasdaq OMX Stockholm, Large Cap
Total number of shares	324,140,896
Number of shares outstanding	318,996,769
Closing price, 30 Dec 2011	SEK 80.75 (Ratos B)
Highest/lowest quotation (adjusted for split)	SEK 134.70/69.05
Market capitalisation, 30 Dec 2011	SEK 26 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	84,637,060	78	26
B	239,503,836	22	74
	324,140,896	100	100

Development of share capital

Year	Transaction	A share	B share	C share	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	New issue, conversion of A shares to B shares	21,244,658	59,417,968			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	21,210,036	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
2009	New issue	42,328,530	119,524,362			1,020
2010	New issue in conjunction with acquisition of HL Display, conversion of A shares to B shares	42,323,530	119,746,918			1,021
2011	Split 2:1	84,637,060	239,503,836			1,021

Trading

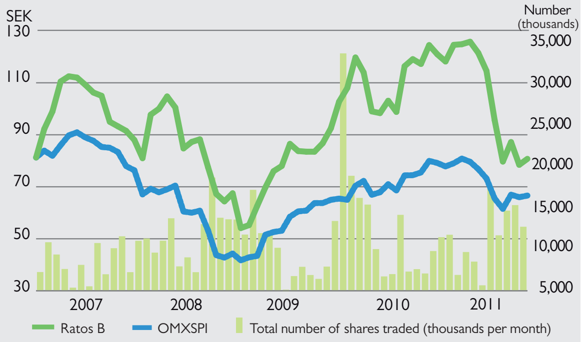
A total of 112.0 million Ratos shares (of which B shares accounted for 111.2 million) were traded via Nasdaq OMX Stockholm during 2011 at a value of over SEK 13.5 billion. An average of approximately 675,000 shares (taking the share split into account), of which 670,000 B shares, were traded per day. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, was 52% (62% in 2010).

Trading in Ratos B shares also takes place outside Nasdaq OMX Stockholm via other marketplaces (multilateral trading facilities), such as Chi-X, Burgundy and Turquoise. An additional approximately 285,000 Ratos B shares per day were traded via these marketplaces in 2011.

Market capitalisation

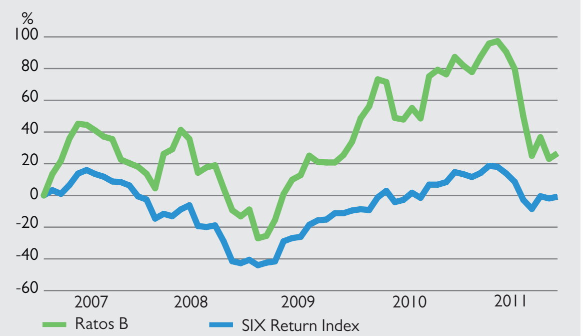
Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 26 billion at year-end. This ranks the company as number 32 in terms of size of the 259 companies listed on Nasdaq OMX Stockholm, and number 50 of the 572 companies on the joint Nordic Exchange.

Share price trend and trading 2007-2011



Source: SIX

Total return



Source: SIX

Data per share*)

SEK	2011	2010	2009	2008	2007
Earnings after tax [1]	1.63	7.09	2.66	16.31	8.33
Dividend per A and B share	5.50 [2]	5.25	4.75	4.50	4.50
Dividend as % of earnings	337 [2]	74	179	28	54
Dividend as % of equity	13 [2]	11	10	9	12
Equity [3]	43	47.50	48	50	37.50
Closing market price, B share	80.75	124.50	92.50	67.50	88
Market price/equity, %	188	262	193	135	235
Dividend yield, %	6.8 [2]	4.2	5.1	6.7	5.1
Total return, %	-32	40	47	-20	14
P/E ratio	49.5	17.6	34.8	4.1	10.6
Highest/lowest price paid, B share	134.70/69.05	128.75/92.75	94.50/49.50	109/54	119.25/76.25

Key figures*)

	2011	2010	2009	2008	2007
Market capitalisation, SEKm	25,759	39,650	29,344	21,321	27,894
Number of shareholders	51,294	46,009	40,494	38,099	36,396
Average number of shares outstanding before dilution	319,036,699	318,134,920	316,248,738	317,152,060	317,658,532
Number of shares outstanding at year-end	318,996,769	318,474,614	317,231,290	315,875,710	316,978,310
Average number of traded Ratos shares/day, thousands	675	602	454	536	392
Dividend, SEKm	1,754 [2]	1,678	1,512	1,423	1,430

*) Applicable historical figures are recalculated taking the 2011 share split into account.

1) Before dilution.

2) Proposed ordinary dividend.

3) Attributable to owners of the parent.

Definitions, see page 151.

Dividends – the shareholder's best friend?

Someone who acquired shares in Ratos for SEK 1,000 when the company was listed in 1954, today has an asset worth SEK 8.5 million, calculated from the total return on Ratos shares (share price plus reinvested dividends). If this person, on the other hand, for some reason did not benefit from the dividends but could only profit from the pure share price development, the value of the investment would be something over SEK 900,000. This illustrates the significance of dividends for the long-term well-being of shareholders.

The two amounts above are well worth further reflection. During Ratos's now almost 60 years on the stock exchange the total return on the shares has been nine times the pure share price development! (It can be noted, moreover, that Ratos's share performance has been good even compared with an average share – SEK 1,000 invested in the stock exchange's total return index in 1954 would have increased in value to SEK 1.2m today.)

International studies also confirm the decisive importance of dividends for the long-term return on shares. Over really long periods of time it is even so that the general picture is the same as for Ratos shares, i.e. that dividends account for a considerably higher portion of the total return than share price development. This can be illustrated with a few facts:

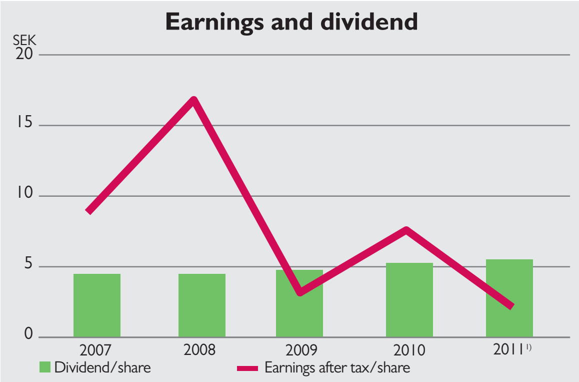
- There are American analyses which show that dividends have accounted for approximately 70% of real total return on shares since the beginning of the 19th century.
- Over the past 35 years, dividends have comprised over 70% of the total return in a global total return index.
- If this 35-year period is analysed separately for a dozen countries, dividends account for 50-80% of the total return index.
- If we compare two countries with a high (UK) and a low (Japan) dividend yield, since 1975 the UK has performed 10% better in terms of share price than a global index and Japan 5% less well. If reinvested dividends are also taken into account, the UK has outclassed the global index with 125%, while Japan fell 40%.
- Many basic industries (such as utilities) have as a result of good dividends developed considerably better than technology and growth shares in total return terms, despite a markedly less favourable development in pure share price terms.

These facts lead to some conclusions and comments:

- It is important, as in the case of Ratos, to have a board and an ownership that promotes a *long-term* positive development, that takes *both* industrial and financial issues into account *as well as* long-term shareholder value. At the same time, this long-term approach must not become an excuse for indifferent ownership and failure to make demands. If an average high profitability is not created over time, there simply will not be funds for good dividend growth.
- The stock market has historically, at an aggregate level, tended to pay too much for growth expectations and too little for dividend yield.
- A regularly reweighted portfolio with shares with a high dividend yield has normally over time been a good investment compared with a benchmark stock exchange index.

These insights are naturally reflected in the dividend strategy adopted by Ratos's board. And 13 years have now hopefully shown that we deliver an "aggressive dividend strategy", complemented with the comment that the board tries to achieve a reasonably stable dividend development that reflects Ratos's underlying earnings trend.

Sources: Affärsvärlden, BCA Research, Morgan Stanley Capital International (MSCI), Ratos.



[1] Proposed dividend.

Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for the 2011 financial year of SEK 5.50 per share (5.25 adjusted for share split). Dividend yield amounts to 6.8% based on the closing price at year-end. Over the past ten years, Ratos's dividend has increased by an average of approximately 15% per year and an average of 51% (55% including extraordinary dividend 2006) of profit after tax has been distributed.

Significance of dividend for long-term return

In the table below it can be seen that an investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth more than SEK 0.9m at year-end 2011 and if the dividends had also been reinvested the value was approximately SEK 8.5m.

	Price development alone		Total return (price+reinvested dividend)	
SEK	Ratos B	Index	Ratos B	Index
1954*) – 2011	927,470	185,400	8,490,120	1,173,190
20 years	20,200	5,590	58,460	9,830
10 years	3,710	1,280	6,180	1,800
5 years	994	817	1,270	992
1 year	649	834	677	865

*) Ratos was listed in June 1954.

Source: Nasdaq OMX Stockholm, SIX, Ratos

Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders which is achieved through well-balanced option programmes. Read more in the Corporate Governance Report on page 40 and on Ratos's website.

Share capital and number of shares

A share split was carried out in May and each share was divided into two shares of the same class of share. The record date at Euroclear Sweden was 6 May 2011 and the final trading day before the split was 3 May.

Ratos's share capital at year-end 2011 amounted to SEK 1,021m divided among a total of 324,140,896 shares, of which 84,637,060 A shares and 239,503,836 B shares. The number of treasury shares at year-end was 5,144,127, which means that the number of outstanding shares amounted to 318,996,769. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 vote. The total number of votes amounts to 108,587,444.

Purchase of treasury shares

A decision was made at the 2011 Annual General Meeting that treasury shares may be acquired until the Annual General Meeting in 2012. The holding of treasury shares may not exceed 4% of the total number of shares in the company. During 2011 Ratos repurchased 638,845 shares.

At year-end, Ratos owned 5,144,127 B shares, corresponding to 1.6% of the total number of shares, repurchased at an average price of SEK 69.

Analysts who monitor Ratos

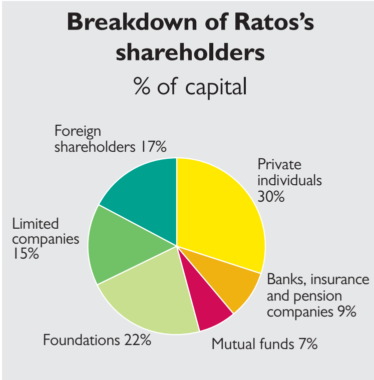
A list of analysts who monitor Ratos is available on the website under Investor Relations/Share information/Analysts.

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. During 2011, 5,000 shares were converted. Since 2003, a total of 963,724 A shares have been submitted for conversion into B shares.

Issue of new shares

Since the 2009 Annual General Meeting there has been a decision that Ratos in connection with acquisitions may issue B shares in Ratos – through set-off, non-cash or a cash payment. This mandate was renewed at the 2011 Annual General Meeting and applies for a maximum of 35 million shares.



Source: Euroclear Sweden

Source: Euroclear Sweden

Ownership structure

The number of shareholders amounted to 51,294 at year-end. The ten largest shareholders accounted for 79% of the voting rights and 46% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 17%. The UK, the US and Luxembourg account for the largest shareholdings outside Sweden. 56% of Ratos's shareholders owned 500 shares or less and together accounted just under 2% of the share capital.

Ratos's shareholder meetings

Ratos participates as a speaker at some 10-15 shareholder meetings throughout Sweden.

In 2011, Ratos took part in shareholder meetings at 12 locations, including Laholm, Mora, Sollentuna, Uddevalla, Växjö and Östersund, and met at total of about 1,100 shareholders.

Ratos shareholders*)

31 December 2011	Number: A shares	Number: B shares	Share of capital, %	Share of voting rights, %
Söderberg family with companies	49,309,074	11,602,951	18.8	46.5
Torsten Söderberg Foundation	11,928,578	15,759,900	8.5	12.4
Ragnar Söderberg Foundation	14,496,040	12,633,340	8.4	14.5
Swedbank Robur funds		8,663,728	2.7	0.8
AMF Pension		6,185,000	1.9	0.6
Handelsbanken funds		4,923,294	1.5	0.4
JPM Chase		4,032,776	1.2	0.4
AP2		3,683,402	1.1	0.3
Olof Stenhammar, company and family	71,956	2,955,404	0.9	0.3
Omnibus for KU clients	2,496,676	488,000	0.9	2.3
Treasury shares		5,144,127	1.6	0.5
Other	6,334,736	163,431,914	52.4	20.9
Total	84,637,060	239,503,836	100.0	100.0

*) Refers to shares registered with Euroclear Sweden at 31 December 2011. Pledged shares are not included in shareholder statistics.

Source: Euroclear Sweden

Range analysis

Number of shares	Number of shareholders	Share of capital, %
1– 500	28,548	2
501– 1,000	7,783	2
1,001– 5,000	11,173	8
5,001– 10,000	1,976	4
10,001– 20,000	902	4
20,001–	912	80
	51,294	100.0

Source: Euroclear Sweden

The people at Ratos

Ratos's head office has been at Drottninggatan 2 in Stockholm, right by the Swedish parliament, since 1939. All 49 employees are based here.

26 people work in the investment organisation and 23 within business support, who provide support to Ratos's business with expertise in financing, accounting, and communications.

Most employees in the investment organisation have a background as management consultants, or from leading positions with companies. They lead the work in Ratos's holdings together with each company's management and are continuously involved with current transactions and processes.

Each holding has its own team which consists of two employees where one is responsible for the holding (an Investment Director or Senior Investment Manager). The same team normally handles the holding throughout the ownership period, from acquisition to exit. In this way we create personal contacts with our companies which builds continuity and trust between Ratos and each company's management.

Our ownership aims to be professional, active and responsible. Employees must be knowledgeable and objective and the business must be conducted in an ethically correct manner. Being active is essential for our ability to influence and create value. And by acting responsibly we ensure that our business is run in the right way and in accordance with expectations from the holdings, our shareholders and other stakeholders. Our work is based on these three core values and on the way our employees act towards each other and our stakeholders.

Ratos organisation

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

Investment organisation

Jan Pomoell, Leif Johansson, Arne Karlsson, Henrik Lundh, Thomas Hofvenstam, Jonathan Wallis, Oscar Hermansson
Daniel Repfennig, Henrik Blomé, Susanna Campbell, Berit Lind, Michael Levén, Jenny Askfelt Ruud

Anna Ahlberg
Investment Manager.

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

Jenny Askfelt Ruud
Senior Investment Manager.

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

Henrik Blomé
Investment Director.

Responsible for the holdings DIAB, GS-Hydro and Hafa Bathroom Group.

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

Anders Borg
Investment Manager.

Born 1978. MSc Econ.
Employed by Ratos since 2010.
The Boston Consulting Group 2007-10.
TallOil 2006-07.
Enhancer Consulting 2005-06.

Susanna Campbell
Incoming CEO from 18 April.

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

Per Frankling
Investment Director.

Responsible for the holdings Contex Group, Finnkino, Jøtul, Lindab and Stofa.

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

Oscar Hermansson
Investment Manager.

Born 1979. MSc Econ.
Employed by Ratos since 2010.
Bain & Company 2004-07, 2008-10.

Thomas Hofvenstam
Investment Director.

Responsible for the holdings Euromaint, Inwido and SB Seating.

Born 1969. MSc Econ.
Employed by Ratos since 2001.
Booz Allen Hamilton 1996-2001.
Arla 1995-96. Enskilda Strategy 1994-95.

Henrik Joelsson
Investment Director.

Responsible for the holdings Anticimex, Biolin Scientific and Bisnode.

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

Leif Johansson
Deputy CEO and Chief Operating Officer.

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

Bo Jungner
Deputy CEO and Investment Director.

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

Arne Karlsson
CEO until 18 April.

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

Anna Ahlberg Per Frankling Johan Pålsson Robin Molvin Bo Jungner Mikael Norlander Henrik Joelsson
Anders Borg Johan Pernvi Cecilia Lundberg Johan Rydmark Lene Sandvoll Stern Thomas Mossberg

Michael Levén
Investment Manager.

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

Berit Lind
Investment Manager.

Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996-2000.
Öhman 1987-96.

Cecilia Lundberg
Investment Manager.

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

Henrik Lundh
Senior Investment Manager.

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

Robin Molvin
Senior Investment Manager.

Responsible for the holdings AH Industries and HL Display.

Born 1972. MSc Econ.
Employed by Ratos since 2006.
Nordstjernan 1999-2005.
Alfred Berg Corporate Finance 1997-99.

Thomas Mossberg
Senior Advisor.

Born 1946. Doctor of Economics.
Employed by Ratos since 1977,
Executive Vice President 1988-2008
(acting CEO 1998).
Teacher and researcher at the Stockholm School of Economics and IFL 1970-77.

Mikael Norlander
Senior Investment Manager.

Responsible for the holding Arcus-Gruppen.

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

Johan Pernvi
Senior Investment Manager.

Responsible for the holding Mobile Climate Control.

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

Jan Pomoell
Senior 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.

Daniel Repfennig
Investment Manager.

Born 1983. MSc Eng and BSc Econ.
Employed by Ratos since 2010.
Arthur D. Little 2008-10.

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
Senior Investment Manager.

Responsible for the holding KVD Kvarndammen.

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

Business support

Nina Aggebäck
Assistant to the CEO.
Born 1957.
Employed by Ratos since 2008.
Vattenfall 2006-08.
Skandia 1998-2006.

Johan Andersson
Facilities Manager.
Born 1964.
Employed by Ratos since 1989.
Örlogsvarvet Muskö 1987-89.
Ministry for Foreign Affairs 1985-87.
Snickeriservice 1984-87.

Monica Andersson
Accounts.
Born 1966. Accountant.
Employed by Ratos since 1990.
Nandorfs Revisionsbyrå 1986-90.

Linda Bergman
Staff manager/Accounts assistant.
Born 1983.
Employed by Ratos since 2009.
AP3 2004-08.

Malin Bodin
Group Accounts.
Born 1975. MSc Econ.
Employed by Ratos since January 2012.
KPMG 2008-12.
Veolia Transport Northern Europe 2003-08.
Ernst & Young 1998-2003.

Suzanne Boghammar
Housekeeper.
Born 1953.
Employed by Ratos since 1994.
Own business 1985-94.
Linjeflyg 1976-85.

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

Yvonne Bonnier
Property and Service Organisation Manager.
Born 1960. Accountant.
Employed at Ratos since 1987.
Skandinaviska Processinstrument 1981-87.
Ragnar Bjurfors 1979-81.

Jessica Bühler
Communications Manager.
Born 1972. Communications Manager.
Employed by Ratos since 2010.
AstraZeneca 1998-2010.
Aros Securities 1996-98.
Enskilda Securities 1994-96.

Soraya H. Contreras
Assistant Investment Organisation.
Born 1979.
Employed by Ratos since 2010.
Arctos Mergers & Acquisitions 2008-10.
Securitas 2007-08.
Brottsofferjouren 2004-06.

Kerstin Dard
Receptionist.
Born 1953.
Employed by Ratos since 1991.
Pronordic 1989-91.
Ekonomisk Företagsledning 1980-89.

Per Djursing
Reception/Property.
Born 1978.
Employed by Ratos since 2010.
Own business 2005-10.

Catrine Ernstdotter
Reception.
Born 1950.
Employed by Ratos since 2001.

Fredrik Evén
IT Manager.
Born 1976.
Employed by Ratos since 2005.
IDE 1998-2005.

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

Helena Jansson
Assistant Communications & IR and CR.
Born 1965.
Employed by Ratos since 1990.
SveaBanken 1989-90
Mora Bilkompani 1987-89.

Kristina Linde
Head of Accounting.
Born 1964. MSc Econ.
Employed by Ratos since 2010.
KPMG 1997-2009.
Skattemyndigheten in Stockholm 1994-96.
KPMG 1987-94.

Carina Melander
Group Accounts.
Born 1970. MSc Econ.
Employed by Ratos since 2009.
LRF Group 1989-2009.

Karl Molander
Head of Debt Management.
Born 1957. BSc Econ.
Employed by Ratos since 2010.
Nordea 2000-10.
ICB Shipping AB 1989-2000.

Ing-Marie Pilebjer-Bosson
Accounting specialist.
Born 1951. MSc Econ.
Employed by Ratos since 2008.
KPMG 2001-08.
Swedish Match 1998-2001.
Scribona 1990-98.
Trygg-Hansa 1980-90.
Skatteförvaltningen 1975-80.

Emma Rheborg
Head of Corporate Communications and Investor Relations.
Born 1972. MSc Econ.
Employed by Ratos since 2007.
JKL 2001-07.
Hagströmer & Qviberg 1997-2000.

Agneta Ryner
Assistant.
Born 1941.
Employed by Ratos since 2000.
Wyeth-Lederle 1985-2000

Jenny Skördeman
Conference and Service.
Born 1985. Archaeologist.
Employed by Ratos since 2010.
Armémuseum 2008-09.

Kristina Linde Ing-Marie Pilebjer-Bosson Karl Molander Clara Bolinder-Lundberg
Malin Bodin Jessica Bühler Maria Glifberg Emma Rheborg

Johan Andersson Linda Bergman Fredrik Evén Agneta Ryner
Helena Jansson Per Djursing Nina Aggebäck Soraya H. Contreras

Suzanne Boghammar Kerstin Dard Monica Andersson
Yvonne Bonnier Catrine Ernstdotter Carina Melander Jenny Skördeman

Clear CR framework in place

Corporate Responsibility (CR), which is mainly about issues that involve responsibility and sustainability, is always on the agenda. Ratos has a long tradition of working responsibly, both as a company and as an owner. CR is an important component in our efforts to nurture and develop the trust that Ratos has built up in the Swedish business community and society over 146 years. One key part of this trust is responsibility towards Ratos's business environment and our stakeholders, i.e. owners, colleagues, the community, our holdings and others.

Ratos's impact on the environment and its surroundings is limited – we have no production of our own and only 49 employees who work at the head office in Stockholm. On the other hand, as the owner of some 20 Nordic companies, including several with broad international operations, we can influence how CR initiatives are conducted within each holding.

For a couple of years now Ratos has intensified its CR initiatives among other things by allocating resources in order to better invest and focus on these issues.

Why CR work?

Work on sustainability issues is not only driven by increased demands from stakeholders and our business environment. CR issues should be regarded as a possibility rather than a threat or constraint. The advantages of effective and structured sustainability work can be summarised as follows:

- Creates and identifies new business opportunities.
- Manages risks from an environmental, social and economic perspective.
- Provides lower risk premiums and therefore higher values.
- Strengthens competitiveness.
- Leads to cost savings.
- Meets demands from stakeholders.
- Strengthens the company's reputation and brand.

Of Ratos's 19 holdings, Lindab is among those that has achieved level 2 in our new CR framework which was launched in 2011.

Working methods

CR work is an integrated part of Ratos's business model. This is based on exercising the role of owner where long-term sustainable development is combined with the highest possible returns. We seek to ensure that our holdings work with CR issues in a professional, active and responsible manner, which summarises the values on which Ratos bases its entire operations.

Prior to a potential acquisition, the due diligence process always includes identifying the risks and opportunities linked to sustainability issues as well as an assessment of the status of the company's CR work.

During the ownership period sustainability issues are often a strategic and competitive matter for the board. The impact the holdings have on the environment and community varies depending on company and sector. Ratos has therefore tried to adapt guidelines and demands related to CR so that they are applicable to conditions at each company. One basic prerequisite for all holdings' operations is compliance with laws and rules. Since 2008, CR initiatives in the holdings have been followed up in Ratos's annual evaluation of each holding.

Framework with three CR levels

During the year Ratos has implemented new guidelines and requirements for the holdings' CR initiatives. The goal is that the holdings will conduct sound CR work and preferably be at the leading edge in their sector.

CR is often perceived as a vague concept which it is difficult to put into concrete form. In order to clarify requirements for CR work at the holdings, Ratos has initiated and implemented its own CR framework. The framework functions as a practical tool divided into three CR levels where the requirement on the holdings is to achieve at least level 1. The holdings must make efforts to reach the next level in accordance with a timetable drawn up together with Ratos. One key component is to ensure that all holdings have a functioning CR process.

The framework is divided into the same four key areas that are used in the UN Global Compact's ten principles: human rights, labour law, environment and anti-corruption.

The framework for management structure and governance includes a description of the following points and how these should be worked on and managed:

- Responsibility for governance of CR work
- Routines and reporting
- Operational CR manager
- Spokesperson for the company
- Objectives and targets for CR work
- Well formulated and established code of conduct
- Training
- Communications strategy
- Crisis and risk management.

Within the key areas human rights and labour law there must be guidelines and rules for specified issues within each area. Within environment, for example, the minimum requirement is that an overall environmental policy must be in place, as well as systems to ensure compliance with environmental legislation. Within the area related to anti-corruption, the emphasis is on the importance of defining the term corruption and having general guidelines and clear instructions for employees and suppliers. Furthermore, the holdings must have drafted relevant policies within CR where the company's code of conduct sets out the company's basic values and reflects the corporate culture.

Risk Assessment

A central role in sustainability work is identification and management of risks (Risk Assessment). Within Ratos's framework, the holdings must identify and analyse risks from a CR perspective. The holdings also analyse and identify risks that can be linked to strategy, position, operations and organisation. There must be an action plan for any risks identified as able to significantly damage the company or operations and/or provoke a crisis. A separate Risk Assessment report is prepared annually and presented to the Ratos Board. The report gives an account of the holdings' risk management work and preparedness as well as an assessment of how well their work with risk issues functions.

CR Day

In May 2011, Ratos arranged its regular CR day for our holdings in order to highlight relevant CR issues and provide information about the demands Ratos makes as owner. The programme included presentations from external and internal speakers, good examples from our holdings and information about the new framework.

Organisation and follow-up

At Ratos the Chief Brand Officer manages CR issues together with the person responsible for each holding. Each person responsible for a holding ensures that policies and guidelines are drawn up and complied with in the holdings. The person in charge of CR prepares a report each year that is presented to the Ratos Board.

CR work in the holdings – estimated timetable

31 Dec 2011

- **Level 1** implemented in all holdings
- Risk Assessment is included in the annual evaluation. The report includes management structure, governance, implementation, follow-up and evaluation of CR issues

2012

- Evaluation to see if additional steps can be taken to reach **level 2**
- Ratos conducts a survey to obtain feedback and any queries
- Additions and adjustments where necessary

2013

- The majority of the holdings have reached level 2.
- Ongoing evaluations performed to see if further improvements can be made in order to reach **level 3**

Read more about Ratos's CR framework on our website.

Corruption issues in focus 2011

HL Display is one of Ratos's holdings that meets the company's level 1 CR requirements and even reaches levels 2 and 3 in several areas. Birger Nilsson, Development Director with responsibility for CR at HL Display, describes the company's approach in a little more detail and how they will continue to develop work within sustainability issues.

How do you work with CR issues and how do Ratos's CR requirements affect your work?
"HL Display's work with sustainability issues is established and adopted by the board. The overall work is headed by me with support from other people in group management. Considerable responsibility for day-to-day activities rests with the local units within the group, particularly at the production facilities with regard to environmental issues.

"The CR requirements launched by Ratos in 2011 have helped us to formalise and structure our work on sustainability issues. Following a risk analysis we could see that corruption is the area where we have the greatest risks. Anti-corruption work at customer and supplier level is very much in focus. Today, all employees in management or especially exposed positions sign our code of conduct."

Did you focus on any specific issues during the year?
"We had a CR workshop this year at our annual meeting with sales companies and distributors where we compiled basic documentation which all country managers have presented locally for their employees. We also joined the UN Global Compact.

"Zero tolerance for corruption is the issue which has been centre stage in 2011. After our workshop the regions have also worked actively to define risks and adopt preventive measures at a local/regional level.

"Our objective was to be able to prepare a GRI report at C level in 2011 (GRI = Global Reporting Initiative, a framework for sustainability reporting). We have only partly succeeded with this. We consider, however, that we have a good framework in the form of existing rules and policies. The aim for 2012 is that we will also be able to measure selected environment-related key performance indicators which can be followed up from year to year."

"We seek zero tolerance for corruption," says Birger Nilsson, who is responsible for CR issues at HL Display.

How do you work with environmental certification for your production and logistics facilities?
"Our Swedish plants have been certified since the end of the 1990s. At the beginning of the 2000s this was more or less a matter of curiosity for our customers, but for a few years now environmental issues have been moving up the agenda. Today even our Chinese factory is certified. For our UK facility which we obtained with a company acquisition at the end of 2009, and our newly started factory in Poland, we are now at the preparatory phase for ISO 14001 certification. We expect this work to be completed in 2013."

How do you ensure that your production facilities and employees comply with your guidelines and code of conduct?
"We really have very little risk in our production facilities – our counterparties on the supplier side are mainly major international players with the same high requirements as we have to maintain operations free from corruption.

"On the other hand, we have a higher risk in our local purchasing. The countermeasures already launched are that suppliers must sign our supplier policy which includes our anti-corruption requirements.

"We have also made sure that it is not the same person who chooses a supplier and places the purchase order, which reduces the risk of irregularities on our part."

What are your greatest challenges within CR?
"First of all being able to inform our sales team in a relevant manner so that they can handle questions related to the raw material (primarily petroleum-based plastic) that we use.

"Secondly, having a continuous focus and follow-up of issues related to corruption and making sure that new employees are given the guidance they need so that we can act in a consistent manner regardless of market. And thirdly, we must have a functioning business system in all units that enables follow-up of sustainability issues more or less automatically (for example waste level and proportion of recovered material)."

For a few years now environmental issues have been moving up the agenda at HL Display.

Responsible member of society

Background

Ratos has a long history of active social responsibility which today is a key component of our corporate culture. This involvement is about our role as a responsible and active member of society and can be placed on a par with charity. These efforts are disengaged from the CR work conducted in the holdings and where the focus is instead on sustainability and responsibility (human rights, labour, environment and anti-corruption, etc.)

The social involvement has historically to some extent had the character of pioneering efforts within the areas concerned. Olof A Söderberg, who belonged to the second generation of the Söderberg founder family, was at the beginning of the 20th century one of the initiators behind the foundation of the Stockholm School of Economics which helped to ensure first-class business education programmes 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 Alecta.

Ragnar Söderberg (Olof A Söderberg's son) as CEO of Ratos at the beginning of the 1960s was among the first to offer his employees social benefits such as free dental and medical care and a "child allowance". In 1960, Ragnar Söderberg and his brother Torsten each formed a foundation by donating 20,000 Ratos shares to each foundation. According to their statutes the foundations shall "promote scientific research and scientific education and studies of benefit to the country, whereby the main focus should be on economics, medicine and law". The two foundations combined are today one of Sweden's biggest non-government providers of grants within their fields. A total of SEK 260m was distributed in 2011, financed with dividends from Ratos.

Ratos contributes to Swedish cancer research through a project at the Karolinska Institute.

Guidelines and selection

Ratos works with a limited number of targeted projects, membership of associations and contributions in the Nordic countries in which we operate. By concentrating on a few selected projects we make every effort to ensure that the funds allocated have the greatest possible effect. The selection of projects and memberships is done carefully and based on a number of criteria and guidelines set by the Board. Projects which have a historic link with Ratos or in some form are linked to our business activities are given priority, as are projects within our immediate neighbourhood around Drottninggatan 2 in Stockholm. We also give priority to projects that focus on the most vulnerable people in society. In addition, we give disaster relief and an annual separate Christmas gift which after assessment we decide on when the need arises.

Working methods

Our co-operation partners must be neutral and non-political organisations with audited accounts and where Ratos can gain a good insight. The recipient's activities must not be offensive. The contributions are earmarked for a specific project and have a time limit that can be extended. During the year there is continuous follow-up with the project partner in order to ensure that the funds paid are being used in the agreed manner. An annual evaluation is performed of all projects and presented to the Board.

At present Ratos has chosen to support nine projects: six in Sweden, two in Denmark and one in Finland.

Co-operation Against Trafficking

The development partnership Co-operation Against Trafficking (ISMT) was started in 2008 as a co-operation between authorities and civil society. Its purpose is to support the victims of human trafficking. Ratos has been the foundation's principal sponsor since its formation, and therefore has considerable influence on how this work can be developed.

Karolinska Institute

To honour the memory of Ratos's employee Magdalena Aniansson, who passed away in 2009, and at the same time support Swedish cancer research, Ratos decided, starting in 2010, to support a research project at the Karolinska Institute which is led by Professor Cecilia Söderberg-Nauclér. The project is a co-operation between Professors Jonas Bergh's and Jan Frisell's groups at the Karolinska Institute.

Klaragården (Stockholm's City Mission)

The Stockholm's City Mission's house Klaragården is a refuge for vulnerable women in the Stockholm area which they can visit daily for a meal, a shower, a sleep or other support such as advice on legal matters. Ratos is a project partner since 2004.

Through Save the Children Denmark, vulnerable families are offered a friendship family which relieves and supports them.

Mentor Sweden

Ratos has been a corporate partner of Mentor Sweden since 2006. The organisation works to prevent the use of drugs and violence among young people. This is done through a mentorship programme directed at young people and through support to parents via a parenting programme that offers courses and seminars to spread knowledge and create awareness.

Professorship at Stockholm School of Economics

Ratos contributes to Per Strömberg's professorship in private equity at the Stockholm School of Economics. The research focuses on issues within active ownership.

Valåkers gård within Ersta Diakoni

Starting in 2012 Ratos is supporting the work of Valåkers gård farm south of Stockholm which helps children who have suffered sexual abuse. The activities are conducted using equine assisted therapy where each child gets to take care of her own horse.

Starting in 2012, Ratos supports Ersta Diakoni's activities at Valåker gård.

Børnehjælpsdagen (The Children's Aid Foundation)

Børnehjælpsdagen is a Danish independent organisation founded in 1904. Its aims are to improve conditions for vulnerable children in Denmark with a focus on those living in children's homes. Ratos supports the project "Anbragte Børn i Bevægelse" which works to offer these children opportunities for physical activities.

Save the Children Denmark

Ratos supports the Danish Save the Children project "Children's Friendship Families". The project works to offer children who live in vulnerable families a friendship family which regularly relieves and supports them. This involves the children staying with the friendship families and accompanying them on other activities.

SOS Children's Villages in Finland

SOS Children's Villages in Finland works to help orphans and children who risk being without parental care. The number of children taken into care is rising continuously in Finland. The Finnish organisation looks after children taken into care by the municipalities at family and young people's homes in SOS Children's Villages, and by providing outpatient care. Ratos supports one of the two new children's villages currently being built in Finland.

Membership of associations

Ratos supports the Stockholm School of Economics by being a so-called Capital Partner. Under the auspices of the Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to our activities. Ratos is also represented on the Stockholm Chamber of Commerce Tax Committee and Business Policy Council and the Tax Delegation for Swedish Business and Commerce.

Disaster relief and Christmas gift

During the year Ratos contributed with disaster relief to people suffering in the Horn of Africa through a financial contribution and an extra Christmas gift to the emergency relief efforts of Médecins Sans Frontières in the region.

Directors' report

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2011. The registered office of the Board is in Stockholm, Sweden.

Company's activities

Ratos is a private equity conglomerate. Activities comprise acquisition, development and divestment of primarily unlisted companies. Investment size is SEK 300m-5,000m in equity. Ratos is normally the largest shareholder with a holding of at least 20%. Ratos's strategy is to acquire unlisted companies in the Nordic region and at the same time has an active exit strategy. Exits are not limited to the Nordic region but can be global.

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 depends entirely on Ratos's search process and the process for making 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 the 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.

Over time, whether Ratos is successful or not is decided by its competence as an active owner. It is during the holding period that most of Ratos's value creation takes place. Ratos's active ownership also includes HR issues such as equal opportunities, working environment and skills development. Ratos's exit strategy includes assessments of the holdings' ability to continue to generate an average annual return (IRR) of 20% as well as Ratos's ability to contribute to the continued development of the holdings. Ratos does not have any time limit for its holding period.

The relative share of profit between current profit and exit result can vary considerably over time.

Events during the year

Acquisitions

The acquisition of and public offer for Biolin Scientific were completed in February. Ratos's holding amounts to 100% and the purchase price amounted to SEK 306m, of which SEK 269m was paid in 2010. In September, Ratos was given advance access to the shares not submitted in the offer.

In April, Ratos acquired the Finnish movie theatre group Finnkino. The purchase price (enterprise value) amounted to EUR 96.4m (SEK 861m), of which Ratos provided equity of EUR 45m (SEK 402m). Ratos's holding amounts to 98%. The seller was the media group Sanoma.

Several add-on investments were made in subsidiaries during the year.

In April, Mobile Climate Control (MCC) acquired Carrier's bus AC operations in North America for a purchase price (enterprise value) of USD 32.1m (approximately SEK 200m). Ratos provided capital of SEK 114m in conjunction with the acquisition.

In August, Biolin Scientific acquired the Danish company Sophion Bioscience. The purchase price (enterprise value) for 100% of the company amounted to DKK 145m (SEK 179m). Ratos provided SEK 65m in conjunction with the acquisition.

During the period add-on investments were carried out in holdings including Arcus-Gruppen, Bisnode, Inwido and Stofa.

Divestments (exits)

The sale of Ratos's holding in Camfil to the company's principal owners was completed in January. The sale provided Ratos with an exit gain of SEK 586m and an average annual return (IRR) of 13%.

The sale of Superfos to RPC Group Plc was completed in February. The sale generated an exit result for Ratos of SEK -99m and an average annual return (IRR) of approximately 2%.

The sale of Medisize to Phillips Plastics was completed in August. The selling price for 100% of the shares amounted to approximately EUR 99.8m (SEK 920m). Ratos's exit gain amounted to SEK 38m and the average annual return (IRR) was 4%.

Divestments of subsidiaries were also carried out during the year, among others in the holding Euromaint.

Refinancing and dividends

Ratos received dividends totalling SEK 843m from Anticimex, Arcus-Gruppen, Inwido and Lindab, among others.

In December, SB Seating carried out a refinancing which resulted in Ratos receiving a cash payment of SEK 253m. Stofa carried out a refinancing of DKK 425m (approximately SEK 515m) in December, of which Ratos received a dividend of approximately SEK 510m. SEK 420m was paid in January 2012 and approximately SEK 90m in March.

Capital contributions

During the year Ratos provided capital to Mobile Climate Control (SEK 114m) in conjunction with the acquisition of Carrier's bus AC operations, and to Biolin Scientific (SEK 65m) for the acquisition of Sophion Bioscience. A capital contribution was provided to GS-Hydro of SEK 55m.

Environmental impact

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

Corporate Responsibility (CR)

Within Ratos the Chief Brand Officer is responsible for CR issues together with the person responsible for each holding. Together they are responsible for ensuring that policies and guidelines are drawn up and complied within the holdings and that CR issues are managed in a professional and responsible manner in both Ratos and the holdings. The person responsible for CR at Ratos prepares a report each year which is submitted to Ratos's Board.

Results

The Ratos Group's profit before tax (see Note 2) amounted to SEK 860m (2,868). This result included profit from holdings of SEK 759m (2,879), including exit gains of SEK 525m (1,320), management costs of SEK 191m (213) and positive net financial items of SEK 292m (202).

The parent company's profit before and after tax amounted to SEK 704m (1,608).

Financial position

Cash and cash equivalents in the Group amounted to SEK 3,042m (2,855) at year-end, of which short-term fixed-income investments accounted for SEK 1m (351). The Group's interest-bearing net debt at year-end amounted to SEK 10,946m (11,136m). Interest-bearing net debt for associates is not included.

The Group's equity ratio amounted to 37% (40%).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 897m (420) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

The parent company shall normally be unleveraged. The parent company has a rolling 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. At the end of the period the facility was unutilised. The parent company does not pledge assets or issue guarantees.

In addition there is a mandate from the 2011 Annual General Meeting to authorise the Board in conjunction with company acquisitions, on one or more occasions, against cash payment through set-off or non-cash, to make a decision on a new issue of Ratos B shares.

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

Events after the reporting period

Bisnode signed an agreement to sell WLW, a company that offers online search services for companies, to the German private equity company Paragon Partners. The selling price is estimated to amount to EUR 79m (approximately SEK 710m). The sale is expected to be completed in the first quarter of 2012.

Contex Group has signed an agreement to sell its subsidiaries Z Corporation and Vidar Systems to the American company 3D Systems Corporation. The sale was completed in January 2012. The consideration transferred amounted to USD 137m (SEK 920m) and the exit loss was USD 8m (SEK 55m).

The Board has decided to appoint Susanna Campbell, currently Investment Director at Ratos, as the new CEO with effect after the Annual General Meeting on 18 April 2012 has been held. At the same time, the Nomination Committee proposes that the present CEO Arne Karlsson is appointed Chairman of the Board at the Annual General Meeting. Ratos's Chairman Olof Stenhammar has after 18 years on the Board, including 14 as Chairman, declined re-election.

Future development

Development for Ratos's holdings was mixed in 2011. Just over half of the companies developed satisfactorily or very well, while almost half were affected to varying degrees by the economic situation.

The macroeconomic prerequisites for 2012 are extremely tough and full of risks. If our main hypothesis that the world as a whole will continue to grow, although at a modest rate (sub-par growth), holds true, our best assessment is still that the prospects for improved earnings in our portfolio companies are good.

The work of the Board of Directors

During the year, Ratos's Board of Directors consisted of eight members elected by the Annual General Meeting. The CEO is a member of the Board. The work of the Board is regulated by an annually adopted formal work plan. This stipulates among other things:

- the role and duties of the Chairman
- instructions to the CEO
- decision-making procedures for the Ratos Board and CEO relating to investment activities
- formal work plan for the Compensation Committee
- formal work plan for the Audit Committee
- board meeting procedures
- the provision of information between the company and the Board.

The decision-making procedures stipulate that decisions regarding acquisitions of, and add-on investments in, companies to be included in Ratos's holdings must be submitted to the Board and CEO. This also applies to divestment, wholly or partly, of a holding.

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. The Compensation Committee prepares and presents proposals for decision to the Ratos Board relating to the CEO's conditions of employment, conditions for employees who report directly to the CEO (according to the so-called grandfather principle), matters of principle relating to pension agreements, severance pay/notice periods, bonus/earnings related compensation, fees (Swedish/foreign) and benefits.

Note 9 provides an account of the guidelines for compensation to senior executives decided at the 2011 Annual General Meeting to apply until the 2012 Annual General Meeting.

The Board's proposal to the 2012 Annual General Meeting for decision on guidelines for remuneration to senior executives

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background, a remuneration 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 four components – basic salary, variable salary, call options and synthetic 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 with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary 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 salary, which shall amount to a maximum of 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 reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value but also take a personal risk by paying a market premium for the options.

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

With regard to the costs for the proposed option programmes, refer to the Board's proposal regarding call options (item 17) and synthetic options (item 18) in the Notice of the Annual General Meeting.

Pension benefits are generally paid in accordance with the ITP Plan. For pension benefits that deviate from the ITP Plan, defined contribution pension benefits apply.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail.

Ratos shares

Total number of A shares at year-end	84,637,060
Total number of B shares at year-end	239,503,836
Total number of shares	324,140,896

At the Annual General Meeting held on 5 April 2011 a decision was made to increase the number of shares in Ratos by each share being divided into two shares (2:1 share split). The share split was effected on 6 May 2011. After the split the number of shares amounted to 324,140,896 instead of 162,070,448, comprising 84,637,060 A shares and 239,503,836 B shares. The completed share split means that the quota value per share (share capital divided by the number of shares) has changed from SEK 6.30 to SEK 3.15. Earnings per share have been recalculated taking the above change into account.

Class A shares carry entitlement to one vote per share and Class B shares to 1/10 of a vote per share. 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 owns 18.8% of the capital and 46.5% of the voting rights.

The Torsten Söderberg Foundation owns 8.5% of the capital and 12.4% of the voting rights. The Ragnar Söderberg Foundation owns 8.4% of the capital and 14.5% of the voting rights.

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 2011 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 4% of all the shares in the company.

Purchases of treasury shares 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 638,845 B shares were acquired. At year-end, the company held 5,144,127 treasury shares, corresponding to 1.6% of the total number of shares. A total of SEK 357m was paid for the shares. 5,000 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	10,360
Share premium reserve	128
Fair value reserve	42
Profit for the year	704
Total	11,234

The Board of Directors proposed the following distribution of profit:

Dividend to holders of A and B shares, SEK 5.50 per share [1]	1,754
To be carried forward	9,480

[1] Based on the number of shares outstanding on 16 February 2012. The number of treasury shares on that date was 5,144,127 and may change during the period until the record date for dividends.

Corporate governance report

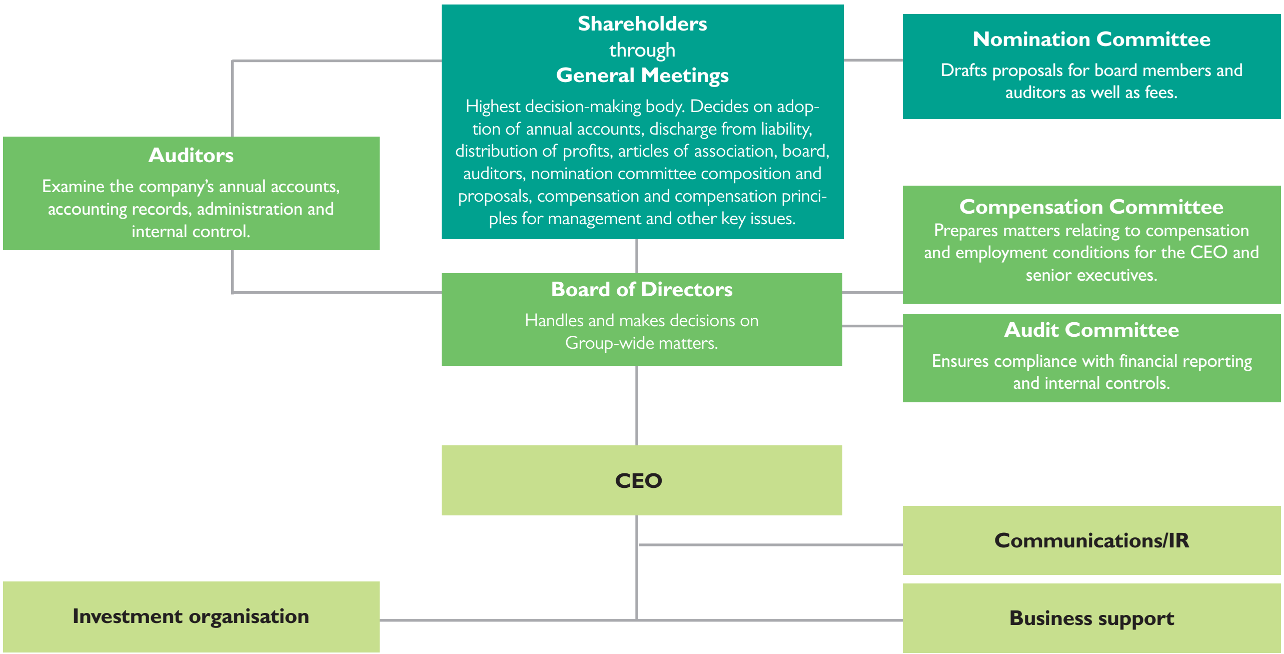
Ratos aims to exercise professional, active and responsible ownership. Through good control and awareness of the risks – as well as the opportunities – in their operations our portfolio companies have been able to face and handle problems in a well-thought out and effective manner. The vigilance and fast action in our portfolio companies have often been exemplary.

Ratos has been giving priority to order and structure for many decades. I can report that corporate governance at Ratos functions well in times of prosperity and recession.

Ratos has chosen to comply with the Swedish Code of Corporate Governance except with regard to the composition of the Nomination Committee (see Nomination Committee on page 42). The self-regulatory code has made a positive contribution by providing clear guidelines on how corporate governance should be applied. It is also a strength that 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 enhance the credibility of and confidence in Swedish business.

Olof Stenhammar
Chairman of the Board

Governance structure at Ratos



External rules

- Swedish Companies Act
- Accounting legislation (Swedish Bookkeeping Act, Annual Accounts Act, Swedish Financial Reporting Board (RFR) and IFRS)
- Nasdaq OMX Stockholm Rules for issuers
- Swedish Code of Corporate Governance

Internal rules

- Articles of Association (read more on page 41)
- The Board's formal work plan (read more on page 43)
- Instructions for the CEO
- Decision-making procedures/ authorisation instructions
- Instructions for financial reporting
- Internal guidelines
- Policies adopted by the Board

Policies

All policy documents are updated and adopted annually by the Board, most recently on 15 February 2012. Senior executives are responsible for monitoring.

- Financial policy
- Incentive policy
- Information policy
- Crisis policy
- Environmental policy
- Pensions policy
- Rules for Ratos employees' share transactions
- Recommendation for Board members' share trading
- Code of conduct
- Social responsibility policy
- IT security policy
- Ownership policy

Corporate governance in Ratos

Ratos AB is a public limited company and is regulated by Swedish legislation mainly through the Swedish Companies Act, and by Nasdaq OMX Stockholm Rules for issuers. In addition, the Swedish business community's self-regulation is taken into account where the Swedish Corporate Governance Board has formulated the Swedish Code of Corporate Governance (the Code).

In addition to legislation and self-regulating recommendations and rules, the Articles of Association form the basis for governance of operations. The Articles of Association specify 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 also prepared and adopted twelve policy documents. The policy documents set out the basic values that must characterise the organisation and the conduct of its employees. In addition there are internal rules and documents which provide a basis for governance of the company's activities.

Ratos applies the Code and does not report any non-compliance with the Code in the 2011 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee page 42).

The corporate governance report has been reviewed by the company's auditors.

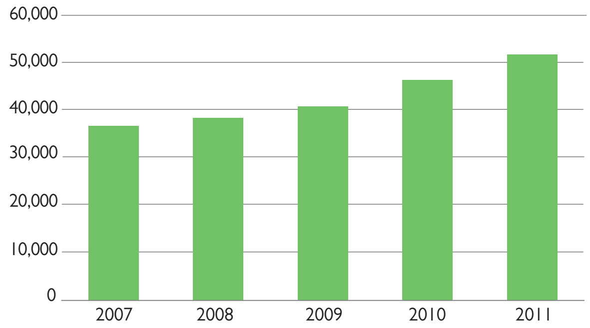
Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq OMX Stockholm since 1954. At year-end 2011 the share capital amounted to SEK 1,021m divided among a total of 324,140,896 shares, of which 84,637,060 A shares and 239,503,836 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 2011 Ratos had a total of 51,294 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 79% of the voting rights and 46% of the capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 17%. 56% of Ratos's shareholders owned 500 shares or less and together accounted for just under 2% of the share capital. More information about Ratos's shareholders and share performance in 2011 is provided on pages 20-24.

Number of shareholders



Attendance at Annual General Meeting

According to Ratos's Articles of Association the following business shall come before the Annual General Meeting:

- Opening of the Meeting
- Election of the Chairman of the Meeting
- Preparation and approval of the voting list
- Election of two persons to check the minutes
- Determination of whether the Meeting has been duly convened
- Approval of the Agenda for the Meeting
- Presentation of the annual report and the auditor's report
- Resolutions on
  - adoption of the income statement and balance sheet, as well as of the consolidated income statement and consolidated balance sheet,
  - discharge from liability for the members of the Board of Directors and the CEO, and
  - disposition of the Company's profit or loss according to the adopted balance sheet
- Determination of the number of directors and deputy directors who shall be elected by the Meeting
- Determination of fees to be paid to the Board of Directors and auditors
- Election of the Board of Directors and where appropriate auditors and deputy auditors
- Any other business to come before the Meeting according to the Swedish Companies Act or the Articles of Association

General meetings

The general meeting is the highest decision-making body in Ratos and an Annual General Meeting of Shareholders is to be convened 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). Publication of the notice is announced in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in Swedish and English versions.

In order to have a matter considered at an Annual General Meeting a shareholder must submit a written request to the Board in good time so that the matter can be included in the notice of the meeting. The closing date for such requests is stated on Ratos's website.

The company's Articles of Association do not contain any limitations as to how many votes each shareholder may cast at general meetings. 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.

2011 Annual General Meeting

The 2011 Annual General Meeting was held on 5 April in Berwaldhallen in Stockholm. The Meeting was attended by 660 shareholders, proxies or assistants, who together represented 79.3% of the voting rights and 48.2% 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 on the website approximately two weeks after the Meeting.

Decisions at the 2011 Annual General Meeting included the following:

- Dividend of SEK 5.25 per share (adjusted for share split) corresponding to a total of SEK 1,678m
- 2:1 share split
- The Board of Directors shall consist of eight members
- Re-election of all members of the Board
- Fees of SEK 1,000,000 to the Chairman of the Board and SEK 450,000 to each member of the Board
- Adoption of guidelines for compensation to senior executives
- Offer to key people in Ratos on acquisition of call options
- Offer to key people in Ratos on acquisition of synthetic options relating to holdings
- Authorisation for the Board to acquire Ratos shares up to 4% of all shares
- Authorisation for the Board to decide on a new issue of shares in conjunction with company acquisitions. The authorisation to comprise a maximum total of 35 million B shares.

Nomination Committee

The Annual General Meeting decides how the Nomination Committee should be appointed. The 2011 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 2012 Annual General Meeting. According to the Annual General Meeting decision, the Nomination Committee shall comprise the company's Chairman plus a minimum of four members. 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 on Ratos's website and disclosed together with contact details through a press release on 13 October 2011.

The members of the Nomination Committee are as follows:

- Björn Franzon representing Swedbank Robur funds
- Anders Oscarsson representing AMF and AMF Fonder, Chairman of the Nomination Committee
- Olof Stenhammar representing his own holding, 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 the Ragnar Söderberg Foundation as well as his own and related parties' holdings, Board member.

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

Ahead of the 2012 Annual General Meeting the Nomination Committee held four minuted meetings. 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 functions very well and this was also confirmed by an external appraisal.

Olof Stenhammar after 18 years in Ratos, including 14 as Chairman of the Board, has declined re-election. The work of the Nomination Committee during the year has therefore concentrated on finding a suitable successor for the position of chairman. In this work the Nomination Committee has given priority to knowledge and industry experience which will contribute to Ratos's business in the future. Another aspect the Nomination Committee regarded as important is to maintain continuity in the Board. The Nomination Committee is therefore unanimous in proposing the present CEO Arne Karlsson as Chairman of the Board. The Nomination Committee is convinced that Arne Karlsson meets the above criteria and that there is no more suitable candidate to propose.

Nomination Committee ahead of 2012 Annual General Meeting

Name	Represents	Share of voting rights 31 Aug 2011	Share of voting rights 31 Dec 2011
Per-Olof Söderberg	Ragnar Söderberg foundation and own and related parties' holdings	29.9%	29.9%
Jan Söderberg	Own and related parties' holdings	13.8%	13.8%
Maria Söderberg	Torsten Söderberg Foundation	12.4%	12.4%
Björn Franzon	Swedbank Robur funds	0.8%	0.8%
Anders Oscarsson	AMF and AMF Fonder	0.5%	0.6%
Olof Stenhammar	Chairman of Ratos's Board, own holding	0.3%	0.3%
Total		57.7%	57.8%

A committee composed of members independent of the Board prepared the issue of fees to the Chairman of the company, other Board members who are not employed by the company and fees to the committees. The Audit Committee submitted a proposal on auditor fees to the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2012 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and also be presented at the 2012 Annual General Meeting.

Board of Directors

The role of the Board

According to the Swedish Companies Act the board is responsible for the company's organisation and management of its affairs. The duties of the board include assessing the financial situation of the company, ongoing control of the work, adopting a formal work plan, appointing a CEO and stipulating allocation of working duties.

In addition to what is stipulated in the Swedish Companies Act the board should develop the company's strategy and business plan in such a manner that the long-term interests of shareholders are met in the best possible way. The board should also support and guide management in a positive manner.

The board is appointed by the shareholders at the Annual General Meeting with a mandate period from the Annual General Meeting until the next Annual General Meeting has been held. 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 2011 Annual General Meeting re-elected Olof Stenhammar (Chairman), Lars Berg, Staffan Bohman, Arne Karlsson, Annette Sadolin, Jan Söderberg, Per-Olof Söderberg and Margareth Øvrum. No deputies were elected. All Board members elected at the 2011 Annual General Meeting are presented in more detail on pages 48-49.

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:

- The Chairman's role and duties
- Instructions for the company's CEO
- Decision-making procedures for Ratos's Board and CEO relating to investment activities
- Formal work plan for Compensation Committee
- Formal work plan for Audit Committee
- Formal work plan for subsidiaries
- Board meeting procedures
- Procedures for the provision of information between the company and the Board.

Chairman of the Board

The Annual General Meeting elects a Chairman of the Board whose main duty is to lead the work of the Board and ensure that Board members carry out their respective duties. According to the formal work plan, the Chairman also mainly has the following duties:

- Responsible for ensuring that the Board follows a good formal work plan
- Ensuring that decisions are made on requisite matters and that minutes are kept
- Responsible for convening meetings and ensuring that requisite decision material is sent to Board members approximately one week before the meeting
- Acting as a contact and maintaining regular contact with the CEO and management
- Maintaining regular contact with auditors and ensuring that auditors are summoned to attend a meeting in conjunction with the year-end report
- Ensuring that an annual evaluation is performed of the work of the Board and performance of its members
- Annually evaluating and reporting on the work of the CEO.

Work of the Board

The decision-making procedures within the company 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 the sale, wholly or partly, of a holding. Guarantees or pledging of other collateral from Ratos is decided by the Board. Ratos has a principle not to provide security for loans since the 1890s. Board meetings follow an approved agenda. Information material and material on which decisions are to be made at board meetings are normally sent out approximately one week 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 person responsible for the holding. The Board is also given an annual evaluation of all functions and adopts policy documents annually.

Work of the Board in 2011

During 2011, 12 minuted board meetings were held – eight ordinary meetings, including one statutory meeting, and four extra board meetings. Board meetings have a recurrent structure with the following key items:

- January: Annual evaluations of all holdings
- February: Year-end report, audit report, work of the Compensation Committee
- April: Ordinary meeting and statutory meeting in conjunction with the Annual General Meeting
- June: Visits to holdings. HL Display's production facility in Sundsvall, Sweden, was visited in 2011
- August: Six-month report
- October: Strategy meeting
- December: Examination of Risk Assessment, social responsibility.

Extra Board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. Information about Board members' attendance at board meetings is provided on pages 48-49. The minutes were taken by the Company Secretary who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives at Ratos attended board meetings to present specific issues.

Evaluation of the Board

The Chairman of the Board decides on the extent to which an annual evaluation of the work of the Board shall be performed 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. For 2011 this evaluation was performed with the help of an external consultant regarding the work of the Board as a whole and each member individually. The evaluation took the form of a questionnaire as well as in-depth interviews with Board members and senior executives in the company. As in evaluations made in previous years the work of the Board was assessed as functioning unusually well. All 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 very good.

Auditor

The auditor is appointed by the Annual General Meeting and tasked on behalf of shareholders to examine the company's annual accounts and consolidated accounts as well as the administration of the company by the Board and the CEO.

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 Axfood, Folksam, Peab, Skandia, SKF, Stena and Swedish Match as well as the Ragnar Söderberg Foundation and the Torsten Söderberg Foundation, which together are Ratos's largest single owner.

Committee work

The Board has established a Compensation Committee and an Audit Committee in order to structure, improve efficiency and assure the quality of work within these areas. The members of these committees are appointed annually at the statutory board meeting.

Work of the Compensation Committee

At Ratos, structured work with compensation principles has been under way for many years and this was further formalised in 1999 when the Board set up a Compensation Committee to which members are appointed annually. Committee members in 2011 were Olof Stenhammar (chairman), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg.

The Compensation Committee has both an advisory function and a preparatory function for decision matters prior to their examination and decision by the Ratos Board.

The following matters are handled by the Compensation Committee:

- The CEO's terms of employment
- Terms for employees directly subordinate to the CEO according to "the grandfather principle"
- Advice where required on general policy formulations
- Matters of principle concerning pension agreements, severance pay/notice periods, bonus/earnings-related compensation, fees (Swedish/foreign), benefits, etc.
- Matters relating to the incentive systems for Ratos and the holdings.

The Compensation Committee held five minuted meetings during 2011 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 is carried out to see whether there are 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 years 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.

Work of the 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 Ratos's CEO.

The main duties of the Audit Committee are as follows:

- Examine the quality of accounts and internal control as well as audit arrangements
- Discuss valuation issues and assessments in closing accounts
- Evaluate the work of the auditors and prepare for the election of new auditors when appropriate
- Discuss risk assessments, public financial information, auditors' fees, co-operation between auditors and management and ethical rules in the company.

The entire Audit Committee met the company's auditor on two occasions in 2011 and held three 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.

During the year the work of the Audit Committee included procurement of audit services for audits to be elected at the 2012 Annual General Meeting until the 2013 Annual General Meeting has been held. A number of leading audit firms have participated in the procurement process and following evaluation of these the Audit Committee has recommended to the Board and the Nomination Committee that PwC be nominated as auditors for the next mandate period. The Nomination Committee has decided to submit a proposal to the 2012 Annual General Meeting in accordance with the Audit Committee's recommendation.

Evaluation of the need for an internal audit

Ratos's exercise of its ownership role shall be conducted professionally, actively and responsibly throughout the holding period, from acquisition to exit. Ratos is always represented on the boards of all holdings via the person responsible for the holding. Depending on the size of the holding, it is also possible to appoint additional suitable board members who might be Ratos employees and/or people in Ratos's network. Ratos's core expertise is not industry-specific and Ratos's holdings today are represented in widely differing sectors and with a wide geographic spread. Furthermore, Ratos's mission means that holdings are sold and acquired on an ongoing basis. For these reasons a general internal audit function would be difficult to establish. With regard to Ratos and the need for an internal audit it has been judged more suitable to discuss and decide for each individual holding rather than setting up an internal audit at Group level.

An internal audit function can also be perceived as a "quality seal of approval" by a buyer company. It is therefore more suitable to establish a control function in each holding rather than have an overall control function that does not accompany the holding when it is sold.

The parent company Ratos AB with 49 employees is a relatively small parent company which lacks complex functions that are difficult to analyse. So the need to introduce an internal audit function for the parent company Ratos AB must therefore be regarded as negligible.

Against this background, the Audit Committee has decided not to introduce an internal audit function at Group level and for the parent company Ratos AB.

Compensation to the Board of Directors, auditor, CEO and senior executives

Compensation to the Board and the CEO

The 2011 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 450,000 per member and year (although not to Ratos's CEO). Compensation to the Chairman of the Board should amount to SEK 1,000,000 per year. Information on compensation to the CEO is provided in Note 9 on page 74. 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 2011, audit fees amounted to SEK 3m in the parent company and SEK 20m in the Group. In addition, the parent company paid SEK 1m in fees for other assignments to the company's auditors and the Group as a whole paid fees for other assignments amounting to SEK 7m. 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 2011 Annual General Meeting. The following guidelines were applied throughout 2011.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background a remuneration 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 four components, basic salary, variable salary, call options and synthetic 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 with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary 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 salary, which shall amount to a maximum of approximately 1 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 reasonably balanced option programmes where employees can share in price rises alternatively realised increase in value but also take a personal risk by paying a market premium for the options.

The variable salary that can be allocated to an employee is paid over a multi-year period. The cost of each year's variable salary, however, will be 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. Pension benefits are generally paid in accordance with the ITP Plan. In the event of pension benefits which deviate from the ITP Plan defined premium pension benefits are applied.

The Board shall be entitled to deviate from these guidelines if special circumstances should prevail.

Variable salary does not fall due until certain conditions regarding return on the company's equity have been met. For 2011, the requirement for payment of variable compensation was that consolidated profit before tax, adjusted for minority effects in minority-owned subsidiaries shall correspond to at least 8% of opening equity. A ceiling was stipulated at a total of SEK 125m in variable compensation, which falls due in the event of adjusted profit before tax of 32% of opening equity. An earnings bank for the result that forms the basis for calculation of variable compensation is applied. This means that earnings which in a certain year 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 for variable salary in 2011

Since adjusted profit before tax including the earnings bank for 2011 did not meet the return requirement of 8%, no variable salary was paid to the senior executives entitled to receive variable salary in accordance with the incentive system described above.

Call option programmes

Annual general meetings from 2001 onwards 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 and still holds options acquired from Ratos or shares acquired through the options. Call options are issued on treasury shares.

Synthetic options

The 2011 Annual General Meeting, like the Annual General Meetings in 2007, 2008, 2009 and 2010, resolved on a cash-based option programme related to the Ratos's investments in portfolio companies. The programmes are 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.

Terms for call options outstanding at 31 December 2011

Maturity	Price/option SEK	No. of shares/option	Exercise price SEK/share	Outstanding number of call options	Corresponding no. of shares
2007 – 31 March 2012	36.50	2	139.00	518,000	1,036,000
2008 – 20 March 2013	28.10	2.04	127.80	552,500	1,127,100
2009 – 20 March 2014	13.00	2	94.10	641,000	1,282,000
2010 – 20 March 2015	16.60	2	126.10	529,500	1,059,000
2011 – 18 March 2016	11.80	1	158.90	640,000	640,000
				2,881,000	5,144,100

Outstanding options correspond to 1.6% of the total number of shares.

Internal control

The Board has pursuant to the Swedish Companies Act ultimate responsibility for the company's internal control. This work is mainly conducted through effective and structured board work as by tasks being delegated to the CEO. 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. A person responsible for the company has responsibility for a holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the person responsible for the company and 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 and 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 each holding 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.

Key internal documents for internal control:

- Rules for authorisation entitlement
- Rules for signatories
- Power of attorney at acquisitions
- Formal work plan at acquisitions
- Investment instructions for cash and cash equivalents and fixed-income securities
- Decision-making procedures for investment activities
- Instructions for the CEO
- Other powers of attorney.

Quality assurance for financial reporting

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 of the individual holdings. This means, that the quality of the accounting and reporting of the holdings is continuously examined and improved. The finance and accounting unit is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's Head of Accounting. All employees, five of whom have a degree in economics, have many years of professional experience in financial control, reporting and accounting. The Debt Management staff function comprises one person with a university degree and many years of experience of banking and finance issues.

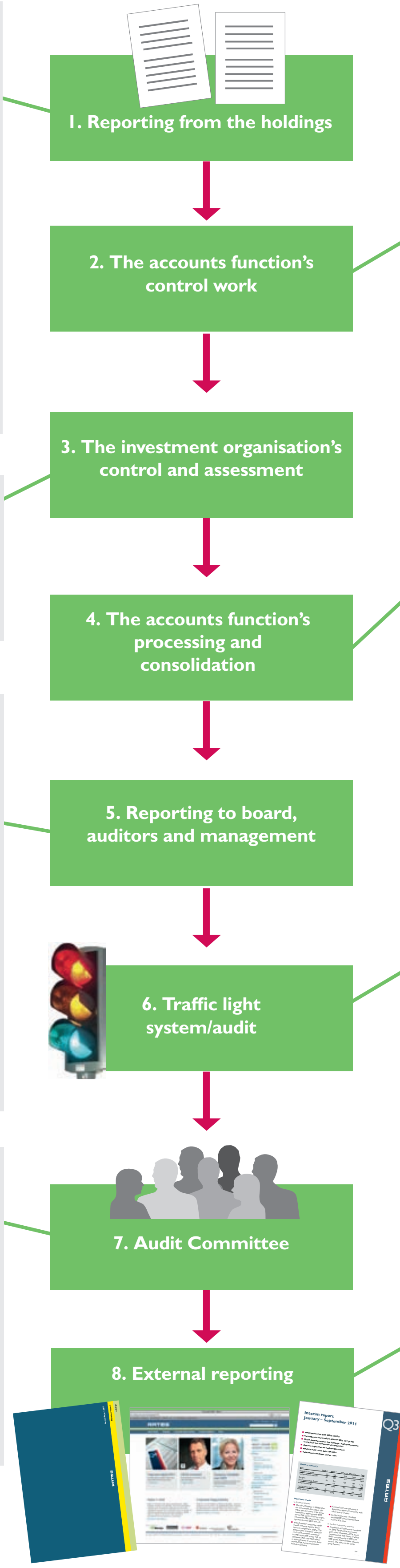
Ratos's mission includes investing in and developing wholly or partly owned companies. The aim is not that these companies' systems and reporting should be integrated with the Ratos Group but resources are used for follow-up and development of financial reporting from subsidiaries and associates. Ratos's aim, as part of the value-creating work with the companies, is to create independent and high-quality organisations with a quality of financial reporting that corresponds to that of a listed company.

Process for financial reporting

The process of producing financial reports includes various control activities designed to assure the quality of financial reporting.

This process and the built-in controls are described on the next page.

Process for financial reporting



1.
The holdings report according to a set timetable an income statement every month and a complete reporting package every quarter. The reporting package is designed in accordance with current legislation, rules and accounting practice. Reporting is entered directly into a group-wide electronic consolidated reporting system with built-in controls designed to assure quality. As guidance for this reporting, Ratos has prepared a reporting manual intended for the holdings that provides clear instructions on how reporting should be carried out. The holdings' accounting and finance functions are invited at regular intervals during the year to seminars organised by Ratos which examine topical issues within reporting, accounting and finance.

2.
The material reported by the holdings is examined analytically and checked regarding completeness and accuracy. In the event of any discrepancies the holding is contacted. The material is processed to be sent out for additional control by the person responsible for the company at Ratos and others in the investment organisation who work with the holding.

3.
The investment organisation analyses the material on the basis of the knowledge available on each holding. The material is checked to ensure that it agrees with information provided to the holding's board.

4.
Any deviations noted in reconciliation are corrected both in the legal consolidated financial statements and in the information presented at holding level following a dialogue with the holding concerned. The accounts function also prepares analyses of operating results for Ratos's management every month. Consolidation is carried out of the Group where the consolidation process includes a number of reconciliation controls. Reconciliation includes contributions to total equity per holding and checking that changes in equity are in accordance with completed transactions.

5.
Subsidiaries' reporting is reviewed by the auditors as per September (hard close) and as per December. A hard close is carried out in order to prepare and facilitate the audit of the complete report for the full year. For associates, Ratos decides in consultation with its co-owners the extent to which an audited hard close should be prepared. The material reported in paragraph 1 is audited and approved by the auditor of each holding. The audit of preparation of consolidated financial statements takes place in parallel. The Board and management receive extensive in-depth material about both the Group and the individual holdings in conjunction with every quarterly report.

6.
The accounts function receives all the audit reports relating to the holdings which are then followed up using a so-called "traffic light system" where any observations made by auditors on the holdings are graded and assigned a red, yellow or green light according to their significance and risk. A quarterly follow-up is performed to ensure that all audit observations have been put right.

7.
The Audit Committee, in addition to what is stated above, is tasked with quality assurance of the company's financial reporting and maintaining regular contact with the company's auditors. The result of the traffic light review and a summary of audit reports from Ratos by the auditor elected by the Annual General Meeting are reported to the Audit Committee. In conjunction with the audited quarterly accounts and in the annual accounts the Audit Committee has a meeting with Ratos's auditor.

8.
Ratos publishes its interim and year-end reports through press releases and publication on the website. All reports for the last twelve years can be downloaded from the website. Publication of the legal annual accounts takes place in conjunction with the year-end report through a press release and publication on the website. A printed version of the annual report is available about three weeks after the closing date in Swedish and English. Financial information related to the holdings is published on Ratos's website in conjunction with publication of interim reports and year-end reports.

Board of Directors 2011

Holdings at January 2012.

Olof Stenhammar

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

Honorary Doctor of Philosophy Lund University and Honorary Doctor of Economics Stockholm School of Economics. Born 1941, Swedish.

Honorary Chairman of OMX. Chairman of Basen and Wilhelm Stenhammar's Foundation. Deputy Chairman of the Swedish Sea Rescue Society. Board member of the Mentor Foundation, 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, among others.

Founder of OMX, Chairman 1996-2007, CEO 1984-96.
Deputy CEO Bonnierföretagen 1982-84.

Attendance at Ratos meetings:	– Board	10/12, chairman
	– Compensation Committee	5/5, chairman
	– Audit Committee	1/3, chairman

Fee: SEK 1,000,000.

Shareholding in Ratos (own and related parties): 71,956 A shares, 2,959,404 B shares.

Lars Berg

Independent Board member since 2000.

MSc Econ. Born 1947, Swedish.

European Venture Partner, Constellation Growth Capital. Chairman of Net Insight and KPN OnePhone (Düsseldorf). Board member of Tele2 and Norma Group (Frankfurt).

Previously member of executive management of Mannesmann with special responsibility for the Telecom Division 1999-2000, President and CEO Telia 1994-99, and Senior positions within Ericsson 1970-94.

Attendance at Ratos meetings:	– Board	11/12
	– Audit Committee	3/3

Fee: SEK 480,000.

Shareholding in Ratos (own): 20,000 B shares.

Staffan Bohman

Independent Board member since 2005.

MSc Econ. Born 1949, Swedish.

Chairman of Ersta Diakoni, Deputy Chairman of the Board of Trustees of SNS (Swedish Centre for Business and Policy Studies), Senior Advisor for Deutsche Bank. Board member of Atlas Copco, Boliden, CibesLift, InterIKEA Holding, OSM, Rezidor Hotel Group and Rolling Optics.

Formerly President and CEO Gränges and Sapa 1999-2004.
President and CEO DeLaval 1992-99.

Attendance at Ratos meetings:	– Board	12/12
	– Compensation Committee	5/5
	– Audit Committee	3/3

Fee: SEK 510,000.

Shareholding in Ratos (own): 60,000 B shares.

Annette Sadolin

Independent Board member since 2007.

LL.B. Born 1947, Danish.

Board member of Blue Square Re NL, Dansk Standard, DSB, DSV, Lindab, Ny Carlsberg Glyptotek, Skodsborg Kurhotel, Topdanmark and Østre Gasværk Teater.

Formerly Deputy CEO GE Frankona Ruck 1996-2004, CEO GE Employers Re International 1993-96, Deputy CEO GE Employers Re International 1988-93.

Attendance at Ratos meetings:	– Board	11/12
	– Audit Committee	3/3

Fee: SEK 480,000.

Shareholding in Ratos (own): 8,264 B shares.

Jan Söderberg

Non-independent Board member since 2000.

MSc Econ. Born 1956, Swedish.

Chairman of Söderbergföretagen and Henjo Plåtteknik. Board member of Andrén & Söner, Elisolation HTM, STI Industriplast, Mark Jet and Smelink. Member of the Lund School of Economics Management Advisory Board and the Ragnar Söderberg Foundation.

Formerly CEO Bröderna Edstrand 1991-93.

Attendance at Ratos meetings:
- Board 12/12
- Compensation Committee 5/5
- Audit Committee 3/3

Fee: SEK 510,000.

Shareholding in Ratos (own and related parties): 14,973,776 A shares, 16,800 B shares.

Per-Olof Söderberg

Non-independent Board member since 2000.

MSc Econ and MBA Insead. Born 1955, Swedish.

Chairman of Söderberg & Partners, Attivio and Scandinavian Photo. Board member of the Stockholm School of Economics Association, the Stockholm Chamber of Commerce, among others.

Formerly CEO Dahl, 1990-2004.

Attendance at Ratos meetings:
- Board 12/12
- Compensation Committee 5/5
- Audit Committee 3/3

Fee: SEK 510,000.

Shareholding in Ratos (own and related parties): 16,705,964 A shares, 18,000 B shares.

Margareth Øvrum

Independent Board member since 2009.

MSc Eng. Born 1958, Norwegian.

Executive Vice President, Technology, Projects and Drilling, in the Statoil Group.

Management positions within Statoil Group 1982-.

Board member of Atlas Copco.

Attendance at Ratos meetings:
- Board 12/12
- Audit Committee 3/3

Fee: SEK 480,000.

Shareholding in Ratos: 0.

Arne Karlsson

Non-independent Board member since 1999.

MSc Econ. Born 1958, Swedish.

CEO of Ratos since 1999.

Chairman of SNS. Board member of Bonnier and AP Møller Maersk. Member of the Swedish Securities Council.

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

Attendance at Ratos meetings:
- Board 12/12

Shareholding in Ratos (own): 171,200 B shares.
Number of options in Ratos: 100,000 call options/2008, 74,900 call options/2009, 78,000 call options/2010, 200,000 call options/2011.

The Chairman of the Board Olof Stenhammar has declined re-election. The Nomination Committee proposes that CEO Arne Karlsson be appointed as the new Chairman of the Board at the Annual General Meeting on 18 April 2012.

Consolidated income statement

SEKm	Note 2, 3, 5	2011	2010
Net sales	4	29,669	27,953
Other operating income	6	215	376
Change in inventories		-64	27
Raw materials and consumables		-11,385	-10,411
Employee benefit costs	9, 27	-9,529	-8,941
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,470	-1,050
Other costs	10, 32	-6,272	-6,097
Remeasurement HL Display	5		140
Capital gain/loss from the sale of group companies	7	27	774
Capital gain/loss from the sale of associates	8	485	537
Share of profits of associates	8	33	253
Operating profit		1,709	3,561
Financial income	11, 18	155	253
Financial expenses	11, 18	-1,004	-946
Net financial items		-849	-693
Profit before tax		860	2,868
Tax	12	-314	-455
Profit for the year		546	2,413
Attributable to:			
Owners of the parent		521	2,255
Non-controlling interests		25	158
Earnings per share, SEK	25		
– before dilution		1.63	7.09
– after dilution		1.63	7.07

Consolidated statement of comprehensive income

SEKm	Note	2011	2010
Profit for the year		546	2,413
Other comprehensive income	24		
Translation differences for the year		-38	-1,153
Change in hedging reserve for the year		-24	95
Tax attributable to other comprehensive income		7	-22
Other comprehensive income for the year		-55	-1,080
Total comprehensive income for the year		491	1,333
Total comprehensive income for the year attributable to:			
Owners of the parent		478	1,352
Non-controlling interests		13	-19

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Goodwill	13	20,483	20,304
Other intangible assets	13	1,541	1,621
Property, plant and equipment	14	4,286	4,050
Investments in associates	15	361	367
Financial assets	18	119	165
Non-current receivables	18, 20	305	276
Deferred tax assets	12	617	632
Total non-current assets		27,712	27,415
Current assets			
Inventories	21	2,684	2,884
Tax assets		162	159
Trade receivables	18	5,097	4,985
Prepaid expenses and accrued income		526	548
Other receivables	18, 20, 40	506	599
Cash and cash equivalents	18, 36	3,042	2,855
Assets held for sale	37	193	1,318
Total current assets		12,210	13,348
Total assets		39,922	40,763
EQUITY AND LIABILITIES			
Equity	23, 24		
Share capital		1,021	1,021
Other capital provided		414	414
Reserves		-488	-427
Retained earnings including profit for the year		12,711	14,083
Equity attributable to owners of the parent		13,658	15,091
Non-controlling interests		997	1,374
Total equity		14,655	16,465
Liabilities			
Non-current interest-bearing liabilities	18, 26	11,667	10,923
Other non-current liabilities		607	188
Other financial liabilities	9, 18	238	217
Provisions for pensions	26, 27	410	412
Other provisions	28	396	431
Deferred tax liabilities	12	690	778
Total non-current liabilities		14,008	12,949
Current interest-bearing liabilities	18, 26	2,145	2,872
Other financial liabilities	9, 18	62	89
Trade payables	18	2,517	2,328
Tax liabilities		265	294
Other liabilities	29	2,543	2,252
Accrued expenses and deferred income		2,920	2,888
Provisions	28	718	626
Liabilities attributable to assets held for sale	37	89	
Total current liabilities		11,259	11,349
Total liabilities		25,267	24,298
Total equity and liabilities		39,922	40,763

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

Consolidated statement of changes in equity

SEKm Note 23, 24	Equity attributable to owners of the parent						
	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
Opening equity at 1 January 2010	1,020	372	478	13,432	15,302	1,500	16,802
Adjusted for changed accounting principle				-25	-25		-25
Adjusted equity	1,020	372	478	13,407	15,277	1,500	16,777
Profit for the year				2,255	2,255	158	2,413
Other comprehensive income for the year			-903		-903	-177	-1,080
Total comprehensive income for the year			-903	2,255	1,352	-19	1,333
Hedging reserves attributable to disposed operations			-2	2			
Dividend				-1,512	-1,512	-23	-1,535
New issue	1	42			43	145	188
Transfer of treasury shares (at acquisitions) in associates				10	10		10
Purchase of treasury shares				-34	-34		-34
Transfer of treasury shares (exercise of call options)				80	80		80
Option premiums				9	9		9
Redemption of convertible programme in associates				-8	-8		-8
Redemption of options in subsidiary				-9	-9		-9
Acquisition of non-controlling interests				-117	-117	-234	-351
Disposal of non-controlling interests						1	1
Non-controlling interests at acquisition						32	32
Non-controlling interests in disposals						-28	-28
Closing equity, 31 December 2010	1,021	414	-427	14,083	15,091	1,374	16,465
Opening equity, 1 January 2011	1,021	414	-427	14,083	15,091	1,374	16,465
Effect of adopted purchase price allocation				-23	-23		-23
Adjusted equity	1,021	414	-427	14,060	15,068	1,374	16,442
Profit for the year				521	521	25	546
Other comprehensive income for the year			-43		-43	-12	-55
Total comprehensive income for the year			-43	521	478	13	491
Hedging reserves attributable to disposed operations			-18	18			
Dividend				-1,678	-1,678	-130	-1,808
New issue						10	10
Purchase of treasury shares				-74	-74		-74
Transfer of treasury shares (exercise of call options)				88	88		88
Option premiums				6	6		6
Put option, future acquisition from non-controlling interest						-215	-215
Acquisition of non-controlling interests				-230	-230	-140	-370
Non-controlling interests at acquisition						99	99
Non-controlling interests in disposals						-14	-14
Closing equity, 31 December 2011	1,021	414	-488	12,711	13,658	997	14,655

Consolidated statement of cash flows

SEKm	Note 36	2011	2010
Operating activities			
Consolidated profit before tax		860	2,868
Adjustment for non-cash items		1,034	-621
		1,894	2,247
Income tax paid		-316	-250
Cash flow from operating activities before change in working capital		1,578	1,997
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		64	-2
Increase (-)/Decrease (+) in operating receivables		-146	254
Increase (+)/Decrease (-) in operating liabilities		212	-447
Cash flow from operating activities		1,708	1,802
Investing activities			
Acquisition, group companies		-1,531	-2,032
Disposal, group companies		913	1,118
Acquisition, shares in associates and other holdings		-4	-488
Disposal and redemption, shares in associates and other holdings		1,876	858
Acquisition other intangible/tangible assets		-956	-710
Disposal, other intangible/tangible assets		33	76
Investment, financial assets		-19	-67
Disposal, financial assets		51	31
Cash flow from investing activities		363	-1,214
Financing activities			
Purchase of treasury shares		-74	-34
Option premiums		13	26
Exercise of options		40	71
Non-controlling interest in issue/capital contribution			
Acquisition of non-controlling interests		-237	-271
Dividends paid		-1,678	-1,512
Dividends paid and redemption, non-controlling interests		-130	-23
Borrowings		6,097	987
Amortisation of loans		-5,930	-1,880
Cash flow from financing activities		-1,899	-2,636
Cash flow for the year		172	-2,048
Cash and cash equivalents at the beginning of the year		2,855	4,999
Exchange differences in cash and cash equivalents		15	-96
Cash and cash equivalents at the end of the year		3,042	2,855

Parent company income statement

SEKm	Note	2011	2010
Other operating income	6	1	104
Other external costs	10	-79	-139
Personnel costs	9, 27	-109	-167
Depreciation of property, plant and equipment	14	-5	-5
Operating profit/loss		-192	-207
Profit from investments in group companies	7	649	1,021
Profit from investments in associates	8	87	746
Result from other securities and receivables accounted for as non-current assets	11	175	116
Other interest income and similar profit/loss items	11	27	7
Interest expenses and similar profit/loss items	11	-42	-75
Profit after financial items		704	1,608
Tax	12	–	–
Profit for the year		704	1,608

Parent company statement of comprehensive income

SEKm	Note 24	2011	2010
Profit for the year		704	1,608
Other comprehensive income			
Change in fair value reserve for the year		0	-21
Other comprehensive income for the year		0	-21
Comprehensive income for the year		704	1,587

Parent company balance sheet

SEKm	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	14	82	87
Financial assets			
Investments in group companies	35	10,448	11,328
Investments in associates	15, 16	124	602
Receivables from group companies	17, 18	1,853	1,618
Other securities held as non-current assets	18, 19	115	163
Total non-current assets		12,622	13,798
Current assets			
Current receivables			
Receivables from group companies	17, 18	52	
Other receivables		12	40
Prepaid expenses and accrued income	22	3	3
Short-term investments, other	18		351
Cash and bank balances		897	69
Total current assets		964	463
Total assets		13,586	14,261
EQUITY AND LIABILITIES			
Equity	23, 24		
Restricted equity			
Share capital (number of A shares 84,637,060 number of B shares 239,503,836)		1,021	1,021
Statutory reserve		286	286
Unrestricted equity			
Premium reserve		128	128
Retained earnings		10,360	10,408
Fair value reserve		42	42
Profit for the year		704	1,608
Total equity		12,541	13,493
Non-current provisions			
Provisions for pensions	26, 27	1	2
Other provisions	28	16	31
Total non-current provisions		17	33
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	620	272
Non-interest bearing liabilities			
Other liabilities	18, 29	36	99
Total non-current liabilities		656	371
Current provisions			
Other provisions	28	20	
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	260	184
Non-interest bearing liabilities			
Trade payables	18	5	16
Other liabilities	18	11	36
Accrued expenses and deferred income	30	76	128
Total current liabilities		352	364
Total equity and liabilities		13,586	14,261
Pledged assets	33	None	None
Contingent liabilities	33	None	None

Parent company statement of changes in equity

		Restricted equity		Unrestricted equity				
SEKm	**Note 23, 24**	**Share capital**	**Statutory reserve**	**Premium reserve**	**Fair value reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Opening equity, 1 January 2010		1,020	286	86	63	11,320	546	13,321
Other disposition of earnings						546	-546	
Profit for the year							1,608	1,608
Other comprehensive income for the year					-21			-21
Total comprehensive income for the year					-21		1,608	1,587
Dividends						-1,512		-1,512
New issue		1		42				43
Purchase of treasury shares						-34		-34
Transfer of treasury shares (exercise of call options)						80		80
Option premiums						8		8
Closing equity, 31 December 2010		1,021	286	128	42	10,408	1,608	13,493
Opening equity, 1 January 2011		1,021	286	128	42	10,408	1,608	13,493
Other disposition of earnings						1,608	-1,608	
Profit for the year							704	704
Other comprehensive income for the year					0			0
Total comprehensive income for the year					0		704	704
Dividends						-1,678		-1,678
New issue						-74		-74
Transfer of treasury shares (exercise of call options)						88		88
Option premiums						8		8
Closing equity, 31 December 2011		1,021	286	128	42	10,360	704	12,541

Parent company cash flow statement

SEKm	Note 36	2011	2010
Operating activities			
Profit before tax		704	1,608
Adjustment for non-cash items		-45	-1,759
		659	-151
Income tax paid		–	–
Cash flow from operating activities before change in working capital		659	-151
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-19	-11
Increase (+)/Decrease (-) in operating liabilities		-64	-128
Cash flow from operating activities		576	-290
Investing activities			
Acquisition, shares in subsidiaries		-909	-2,513
Disposals, shares in subsidiaries		1,738	1,489
Acquisition, shares in associates			-486
Disposals and redemption, shares in associates		549	855
Acquisition, other property, plant and equipment		-1	-2
Investment, financial assets		-126	-38
Disposals, financial assets		61	80
Cash flow from investing activities		1,312	-615
Financing activities			
Purchase of treasury shares		-74	-34
Transfer of treasury shares		88	80
Option premiums		10	11
Dividends paid		-1,678	-1,512
Redemption incentive programme		-47	
Borrowings, group companies		290	4
Cash flow from financing activities		-1,411	-1,451
Cash flow for the year		477	-2,356
Cash and cash equivalents at the beginning of the year		420	2,776
Cash and cash equivalents at the end of the year		897	420

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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) which have been approved by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Complementary accounting rules for groups, is applied. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company accounting principles.

In one case, operating segments, Ratos has reached the conclusion that application of IFRS leads to misleading financial reports and that it is therefore necessary to differ from the standards 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.

Changed accounting principles due to new or amended IFRS

The amended accounting principles applied by the Group since 1 January 2011 are described below.

- IAS 24 Related Party Disclosures – the change means, among other things, that the definition of a related party has been extended to some extent.
- IAS 32 Financial Instruments: Classification which enables classification as equity of rights issues (options and warrants) to acquire a fixed number of equity instruments (shares) issued by the company for a fixed amount of cash in any currency.
- Amendments to IFRIC 14 – IAS 19 – limit on a defined benefit asset, minimum funding requirements and their interaction specify that advance payments to cover minimum funding requirements may be recognised as an asset.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

None of these changes have had any significant effect on the profit or loss, financial position or disclosures of the Group or the parent company.

New IFRS that have not yet come into force

A number of new or amended IFRS will come into force in future financial years and have not been applied in advance in preparation of these financial statements. Early application of new or amended standards that come into force in the future is not planned. These are not expected to have any material effect on the consolidated financial statements.

Revised IAS 19, Employee Benefits – means among other things that the corridor method is eliminated. The Ratos Group reports at 31 December 2011 unrecognised actuarial losses amounting to SEK 114m. This amount will be recognised in equity when application of revised IAS 19 comes into force.

Standard/IFRIC		Application according to IASB/IFRIC	Status within EU
IAS 1	Presentation of Financial Statements (amendments)	1 July 2012	Not yet approved
IAS 19	Employee Benefits (amendments)	1 January 2013	Not yet approved
IFRS 7	Financial Instruments: Disclosures relating to new disclosure requirements for transfers of financial assets	1 July 2011 or later	22 November 2011
IFRS 9	Financial Instruments	1 January 2015	Not yet approved
IFRS 10	Consolidated Financial Statements	1 January 2013	Not yet approved
IFRS 11	Joint Arrangements	1 January 2013	Not yet approved
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	Not yet approved
IAS 27	Separate Financial Statements (revised)	1 January 2013	Not yet approved
IAS 28	Investments in Associates and Joint Ventures (revised)	1 January 2013	Not yet approved
IFRS 13	Fair Value Measurement	1 January 2013	Not yet approved

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 measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is measured 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 38.

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Note 1, cont.

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 end of the reporting period.

Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months from the end of the reporting period.

Consolidation principles and business combinations

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 acquisition method. Associates are consolidated applying the equity method.

Potential voting rights

When assessing whether a significant or controlling influence exists, potential shares carrying voting rights 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.

Subsidiaries

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

Business combinations on or after 1 January 2010

Subsidiaries are reported according to the acquisition 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. In the purchase price allocation (PPA) the fair value on the acquisition date is identified of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. For business combinations there are two alternative methods for recognising goodwill, either full or a proportionate share of goodwill. Full goodwill means that a non-controlling interest is recognised at fair value. The choice between these two methods is made individually for every acquisition.

Transaction costs, with the exception of transaction costs attributable to the issue of an equity instrument or debt instrument, are recognised directly in profit or loss.

In step acquisitions goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired company this is remeasured at fair value and the change in value recognised in profit or loss. In a corresponding manner a remaining holding at a disposal where control is lost is remeasured at fair value and the change in value is recognised in profit or loss.

In business combinations where the consideration transferred, any non-controlling interest and fair value of the previously owned interest exceed the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. A bargain purchase (negative goodwill) arises when the difference is negative and is recognised directly in profit or loss for the year when it arises.

Payments that relate to settlement of an earlier business commitment are not included in the PPA but recognised in profit or loss.

Contingent considerations are recognised at fair value on the acquisition date. In the event the contingent consideration results in a liability this is remeasured at fair value on each reporting date. The remeasurement is recognised as income/expense in profit or loss for the year. If the contingent consideration, on the other hand, is classified as an equity instrument no remeasurement is performed and adjustment is made within equity.

Acquisition/disposal of/to non-controlling interests

Acquisitions from non-controlling interests are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests. Therefore goodwill does not arise in these transactions.

Disposals to a non-controlling interest where control remains, are recognised as a transaction within equity, i.e. between owners of the parent and non-controlling interests.

Put options to non-controlling interests

Agreements concluded with non-controlling interests on the right to sell remaining interests in the company, either at a fixed price or a fair value, are called put options. The put option, corresponding to the purchase price for outstanding shares, is recognised as a financial liability. Put options exceeding 6 months are discounted. At remeasurement of the liability the change of value is recognised in operating profit or loss and any upward adjustment of interest is recognised in net financial items. At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value, whereby Ratos has chosen to recognise in the first instance non-controlling interests in equity and if this is insufficient in majority's equity. Profits earned after this date are provided to the non-controlling interest in proportion to its participating interest.

Acquisitions before IFRS 3 was applied

Acquisitions prior to 1 January 2010, and where the acquisition cost exceeds the fair 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 profit or loss for the year. Transaction costs, with the exception of transaction costs attributable to the issue of an equity instrument or debt instrument, are included in the acquisition cost.

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. Circumstances in individual cases may lead to a significant influence even with ownership of less than 20% of the votes.

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.

Transaction costs, with the exception of transaction costs attributable to the issue of an equity instrument or debt instrument, are included in acquisition cost.

When the Group's share of recognised losses in the associate exceeds the carrying amount of the interests in the Group, the value of these interests is reduced to zero. Future losses are thus not recognised unless the Group has provided guarantees to cover losses arising in the associate. The equity method is applied until the date a significant influence ceases.

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 disposal

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

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Note 1, cont.

date a controlling or significant interest ceases. An exit result is the capital gain or loss that arises when a holding is sold.

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 prevailing at the end of the reporting period.

Exchange differences that arise on translation are recognised in profit or loss for the year. 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 at the end of the reporting period. 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 in other comprehensive income and accumulated in the translation reserve in equity.

If the foreign operation is not wholly owned, the translation differences are allocated to non-controlling interests on the basis of its proportional ownership. At disposal of a foreign operation the accumulated translation differences attributable to the operation are recognised whereby they are reclassified from the translation reserve to profit or loss for the year. In the event a disposal is made but control remains, a proportionate share of accumulated translation differences is transferred from other comprehensive income to non-controlling interests.

Net investment in foreign operations

Monetary non-current receivables to a foreign operation for which settlement is not planned and will probably not take place in the foreseeable future, are in practice part of net investment in foreign operations. An exchange difference that arises on the monetary non-current receivable is recognised in other comprehensive income and accumulated in the translation reserve in equity. At disposal of a foreign operation, the accumulated exchange differences attributable to monetary non-current receivables are included in the accumulated translation differences which are reclassified from the translation reserve in equity to profit or loss for the year.

Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods are transferred to the purchaser and the economic benefits will probably accrue to the company. The company 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 profit or loss when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in profit or loss 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 in the consolidated income statement by reference to the stage of completion known as percentage of completion. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out at the end of the reporting period and estimated total contract costs.

Operating leases

Costs for operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in profit or loss 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. Dividend income is recognised when the right to receive dividends is established. 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 measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting, are therefore recognised in profit or loss.

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

Exchange gains and exchange losses are recognised net.

Effective interest is the rate that discounts the estimated future cash flows through the expected life of the financial asset's or liability's recognised net value. 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

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or if there is any indication that the asset has declined in value. Goodwill that arose at acquisition of associates is included in the carrying amount for investments 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 asset, the intention is and conditions exist for using the asset and the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, e.g. for material and services, employee benefits as well as registration of a legal entitlement. 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 profit or loss when the cost is incurred.

Subsequent expenditure

Subsequent expenditure for capitalised intangible assets is recognised as an asset in the statement of financial position 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.

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Note 1, cont.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

Amortisation

Amortisation is reported in profit or loss 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:

Number of years	Group
Trademarks	5-20
Databases	5-10
Customer relations	4-20
Business systems	3-10
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 statement of financial position 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 statement of financial position 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 statement of financial position and measured initially at the lower of the fair value of the leased asset and the present value of minimum leasing charges at the start of the contract. The obligation to pay future leasing charges is recognised as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset while leasing payments are recognised as interest and amortisation of liabilities.

Assets leased under operating leases are normally not recognised as an asset in the statement of financial position. Nor do operating leases give rise to a liability.

Borrowing costs

Borrowing costs that are attributable to the construction of so-called qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset which takes a significant time to complete. In the first instance borrowing costs are capitalised which were incurred on loans that are specific to the qualifying asset and in the second instance borrowing costs are capitalised which arose on general loans that are not specific to any other qualifying asset.

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.

Number of years	Group	Parent company
Buildings	4-100	35-100
Equipment	2-20	3-10

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

Financial instruments

Financial instruments recognised in the statement of financial position 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 statement of financial position

A financial asset or a financial liability is recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade receivables are taken up in the statement of financial position 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 statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the statement of financial position 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 statement of financial position 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 asset and settle the liability.

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.

cont. next page

Note 1, cont.

Fair value for listed financial assets corresponds to the listed purchase price of the asset at the end of the reporting period. 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 one of 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 statement of financial position.

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/loss for the year. 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.

Loan receivables and other receivables if the anticipated holding period exceeds one year 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 other comprehensive income and the accumulated changes in value in a separate component of 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.

When the asset is sold the cumulative gains/losses, earlier recognised in other comprehensive income, are recognised in profit/loss for the year. 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.

– Client money

Client money, which is recognised as assets and liabilities in the balance sheet, includes payment received for a specific receivable on behalf of a client and to be paid to the client within a specific period. Client money is cash and cash equivalents with a limited right of disposition. The same amount is recognised as a liability.

– 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 for the year. The purpose of the derivative instrument determines whether a change in value is recognised in net financial items or in operating profit or loss. Change in value of financial liabilities attributable to issued synthetic options where market premiums have been paid is recognised within net financial items.

– Other financial liabilities

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 statement of financial position. 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.

Receivables and liabilities in foreign currency

Forward contracts are used to hedge a receivable or liability against exchange rate risk. Hedge accounting is not used for protection against currency risk since a financial hedge is reflected in the financial statements through both the underlying receivable or liability and the hedging instrument being recognised at the exchange rate on the closing date and

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Note 1, cont.

changes in exchange rates are recognised in profit or loss for the year. Changes in exchange rates for operating receivables and liabilities are recognised in operating profit or loss while changes in exchange rates for financial receivables and liabilities are recognised in net financial items.

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

The forward contracts used to hedge future cash flows and forecast purchases/sales in foreign currency are recognised in the statement of financial position at fair value. Changes in value for the period are recognised in other comprehensive income and accumulated changes in value in the hedging reserve within equity until the hedged flow affects profit or loss, whereby the hedging instrument's accumulated changes in value are reclassified to profit or loss for the year where they meet and match profit or loss effects from the hedged transaction.

Hedging of fixed interest

To hedge uncertainty in future interest flows relating to loans at floating interest, interest rate swaps are used, where the company receives floating interest and pays fixed interest. These interest rate swaps are measured at fair value in the statement of financial position. The interest coupon is recognised on a current basis in profit or loss as an interest expense. Unrealised changes in the fair value of the interest rate swap are recognised directly in other comprehensive income and included as part of the hedging reserve until the hedged item affects profit/loss for the year and provided the criteria for hedge accounting and effectiveness are met. Gains or losses attributable to the ineffective part are recognised in profit/loss for the year.

Fair value hedges

Hedging fair value

When a hedging instrument is used to hedge fair value the derivative is booked at fair value in the statement of financial position 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.

Hedging of fair values is used to hedge certain non-financial assets that are found in the statement of financial position.

Hedging fixed interest

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.

Hedging net investments

Investments in foreign subsidiaries (net assets including goodwill) may be hedged in foreign subsidiaries by raising currency loans which at the end of the reporting period 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 other comprehensive income and the accumulated changes in the translation reserve in equity. This in order to neutralise the translation differences that affect other comprehensive income when group companies are consolidated. Ratos has currently no hedging of net investments of foreign subsidiaries.

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

IAS 36 is applied to impairment of assets other than financial assets which are reported according to IAS 39.

Impairment of goodwill, intangible assets and property, plant and equipment

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

An impairment is recognised when the carrying amount of an asset or holding exceeds the recoverable amount. An impairment is charged to profit or loss. 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, see Note 18.

The impairment requirement of the receivables is determined on the basis of historical experience of bad debts on similar receivables. Trade receivables with an impairment requirement are recognised at the present value of anticipated future cash flows. Since in most cases trade receivables have a short maturity they are therefore not discounted.

In the event of impairment of an equity instrument classified as an Available-for-sale financial asset, the previously recognised accumulated loss in the fair value reserve in equity is reclassified, via other comprehensive income, to profit or loss for the year. The amount of the accumulated loss that is reclassified from equity via other comprehensive income to profit or loss for the year comprises the difference between acquisition cost and current fair value, after deduction for any impairment of the financial asset previously recognised in profit or loss for the year.

Impairment of Available-for-sale financial assets is recognised in profit or loss for the year in net financial items.

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 cost are reversed if the earlier reasons for impairment no longer exist and full payment is expected. 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 for the year but in other comprehensive income. The impaired value is the amount from which a subsequent revaluation is performed which is recognised in other comprehensive income. Impairments of fixed-income instruments, classified as Available-for-sale financial assets, are reversed through profit or loss if the fair value increases and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

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Note 1, cont.

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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

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 statement of financial position. Immediately prior to classification as an asset held for sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. At initial classification as assets held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value with deduction for selling costs.

A profit is recognised at each increase of fair value with deduction for selling costs. This profit is limited to an amount that corresponds to the impairment recognised previously.

Losses due to a decline in value at initial classification as held for sale are recognised in profit or loss for the year. Subsequent declines in value, both gains and losses, are also recognised in profit or loss for the year.

Equity

Purchase of treasury shares

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.

Dividends

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

Employee benefits

Defined contribution plans

Plans where the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution pension plans. In such case the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on investment provided by the contributions. Consequently it is the employee who bears the actuarial risk and the investment risk. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they are earned through the employees' service to the company over a period.

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 Reporting Board, UFR 3, 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 at the end of the reporting period 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 profit or loss 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 in profit or loss for the year.

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.

The net of interest on pension liabilities and anticipated return on adherent plan assets is recognised in net financial items. Other components are recognised in operating profit or loss.

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. The compensation is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

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 obligated, 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.

Short-term benefits

Short-term employee benefits are calculated without discount and recognised as expenses when the relative services are received.

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 are 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 profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

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Note 1, cont.

If a market premium is not paid with relation to a synthetic option 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 profit or loss for the year.

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to owners 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 differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the statement of financial position 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.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. 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.

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a weighing up of possible outcome in relation to the probabilities inherent in the outcome.

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. At the end of each reporting period 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 profit or loss except when the underlying transaction is recognised directly in other comprehensive income or equity, when the inherent tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received relating to the current year, applying the tax rates decided or in practice at the closing date. Current tax also includes adjustments of current tax attributable to past periods.

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 end of the reporting period.

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.

Any additional income tax that arises from dividends is recognised on the same date that the dividend is recognised as a liability.

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 Accounting for legal entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 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 on the next page.

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

Changed accounting principles

Unless specified otherwise, the parent company's accounting principles in 2011 have been changed in accordance with what is stated above for the Group.

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule, while the statement of comprehensive income, statement of changes in equity and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences between the consolidated financial statements which apply in the parent company's income statement and balance sheet mainly comprise recognition of financial income and expenses, non-current assets, equity and the occurrence of provisions as a separate heading in the balance sheet.

Financial instruments

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

Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the parent company alone is entitled to decide on the size of the dividend and the parent company has made a decision about the size of the dividend before the parent company published its financial statements.

Associates and subsidiaries

Investments in associates and subsidiaries are reported in the parent company according to the acquisition cost method.

cont. next page

Note 1, cont.

This means that transaction costs are included in the carrying amount for holdings in subsidiaries and associates. In the Group, on the other hand, transaction costs are recognised for subsidiaries directly in profit or loss.

Contingent considerations are measured on the basis of the probability that the consideration will be paid. Any changes in provision/receivable increase/reduce cost. In the consolidated financial statements contingent considerations are recognised at fair value with changes in value through profit or loss.

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 profit or loss as they arise.

Group contributions and shareholder contributions

In cases where the parent company 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 from shares and other ownership rights are not liable to tax. Capital losses may not be deducted.

The company reports a standard income corresponding to 1.5% of the market value of listed shares that at the start of the year have been held for less than one year or where the holding (voting rights) is less than 10%. Dividends received and interest income are reported as income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

For formal reasons profit or loss is reported in accordance with IAS 1. In order to better reflect Ratos's operations, profits 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.

SEKm	2011	2010
Profit/share of profits before tax [1]		
AH Industries (69%)	-6	-24
Anticimex (85%)	84	127
Arcus-Gruppen (83%)	82	135
Biolin Scientific (100%) [2]	-10	
Bisnode (70%)	106	274
Camfil (30%) [3]		99
Contex Group (99%)	-14	43
DIAB (95%)	-51	149
Euromaint (100%)	-144	-165
Finnkino (98%) [4]	1	
GS-Hydro (100%)	-13	-27
Hafa Bathroom Group (100%)	-18	37
Haglöfs (100%) [5]		5
HL Display (99%) [6]	24	13
Inwido (96%)	315	328
Jøtul (61%)	-113	25
KVD Kvarndammen (100%) [2]	42	
Lindab (11%)	21	38
Medisize (98%) [7]	42	95
Mobile Climate Control (100%)	7	71
SB Seating (85%)	95	87
Stofa (99%) [8]	96	44
Superfos (33%) [9]		65
Total profit/share of profits	546	1,419
Exit Camfil	586	
Exit Medisize	38	
Exit Superfos	-99	
Exit Haglöfs		783
Exit Lindab		537
Total exit result	525	1,320
Remeasurement HL Display		140
Impairment Contex Group	-312	
Profit from holdings	759	2,879
Central income and expenses		
Management costs	-191	-213
Financial items	292	202
Central income and expenses	101	-11
Profit before tax	860	2,868
Tax	-314	-455
Profit for the year	546	2,413
Attributable to		
Owners of the parent	521	2,255
Non-controlling interests	25	158

Ratos's central income and expenses amounted to SEK 101m (-11), of which personnel costs in Ratos AB amounted to SEK -109m (-167).

The variable portion of personnel costs amounted to SEK -14m (-68) and other management costs were SEK -82m (-46).

Net financial items amounted to SEK 292m (202).

Note 2, cont.

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.
2) Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated profit for 2010.
3) Camfil was sold at the beginning of January 2011 and is not included in consolidated profit for 2011. Until the sale, Camfil was recognised among Assets held for sale.
4) Finnkino is included in the Group from May 2011.
5) Haglöfs is included in consolidated profit through July 2010. The entire holding was sold in August 2010.
6) HL Display is included with 29% through May 2010, in June and July with 61% and subsequently with 99%.
7) Medisize is included in consolidated profit through July 2011. The entire holding was sold in August 2011.
8) Stofa is included in the Group from August 2010.
9) Superfos was recognised among Assets held for sale until it was sold in February and is thus not included in consolidated profit for 2011.

Note 3 Operating segments

Ratos is a private equity conglomerate whose strategy is to create the highest possible returns by acquisition, development via active ownership, and divestment of companies. Ratos's CEO and Board, the Ratos Group's "chief operating decision-maker" monitor operations, i.e. the private equity conglomerate, on the basis of development in all Ratos's holdings. Key figures such as sales, EBITA and EBT are followed up for the holdings in total. The CEO and Board also follow up operations on the basis of how well the financial target of a 20% average annual return on each individual investment has been achieved as a whole and over time. Ratos, which has been an industrial player since the formation of its predecessor company Söderberg & Haak in 1866, has gone from previously having other segments such as active investment management to today only having one segment – private equity conglomerate.

Each one of the holdings constitutes a cash generating unit. Annually Ratos reviews its holdings and assesses whether each holding's average return meets Ratos's requirement of a 20% average annual return and whether Ratos is assessed as being able to contribute to the continued development of the holding.

2011	Net sales	Depreciation [1]	Share of profits of associates	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable/ net debt [3]
Holdings							
AH Industries	925	-56			-35	-6	-371
Anticimex	1,927	-47		7	-86	84	-768
Arcus-Gruppen	2,072	-39	7	16	-37	82	-16
Biolin Scientific	180	-6			-7	-10	-149
Bisnode	4,310	-212		3	-231	106	-2,427
Contex Group	662	-43			-37	-14	-660
DIAB	1,219	-90		1	-44	-51	-888
Euromaint	3,329	-62		1	-87	-144	-647
Finnkino [4]	543	-48	3		-26	1	-318
GS-Hydro	1,074	-24		1	-34	-13	-529
Hafa Bathroom Group	335	-6			-4	-18	-58
HL Display	1,643	-38		2	-36	24	-469
Inwido	5,050	-120	2	12	-83	315	-1,372
Jøtul	996	-57			-84	-113	-621
KVD Kvarndammen	276	-5		1	-10	42	-144
Lindab			21			21	
Medisize [5]	617	-28			-9	42	
Mobile Climate Control	1,048	-23			-29	7	-570
SB Seating	1,264	-41		5	-139	95	-766
Stofa	1,390	-107		2	-31	96	-482
Total holdings	28,860	-1,052	33	51	-1,049	546	-11,255
Exit Camfil						586	
Exit Medisize						38	
Exit Superfos						-99	
Exit gain						525	
Impairment Contex Group						-312	
Total holdings	28,860	-1,052	33	51	-1,049	759	-11,068
Central income and expenses	809	-16		331	-51	101	1,056
Other/eliminations				-320	320		-747
Group total	29,669	-1,068	33	62	-780	860	-10,946

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Finnkino is included in the Group from May 2011.
5) Medisize is included in consolidated profit through July 2011. The entire holding was sold in August 2011.

cont. next page

Note 3, cont.

2010	Net sales	Deprecia-tion [1]	Share of profits of associates	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable/ net debt [3]
Holdings							
AH Industries	611	-44			-24	-24	-362
Anticimex	1,856	-44		3	-57	127	-391
Arcus-Gruppen	1,944	-40	3	11	-20	135	295
Biolin Scientific [4]							-47
Bisnode	4,451	-219		5	-229	274	-2,289
Camfil			129			99	
Contex Group	750	-56			-52	43	-655
DIAB	1,396	-87		1	-32	149	-820
Euromaint	3,532	-63			-83	-165	-741
GS-Hydro	1,244	-28			-32	-27	-617
Hafa Bathroom Group	424	-5			-2	37	-85
Haglöfs [5]	289	-3			-2	5	
HL Display [6]	662	-16	16	1	-12	13	-490
Inwido	5,149	-137	2	7	-104	328	-1,501
Jøtul	1,044	-58		2	-88	25	-546
KVD Kvarndammen [4]							-178
Lindab			38			38	
Medisize	1,079	-48			-17	95	-250
Mobile Climate Control	902	-24			-24	71	-509
SB Seating	1,203	-49		2	-138	87	-723
Stofa [7]	600	-40			-18	44	-618
Superfos			65			65	
Total holdings	27,136	-961	253	32	-934	1,419	-10,527
Exit Haglöfs						783	
Exit Lindab						537	
Exit gain						1,320	
Remeasurement HL Display						140	
Impairment Other holdings						-25	
Total holdings	27,136	-961	253	32	-934	2,879	-10,527
Central income and expenses	817	-15		272	-50	-11	-159
Other/eliminations				-265	265		-450
Group total	27,953	-976	253	39	-719	2,868	-11,136

[1] Depreciation of intangible assets and property, plant and equipment.
[2] Including interest on shareholder loans.
[3] Excluding shareholder loans.
[4] Biolin Scientific and KVD Kvarndammen were acquired at the end of December 2010 and are not included in consolidated earnings for 2010.
[5] Haglöfs is included in consolidated earnings through July. The entire holding was sold in August 2010.
[6] HL Display is included with 29% through May 2010, with 61% in June and July and subsequently with 99%.
[7] Stofa is included in the Group from 1 August 2010.

Note 4 Revenue breakdown

Group

SEKm	2011	2010
Breakdown of net sales		
Sale of goods	23,081	21,215
Service contracts	5,648	5,749
Construction contracts	311	392
Insurance services	629	597
	29,669	27,953

Note 5 Business combinations

Acquisitions 2011

Finnkino

In March, Ratos signed an agreement with the Sanoma media group to acquire the Finnish movie theatre group Finnkino. The acquisition was completed on 30 April. The consideration transferred amounted to EUR 71m (SEK 635m). Ratos provided equity of EUR 45m (approximately SEK 402m). In the preliminary PPA goodwill amounts to SEK 537m. Finnkino conducts movie theatre operations in both Finland and the Baltic countries. The goodwill recognised for the acquisition reflects the company's strong market position, a well-developed concept with movie theatres with many screens, digital and 3D technology as well as service through the sale of snacks, sweets and soft drinks, which have contributed to the company's rising profitability level.

The acquired company is included in consolidated sales from the acquisition date with SEK 543m and in profit before tax with SEK 38m. For the full year 2011 sales amounted to SEK 799m and profit before tax was SEK 21m. The acquisition company's interest expenses are stated pro forma to correspond to a full year. Acquisition-related costs amounted to SEK 26m and are recognised as other operating expenses in consolidated profit or loss.

Purchase price allocation (PPA)

SEKm	Finnkino
Intangible assets	3
Property plant and equipment	622
Financial assets	1
Current assets	60
Cash and cash equivalents	53
Non-controlling interests	-7
Non-current liabilities and provisions	-474
Current liabilities	-160
Net identifiable assets and liabilities	98
Consolidated goodwill	537
Consideration transferred	635

Since the PPA is preliminary, fair value has not been finally identified for all items.

Adoption of purchase price allocations (PPAs) from the previous year

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 when appropriate.

PPAs have been adopted for Biolin Scientific, HL Display, KVD Kvarndammen and Stofa. PPAs for Biolin Scientific, KVD Kvarndammen and HL Display have been adopted in accordance with the preliminary PPAs.

Customer relationships have been measured in the definitive PPA for Stofa. Customer relationships are amortised over a 6-month period. As per year-end, customer relationships are therefore fully amortised.

Stofa SEKm	Preliminary PPA	New measurement	Definitive PPA
Intangible assets	6	28	34
Property, plant and equipment	467		467
Financial assets	68		68
Current assets	254		254
Cash and cash equivalents	131		131
Non-controlling interests	-1		-1
Non-current liabilities and provisions	-813		-813
Current liabilities	-329		-329
Net identifiable assets and liabilities	-217	28	-189
Consolidated goodwill	885	-28	857
Consideration transferred	668	0	668

Acquisitions in group companies

Bisnode acquired four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland which operate within credit and business information solutions. In Norway, Bisnode acquired the credit information company Lindorff Decision and 90.1% of the market information company Lindorff Match. The company also acquired 51% of Vendemore Nordic AB and Poslovna Domena in Croatia. The total consideration transferred for these acquisitions amounted to SEK 402m. The acquired companies are included in consolidated sales from the acquisition date with SEK 106m and in profit before tax with SEK -10m. For the full year 2011 sales amounted to SEK 209m and profit before tax was SEK 3m. Acquisition-related costs amounted to SEK 8m for the period and are recognised as other operating expenses in consolidated profit or loss.

Mobile Climate Control (MCC) acquired Carrier's bus AC operations in North America from the American group Carrier Corporation. Consideration transferred amounted to SEK 217m, whereby Ratos provided capital of SEK 114m. In addition to this a minor acquisition was made. The acquired company is included in consolidated sales from the acquisition date with SEK 268m and in profit before tax with SEK 17m. Since the acquisition is an asset deal, no sales or profit before tax have been calculated for the period prior to the acquisition.

Arcus-Gruppen acquired 51% of the shares in the Norwegian wine wholesaler Excellars AS in August. Consideration transferred amounted to SEK 86m. The acquisition is recorded using the full goodwill method, which means that a non-controlling interest is recognised at fair value. The acquired company is included in consolidated sales from the acquisition date with SEK 39m and in profit before tax with SEK 11m. For the full year sales amounted to SEK 111m and profit before tax was SEK 39m. Acquisition-related costs amounted to SEK 1m and are recognised as other operating expenses in consolidated profit or loss.

Inwido acquired the Danish window company Pro Tec Vinduer in July. Consideration transferred amounted to SEK 27m. The acquired company is included in consolidated sales from the acquisition date with SEK 106m and in profit before tax with SEK 5m. For the full year sales amounted to SEK 180m and loss before tax was SEK 14m. Acquisition-related costs amounted to SEK 1m and are recognised as other operating expenses in consolidated profit or loss.

cont. next page

Note 5, cont.

In August, Biolin Scientific acquired all the shares in the Danish company Sophion Bioscience A/S from NeuroSearch A/S as well as a number of venture capital companies. Consideration transferred amounted to DKK 145m (SEK 179m). Ratos provided SEK 65m. In the preliminary PPA goodwill amounts to SEK 139m. Sophion's strong position within Life Science will both provide the company with new technology and increase Biolin's opportunities to reach new customer groups, which motivates the recognised goodwill. Sophion Bioscience is included in consolidated sales from the acquisition date with SEK 51m and in profit before tax with SEK 19m. For the full year sales amounted to SEK 108m and profit before tax was SEK 18m. Acquisition-related costs amounted to SEK 2m and are recognised as other operating expenses in consolidated profit or loss.

In October, Stofa acquired part of Canal Digital's Danish cable TV operations from Telenor. Consideration transferred amounted to DKK 60m corresponding to SEK 73m. The acquired company is included in consolidated sales from the acquisition date with SEK 29m and in profit before tax with SEK 1m. Acquisition-related costs amounted to SEK 5m and are recognised as other operating expenses in consolidated profit or loss. Since the acquisition is an asset deal, no sales or profit before tax have been calculated for the period prior to the acquisition.

Preliminary PPAs for each company are provided in the table below.

Purchase price allocations (PPAs)

SEKm	Arcus-Gruppen	Biolin Scientific	Bisnode	Inwido	Mobile Climate Control	Stofa
Intangible assets	5	12	43		140	1
Property, plant and equipment	0	4	2	8	7	45
Financial assets		2		0		
Deferred tax assets		12	1			
Current assets	50	26	31	50	110	26
Cash and cash equivalents	30	0	30	0		
Non-controlling interests	-97		-2			
Non-current liabilities and provision	-1	-2	18	-7		
Current liabilities	-60	-14	-52	-43	-28	-22
Net identifiable assets and liabilities	-73	39	70	8	231	49
Consolidated goodwill	159	139	332	19		24
Consideration transferred	86	179	402	27	231	73

Since all the PPAs are preliminary, fair value has not been finally identified for all items.

Disposals

In November 2010, Ratos concluded an agreement with the principal owners on a sale of the associated company Camfil to the Larson and Markman families. Consideration transferred amounted to SEK 1,325m and Ratos's capital gain (exit gain) amounted to SEK 586m. The sale was completed in January 2011.

Ratos and co-owner IK Investment Partners concluded an agreement in December 2010 on the sale of all the shares in Superfos Industries A/S. The sale was completed in February 2011 and Ratos's share of the consideration transferred amounted to EUR 63m (SEK 549m) and the exit result for Ratos was SEK -99m.

The sale of the subsidiary Medisize to Phillips Plastics was completed on 12 August. Consideration transferred amounted to SEK 866m and Ratos's exit gain amounted to SEK 38m.

Disposal in group company

Euromaint's sale of Euromaint Industry to Coor Service Management was completed in December. Consideration transferred was SEK 100m and the exit loss for Euromaint amounted to SEK 7m.

For information on acquisitions and disposals after the end of the reporting period, see Note 41, Events after the reporting period.

Acquisitions 2010

Ratos increased its holding in Medisize by 5.4% to 98.4%. Consideration transferred amounted to SEK 59.8m (EUR 6.2m). Acquisition-related costs amount to SEK 1m and are recognised as other operating expenses in consolidated profit for the period.

Following conversion to shares of the capital contribution in Jøtul carried out in 2009, Ratos's holding amounts to 61% (63).

HL Display

In June, Ratos concluded an agreement to acquire the Remius family's shares in HL Display, corresponding to 28.2% of the capital and 59.1% of the votes. In conjunction with this, Ratos made an offer to the other shareholders in HL Display, in accordance with the requirements for mandatory offers, to transfer shares issued in HL Display to Ratos for SEK 49 per share.

During the second quarter, Ratos increased its holding in HL Display through acquisition of shares via Nasdaq OMX Stockholm to a value of SEK 483m. Acquisition of the Remius family's shares was completed on 21 July 2010. Consideration transferred amounted to approximately SEK 428m. Payment comprised 90% cash and 10% newly issued shares in Ratos corresponding to SEK 385m cash and 217,556 new shares in Ratos. In conjunction with the acquisition of the Remius family's shares, Ratos acquired control over HL Display which with effect from 1 August 2010 is reported as a subsidiary. Since the previously owned ownership interest was remeasured at fair value when control was obtained, an earnings effect of the remeasurement including reversed currency effects of SEK 140m was recognised within operating profit. Ratos has chosen to report the acquisition according to the partial goodwill method. Preliminary goodwill amounts to a total of SEK 1,110m.

After acquiring control, Ratos acquired additional shares through the public offer and via Nasdaq OMX Stockholm to a value of SEK 161m. These acquisitions were regarded according to revised IFRS 3 Business Combinations as equity transactions since Ratos acquired the shares from a "non-controlling interest" (minority), therefore the difference between the consideration transferred and the acquired "non-controlling interest" was recognised directly in equity with SEK 105m. The total consideration transferred during the period amounted to SEK 1,072m, of which SEK 43m comprised newly issued Ratos shares. At the end of the year, Ratos owned 99.5% of the capital and 99.7% of the votes.

HL Display has a strong market position and is the only global company in its sector. The company has a unique broad product range and its innovative ability and size provide good opportunities to create new competitive products. Acquired goodwill reflects these values.

As a subsidiary, HL Display is included in consolidated sales from August 2010 with SEK 662m and in profit before tax with SEK -3m. Sales for the full year totalled SEK 1,617m and profit before tax was SEK 29m. The acquisition company's interest expenses are reported pro forma to correspond to a full-year figure.

Acquisition-related costs amounted to SEK 8m and are recognised as other operating expenses in consolidated profit or loss.

Stofa

In July, Ratos signed an agreement with TeliaSonera on acquisition of all the shares in Stofa. The acquisition was completed on 30 July 2010. Enterprise value amounted to DKK 1,090m and the consideration transferred amounted to DKK 527m (SEK 668m). In the preliminary PPA, goodwill

cont. next page

Note 5, cont.

amounted to SEK 885m. The goodwill recognised for the acquisition corresponds to the company's profitability level which is based, among other things, on the company's customer offering, technical expertise, market position and historical market presence. The acquired company is included in consolidated sales with SEK 600m and in profit before tax with SEK 44m. Sales for the full year totalled SEK 1,411m and profit before tax was SEK 83m. The acquisition company's interest expenses are reported pro forma to correspond to a full-year figure. Acquisition-related costs amounted to SEK 12m and are recognised as other operating expenses in consolidated profit or loss.

KVD Kvarndammen

An acquisition agreement was concluded at the end of November, and acquisition of all the shares in KVD Kvarndammen was completed on 17 December 2010. Enterprise value amounted to SEK 550m, of which Ratos provided equity of SEK 360m. Consideration transferred amounted to SEK 587m with preliminary goodwill amounting to SEK 513m. Goodwill recognised is mainly motivated by a strong position in the Swedish market for brokerage of capital goods, primarily cars. An effective business model, combined with strong managerial and organisational abilities, is expected to increase KVD Kvarndammen's market share in Sweden and in the long term expansion to other countries is also possible.

Since the acquisition was completed on 17 December 2010, no sales or profit before tax are included in consolidated sales or profit before tax for 2010. KVD Kvarndammen's sales totalled SEK 239m and profit before tax was SEK 22m for 2010. The acquisition company's interest expenses are reported pro forma to correspond to a full-year figure. Acquisition-related costs amounted to SEK 3m and are recognised as other operating expenses in consolidated profit or loss.

Biolin Scientific

Ratos submitted a recommended cash offer to shareholders and holders of convertible debentures in Biolin Scientific on 29 November 2010. Under this offer SEK 11.50 was received in cash for each share and convertible respectively. The ordinary acceptance period was from 1 December until 21 December 2010. After the end of the acceptance period, Ratos's holding amounted to 88.12% of shares and votes, whereupon Ratos decided to extend the acceptance period until 12 January 2011. After the extended acceptance period, Ratos's holding amounted to 92.71% of shares and votes in Biolin Scientific. Ratos has acquired an additional 2.78% of shares and votes outside the offer. On 17 February Ratos owned a total of 95.48% of shares and votes. Since Ratos's holding amounts to more than 90% of the votes, Ratos has initiated compulsory acquisition of the remaining shares. The last trading day for Biolin Scientific on Nasdaq OMX Stockholm was 22 February 2011.

At year-end Ratos owned 88.12% of shares and convertibles after full dilution. Conversion took place in January 2011. Consideration transferred as per 31 December 2010 amounted to SEK 269m and preliminary goodwill amounted to SEK 177m.

Biolin Scientific is a company that develops, manufactures and sells analytical instruments for research, development, quality assurance and clinical diagnostics. The company's research and development within nanotechnology, primarily material science and biophysics, is assessed as having major commercial potential. The company has the strong sales and distribution organisation that is required to achieve international success, since customers are found worldwide and mainly comprise researchers within academia, research institutes and the industrial sector. Combined with a strong company management and skilled employees, acquired goodwill reflects these factors.

Since Ratos obtained control on 28 December 2010, no sales or profit before tax are included in consolidated sales and profit before tax. For the full year sales totalled SEK 142m and profit before tax was SEK 7m.

Acquisition-related costs amounted to SEK 4m and are recognised as other operating expenses in consolidated profit or loss.

Purchase price allocations (PPAs) for each company are provided below.

Purchase price allocations (PPAs)

Preliminary PPAs in conjunction with obtaining control

SEKm	HL Display	Stofa	KVD Kvarn-dammen	Biolin Scientific	Total
Intangible assets	4	6		52	62
Property, plant and equipment	221	467	63	7	758
Financial assets	24	68		60	152
Current assets	582	254	66	62	964
Cash and cash equivalents	144	131	47	24	346
Non-controlling interests	-59	-1		-29	-89
Non-current liabilities and provisions	-293	-813	-2	-11	-1,119
Current liabilities	-386	-329	-100	-73	-888
Net identifiable assets and liabilities	237	-217	74	92	186
Consolidated value of associate at acquisition date	-775				-775
Remeasurement of previously held ownership interest, excl. currency effect	-144				-144
Consolidated goodwill	1,110	885	513	177	2,685
Consideration transferred	428	668	587	269	1,953

All PPAs have been adopted, for more information see "Adoption of PPAs from the previous year".

Acquisitions in group companies

Bisnode's investments in Directinet and Bilfakta were completed. Yritystele in Finland was acquired in the fourth quarter. The combined consideration transferred for these acquisitions amounted to SEK 95m. The acquired companies are included in consolidated sales with SEK 129m and in profit before tax with SEK -5m. For 2010 sales totalled SEK 130m and loss before tax was SEK 6m. Acquisition-related costs amounted to SEK 1m and are recognised as other operating expenses in consolidated profit or loss. Bisnode also paid a contingent consideration of SEK 108m for acquisitions made in 2007.

Euromaint's acquisition of Rail Service Management Group (RSM) was completed in January, whereby consideration transferred for the acquisition together with some smaller acquisitions amounted to SEK 169m. The acquired companies are included in consolidated sales with SEK 833m and in profit before tax with SEK 15m. For 2010 the companies' sales amounted to SEK 833m and profit before tax was SEK 15m. Acquisition-related costs amounted to SEK 1m and are recognised as other operating expenses in consolidated profit or loss.

AH Industries acquired RM Group on 31 August. Consideration transferred amounted to DKK 316m (SEK 399m), of which Ratos provided equity of DKK 227m (SEK 288m). Goodwill amounts to DKK 160m (SEK 202m). The acquisition is expected to provide synergies in the form of a complementary product range, broader customer and supplier base as well as qualified expertise in the wind power, cement and minerals industries. In addition, the acquisition provides a platform for continued expansion outside Europe, among other things through RM Group's operations in China. Acquired goodwill reflects these values. RM Group is included in consolidated sales with SEK 154m and in profit before tax with SEK 15m. In 2010 sales totalled SEK 521m and profit before tax was SEK 65m. Acquisition-related costs amounted to SEK 12m and are recognised as other operating expenses in consolidated profit or loss.

cont. next page

Note 5, cont.

Purchase price allocations (PPAs) for each company are provided below.

Purchase price allocations

Acquisitions

SEKm	Bisnode	Euromaint	AH Industries	Total
Intangible assets	5	1		6
Property, plant and equipment	2	61	121	184
Financial assets	1			1
Current assets	52	225	175	452
Cash and cash equivalents	10	1	77	88
Non-current liabilities and provisions	-14	-49	-82	-145
Current liabilities	-59	-121	-94	-274
Net identifiable assets and liabilities	-3	118	197	312
Consolidated goodwill [1)]	98	51	202	351
Consideration transferred	95	169	399	663

1) Euromaint's consolidated goodwill includes bargain purchase (negative goodwill) amounting to SEK 6m, which is recognised in profit for the period.

The PPAs have been adopted in accordance with the preliminary PPAs.

Disposals 2010

On 12 July, Ratos concluded an agreement to sell the wholly owned subsidiary Haglöfs to Asics, based in Japan. The deal was completed on 20 August 2010. The consideration transferred amounted to SEK 1,007m and Ratos's capital gain (exit gain) amounted to SEK 783m.

In November, Ratos sold half its holding (11%) in the associated company Lindab. Consideration transferred amounted to SEK 867m and Ratos's capital gain (exit gain) amounted to SEK 537m.

Note 6 Other operating income

Group

SEKm	2011	2010
Rental income	3	3
Gain from the sale of non-current assets	7	17
Exchange gains on operating receivables/liabilities	34	71
Government grants	1	1
Other	170	284
	215	376

Parent company

SEKm	2011	2010
Rental income	1	1
Other	–	103
	1	104

Note 7 Capital gain from the sale of group companies

Group

SEKm	2011	2010
Medisize	38	
Haglöfs		783
Companies in the Bisnode group	-4	-9
Companies in the Euromaint group	-7	
	27	774

Profits from investments in group companies

Parent company

SEKm	2011	2010
Dividends	827	93
Gain from sale of shares	107	932
Impairment	-322	-4
Impairment reversal	37	
	649	1,021

Note 8 Share of profits of associates

Group

SEKm	2011	2010
Share of profits		
Atle Industri	0	0
Camfil		129
HL Display (until July 2010)		16
Lindab	21	38
Superfos		65
	21	248
Share of profits of associates, owned by group companies	12	5
	33	253
Exit result		
Camfil	586	
Superfos	-99	
Lindab (part of)		537
Exit result from sale of associates, owned by group companies	-2	
	485	537

Profit from investments in associates

Parent company

SEKm	2011	2010
Dividends	16	12
Gain from the sale of shares	78	737
Impairment	-7	-3
	87	746

Note 9 Employees, personnel costs and remuneration to senior executives and boards

Average number of employees

	2011 Total	2011 of whom men, %	2010 Total	2010 of whom men, %
Parent company	49	49	45	49
Group companies	18,796	72	18,399	72
Group total	18,845	72	18,444	72
Of whom in				
Sweden	6,382	74	6,502	74
Norway	1,840	74	1,799	73
Finland	1,564	64	1,412	67
Denmark	1,682	76	1,649	77
Germany	1,677	78	1,615	75
Poland	774	61	741	66
USA	637	76	533	78
UK	582	80	583	80
Netherlands	197	77	335	61
Canada	276	94	294	95
Switzerland	137	59	244	66
Belgium	250	66	227	63
China	668	65	498	64
Italy	241	95	245	93
Ireland	12	67	156	54
France	344	53	364	52
Czech Republic	110	53	169	37
Russia	140	66	143	68
Ecuador	208	90	271	94
Austria	100	50	93	52
Spain	62	84	55	80
Hungary	81	36	70	34
Slovenia	61	48	57	42
Lithuania	194	48	41	54
Latvia	120	32	41	80
Korea	59	85	53	83
India	70	90	54	85
Slovakia	30	23	33	24
Croatia	28	46	15	47
Australia	22	86	22	95
Singapore	48	67	48	63
Thailand	18	44	21	24
Japan	6	67	5	60
Estonia	174	64	5	40
Turkey	7	86	7	86
Malaysia	4	50	4	50
Taiwan	4	25	5	20
Bulgaria	3	33	3	33
Serbia	4	75	4	75
Ukraine	13	31	12	33
Rumania	4	25	4	50
Indonesia	7	43	7	43
United Arab Emirates	5	60	5	60
	18,845		18,444	

Gender distribution in boards and senior executives

	31 Dec 2011 Men	31 Dec 2010 Men
Boards		
Parent company	75%	75%
Group total	88%	91%
Company management		
Parent company	67%	57%
Group total	81%	79%

Group

Salaries and other remuneration

SEKm	Boards and senior executives	Other employees	Total
2011			
Group, total	609	6,354	6,963
(of which, bonus)	(69)		(69)
Of which in Sweden	222	2,399	2,621
(of which, bonus)	(21)		(21)
Of which in other countries	387	3,955	4,342
(of which, bonus)	(48)		(48)
Number of people	983		
2010			
Group, total	603	6,103	6,706
(of which, bonus)	(92)		(92)
Of which in Sweden	233	2,226	2,459
(of which, bonus)	(45)		(45)
Of which in other countries	370	3,877	4,247
(of which, bonus)	(47)		(47)
Number of people	937		

Social security costs

SEKm	2011	2010
Social Security costs	1,994	1,889
(of which pension costs)	(564)	(510)

Of the Group's pension costs SEK 81m (76) refers to the boards and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 34m (53).

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	2011	2010
Senior executives, CEO and Deputy CEO		
Number of people [1]	7	6
Salaries and other remuneration [2]	20	34
(of which bonus)	(4)	(18)
Other employees	45	79
Total	65	113

[1] 2011: Of whom one at 80% of the year and one 50% of the year. 2010: Of whom, one on a consultancy basis for part of the year.

[2] Excluding vacation pay.

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Note 9, cont.

Social security costs

SEKm	2011	2010
Social security costs	38	48
(of which pension costs)	(15)	(13)

Of the parent company's pension costs, SEK 3m (3) refers to the present and former Board of Directors, CEO and Deputy CEO. The company's outstanding pension commitments to these amount to SEK 1m (2) and pertain to former Board members who were employees.

The 2011 Annual General Meeting's 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 remuneration 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 four components – basic salary, variable salary, call options and synthetic 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 with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary 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 salary, which shall amount to a maximum of approximately 1 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 reasonably balanced option programmes where employees can share in price rises alternatively realised increases in value but also take a personal risk by paying a market premium for the options.

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

With regard to the costs for the 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 circumstances should prevail.

Previously decided remuneration that has not fallen due for payment includes previously decided bonus and subsidies of option premiums. At year-end this amounted to SEK 64m (146).

Information about variable compensation and option programmes

Variable compensation 2011

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2011, the requirement for variable compensation to be paid was that consolidated profit before tax, adjusted for non-controlling interests effects in partly owned subsidiaries, should correspond to at least 8% of opening equity. A ceiling was stipulated at a total of SEK 125m in variable compensation, which falls due in the event of an adjusted profit before tax of 32% of opening equity. Adjusted profit before tax including the earnings bank for 2011 did not meet the return requirement of 8% which meant that no variable compensation was paid to the 28 people entitled to receive variable compensation.

Call option programmes

Annual General Meetings 2007–2011 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 and that the person concerned continues 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 2011		31 Dec 2010	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	2,511,000	2,832,550	2,249,500	2,879,250
Recalculation of call option terms due to split		2,252,050		
Issued	640,000	640,000	529,500	529,500
Exercised [1]	-270,000	-580,500	-268,000	-576,200
Outstanding at end of period	2,881,000	5,144,100	2,511,000	2,832,550

[1] Average exercise price SEK 76 (138) per share, average share price when the options were exercised was SEK 123 (231).

Disclosures on options issued during the period

Each option carries entitled to purchase one share.

	2011	2010
Maturity	18 Mar 2016	20 Mar 2015
Exercise price per share, SEK	158.90	126.10
Total option premium payments, SEKm	7.6	8.8
Total payments to Ratos if shares acquired, SEKm	101.7	133.5

cont. next page

Note 9, cont.

Terms for options outstanding at end of period

Maturity date	Option price, SEK	Exercise price, SEK	Number of shares/option	31 Dec 2011 Number of options	31 Dec 2011 Corresponding number of shares	31 Dec 2010 Number of options	31 Dec 2010 Corresponding number of shares
31 March 2011 [1]	21.20	151.80	2.15			270,000	580,500
31 March 2012	36.50	139.00	2.00	518,000	1,036,000	518,000	518,000
20 March 2013	28.10	127.80	2.04	552,500	1,127,100	552,500	563,550
20 March 2014	13.00	94.10	2.00	641,000	1,282,000	641,000	641,000
20 March 2015	16.60	126.10	2.00	529,500	1,059,000	529,500	529,500
18 March 2016	11.80	158.90	1.00	640,000	640,000		
				2,881,000	5,144,100	2,511,000	2,832,550
Maximum increase in number of shares in relation to outstanding shares at end of period					1.6%		1.8%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 644m (630).

[1] Not adjusted for split.

Synthetic options

The 2007 – 2011 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 10m (19).

Remuneration to Board and senior executives
2011

SEKm	Basic salary/ [1] Board fee	Variable [2] compensation	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	1.1				1.1	–
Lars Berg, Board member	0.5				0.5	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.5				0.5	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.5				0.5	
Arne Karlsson, CEO	6.8	2.6	0.1	1.7	11.2	–
Leif Johansson, Deputy CEO	3.5	0.7	0.1	1.2	5.5	
Bo Jungner, Deputy CEO [3]	1.6	0.0	0.0	0.5	2.1	
Other senior executives [4] (4 people)	4.4	0.7	0.1	1.4	6.6	–

[1] Basic salary excluding vacation pay.
[2] Including call option subsidy.
[3] 50% of the year.
[4] Of which one for 80% of the year.

2010

SEKm	Basic salary/ [1] Board fee	Variable [2] compensation	Other benefits	Pension cost	Total	Pension obligation
Olof Stenhammar, Chairman of the Board	1.0				1.0	–
Lars Berg, Board member	0.5				0.5	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.5				0.5	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.5				0.5	–
Arne Karlsson, CEO	6.5	6.6	0.1	2.2	15.4	–
Leif Johansson, Deputy CEO	3.3	5.9	0.1	1.2	10.5	–
Other senior executives (4 people)	5.8	5.6	0.2	1.5	13.1	–

[1] Basic salary excluding vacation pay.
[2] Including call option subsidy.

cont. next page

Note 9, cont.

Call options

Holding 31 Dec 2011	2007 Number	2008 Number	2009 Number	2010 Number	2011 Number	Benefit
Chairman of the Board	–	–	–	–	–	–
Other Board members	–	–	–	–	–	–
Arne Karlsson, CEO	100,000	100,000	74,900	78,000	200,000	–
Leif Johansson, Deputy CEO	50,000	–	37,400	50,000	50,000	–
Bo Jungner, Deputy CEO	50,000	50,000	37,400	18,000	–	
Other senior executives	50,000	78,000	82,400	69,000	52,000	–

Holding 31 Dec 2010	2006 Number	2007 Number	2008 Number	2009 Number	2010 Number	Benefit
Chairman of the Board	–	–	–	–	–	–
Other Board members	–	–	–	–	–	–
Arne Karlsson, CEO	115,000	100,000	100,000	74,900	78,000	–
Leif Johansson, Deputy CEO	–	50,000	–	37,400	50,000	–
Other senior executives	–	50,000	78,000	82,400	69,000	–

Synthetic options

	2011		2010	
SEKm	Paid-in premium	Benefit	Paid-in premium	Benefit
Board of Directors	–	–	–	–
Senior executives and CEO	1	–	1	–

Remuneration to the CEO

Variable compensation

The size of variable compensation is decided on a discretionary basis 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 six months. Severance pay corresponding to one and a half annual salaries is paid and may not be triggered by the CEO. In the event of a change of owner which means that one owner controls more than 50% of the votes in the company, the CEO is entitled to receive severance pay corresponding to two annual salaries. Remuneration from a third party is deducted.

Other senior executives

Variable compensation

Remuneration to the other six senior executives including Deputy CEOs, see table on the previous page.

Pension terms

Pension is paid from the age of 65. Pensionable salary is the maximum ITP limit (30 income base amounts).

Severance pay terms

For other senior executives in Ratos there are no agreements on severance pay.

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 statement of financial position. In total, financial liabilities relating to synthetic option programmes in the Ratos Group amounted to SEK 124m (170). In 2011 the Group's earnings affected by SEK 8m (-39) relating to synthetic option liabilities.

Note 10 Fees and disbursements to auditors

	2011		2010	
SEKm	Group	Parent company	Group	Parent company
KPMG				
Audit assignment	20	3	17	3
Audit-related activities in addition to audit assignment	2		2	
Tax advice	2		2	1
Other services	3	1	2	
Other auditors				
Audit assignment	28		26	
Audit-related activities in addition to audit assignment	2		3	
Tax advice	4		4	
Other services	17		16	
	78	4	72	4

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 relates to other assignments.

Note 11 Financial income and expenses

Group

SEKm	2011	2010
Interest income		
Financial assets measured at fair value through profit or loss		
Fair value option		2
Held for trading		1
Held-to-maturity investments	3	2
Trade and loan receivables	59	33
Pensions		1
Result from sale		
Available-for-sale financial assets	17	-1
Net profit		
Synthetic options	30	3
Change in value of derivatives		
– hedge accounted	6	5
– non-hedge accounted	3	36
Other financial income		
Available-for-sale financial assets		
Trade and loan receivables	9	11
Returns on pensions	6	6
Changes in exchange rates, net	22	154
Financial income	155	253

SEKm	2011	2010
Interest expenses		
Financial assets measured at fair value through profit or loss		
Fair value option	-4	-2
Held for trading	-12	-29
Other liabilities	-742	-667
Pensions	-22	-21
Net loss		
Synthetic options	-22	-42
Change in value of derivatives		
– hedge accounted		-35
– non-hedge accounted	-74	
Other financial expenses		
Other liabilities	-128	-91
Other non-financial liabilities		-21
Impairment		-38
Financial expenses	-1,004	-946

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 62m (35). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 764m (688).

Profit for the year includes SEK -6m (-4) that relates to ineffectiveness in cash flow hedges.

The Group has no fair value hedges. Impairment is explained in Note 18.

Parent company

	Result from other securities and receivables accounted for as non-current assets		Other interest income and similar profit/loss items	
SEKm	2011	2010	2011	2010
Interest income				
Financial assets at fair value through profit or loss				
Fair value option				2
Trade and loan receivables	160	141	16	5
Result from sale				
Available-for-sale financial assets	15			
Net profit				
Synthetic options			11	
Impairment		-25		
Financial income	175	116	27	7

	Interest expenses and similar profit/loss items	
SEKm	2011	2010
Interest expenses		
Other liabilities	-25	-2
Net loss		
Synthetic options		-18
Change in value of derivative		
– hedge accounted	0	-35
Other financial expenses	-17	-16
Other expenses		
Changes in exchange rates, net		-4
Financial expenses	-42	-75

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 176m (146). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 25m (2).

Note 12 Taxes

Recognised in profit or loss

SEKm	2011	2010
Tax expense for the period	-344	-350
Adjustment of tax attributable to previous years	-7	-9
Share in tax of associates	-11	-82
	-362	-441
Deferred tax relating to temporary differences:		
Property, plant and equipment	6	18
Intangible assets	10	21
Financial assets	3	-5
Inventories	5	2
Trade receivables	-6	-1
Provisions for pensions	2	-9
Other provisions	-2	7
Tax allocation reserves and similar	13	-1
Other	12	-25
Deferred tax income due to changed tax rates	-3	-5
Deferred tax income in capitalised tax value in loss carry-forward during the year	58	23
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-50	-39
	48	-14
Total recognised tax expense in the Group	-314	-455

Reconciliation effective tax, Group

SEKm	2011	2010
Profit before tax	860	2,868
Less profit from associates	-33	-253
	827	2,615
Tax according to current tax rate, 26.3%	-218	-688
Effect of special taxation rules for investment companies	-37	369
Effect of different tax rates in other countries	-12	7
Non-deductible expenses	-69	-79
Non-taxable income	97	27
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-77	-27
Use of previously non-capitalised tax loss carry-forward	21	40
Tax attributable to previous years	-7	-9
Effect of changed tax rates and tax rules	3	-2
Other	-4	-11
Tax in associates	-11	-82
Reported effective tax	-314	-455

Tax items recognised directly in equity

SEKm	2011	2010
Deferred tax attributable to hedging reserve	8	22
	8	22

Recognised deferred tax assets and liabilities

Group

	Deferred tax asset		Deferred tax liability	
SEKm	2011	2010	2011	2010
Intangible assets	27	29	301	350
Property, plant and equipment	59	67	158	180
Financial assets	29	33	0	6
Inventories	23	22	6	9
Trade receivables	22	33	2	1
Interest-bearing liabilities	10	31	0	4
Provisions for pensions	44	45	4	6
Other provisions	69	76	5	4
Other	72	30	11	25
Loss carry-forward	351	361		
Tax allocation reserves			292	288
Tax assets/tax liabilities	706	727	779	873
Offsets	-89	-95	-89	-95
Tax assets/tax liabilities, net	617	632	690	778

Of recognised deferred tax assets, SEK 47m (45) falls due within one year and SEK 458m (505) has no due date. Of deferred tax liabilities, SEK 42m (17) falls due within one year and SEK 459m (642) has no due date.

Unrecognised deferred tax assets

SEKm	2011	2010
Deductible temporary differences	4	0
Tax deficit	1,114	1,190
	1,118	1,190

Approximately SEK 302m (456) of the unmeasured tax loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 86m (244) of the tax deficit falls due in 2013-2023. The remainder of the tax deficit does not have set due dates. The above unrecognised deductible temporary differences and tax deficit correspond to a tax value amounting to SEK 294m (313).

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 on shares and other part ownership rights are not liable to tax. Capital losses may not be deducted. 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 and interest income are reported as taxable income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2011 amounted to SEK 0m (0).

Note 13 Intangible assets

Group

SEKm	Goodwill	Acquired intangible assets: Trade-marks	Customer relationships	Contract portfolio	Data-bases	Business systems	Other assets	Generated internally: Data-bases	Business systems	Other assets	Total
Accumulated cost											
Opening balance 1 January 2010	18,729	635	655	138	287	201	850	202	15	250	21,962
Business combinations	3,026	6	1			27	84		28	8	3,180
Investments	1					5	83	6		54	149
Sold company	-97				-11	-25	-20	-10			-163
Disposals						-2	-12	-3	-1	-31	-49
Reclassification								8		3	3
Exchange differences for the year	-1,132	-42	-64	-1	-22	-11	-88	-14	-2	-10	-1,378
Closing balance 31 December 2010	20,527	599	592	137	254	195	897	189	40	274	23,704
Opening balance 1 January 2011	20,527	599	592	137	254	195	897	189	40	274	23,704
Business combinations	1,348	16	28		58	13	35				1,498
Investments	24				1	31	83	14	7	52	212
Sold company	-814	-14	-33		-55		-77		-3		-996
Disposals	-2						-3	-4		-17	-26
Reclassification to assets held for sale				-19			-5			-79	-103
Reclassification	-47		31			1	-51	6	-1	73	12
Exchange differences for the year	3	-1	-3	-1	1		-9	-1	-1	-3	-15
Closing balance 31 December 2011	21,039	600	615	117	259	240	870	204	42	300	24,286
Accumulated amortisation and impairment											
Opening balance 1 January 2010	-222	-35	-311	-44	-101	-104	-548	-100	-8	-107	-1,580
Amortisation for the year		-10	-77	-6	-27	-19	-71	-16	-4	-53	-283
Impairment for the year	-8				-6		-18	-7			-39
Accumulated amortisation in business combinations		-1				-21	-27		-23	-5	-77
Accumulated amortisation in sold companies					11	8	12	4			35
Disposals						2	12	3	1	31	49
Reclassification										-3	-3
Exchange differences for the year	7	2	30	1	8	7	45	7	1	11	119
Closing balance 31 December 2010	-223	-44	-358	-49	-115	-127	-595	-109	-33	-126	-1,779
Opening balance 1 January 2011	-223	-44	-358	-49	-115	-127	-595	-109	-33	-126	-1,779
Amortisation for the year		-11	-67	-6	-29	-22	-80	-19	-4	-42	-280
Impairment for the year	-381							-2			-383
Accumulated amortisation in business combinations					-49	-7	-21			6	-71
Accumulated amortisation in sold companies	49		22		51		59		4		185
Disposals								5		17	22
Adjustment to purchase price allocation (PPA)			-24								-24
Reclassification to assets held for sale				19						49	68
Reclassification						1	5		1	-19	-12
Exchange differences for the year	-1		2	1	-1		11				12
Closing balance 31 December 2011	-556	-55	-425	-35	-143	-155	-621	-125	-32	-115	-2,262
Carrying amount according to statement of financial position											
At 31 December 2011	20,483	545	190	82	116	85	249	79	10	185	22,024
At 31 December 2010	20,304	555	234	88	139	68	302	80	7	148	21,925

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Note 13, cont.

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

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

	2011		2010	
	Goodwill	Intangible assets [1]	Goodwill	Intangible assets [1]
Bisnode	4,475		4,237	30
Inwido	2,993		2,997	
Anticimex	1,857		1,844	
SB Seating	1,597		1,599	
Contex Group	1,165		1,464	
Mobile Climate Control	1,090		945	
HL Display	1,060		1,083	
DIAB	1,007		1,008	
	15,244		15,177	30
Subsidiaries without significant goodwill values, total	5,239	419	5,127	419
	20,483	419	20,304	449

[1] 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, SB Seating, Contex Group, Mobile Climate Control, DIAB and HL Display are of a significant size on their own in relation to the Ratos Group's total goodwill.

Subsidiaries without significant goodwill, total

Goodwill in other subsidiaries, is not significant in each one separately. The individual goodwill items amount to less than 5% of the Ratos Group's total goodwill.

The method for impairment testing for the different holdings is either based on a measurement at fair value with reduction for selling costs or from a cash flow forecast for calculation of value in use. Different assumptions for, among other things, discount rate, sales growth and gross margins, have been used 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 the holding's future cash flows are based on the most recent budgets and forecasts which cover the period until the exit date, a maximum of five years. If the exit date in any case is 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 take into account 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 as well as payments in future cash flows. Neither do estimated future cash flows include payments received or made from financing activities. The estimated value in use should be compared with the carrying amount of the holding.

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 the calculation are profit multiples at exit and profit forecast. The profit multiple is on a par with other Nordic media companies and other comparable digital business companies. The basis for estimating these values is prior experiences and external sources. Our 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. Inwido's profit multiple is on a par with the valuation multiples of comparable listed companies. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Anticimex

Impairment testing for Anticimex is based on a calculation of fair value minus selling costs. Key variables in this calculation are profit multiple and future profitability level. The value estimations are based on prior experiences and external sources. In view of the fact that the company continues to have good opportunities for organic growth, high cash flows, a very strong market position and a strong brand, our 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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Note 13, cont.

SB Seating

Impairment testing for SB Seating is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2013, 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 are based on SB Seating's strong position in its markets through specialised, high-quality products with ergonomics and functional design. Proceeds from a final disposal have been present value calculated using a discount rate of 7% (7) after tax. The discount rate before tax amounts to 10% (10). Key variables in the calculation are profit multiple at exit and profit forecast. The basis for estimating these values is prior experience and external sources. The anticipated future scenario is in accordance with SB 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 Group

Impairment testing for Contex Group is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2013, 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 calculation of value in use includes the sale of Z Corporation and Vidar Systems, which will have a negative impact on earnings in 2012. Assessment of continuing operations takes into account Contex Group's major investments in product development which have generated a totally new competitive product portfolio. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 5% (7) after tax. The discount rate before tax amounts to 7% (11). Sales growth and profit multiple at exit are key variables for calculating Contex Group's value in use. The anticipated future scenario is in accordance with Contex Group's previous experience and external sources. The testing for impairment was caused by the sale of Z Corporation and Vidar Systems which means that Contex Group will not generate the same cash flow as previously. The impairment testing has resulted in impairment of Contex Group's goodwill of SEK 312m. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Mobile Climate Control

Impairment testing for Mobile Climate Control is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2014, 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 8% after tax. The discount rate before tax amounts to 10%. The assessment of the company's profit forecast is based on an anticipated increase in operating margin due to price increases and cost savings as well as synergies related to the acquisition of Carrier, as well as Mobile Climate Control'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.

DIAB

Impairment testing for DIAB is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2013, 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 8% after tax. The discount rate before tax amounts to 10%. The assessment of the company's profit forecast and valuation multiple at exit are based on an assessment of market development based both on DIAB's previous experience and external market analyses. Two key factors which were assessed within the framework of the profit forecast are the effect on sales of the anticipated recovery in the wind power market in China, as well as improvements in earnings due to implementation of internal cost savings. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

HL Display

Impairment testing for HL Display is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2015, 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 7% (7) after tax. The discount rate before tax amounts to 10% (10). Key variables when calculating HL Display's value in use are sales growth, margin improvements and profit multiple at exit. The anticipated future scenario is in accordance with HL Display'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

Goodwill impairment has been recognised in the Bisnode group of SEK 15m, in the Euromaint group with SEK 34m, in the Inwido group with SEK 8m and in Contex Group group with SEK 12m. Internally generated intangible assets were impaired by SEK 2m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2010	1,770	6,488	111	8,369
Investments	11	421	87	519
Disposals	-82	-235	-2	-319
Assets in acquired companies	216	2,416	42	2,674
Assets in sold companies	-18	-56		-74
Transferred from construction in progress	9	55	-64	0
Reclassification	-1	7	-8	-2
Exchange differences for the year	-133	-549	-6	-688
Closing balance 31 December 2010	1,772	8,547	160	10,479
Opening balance 1 January 2011	1,772	8,547	160	10,479
Investments	9	580	155	744
Disposals	-29	-257	-3	-289
Assets in acquired companies	229	919	6	1,154
Assets in sold companies	-262	-479	-12	-753
Transferred from construction in progress	5	69	-74	0
Reclassification to assets held for sale		-10		-10
Reclassification	3	-85	-26	-108
Exchange differences for the year	-6	-33	-3	-42
Closing balance 31 December 2011	1,721	9,251	203	11,175
Accumulated depreciation and impairment				
Opening balance 1 January 2010	-580	-4,087		-4,667
Depreciation for the year	-60	-633		-693
Impairment for the year	-1	-34		-35
Accumulated depreciation in acquired companies	-54	-1,677		-1,731
Accumulated depreciation in sold companies	9	42		51
Disposals	41	202		243
Reclassification	1	1		2
Exchange differences for the year	47	354		401
Closing balance, 31 December 2010	-597	-5,832		-6,429
Opening balance 1 January 2011	-597	-5,832		-6,429
Depreciation for the year	-80	-708		-788
Impairment for the year	-8	-11		-19
Accumulated depreciation in acquired companies	-25	-441		-466
Accumulated depreciation in sold companies	74	345		419
Disposals	23	237		260
Reclassification	-2	110		108
Exchange differences for the year	-5	31		26
Closing balance 31 December 2011	-620	-6,269		-6,889
Carrying amount according to statement of financial position				
At 31 December 2011	1,101	2,982	203	4,286
Of which finance leases	58	181		239
At 31 December 2010	1,175	2,715	160	4,050
Of which finance leases	135	227		362

Paid leasing charges during the year SEK 138m (83). Charges to pay within 1 year SEK 151m (82), within 2-5 years SEK 610m (221) and after 5 years SEK 514m (141).

cont. next page

Note 14, cont.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2010	82	28	110
Investments	1	1	2
Closing balance 31 December 2010	83	29	112
Opening balance 1 January 2011	83	29	112
Investments		1	1
Closing balance 31 December 2011	83	30	113
Accumulated depreciation			
Opening balance 1 January 2010	-4	-16	-20
Depreciation for the year	-2	-3	-5
Closing balance 31 December 2010	-6	-19	-25
Opening balance 1 January 2011	-6	-19	-25
Depreciation for the year	-3	-2	-5
Closing balance 31 December 2011	-9	-21	-30
Value according to balance sheet			
At 31 December 2011	73	9	82
At 31 December 2010	77	10	87

Note 15 Investments in associates

Change in carrying amounts

Group

SEKm	2011	2010
Carrying amount 1 January	367	2,339
Investments	1	483
Acquisition of associates in conjunction with business combinations	0	6
Associates that became group companies		-775
Disposal of associates	-3	-319
Dividends	-19	-12
Share of profits of associates [1]	22	171
Share of comprehensive income of associates	-6	-190
Other changes in associates' equity	-1	-16
Reclassified to assets held for sale		-1,318
Exchange differences	0	-2
Carrying amount at year-end	361	367

[1] Share of associates' profit after tax and non-controlling interests.

cont. next page

Note 15, cont.

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 interests that applied during the period. Profit shares do not include any impairment or reversals of impairment.

2011

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Atle Industri	50%	0	0	12	1	11	0	6
Lindab Intressenter [1) 2)]	11%	6,878	91	6,479	3,780	2,699	10	303
Associates owned by Ratos							10	309
Kommanditbolaget Optimus							0	3
LRS Polska	50%	36	-1	19	21	-2	0	1
Marknadspriser i Sverige AB	20%	4	0	3	1	2	0	0
Tiffon SA	34%	186	20	260	163	97	7	39
SIA Stockman Centers	37%	46	15	289	233	48	3	3
UAB Panorama	40%	21	5	10	1	9	2	5
VinUnic	33%						0	1
Associates owned by group companies							12	52
Total							22	361

1) Market value SEK 331m.

2) Ratos's significant influence in Lindab remains even after the sale of 11% of the shares in Lindab. With unchanged representation in the board Ratos participates, as part of the work of the board, as previously in decisions relating to strategic operational and financial issues.

2010

Associate	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Atle Industri	50%	0	0	25	0	25	0	13
HL Display [1)]	29%						11	
Lindab Intressenter [2) 3)]	11%	6,527	27	6,570	3,815	2,755	19	310
Associates owned by Ratos							30	323
Kommanditbolaget Optimus		5	1	45	41	4	0	3
LRS Polska	50%	33	0			5	0	3
Tiffon SA	34%	121	7	254	148	106	2	33
UAB Panorama	40%	18	5	9	2	7	2	4
VinUnic	32%							1
Associates owned by group companies							4	44
Total							34	367

1) Until 31 July 2010, subsequently a subsidiary.

2) Market value SEK 781m.

3) Ratos's significant influence in Lindab remains even after the sale of 11% of the shares in Lindab. With unchanged representation in the board Ratos participates, as part of the work of the board, as previously in decisions relating to strategic operational and financial issues.

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

SEKm	2011	2010
Accumulated cost at 1 January	605	951
Investments		484
Reclassified as subsidiary		-712
Disposals	-471	-118
At the end of the year	134	605
Accumulated impairment at 1 January	-3	0
Impairment for the year	-7	-3
At the end of the year	-10	-3
Value according to balance sheet	124	602

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

Associate, company reg. no., reg. office	No. of shares	Holding, %	Book value 31 Dec 2011	Book value 31 Dec 2010
Atle Industri AB, 556725-7885, Stockholm	5,000	50	6	13
Lindab International AB, 556606-5446, Stockholm	8,849,157	11	118	118
Superfos Industries A/S, Vipperød, Denmark [1]				471
Total			124	602

[1] Sold 2011.

Note 17 Receivables from group companies

Parent company

SEKm	Non-current receivables group companies 2011	2010
Accumulated cost at 1 January	1,618	1,498
Investments	2	
Reclassifications	78	
Capitalised interest	155	144
Change in exchange rates		-24
Closing balance	1,853	1,618

	Current receivables group companies 2011	2010
Accumulated cost at 1 January	0	112
Investments	185	172
Capitalised interest	5	
Settlements	-60	-281
Reclassifications	-78	-3
Closing balance	52	0

Note 18 Financial instruments

Fair value

Fair value for listed shares and securities is determined on the basis of official listings at the end of the reporting period. Carrying amounts for current receivables correspond to fair value. Fair value for receivables with floating interest corresponds to their carrying amounts. The fair value of interest-bearing liabilities is calculated on the basis of future cash flows of capital amounts and interest discounted to the market rate at the end of the reporting period. Since most of the interest-bearing liabilities carry floating interest, fair values on the closing date correspond to carrying amounts. Forward contracts are measured at fair value taking interest rates and prices on the closing 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 at the end of the reporting period. Otherwise, see Note 31 Financial risks and risk policy.

Group

Assets per category of financial instrument

Non-current receivables	Non-current receivables		Financial investments		Total	
SEKm	2011	2010	2011	2010	2011	2010
Fair value through profit or loss						
Held for trading	1	3			1	3
Held to maturity investments	171	150			171	150
Loans and receivables	61	58			61	58
Available-for-sale financial assets						
Cost			119	165	119	165
Derivatives, hedge accounted		7				7
Non-interest bearing receivables	72	58			72	58
	305	276	119	165	424	441

Current receivables	Trade and other receivables		Other receivables		Short-term investments		Total	
SEKm	2011	2010	2011	2010	2011	2010	2011	2010
Fair value through profit or loss								
Measured according to fair value option					1	351	1	351
Held for trading			8	42			8	42
Loans and receivables	5,097	4,985	3	7			5,100	4,992
Derivatives, hedge accounted			2	8			2	8
Non-interest bearing receivables			493	542			493	542
	5,097	4,985	506	599	1	351	5,604	5,935

Liabilities per category of financial instrument

Non-current liabilities	Non-current interest-bearing liabilities		Other financial liabilities		Total	
SEKm	2011	2010	2011	2010	2011	2010
Fair value through profit or loss						
Held for trading			139	141	139	141
Financial liabilities at amortised cost	11,667	10,923			11,667	10,923
Derivatives, hedge accounted			99	77	99	77
	11,667	10,923	238	218	11,905	11,141

Current liabilities	Current interest-bearing liabilities		Trade and other payables		Other financial liabilities		Total	
SEKm	2011	2010	2011	2010	2011	2010	2011	2010
Fair value through profit or loss								
Held for trading					37	65	37	65
Financial liabilities at amortised cost	2,145	2,872	2,517	2,328			4,662	5,200
Derivatives, hedge accounted					25	24	25	24
	2,145	2,872	2,517	2,328	62	89	4,724	5,289

Impairment of financial assets

SEKm	2011	2010
Trade receivables	31	44
Other financial assets		38
Total impairment	31	82

Trade receivables are impaired taking customers' ability to pay into account. In 2010, Ratos recognised impairment for the holding in IK Investment Partners of SEK 25m in conjunction with testing for impairment. Of the remaining amount, SEK 8m relates to a loan receivable written down in conjunction with restructuring.

cont. next page

Note 18, cont.

The below tables provide disclosures of how fair value is determined for the financial instruments measured at fair value in the statement of financial position. Classification of how fair value is determined is based on the following three levels.

Level 1: according to listed prices in an active market for the same instrument.

Level 2: according to directly or indirectly observable market data not included in level 1.

Level 3: On the basis of inputs that are not based on observable market data.

Category division

Assets

	Level 1		Level 2	
SEKm	**2011**	**2010**	**2011**	**2010**
Derivatives			9	44
Other receivables, interest-bearing				
Cash and cash equivalents – investments			1	351
			10	395

Liabilities

	Level 2		Level 3	
SEKm	**2011**	**2010**	**2011**	**2010**
Synthetic options			124	170
Derivatives	52	36		
	52	36	124	170

Change, level 3

	Synthetic option programmes	
SEKm	**2011**	**2010**
Opening balance	170	136
Recognised in profit or loss	-8	39
Newly issued	41	18
Settlement	-81	-18
Translation difference	2	-5
Closing balance	124	170

Loss included in profit for the year, for liabilities included in the closing balance, amounts to SEK -8m (39).

Ratos values its synthetic options on the basis of accepted market principles. The synthetic options are attributable to several of the Group's subsidiaries so a change in one parameter does not necessarily affect all valuations. A sensitivity analysis has been performed for the major option programmes whereby the opening company value changed by +/- 10% at the same time as volatility changed by +/- 2.5%. According to the sensitivity analysis the value would increase/decrease by approximately +/- 15% provided a change includes these programmes. Since the programmes relate to different holdings with different terms, different useful lives and no mutual correlation, the probability that a change in the value of the programmes would take place on similar terms and at the same time is small.

Parent company

Assets per category of financial instrument

Non-current receivables	Non-current receivables, group companies		Other non-current securities	
SEKm	**2011**	**2010**	**2011**	**2010**
Loans and receivables	1,853	1,618		
Available-for-sale financial assets				
Cost			115	163
	1,853	1,618	115	163

Current receivables	Current receivables, group companies		Cash and cash equivalents, short-term investments	
SEKm	**2011**	**2010**	**2011**	**2010**
Fair value through profit or loss				
Measured according to fair value option				351
Loans and receivables	52			
	52			351

cont. next page

Note 18, cont.

Liabilities per category of financial instrument

Non-current liabilities	Non-current liabilities, group companies		Other non-current liabilities	
SEKm	2011	2010	2011	2010
Fair value via profit or loss				
Held for trading			10	41
Financial liabilities at amortised cost	620	272		
Non-interest bearing liabilities			26	58
	620	272	36	99

Current liabilities	Trade payables		Other liabilities		Current liabilities, interest-bearing, group companies	
SEKm	2011	2010	2011	2010	2011	2010
Fair value via profit or loss						
Held for trading			4	31		
Financial liabilities at amortised cost	5	16			260	184
Non-interest bearing liabilities			7	5		
	5	16	11	36	260	184

Category division

Assets

	Level 2	
SEKm	2011	2010
Cash and cash equivalents – investments		351

Liabilities

	Level 3	
SEKm	2011	2010
Synthetic options	14	72

Change, level 3

	Synthetic option programmes	
SEKm	2011	2010
Opening balance	72	50
Recognised in profit or loss	-11	17
Newly issued	2	6
Capital gain/loss	-2	
Settlement	-47	-1
Closing balance	14	72

Gains and losses that relate to remeasurement of synthetic options are included in profit or loss for the year, relating to assets and liabilities in the closing balance with SEK -13m (17).

Note 19 Other securities held as non-current assets

Parent company

SEKm	31 Dec 2011	31 Dec 2010
Accumulated cost		
At 1 January	163	176
Investments		12
Impairment		-25
Remeasurement	-3	
Disposals	-45	
	115	163

Note 20 Receivables

Group

Non-current receivables

SEKm	31 Dec 2011	31 Dec 2010
Interest-bearing receivables	232	208
Derivatives	1	10
Non-interest bearing receivables	72	58
	305	276

Other receivables held as current assets

SEKm	31 Dec 2011	31 Dec 2010
Advances to suppliers	98	99
Derivatives	10	50
Interest-bearing receivables	3	7
Non-interest bearing receivables	395	443
	506	599

Note 21 Inventories

Group

SEKm	31 Dec 2011	31 Dec 2010
Raw materials and consumables	1,180	1,136
Products in progress	426	536
Finished products and goods for resale	1,078	1,212
	2,684	2,884

Note 22 Prepaid expenses and accrued income

Parent company

SEKm	31 Dec 2011	31 Dec 2010
Interest income	0	0
Other	3	3
	3	3

Note 23 Equity

Share capital

	Ordinary A		Ordinary B	
Number	2011	2010	2011	2010
Issued at 1 January	42,323,530	42,328,530	119,746,918	119,524,362
Conversion	-5,000	-5,000	5,000	5,000
New issue				217,556
Split	42,318,530		119,751,918	
Issued at 31 December	84,637,060	42,323,530	239,503,836	119,746,918

	Total number of shares	Quota value	SEKm
Issued at 1 January	162,070,448	6.30	1,021.1
Split	162,070,448	3.15	
Issued at 31 December	324,140,896		1,021.1

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 5,000 (5,000) A shares were converted into B shares.

cont. next page

Note 23, cont.

Group

Other capital provided

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

Retained earnings including profit for the year

Retained earnings including 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.

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.

Unrestricted equity

The following funds together with profit for the year comprise unrestricted equity, i.e. the amount that is available for dividends to shareholders.

Premium reserve

When shares are issued at a premium, i.e. more is paid for the shares than their quota value, an amount corresponding to the amount received in excess of the quota value of the shares is transferred to the premium reserve. After 1 January 2006, an allocation to a premium reserve comprises unrestricted equity.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit after deduction for profit distribution provided during the year. Costs for purchase of treasury shares, call option premiums received and any additional transaction costs are recognised directly in retained earnings.

Fair value reserve

The parent company applies the Swedish Annual Accounts Act's rules relating to measurement of financial instruments at fair value according to Chapter 4, § 14 a-e. Recognition takes place directly in the fair value reserve when the change in value relates to a price change on a monetary item that comprises part of the company's net investment in a foreign operation. Accounting treatment is shown in Note 24.

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.

One of Ratos's targets is that the average annual return (IRR) is to exceed 20% on each individual holding. The result of the 33 exits carried out by Ratos since 1999 corresponds to an average IRR of 26%. One exit was made in 2011.

Another of Ratos's targets is to have an aggressive dividend policy. Over the last ten years the dividend payout ratio has been 14% per year. The proposed dividend for the 2011 financial year is SEK 5.50 which corresponds to 337% of earnings per share. The dividend yield at 31 December 2011 amounted to 6.8%.

Ratos has a mandate from the 2011 Annual General Meeting to issue 35 million B shares as payment for acquisitions.

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 retained earnings including profit for the year

Number of shares

	2011	2010
Opening treasury shares	2,833,141	3,237,247
Split	2,833,141	
Purchased during the year	638,845	172,094
Sold during the year (option programme) [1]	-1,161,000	-576,200
Closing treasury shares	5,144,127	2,833,141

[1] Adjusted for split

Number of shares outstanding

	2011	2010
Total number of shares	162,070,448	162,070,448
Split	162,070,448	
Treasury shares	-5,144,127	-2,833,141
	318,996,769	159,237,307

SEKm	2011	2010
Opening balance	-356	-392
Repurchases	-74	-34
Call options exercised	73	70
	-357	-356

Repurchased shares comprise the cost of treasury shared held by the parent company.

Call options 2007-2011

The 2007-2011 Annual General Meetings decided to issue call options on treasury shares.

Number of shares reserved for transfer according to option programmes

Annual General Meeting	Number of call options decided	Number of call options issued	Outstanding number of call options	Corresponding number of shares	Option price SEK/option	Exercise price, SEK/share	Maturity date
2007	775,000	518,000	518,000	1,036,000	36.50	139.00	31 March 2012
2008	750,000	552,500	552,500	1,127,100	28.10	127.80	20 March 2013
2009	650,000	641,000	641,000	1,282,000	13.00	94.10	20 March 2014
2010	650,000	529,500	529,500	1,059,000	16.60	126.10	20 March 2015
2011	1,300,000	640,000	640,000	640,000	11.80	158.90	18 March 2016
Total number of reserved shares				5,144,100			

Dividend

After the reporting period the Board proposed the following dividend:

SEKm	2011	2010
Ordinary dividend per share SEK 5.50 (5.25)	1,754	1,678

The proposed dividend for 2010 was approved at the Annual General Meeting on 5 April 2011. The proposed dividend for 2011 will be presented for approval at the Annual General Meeting on 18 April 2012.

Note 24 Disclosure of other comprehensive income and change in reserves and non-controlling interests

SEKm	Majority's share of reserves: Translation reserve	Majority's share of reserves: Hedging reserve	Majority's share of reserves: Total	Non-controlling interests	Total
Opening carrying amount 1 January 2010	558	-80	478	55	533
Translation differences for the year	-960		-960	-191	-1,151
Translation differences attributable to discontinued operations	-2		-2		-2
Hedging reserves attributable to discontinued operations		-2	-2		-2
Cash flow hedges					
recognised in other comprehensive income		72	72	20	92
tax attributable to change for the year		-19	-19	-5	-24
recognised in profit for the year		1	1	0	1
tax attributable to change for the year		0	0	0	0
ineffectiveness recognised in profit or loss		-3	-3	-1	-4
tax attributable to change for the year		2	2	0	2
share of change in associate for the year		6	6		6
Translation differences			0		0
Closing carrying amount 31 December 2010	-404	-23	-427	-122	-549
Opening carrying amount 1 January 2011	-404	-23	-427	-122	-549
Translation differences for the year	-49		-49	-10	-59
Translation differences attributable to discontinued operations	21		21		21
Hedging reserves attributable to discontinued operations		-18	-18		-18
Cash flow hedges					
recognised in other comprehensive income		-19	-19	0	-19
tax attributable to change for the year		6	6	0	6
recognised in profit for the year		1	1	0	1
tax attributable to change for the year		0	0	0	0
ineffectiveness recognised in profit or loss		-4	-4	-2	-6
tax attributable to change for the year		1	1	0	1
Translation differences		0	0	0	0
Closing carrying amount 31 December 2011	-432	-56	-488	-134	-622

Translation reserve

The 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.

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 statement of financial position.

Hedging reserve

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.

Parent company

Specification of equity item reserves

SEKm	2011	2010
Fair value reserve		
Opening balance	42	63
Revaluation recognised in other comprehensive income	0	-21
Closing balance	42	42

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

	2011	2010
Profit for the year attributable to owners of the parent, SEKm	521	2,255
Weighted average number of shares		
Total number of ordinary shares 1 January	324,140,896	323,705,784
New issue		188,868
Effect of holding of treasury shares	-5,104,197	-5,759,730
Weighted average number before dilution	319,036,699	318,134,922
Effect of call options	252,149	617,778
Weighted average number after dilution	319,288,848	318,752,700
Earnings per share before dilution	1.63	7.09
Earnings per share after dilution	1.63	7.07

At the Annual General Meeting held on 5 April 2011 a decision was made to increase the number of shares in Ratos by each share being divided into two shares (2:1 share split). The share split was effected on 6 May 2011. After the split the number of shares amounted to 324,140,896 instead of 162,070,448, comprising 86,637,060 A shares and 239,503,836 B shares.

The completed share split means that the quota value per share (share capital divided by the number of shares) has changed from SEK 6.30 to SEK 3.15. Earnings per share have been recalculated taking the above change into account.

Instruments that can lead to potential dilution effects

In 2011, the company had four outstanding call option programmes for which the exercise price, SEK 139.0, SEK 127.80, SEK 126.10 and SEK 158.90 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 26 Interest-bearing liabilities

Group

SEKm	2011	2010
Non-current		
Liabilities to credit institutions, non-current	10,901	10,077
Other non-current liabilities, interest-bearing	766	846
	11,667	10,923
Current		
Liabilities to credit institutions	1,414	2,246
Bank overdraft	659	522
Other current liabilities	72	104
	2,145	2,872
Provisions for pensions	410	412
	14,222	14,207

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

Parent company

SEKm	2011	2010
Non-current liabilities, group companies	620	272
Current liabilities, group companies	260	184
	880	456
Provisions for pensions	1	2
	881	458

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

Note 27 Pensions

Defined benefit pensions

Pension plans mainly comprise retirement pensions. Earned pension is based on the number of years within the pension plan and salary at retirement.

Pension obligations are either financed through pension foundations or similar or by the company.

Defined contribution pensions

Pension plans mainly comprise retirement pensions. Pension premiums are salary-related and expensed on a current basis.

Group

Pension cost

SEKm	2011	2010
Cost regarding current service period	43	56
Interest expense	22	21
Anticipated return on plan assets	-6	-6
Recognised actuarial gains and losses	5	-15
Past service costs		5
Effects of curtailments and settlements	9	-15
Pension costs for defined benefit pensions	73	46
Pension costs for defined contribution pensions, Alecta	110	80
Pension costs for defined contribution pensions, other	264	275
Pension costs for the year	447	401

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	2011	2010
Present value of funded obligations	553	767
Fair value of plan assets	-322	-516
	231	251
Present value of unfunded obligations	286	282
Unrecognised actuarial gains (+) and losses (-)	-114	-136
Unrecognised past service costs	0	4
Effect of limitation rule for net assets	7	11
Net liability in the statement of financial position	410	412
Amounts disclosed in the statement of financial position (specification of net liability)		
Provisions for pensions	410	412
Net debt in the statement of financial position	410	412

Specification of changes in the net liability recognised in the statement of financial position

SEKm	2011	2010
Net liability at 1 January	412	451
Net cost recognised in profit or loss	73	46
Premiums and pensions paid	-56	-74
Exchange differences on foreign plans	-1	-15
Net pension obligations transferred through sale of companies	-18	
Net pension obligations assumed through business combinations		4
Effects of settlements		0
Net liability at 31 December	410	412

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.

Historical information

SEKm	2011	2010	2009	2008	2007
Present value of defined benefit obligation	839	1,049	1,056	1,123	1,651
Fair value of plan assets	-322	-516	-530	-530	-1,015
Surplus/deficit in plan	517	533	526	593	636
Experience-based adjustment relating to plan assets	13	-6	8	-4	7
Experience-based adjustment relating to defined benefit obligations					
– salary increase					4
– other	-4	-11	-1	1	13

Plan assets comprise the following

SEKm	2011	2010
Equity instruments	123	119
Financial fixed-income assets	76	218
Properties	26	48
Other asset	97	131
	322	516

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2011, Alecta's surplus in the form of the collective funding ratio amounted to 113% (146). 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 at the end of the reporting period

	31 Dec 2011	31 Dec 2010
Discount rate, %	2.2 – 4.0	3.1 – 4.3
Inflation, %	1.4 – 5.0	1.1 – 3.0
Anticipated rate of salary increase, %	2.1 – 4.0	2.4 – 4.0
Annual increase in pensions and paid-up policies, %	0.1 – 2.5	0.3 – 3.0
Anticipated return on plan assets, %	2.3 – 10.0	2.9 – 5.4

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 12m (9) of which SEK 5m (5) pertains to Alecta.

The present value of the parent company's unfunded obligations for defined benefit pensions amounted to SEK 1m (2).

Note 28 Provisions

Group

Provisions, non-current

SEKm	2011	2010
Guarantee commitments		
At the beginning of the year	39	26
Provisions for the year	4	13
Utilised provisions	-4	
Reclassification	4	
At the end of the year	43	39
Technical provisions		
At the beginning of the year	118	106
Provisions for the year	14	12
At the end of the year	132	118
Other		
At the beginning of the year	274	475
Provisions for the year	96	57
Utilised provisions	-74	-173
Unutilised reversed provisions	-42	-110
Provisions in disposed companies	-4	75
Reclassification	-26	-37
Translation difference	-3	-13
At the end of the year	221	274
Total non-current provisions	396	431

Provisions that are non-current liabilities and maturity structure

Guarantee commitments

Provisions relate to guarantee commitments for work carried out. Provision for guarantees start to be estimated when a service is completed or goods transferred to a customer. In order to estimate amounts historical data relating to repairs and exchanges is mainly used. Guarantee periods extend over 2-10 years.

Technical provisions

Provision for unearned insurance premiums and remaining risks as well as for unsettled claims. Provisions are earned and settled until year-end 2024.

Other provisions

Other non-current provisions include estimated earn-outs and provisions relating to sale and leaseback transactions. Of other provisions SEK 75m has a maturity structure of up to 14 years. The remainder is expected to be settled within 2-5 years.

Provisions that are current liabilities

Prepaid service contracts

Provision for prepaid service contracts relate to provisions for services not yet carried out.

Provisions, current

SEKm	2011	2010
Guarantee commitments		
At the beginning of the year	21	20
Provisions for the year	10	5
Utilised provisions	-3	-3
Provisions in acquired companies	2	
Reclassification	-1	-1
At the end of the year	29	21
Technical provisions		
At the beginning of the year	205	137
Provisions for the year	318	277
Utilised provisions	-283	-207
Reclassification	78	
Translation differences		-2
At the end of the year	318	205
Prepaid service contracts		
At the beginning of the year	347	362
Provisions for the year	276	551
Utilised provisions	-249	-518
Unutilised reversed provisions		-40
Provisions in disposed companies	-20	
Reclassification	-78	
Translation differences		-8
At the end of the year	276	347
Other		
At the beginning of the year	53	60
Provisions for the year	106	11
Utilised provisions	-87	-45
Unutilised reversed provisions		-1
Provisions in acquired companies	1	
Provisions in disposed companies	-1	
Reclassification	23	37
Translation differences		-9
At the end of the year	95	53
Total current provisions	718	626

Parent company

Provisions, non-current

SEKm	2011	2010
Other		
At the beginning of the year	31	168
Provisions for the year	6	9
Utilised provisions		-43
Unutilised reversed provisions		-100
Reclassification	-20	
Change is discounted value	-1	-3
At the end of the year	16	31

Provisions, current

SEKm	2011	2010
Other		
At the beginning of the year	0	10
Reclassification	20	
Utilised provisions		-10
At the end of the year	20	0

Note 29 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 667m (631) and advances from customers of SEK 190m (162).

Parent company

Other non-current liabilities mainly comprise personnel costs.

Note 30 Accrued expenses and deferred income

Parent company

SEKm	2011	2010
Personnel costs	65	114
Other	11	14
	76	128

Note 31 Financial risks and risk policy

Principles for funding and financial risk management

The Group is exposed through its operations to different types of financial risks relating to trade receivables, trade payables, loans and derivative instruments. Ratos's financial risks consist of:

- financing risks
- interest rate risks
- credit risks
- currency risks

Ratos's financial strategies are adopted by Ratos's Board for the parent company and for Ratos's subsidiaries by the board of each subsidiary.

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 central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The board of each subsidiary adopts its financial policy annually. Since subsidiaries' policies vary, only the parent company's policy is reported in the risk descriptions.

Financing risk

Definition:
Financing risk is that risk that costs will be higher when raising new loans and that financing opportunities will be limited when refinancing loans that have matured.

The parent company is normally unleveraged and does not pledge assets or issue guarantees. Access to capital and flexibility are ensured by the parent company having a credit facility for bridge financing of acquisitions. This credit facility can also be used to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling five-year loan facility, which amounts to SEK 3.2 billon, including a bank overdraft facility. Ratos has a mandate from the 2011 Annual General Meeting in conjunction with company acquisitions, on one or more occasions, with or without deviation from the pre-emptive rights of shareholders, for cash payment, through off-set or non-cash, to decide on a new issue of 35 million B shares as payment for acquisitions.

At 31 December 2011 the Group's interest-bearing debt to credit institutions amounted to SEK 12,316m (12,323). Total unutilised credit facilities amounted to SEK 4,918m (5,003).

The average remaining fixed-interest term on raised interest rate swaps amounts to 24 (18) months.

Loan agreements in subsidiaries contain agreements for some financial key ratios. The terms are unique for each subsidiary. The most usual key ratios are interest-bearing 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 adjacent table shows outstanding interest-bearing liabilities and future amortisation on these credit facilities.

Amortisation plan for financial liabilities in the Group

31 December 2011

SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	12,316	1,415	1,508	4,642	2,019	2,732
Bank overdraft facilities	659	659				
Derivative liabilities	176	57	4	72	20	23
Synthetic options	124	4		27		93
Other interest-bearing liabilities	586	7	418	116	12	33
	13,861	2,142	1,930	4,857	2,051	2,881

31 December 2010

SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	12,323	2,246	1,543	3,214	2,612	2,708
Bank overdraft facilities	522	522				
Derivative liabilities	137	54	1	80	1	1
Synthetic options	170	36	1	37		95
Other interest-bearing liabilities	590	42	132	373		44
	13,742	2,900	1,678	3,704	2,613	2,847

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

Credit risks

Definition:
Credit risks comprise risks in financial and in commercial transactions. In its financial activities the Group is exposed to counterparty credit risk in conjunction with investment of surplus liquidity in bank accounts, fixed-income securities and in conjunction with the purchase of derivative instruments. Commercial exposure mainly comprises the credit risk in the Group's trade receivables, and mainly relates to customers failing to meet their commitments.

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.

cont. next page

Note 31, cont.

At 31 December 2011 cash and cash equivalents amounted to SEK 3,042m (2,855), of which outstanding investments amounted to SEK 1m (351) with an average fixed-interest period of approximately 2 months (2). During 2011 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 does not have any commercial exposure.

The carrying amount of the Group's trade receivables, in the statement of financial position, reflects maximum exposure to credit risk. The Group's subsidiaries operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Through its industry spread and global operations the Group has no significant concentration on individual customers. Trade receivables are analysed continuously to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

Age analysis, trade receivables

Group

31 December 2011

	Nominal	Impairment	Book value
Not overdue	3,954	-3	3,951
Past due 0 – 60 days	826	-6	820
Past due 61 – 180 days	256	–	256
Past due 181 – 365 days	50	-13	37
Past due more than one year	100	-67	33
Total	5,186	-89	5,097

31 December 2010

	Nominal	Impairment	Book value
Not overdue	4,022	-5	4,017
Past due 0 – 60 days	796	-8	788
Past due 61 – 180 days	201	-80	121
Past due 181 – 365 days	54	-20	34
Past due more than one year	78	-53	25
Total	5,151	-166	4,985

Information on impairment of trade receivables is provided in Note 18.

Interest rate risks

Definition:

Interest rate risk is the risk that change interest rates will affect the Group's earnings and cash flow. Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk. The maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

The Group's exposure to interest rate risk mainly occurs in subsidiaries' long-term borrowing. The fixed-interest term in subsidiaries is adapted to each company's structure and adopted financial policy. Interest rate swaps are used to change the fixed-interest period in the debt portfolio. Interest swaps used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 42% (45) is hedged through the use of interest rate swaps. The maturity of interest rate swaps is usually 12-36 months. In cases where hedge accounting is applied, change in value is recognised in other comprehensive income. Accumulated changes in value are recognised in the hedging reserve within equity.

At 31 December 2011 the Group had interest rate swaps with a net fair value of SEK 150m (102) consisting of assets of SEK 0m (13) and liabilities of SEK 150m (115).

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 2011, based on the part of net debt at year-end which is not hedged will total approximately SEK 72m (70). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Currency risks

Definition:

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement, statement of financial position and/or cash flows. Currency risk can be divided into transaction exposure and translation exposure.

Translation exposure

The effects of changes in exchange rates affect the Group's earnings at translation of foreign subsidiaries' income statement to SEK. Other comprehensive income is affected when foreign subsidiaries' net assets in different currencies 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.

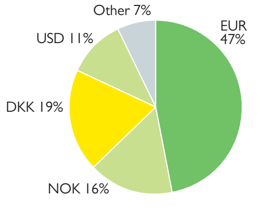
Translation exposure

In the parent company currency hedging is not carried out without special reason. Changes in exchange rates for net assets in foreign currency are not hedged in the parent company.

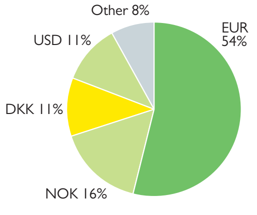
Ratos is a Nordic group, whose sub-groups have subsidiaries located in large parts of the world. When foreign net investments are translated into SEK a translation exposure arises, where translation for the year is recognised in other comprehensive income and accumulated in the translation reserve in equity.

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

2011



2010



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 996m (1,068).

cont. next page

Note 31, cont.

Transaction exposure

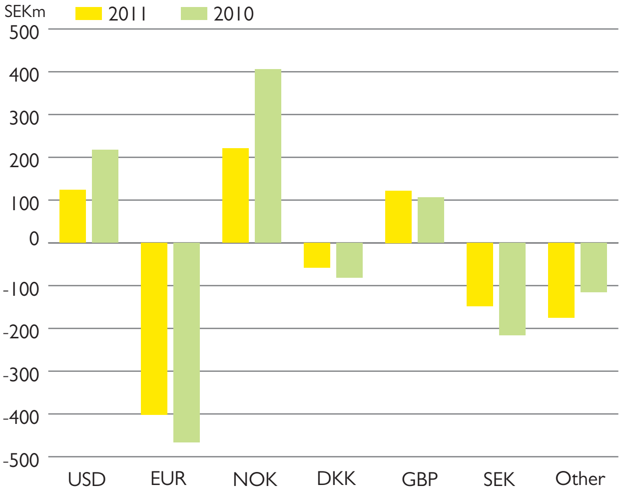
Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. Currency risks in subsidiaries' net exposure is hedged on the basis of the subsidiary's adopted financial policy.

The Group's exposure is mainly in the Nordic currencies since Ratos's subsidiaries are located in Sweden, Norway, Denmark and Finland. Several of the companies sell their products in a global market with exposure mainly in GBP, USD and EUR. The adjacent diagram shows that the Group has a negative exposure in EUR due to several of the Group's subsidiaries importing raw materials and products from the European market. Of the Group's 19 operating subsidiaries slightly less than half of the companies hedge foreign currency inflows and outflows. Hedged volume varies from subsidiary to subsidiary and is dependent on how exposure in the individual case and the adopted policy for hedging. Future forecast cash flows are hedged, mainly within a 12-month period, with the main emphasis on NOK, DKK, EUR and USD. In some individual cases hedging also takes place within the interval 24-36 months. Net flows for the year in different currencies are shown in the diagram opposite.

In the majority of cases forward contracts are used as hedging instruments. 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. Changes in value for the period of forward contracts are recognised in other comprehensive income. Accumulated changes in value are reported in the hedging reserve within equity.

The net fair value of forward contracts amounted to SEK 14m (26) at 31 December 2011. Of this amount, SEK 11m (47) is recognised in the statement of financial position as assets and SEK 25m (21) as liabilities.

Transaction exposure, net flow



Sensitivity analysis

A weakening of the Swedish krona by 10% against Ratos's exposure of net flows in NOK, DKK, GBP, USD and EUR would affect the income statement by approximately SEK -84m (-70) taking currency hedging into account.

Note 32 Operating leases

Group

Leases where the company is the lessee

Leasing payments made during the financial year relating to operating leases amount to:

SEKm	2011	2010
Minimum lease payments	624	643
Variable payments	48	47
Total leasing costs	672	690

Future payments for leases entered into amount to:

SEKm	2011	2010
Payments within 1 year	655	618
Between 1-5 years	1,251	1,580
> 5 years	2,252	2,234
	4,158	4,432

Note 33 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	31 Dec 2011	31 Dec 2010
Real estate mortgages	655	1,165
Chattel mortgages	3,891	3,555
Shares in group companies	12,691	14,141
Other pledged assets	1,978	1,859
	19,215	20,720
Contingent liabilities	195	231

Relate to pledged assets and contingent liabilities in group companies.

Parent company

The parent company has no pledged assets or contingent liabilities.

Note 34 Related party disclosures

Transactions with related parties are conducted on market terms.

Parent company

The parent company has a related party relationship with its group companies and with its associates, see Note 35 and Note 15.

SEKm		Interest expenses	Interest income	Dividend	Receivable	Liability	Capital contribution
Subsidiaries	2011	-24	160	827	1,904	880	234
Subsidiaries	2010	-2	141	93	1,618	456	454
Associates	2011			16			
Associates	2010			12			

Capital contribution reported is financing provided to subsidiaries relating for example to business combinations.
Total shareholder contributions to subsidiaries during the year are specified in Note 35.

Transactions with key management personnel

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

Note 35 Participations in group companies

Parent company

SEKm	31 Dec 2011	31 Dec 2010
Accumulated cost opening balance	11,586	8,697
Investments	967	3,088
Shareholder contribution	340	722
Repaid shareholder contribution	-870	-64
Reclassification		712
Disposals	-1,032	-1,569
At the end of the year	10,991	11,586

SEKm	31 Dec 2011	31 Dec 2010
Accumulated impairment opening balance	-258	-254
Reversed impairment	37	
Impairment for the year	-322	-4
At the end of the year	-543	-258
Value according to balance sheet	10,448	11,328

Subsidiary, company reg. no., reg. office	Owner company to	Number	Share, %	31 Dec 2011	31 Dec 2010
AHI Intressenter AB, 556726-7744, Stockholm	AH Industries	100,000	100	625	625
Anticimex Holding AB, 556696-2568, Stockholm		10,156,408	85	343	340
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway		834,694	83	9	7
Biolin Scientific AB, 556249-4293, Västra Frölunda [1]					243
Bisnode Business Information Group AB, 556681-5725, Stockholm		84,412,286	70	653	653
BTJ Group AB, 556678-3998, Lund		72,774	66	35	37
EMaint AB, 556731-5378, Stockholm	Euromaint	100,000	100	457	562
GS Hydro Holding OY, 2268968-9, Finland		28,301,900	100	309	254
Hafa Bathroom Group AB, 556005-1491, Halmstad		2,000	100	281	281
HL Intressenter AB, 556809-4402, Stockholm	HL Display	50,000	100	1,122	1,141
Image Matters Intressenter AB, 556733-1854, Stockholm	Contex Group	100,000	100	651	969
Inwido AB, 556633-3828, Malmö		223,740,171	96	1,871	1,668
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway		6,973,942	61	0	3
Kelly Intressenter 1 AB, 556826-5705, Stockholm	KVD Kvarndammen	50,000	100	363	363
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	DIAB	1,000	100	880	880
Medisize Oy, 2046714-2, Vantaa, Finland [2]					734
Myggvärmare AB, 556723-5667, Stockholm	Mobile Climate Control	1,000	100	558	447
Nordic and Baltic Cinema Holdco AB, 556849-6177, Stockholm	Finnkino	50,000	100	402	0
Quartzin Intressenter AB, 556835-3824, Stockholm	Biolin Scientific	50,000	100	379	0
Ratos Fastighets AB, 556308-3863, Stockholm		50,000	100	6	6
Ratos Kabel Holding AB, 556813-8076, Stockholm	Stofa	500	100	663	668
Ratos Limfac Holding AB, 556730-7565, Stockholm		1,000	100	0	451
Spin International AB, 556721-4969, Stockholm	SB Seating	1,000,000	100	841	996
ASA Investment 1 AB, 556801-4731, Stockholm		100,000	100	0	0
ASA Konsument Invest AB, 556801-8419, Stockholm [3]		100,000	100	0	0
ASA Investment 3 AB, 556801-8427, Stockholm		100,000	100	0	0
ASA Investment 4 AB, 556801-8435, Stockholm		100,000	100	0	0
ASA Investment 5 AB, 556801-8443, Stockholm		100,000	100	0	0
				10,448	11,328

[1] Internal sale to Quartzin Intressenter AB during the year.

[2] Sold during the year.

[3] Change of name during the year.

Note 36 Statement of cash flows

	Group		Parent company	
SEKm	**2011**	**2010**	**2011**	**2010**
Dividends received	0	2	123	102
Interest received	26	37	14	6
Interest paid	-441	-534	-1	-1

Adjustment for non-cash items

	Group		Parent company	
SEKm	**2011**	**2010**	**2011**	**2010**
Share of profits of associates	-33	-253		
Dividends received from associates		12		
Capital gains/losses	-551	-1,311	-202	-1,669
Remeasurement of acquired operation		-140		
Depreciation and impairment of assets	1,470	1,075	297	38
Unrealised exchange differences	29	-119	-2	39
Provisions, etc.	119	115	-137	-167
Adjustment for non-cash items	1,034	-621	-44	-1,759

Cash and cash equivalents

	Group		Parent company	
SEKm	**2011**	**2010**	**2011**	**2010**
Cash and bank balances	3,041	2,504	897	69
Short-term investments, on a par with cash and cash equivalents	1	351	0	351
Cash and cash equivalents	3,042	2,855	897	420

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 4,918m (5,003) for the Group and SEK 3,200m (3,200) for the parent company.

Sold companies – Group

SEKm	**2011**	**2010**
Intangible assets	811	129
Tangible assets	334	24
Financial assets		1
Deferred tax asset	16	1
Inventories		150
Current receivables	438	102
Cash and cash equivalents	126	60
Assets held for sale		186
Total assets	1,725	653
Non-controlling interests (minority)	13	14
Non-current liabilities and provisions	379	54
Current liabilities and provisions	303	182
Liabilities attributable to Assets held for sale		
Total liabilities	695	250
Consideration transferred	1,049	1,179
Minus:		
Purchase promissory note	-126	-1
Cash and cash equivalents in the sold operations	-10	-60
Effect on Group's cash and cash equivalents	913	1,118

Acquisition of group companies – Group

SEKm	**2011**	**2010**
Intangible assets	1,427	3,103
Tangible assets	688	943
Financial assets	4	25
Deferred tax asset	26	128
Inventories	123	415
Current receivables	236	1,001
Cash and cash equivalents	127	434
Total assets	2,631	6,050
Non-controlling interests	107	90
Non-current liabilities	158	1,251
Deferred tax liability	12	13
Current liabilities	696	1,162
Total liabilities	973	2,517
Net identifiable assets and liabilities	1,658	3,533
Consolidated value of associate on acquisition date		-775
Remeasurement of previously owned interest		-140
Consideration transferred	1,658	2,618
Minus:		
Cash and cash equivalents in the acquired operations	-127	-434
Contingent consideration		-108
Payment with treasury shares		-43
Effect on Group's cash and cash equivalents	1,531	2,032

Note 37 Assets held for sale

Assets held for sale

SEKm	31 Dec 2011	31 Dec 2010
Intangible non-current assets	56	
Property, plant and equipment	10	
Investments in associates		1,318
Deferred tax assets	12	
Inventories	39	
Current receivables	64	
Cash and cash equivalents	12	
Total assets reclassified	193	1,318

Liabilities attributable to Assets held for sale

SEKm	31 Dec 2011	31 Dec 2010
Non-interest bearing liabilities	69	
Deferred tax liabilities	20	
Total liabilities reclassified	89	

In November 2011 it was announced that Ratos's holding Contex Group is selling its subsidiaries Z Corporation and Vidar Systems. The sale was completed in January 2012. The selling price amounted to USD 137m (approximately SEK 930m).

In November 2010 it was announced that Ratos is selling the holding in Camfil. The sale was completed in January 2011. The consolidated value in Camfil amounted to SEK 729m at the end of the reporting period.

In December 2010 it was announced that Ratos is selling the holding in Superfos. The sale was completed in February 2011. The consolidated value of Superfos amounted to SEK 589m at the end of the reporting period.

2010	Owned share	Net sales	Profit/loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Associate owned by Ratos AB								
Superfos Industries	33%	3,158	144	2,757	1,006	1,751	47	589
Associate owned by group company								
Camfil [1)]	30%	4,575	305	3,688	1,651	2,037	91	729
Total							138	1,318

[1)] Owned by Ratos Limfac Holding.

Note 38 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. Choice of principle requires in some cases that management makes assessments as to which principle provides the most true and fair picture. Development within accounting and the choice of principles are discussed with Ratos's Audit Committee. The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

Assessments at application of accounting principles

Acquisition and disposal of subsidiaries and associates

Ratos's operations as a private equity conglomerate mean that companies are both acquired and sold. This can relate to add-on acquisitions equally well as partial disposals. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date, degree of influence and valuation. At each individual business combination in 2011, a decision has been made regarding partial or full goodwill.

Key sources of uncertainty in estimations

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 holding. 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. Future events and new information can change these assessments and estimations. Tests for impairment are performed on the basis of Ratos's main scenario relating to a macroeconomic forecast. Our main scenario is economic growth but at a lower level than normal. The risks remain considerable, for example relating to the crisis for the euro, the American economy and the risk of a global currency and trade war.

Note 39 Risk related to insurance operations

Insurance risk is the risk that is attributable to the insurance operations in Anticimex, which are conducted in the Nordic countries but concentrated to Sweden and Norway. The insurance operations are based on insurance related to pests, dry rot, transfer of real property and excess compensation in the event of fire, theft or water damage.

Since Anticimex's working methods include an insurance inspection as a basis for risk assessment, the risk in its insurance operations is assessed as 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 actuarial guidelines with pertinent instructions for taking out insurance.

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 companies actuarial guidelines, which are reviewed and approved annually by the board of Anticimex Försäkringar AB.

Note 40 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	2011	2010
Contract revenue	311	392
Net profit	-74	10

Information from the statement of financial position

Receivables from customers for assignments under a construction contract

SEKm	2011	2010
Contract revenue	91	895
Billing	-49	-790
	42	105
Of which current receivables	42	105

Liabilities to customers for assignments under a construction contract

SEKm	2011	2010
Billing	29	–
Contract revenue	42	–
	71	–

Note 41 Events after the reporting period

Bisnode concluded an agreement to sell WLW, a company which offers online search services for companies, to the German private equity company Paragon Partners. The selling price is estimated to amount to EUR 79m (approximately SEK 710m). The sale is expected to be completed during the first quarter of 2012.

Contex Group concluded an agreement to sell its subsidiaries Z Corporation and Vidar Systems to the American company 3D Systems Corporation. The sale was completed in January 2012. Consideration transferred amounted to USD 137m (SEK 885m) and the exit loss was USD 8m (SEK 55m).

Note 42 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 visiting address is Drottninggatan 2.

The consolidated accounts for 2011 comprise the parent company and its group companies. The Group also includes the owned shares in associates.

The Board of Directors' certification

The Board of Directors confirms that the consolidated financial statements and annual accounts 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 and generally accepted auditing standards, and 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 gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.

Stockholm, 16 February 2012

Olof Stenhammar
Chairman

Lars Berg
Board member

Staffan Bohman
Board member

Annette Sadolin
Board member

Jan Söderberg
Board member

Per-Olof Söderberg
Board member

Margareth Øvrum
Board member

Arne Karlsson
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 16 February 2012. The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 18 April 2012.

Auditor's report

To the annual meeting of the shareholders of Ratos AB (publ), corp. id. 556008-3585

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 38-103.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory directors' report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory directors' report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Stockholm, 16 February 2012

KPMG AB

Thomas Thiel
Authorised Public Accountant

Holdings

Additional information

Guide to Ratos's accounts

Ratos prepares its accounts in accordance with applicable rules and legislation. However, in a company with operations such as Ratos's the accounts can appear complicated and unfortunately do not always reflect reality. A summary guide with a number of tables and help towards understanding Ratos's financial performance is provided on the following pages. Complete accounting principles are shown in Note 1 Accounting Principles.

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

In principle, Ratos's performance can be evaluated in the same way as that of any other company, i.e. on the basis of anticipated return. Ratos's target is that the average annual return (IRR) shall exceed 20% on each individual investment. Since 1999 IRR has averaged 26%.

Parent company

It is Ratos's parent company that is listed on Nasdaq OMX Stockholm. The parent company, Ratos AB, can be regarded as an owner company where the portfolio of companies varies over time, but the parent company's operations (acquisition, development and divestment of holdings) remain constant. The parent company's income statement contains the income and expenses associated with conducting these operations.

Parent company income statement

SEKm	2011	2010
Other operating income	1	104
Other external costs	-79	-139
Personnel costs	-109	-167
Depreciation of property, plant and equipment	-5	-5
Operating profit/loss	-192	-207
Profit from investments in group companies	649	1,021
Profit from investments in associates	87	746
Result from other securities and receivables accounted for as non-current assets	175	116
Other interest income and similar profit/loss items	27	7
Interest expenses and similar profit/loss items	-42	-75
Profit after financial items	704	1,608
Tax	–	–
Profit for the year	704	1,608

Expenses largely comprise personnel costs as well as consulting and legal costs from transactions and processes. A large portion of these expenses are variable which means that in times of many acquisitions and disposals (exits) costs will be higher while in times of few acquisitions and exits they will be lower. In a year with no acquisitions and exits, management of Ratos costs less than SEK 200m, which is approximately 0.5% of market capitalisation.

Income includes exit gains, from the sale of holdings, which is the income item with the greatest impact on earnings development in the parent company. As mentioned above, this income can accrue irregularly with long periods in between and lead to substantial one-time effects.

Investment company

Ratos is taxed according to the rules for investment companies. Companies which mostly manage securities and similar assets are classed as investment companies if they have a well-diversified portfolio that contains several different companies within different sectors as well as an ownership spread (more than a couple of hundred shareholders). For investment companies capital gains are not liable to tax, instead a standard income is reported corresponding to 1.5% of the market value of listed shares which at the start of the year have been held for less than one year, and where ownership is less than 10% (Ratos had no holding in this category in 2011). Dividends received and interest income are recognised as income liable to tax. Interest expenses and overheads are normally tax deductible as are dividends paid.

Parent company balance sheet

SEKm	31 Dec 2011	31 Dec 2010
ASSETS		
Non-current assets		
Property, plant and equipment	82	87
Financial assets		
Investments in group companies	10,448	11,328
Investments in associates	124	602
Receivables from group companies	1,853	1,618
Other securities held as non-current assets	115	163
Total non-current assets	12,622	13,798
Current assets		
Current receivables		
Receivables from group companies	52	
Other receivables	12	40
Prepaid expenses and accrued income	3	3
Short-term investments, other		351
Cash and bank balances	897	69
Total current assets	964	463
Total assets	13,586	14,261
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (number of A shares 84,637,060 number of B shares 239,503,836)	1,021	1,021
Statutory reserve	286	286
Unrestricted equity		
Premium reserve	128	128
Retained earnings	10,360	10,408
Fair value reserve	42	42
Profit for the year	704	1,608
Total equity	12,541	13,493
Non-current provisions		
Provisions for pensions	1	2
Other provisions	16	31
Total non-current provisions	17	33
Non-current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	620	272
Non-interest bearing liabilities		
Other liabilities	36	99
Total non-current liabilities	656	371
Current provisions		
Other provisions	20	
Current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	260	184
Non-interest bearing liabilities		
Trade payables	5	16
Other liabilities	11	36
Accrued expenses and deferred income	76	128
Total current liabilities	352	364
Total equity and liabilities	13,586	14,261
Pledged assets	None	None
Contingent liabilities	None	None

The parent company's largest asset item is shares and shareholder loans in the holdings. The value stated in the balance sheet is in principle the acquisition cost to Ratos.

Equity largely comprises unrestricted equity, i.e. distributable funds. For 2011 the proposed dividend is SEK 5.50 (5.25) per share.

The parent company should normally be unleveraged. Ratos has a rolling five-year credit facility of SEK 3.2 billion which when required can be used when bridge financing is needed for acquisitions, or to finance dividends and day-to-day running costs in periods of few or no exits. The credit facility was unutilised at 31 December 2011.

In order to achieve an optimal financial structure, loans are raised in the holdings. Each holding has independent responsibility for its financial strategy and financing.

The liabilities in the parent company are mainly liabilities to centrally administered subsidiaries.

Group

In an analysis of Ratos on the basis of consolidated financial statements it should be taken into account that these may include different holdings in different years. Most other groups have a relatively comparable structure over the years and adjustments can be made for an individual acquisition or disposal. On the other hand, given Ratos's mission – to buy and sell companies – the difference in the Group's structure can be considerable from one year to the next.

In the consolidated financial statements, 100% of subsidiaries' (holdings in which Ratos owns more than 50%) income and expenses are reported on the respective line in the consolidated income statement – regardless of how much Ratos owns. A better way to report Ratos's earnings, in our opinion, is the table on the right. This table clearly shows which holdings contribute to consolidate profit before tax and by how much. Consolidated profit before tax is the same in both presentations.

Development in each individual holding is shown in the table on the next two-page spread, Ratos's holdings, as well as in financial facts for the holdings (pages 112-149). These are updated quarterly in conjunction with Ratos's interim reports and published on Ratos's website.

Income statement presented according to IFRS.

Consolidated income statement

SEKm	2011	2010
Net sales	29,669	27,953
Other operating income	215	376
Change in inventories	-64	27
Raw materials and consumables	-11,385	-10,411
Employee benefit costs	-9,529	-8,941
Depreciation and impairment of property, plant and equipment and intangible assets	-1,470	-1,050
Other costs	-6,272	-6,097
Remeasurement HL Display		140
Capital gain/loss from the sale of group companies	27	774
Capital gain/loss from the sale of associates	485	537
Share of profits of associates	33	253
Operating profit	1,709	3,561
Financial income	155	253
Financial expenses	-1,004	-946
Net financial items	-849	-693
Profit before tax	860	2,868
Tax	-314	-455
Profit for the year	546	2,413
Attributable to:		
Owners of the parent	521	2,255
Non-controlling interests	25	158
Earnings per share, SEK		
– before dilution	1.63	7.09
– after dilution	1.63	7.07

Combined capital gains or losses for Ratos and the subsidiaries.

Income and expenses of associates' (holdings where Ratos owns 20-50%) are not included in other parts of the consolidated income statement but Ratos's share of associates' profit before tax is specified on a separate line, *Share of profits of associates.*

Consolidated earnings (EBT) average

SEKbn	Profit before tax (EBT)
10 years	2.4
5 years	2.8
3 years	1.7

The part of earnings in subsidiaries which the majority owner (Ratos) does not own is specified under the income statement.

Income statement presented according to holdings' share of profit or loss.

Ratos's results

SEKm	2011	2010
Profit/share of profits before tax		
AH Industries (69%)	-6	-24
Anticimex (85%)	84	127
Arcus-Gruppen (83%)	82	135
Biolin Scientific (100%)	-10	
Bisnode (70%)	106	274
Camfil (30%)		99
Contex Group (99%)	-14	43
DIAB (95%)	-51	149
Euromaint (100%)	-144	-165
Finnkino (98%)	1	
GS-Hydro (100%)	-13	-27
Hafa Bathroom Group (100%)	-18	37
Haglöfs (100%)		5
HL Display (99%)	24	13
Inwido (96%)	315	328
Jøtul (61%)	-113	25
KVD Kvarndammen (100%)	42	
Lindab (11%)	21	38
Medisize (98%)	42	95
Mobile Climate Control (100%)	7	71
SB Seating (85%)	95	87
Stofa (99%)	96	44
Superfos (33%)		65
Total profit/share of profits	**546**	**1,419**
Exit Camfil	586	
Exit Superfos	-99	
Exit Medisize	38	
Exit Haglöfs		783
Exit Lindab		537
Total exit result	**525**	**1,320**
Remeasurement HL Display		140
Impairment Contex Group	-312	
Profit from holdings	**759**	**2,879**
Central income and expenses		
Management costs	-191	-213
Financial items	292	202
Consolidated profit before tax	**860**	**2,868**

Ratos's average exit gain

SEKbn	Exit gain
10 years	1.1
5 years	1.4
3 years	0.5

Management costs in *Central income and expenses* mainly relate to personnel costs in the parent company as well as transaction-related costs. Financial items include interest income on shareholder loans to the holdings.

Consolidated statement of financial position

According to the same principles as in the consolidated income statement, subsidiaries' assets and liabilities are shown to 100% and included on the respective line in the statement of financial position. In order to obtain a clearer picture of the financial position of the holdings, refer instead to each holding's statement of financial position, the parent company's balance sheet and monitor current information provided by Ratos. The table below right illustrates the share each holding has of Ratos's equity.

Goodwill arises at almost all acquisitions. Goodwill is an asset and is not amortised, but in accordance with current accounting rules the value is tested annually or every quarter if there is an indication of a decrease in value. Impairments are recognised in the income statement.

Net of assets and liabilities in associates is reported on the line *Investments in associates.*

Holdings are recognised at book value and not measured at market value. Book value, or consolidated value, means put simply Ratos's share of the holding's equity. This value increases with Ratos's share of the holding's profit and decreases with dividends and refinancing. In addition, Ratos's shareholder loans are included in the consolidated value.

Consolidated statement of financial position

SEKm	31 Dec 2011	31 Dec 2010
ASSETS		
Non-current assets		
Goodwill	20,483	20,304
Other intangible assets	1,541	1,621
Property, plant and equipment	4,286	4,050
Investments in associates	361	367
Financial assets	119	165
Non-current receivables	305	276
Deferred tax assets	617	632
Total non-current assets	27,712	27,415
Current assets		
Inventories	2,684	2,884
Tax assets	162	159
Trade receivables	5,097	4,985
Prepaid expenses and accrued income	526	548
Other receivables	506	599
Cash and cash equivalents	3,042	2,855
Assets held for sale	193	1,318
Total current assets	12,210	13,348
Total assets	39,922	40,763
EQUITY AND LIABILITIES		
Equity		
Share capital	1,021	1,021
Other capital provided	414	414
Reserves	-488	-427
Retained earnings including profit for the year	12,711	14,083
Equity attributable to owners of the parent	13,658	15,091
Non-controlling interests	997	1,374
Total equity	14,655	16,465
Liabilities		
Non-current interest-bearing liabilities	11,667	10,923
Other non-current liabilities	607	188
Other financial liabilities	238	217
Provisions for pensions	410	412
Other provisions	396	431
Deferred tax liabilities	690	778
Total non-current liabilities	14,008	12,949
Current interest-bearing liabilities	2,145	2,872
Other financial liabilities	62	89
Trade payables	2,517	2,328
Tax liabilities	265	294
Other liabilities	2,543	2,252
Accrued expenses and deferred income	2,920	2,888
Provisions	718	626
Liabilities attributable to assets held for sale	89	
Total current liabilities	11,259	11,349
Total liabilities	25,267	24,298
Total equity and liabilities	39,922	40,763

Ratos's equity

SEKm	31 Dec 2011	% of equity
AH Industries	612	4
Anticimex	571	4
Arcus-Gruppen	505	4
Biolin Scientific	345	3
Bisnode	1,341	10
Contex Group	673	5
DIAB	1,001	7
Euromaint	715	5
Finnkino	398	3
GS-Hydro	-44	0
Hafa Bathroom Group	151	1
HL Display	1,008	7
Inwido	1,983	15
Jøtul	289	2
KVD Kvarndammen	392	3
Lindab	303	2
Mobile Climate Control	781	6
SB Seating	959	7
Stofa	703	5
Total	**12,686**	**93**
Other net assets in central companies	972	7
Equity (attributable to owners of the parent)	**13,658**	**100**
Equity per share, SEK	**43**	

Financial strategy (summary)

- Parent company normally unleveraged
- Only normal bank loans (senior debt) with Nordic banks, no syndicated loans
- Ratos has no formal undertakings for debts in the portfolio companies
- Holdings to have optimal financial structure
- Lower portion of loans than the private equity industry. At 31 December 2011 net debt/EBITDA amounted to 3.2 for the total portfolio calculated according to bank agreements

Mostly comprises cash and cash equivalents in the parent company.

Holdings' performance

The table below provides an overview of the holdings' performance each separately and for the portfolio as a whole. All figures pertain to 100% of the holding on the basis of its income statement and statement of financial position. Consolidated value and holding are the only figures that relate to Ratos. In order to facilitate comparisons between the years and provide a comparable financial structure, some holdings are reported pro forma where appropriate, which is specified in a note under the table. A detailed presentation of income statement, statement of financial position, cash flows and key figures for each holding and comments are presented on the following pages and updated quarterly on Ratos's website www.ratos.se.

Ratos's holdings at 31 December 2011

	Net sales		EBITA		EBT [A]	
SEKm	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
AH Industries [1]	925	978	24	55	-6	26
Anticimex [2]	1,927	1,856	192	198	113	139
Arcus-Gruppen [3]	2,072	1,944	146	156	78	116
Biolin Scientific [4]	232	227	15	17	0	2
Bisnode	4,310	4,451	447	536	203	376
Contex Group	662	750	44	97	-15	43
DIAB	1,219	1,396	-5	188	-50	149
Euromaint [5]	2,860	2,814	102	-15	52	-79
Finnkino [6]	799	846	77	87	21	32
GS-Hydro	1,074	1,244	31	27	-13	-27
Hafa Bathroom Group [7]	324	407	-5	46	-2	45
HL Display [8]	1,643	1,617	64	66	24	29
Inwido	5,050	5,149	407	446	315	328
Jøtul	996	1,044	-33	97	-66	67
KVD Kvarndammen [9]	276	239	52	32	42	22
Lindab	6,878	6,527	348	401	186	112
Mobile Climate Control	1,048	902	45	112	7	71
SB Seating	1,264	1,203	253	197	196	180
Stofa [10]	1,390	1,411	146	117	96	83
Total	**34,950**	**35,004**	**2,351**	**2,859**	**1,183**	**1,716**
Change	**0%**		**-18%**		**-31%**	

A) Earnings with restored interest expenses on shareholder loan.

B) Depreciation includes depreciation and impairment of property, plant and equipment as well as internally generated and directly acquired intangible assets. Depreciation and impairment are included in EBITA.

C) Investments excluding business combinations.

D) Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and disposal of companies.

E) Equity includes shareholder loans. Interest-bearing debt excludes shareholder loans.

1) AH Industries' earnings and average number of employees for 2010 are pro forma taking the acquisition of RM Group into account.

2) Anticimex's earnings for 2010 and 2011 are pro forma taking new financing into account.

3) Arcus-Gruppen's earnings for 2010 and 2011 are pro forma taking new financing into account.

Shareholder loan or equity

Shareholder loans are sometimes used as part of the shareholder contribution Ratos provides at acquisition of new holdings or at add-ons. These shareholder loans can be part of the long-term capital structure in the holding or be bridge financing over a shorter period. Ratos regards shareholder loans as a form of equity. The background is that the capital could instead have been provided via a new issue in the holding (i.e. new shares and therefore equity). An advantage of a shareholder loan is that it is more flexible than providing equity.

In the formal financial statements Ratos's shareholder loans are found under financial assets in the parent company balance sheet. In the Group, Ratos's shareholder loans are eliminated since all existing shareholder loans are attributable to subsidiaries. In the notes under each subsidiary's financial overview the amount of any shareholder loan is specified.

Shareholder loans are not included in interest-bearing liabilities or interest-bearing net debt but are recognised in equity.

SEKm	Depreciation B) 2011	Investment C) 2011	Cash flow D) 2011	Equity E) 31 Dec 2011	Interest-bearing net debt E) 31 Dec 2011	Average no. employees 2011	Consolidated value 31 Dec 2011	Ratos's holding 31 Dec 2011
AH Industries 1)	55	51	-11	879	371	457	612	69%
Anticimex 2)	42	60	118	644	768	1,338	571	85%
Arcus-Gruppen 3)	34	63	31	634	16	469	505	83%
Biolin Scientific 4)	7	–	–	351	149	141	345	100%
Bisnode	130	133	229	2,359	2,427	3,016	1,341	70%
Contex Group	43	55	17	1,003	660	302	673	99%
DIAB	90	67	-88	1,142	888	1,389	1,001	95%
Euromaint 5)	57	–	–	737	647	2,442	715	100%
Finnkino 6)	68	–	–	405	318	794	398	98%
GS-Hydro	24	10	31	323	529	608	-44	100%
Hafa Bathroom Group 7)	5	2	45	40	58	176	151	100%
HL Display 8)	36	53	22	1,123	469	1,140	1,008	99%
Inwido	133	81	469	2,227	1,372	3,523	1,983	96%
Jøtul	57	73	-78	546	621	713	289	61%
KVD Kvarndammen 9)	5	2	29	392	144	177	392	100%
Lindab	163	143	231	2,699	1,746	4,484	303	11%
Mobile Climate Control	16	13	60	807	570	630	781	100%
SB Seating	42	33	187	1,055	766	479	959	85%
Stofa 10)	101	143	209	710	482	400	703	99%

4) Biolin Scientific's earnings for 2010 and 2011 are pro forma taking into account a new group structure, acquisition of Sophion Bioscience in August 2011, new financing and discontinuation of Farfield.

5) Euromaint's earnings and average number of employees for 2010 and 2011 are pro forma taking into account discontinued operations (Refurbishment) and the sale of Euromaint Industry.

6) Finnkino's earnings for 2010 and 2011 are pro forma taking Ratos's acquisition into account.

7) Hafa Bathroom Group's earnings for 2010 and 2011 are pro forma taking discontinued operations in Denmark into account.

8) HL Display's earnings for 2010 are pro forma taking into account the refinancing in August 2010.

9) KVD Kvarndammen's earnings for 2010 are pro forma taking Ratos's acquisition into account.

10) Stofa's earnings and average number of employees for 2010 are pro forma taking Ratos's acquisition into account.

AH Industries – continued strained market situation

Operations

AH Industries is a Danish leading supplier of metal components and services to the wind power, cement and minerals industries. The group has two business areas: Wind Solutions and Industrial Solutions. Wind Solutions consists of the divisions Nacelle & Hub, which machines various types of larger metal components (such as shafts and hubs) for the wind power industry, Tower & Foundation, a supplier of flanges to tower manufacturers in the wind power industry, and Site Solutions, which supplies services and lifting devices to the wind power industry. Industrial Solutions supplies metal components and other parts to the cement and minerals industries, often as part of modules or systems.

AH Industries offers its customers within both business areas individual components and also modules and systems solutions based on a high level of technical expertise. The company is specialised in sourcing, manufacturing and machining heavy metal components where high precision is required. AH Industries has a total of approximately 450 employees. The company has production facilities in Denmark, China and Germany.

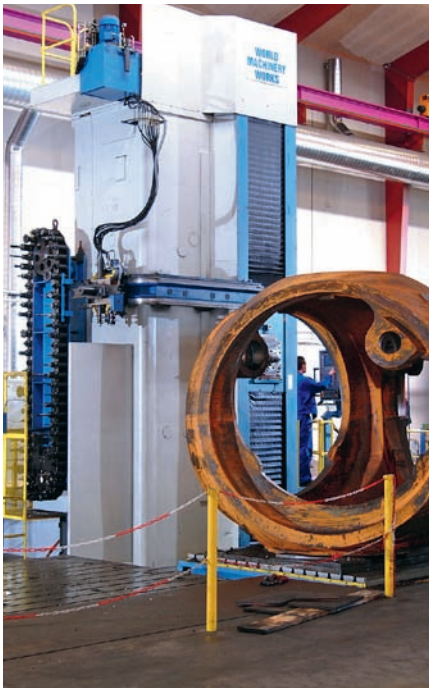
Market

The wind power industry in Europe and the US, which are AH Industries' main markets, stabilised during 2011 although anticipated growth failed to materialise. The prevailing macroeconomic unease and turbulence in the financial markets will contribute, however, to a high degree of market uncertainty in the short term.

In the longer term the positive view of the wind power industry remains unchanged, with anticipated annual growth of approximately 10% for the period 2011-2015. The expansion of offshore wind power in northern Europe is one market segment where significantly higher growth is expected in the next few years. Several interacting driving forces create conditions for long-term growth. These include higher demand for (green) energy, stronger political support and subsidies.

The global market for cement and minerals equipment has shown mixed development where demand for cement equipment is assessed as having decreased somewhat while demand for minerals equipment was strong. Since demand for new cement and minerals equipment is primarily driven by emerging markets and commodity prices, the long-term growth potential is relatively good.

Within Wind Solutions, the company has a strong position mainly in northern Europe. The company strengthened its strategic position through the acquisition of RM Group last year, where a broader product programme and access to production resources in China contribute to a broader offering to customers. The company's major customers include Siemens, Vestas and REpower. AH Industries Industrial Solutions has built relationships over many years with its customers who are world leaders in their industries.



AH Industries is a certified supplier to several new customers.

CEO Steffen Busk Jespersen

The year in brief

2011 was a challenging year for the entire wind power industry, including AH Industries. In Nacelle & Hub production efficiency was low during the year due to disruptions in the raw material supply and a limited planning horizon due to volatile order placement from customers. The Tower & Foundation division continued to feel considerable strain from low volumes and high price pressure. Site Solutions, on the other hand, showed very strong development through its exposure to offshore wind power and a broader customer base. In response to the weak earnings development, action programmes were implemented including cutbacks in the workforce. The Danish operations within Tower & Foundation were closed down.

The integration of RM Group was completed during the year and customer response to the expanded product offering has been positive. This resulted in AH Industries becoming a certified supplier to a number of new customers.

Pro forma sales were unchanged and amounted to DKK 763m (763).

Pro forma operating profit (EBITA) amounted to DKK 20m (43), corresponding to an operating margin of 3% (6).

Future prospects

Despite a high degree of market uncertainty in the short term, the long-term prospects for the wind power industry remain positive. Lower prices and more efficient technology will help to improve the economic prerequisites for wind power. Through the acquisition of RM Group, AH Industries has strengthened its market position in the past year and is well placed to meet the anticipated growth within offshore wind power. The company's focus is on reversing the negative development within Tower & Foundation, where restructuring measures were implemented during the year, and to continue to strengthen the strategic position through increased added value and a broader product and services offering. Within Industrial Solutions a new strategy has been drawn up where Minerals comprise a new customer segment.

Ratos's ownership

Ratos acquired AH Industries in 2007. After the acquisition of RM Group in 2010, Ratos's holding today amounts to 69%. Co-owners are AH Industries' founder Arne Hougaard (16%), RM Group's founder Ole Jørgensen (10%) and management and board members (5%).

Consolidated book value in Ratos amounted to SEK 612m at year-end.

Ratos is represented on the board by Robin Molvin and Michael Levén (deputy).

Investment approach

Ratos has a positive view of the wind power industry over the long term and AH Industries is assessed as being well positioned to benefit from the anticipated growth over the next few years. Through the acquisition of RM Group last year, AH Industries has strengthened its strategic platform and expanded its geographic presence to include China. Ratos sees continued potential for value creation in AH Industries through an expanded customer base and a larger value content in the product offering where the company will increasingly provide systems solutions instead of individual components. In addition, opportunities for consolidation will arise as a result of the difficult market situation in recent years.

www.ah-industries.dk

AH Industries

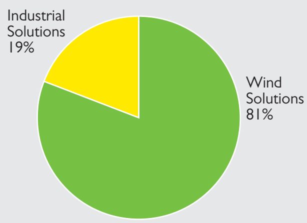
Management

Steffen Busk Jespersen CEO
Thomas Thomsen CFO

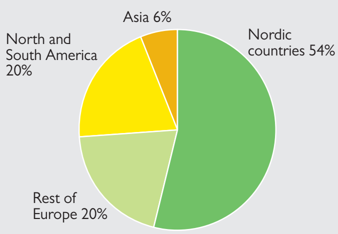
Board of Directors

Anders Lindblad	Chairman
Peter Leschly	Deputy Chairman
Lars Frithiof	
Erik Jørgensen	
Ole Jørgensen	
Robin Molvin	
Anders Paulsson	
Klaus Labaek	Employee representative
Charlotte Matthiesen	Employee representative
Lars Wahlquist	Employee representative
Michael Levén	Deputy

Sales by product area



Sales by region



DKKm	2011	2010 [1]	2009 [1]	2008	2007 [2]
Income statement					
Net sales	763	763	866	583	446
Operating expenses	-716	-678	-767	-478	-358
Other income/expenses	19	2	0	1	
Share of profits of associates					
Result from disposals					4
EBITDA	**66**	**87**	**99**	**106**	**92**
Depreciation and impairment	-46	-45	-39	-20	-13
EBITA	**20**	**43**	**61**	**86**	**79**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**20**	**43**	**61**	**86**	**79**
Financial income	6	3	3	2	1
Financial expenses	-31	-25	-25	-23	-21
EBT	**-5**	**20**	**38**	**64**	**59**
Tax	2	-4	-7	-16	-15
Profit/loss from discontinued operations					
Profit/loss for the year	**-3**	**17**	**31**	**48**	**44**
Attributable to owners of the parent	-3	17	31	48	44
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	672	670		510	510
Other intangible assets	3	2		2	
Property, plant and equipment	220	225		163	124
Financial assets, interest-bearing					
Financial assets, non-interest bearing	5	26		2	3
Total non-current assets	**900**	**923**	**–**	**677**	**637**
Inventories	136	105		58	61
Receivables, interest-bearing					
Receivables, non-interest bearing	207	149		109	67
Cash, bank, other short term investments	43	55		4	2
Assets held for sale					
Total current assets	**386**	**309**	**–**	**172**	**130**
Total assets	**1,286**	**1,232**	**–**	**849**	**767**
Equity attributable to owners of the parent	730	734		418	370
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	13	31		0	
Liabilities, interest-bearing	352	355		388	348
Liabilities, non-interest bearing	190	112		43	49
Financial liabilities. other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,286**	**1,232**	**–**	**849**	**767**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	44			64	
Changes in working capital	-13			-40	
Cash flow from operating activities	**31**	**–**	**–**	**24**	**–**
Investments in non-current assets	-42			-62	
Disposals of non-current assets	2				
Cash flow before acquisition/ disposal of companies	**-9**	**–**	**–**	**-38**	**–**
Net investments in companies					
Cash flow after investing activities	**-9**	**–**	**–**	**-38**	**–**
Change in loans	-2			40	
New issue					
Dividend paid					
Others					
Cash flow from financing activities	**-2**	**–**	**–**	**40**	**–**
Cash flow for the year	**-11**	**–**	**–**	**2**	**–**
Key figures					
EBITA margin (%)	2.6	5.6	7.0	14.7	17.7
EBT margin (%)	-0.6	2.7	4.4	11.0	13.2
Return on equity (%)	-0.4	–	–	12.1	–
Return on capital employed (%)	2.4	–	–	11.5	–
Equity ratio (%)	57	60	–	49	48
Interest-bearing net debt	309	300	–	384	346
Debt/equity ratio, multiple	0.5	0.5	–	0.9	0.9
Average number of employees	457	420	405	253	210

[1] Earnings and average number of employees 2009 and 2010 are pro forma taking the acquisition of RM Group into account.

[2] Earnings for 2007 are pro forma taking Ratos's acquisition into account.

Anticimex – 77 years of profitable growth

Operations

Anticimex was founded in 1934, when vermin and insects were a major problem in Swedish homes. Anticimex soon became recognised as a company that both carried out decontamination and could provide a guarantee for a pest-free future. Today, Anticimex is an international company with operations in Sweden, Norway, Denmark, Finland, Germany and the Netherlands. The company has approximately 1,300 employees. From operating solely within pest control, more than half of sales now come from new services such as energy performance certificates, transfer surveys, dehumidification, 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: Pest Control, Hygiene, Building Environment, Energy and Fire Protection.

Within Pest Control, Anticimex sells a commitment for a pest-free environment where the company both carries out pest decontamination and works with preventive programmes and measures.

Hygiene works to ensure hygiene in food production and to assist the grocery trade and restaurants with self-check programmes and staff training.

Building Environment works with dehumidification following water damage and in crawl spaces, property transfer surveys, and insurance against hidden and invisible defects in conjunction with property sales and purchases. Damage from damp and mildew leads to problems and currently costs society large sums. The insurance industry is also under intense pressure from rising claims which increases the need for Anticimex's services.

Within Energy, the company is accredited to issue energy performance certificates for apartment blocks and single-family homes. The market is driven by statutory requirements. All apartment blocks are required to complete energy performance ratings. All single-family homes that are sold must also submit an energy performance certificate. An energy performance certificate is valid for ten years, which means that the market (mainly for apartment blocks) is highly cyclical.

CEO Peter Carrick

Fire Protection offers customers a service programme to prevent fires and minimise the risks in the event of a fire. This is done through regular training of customers' employees, performing risk analyses and preparing self-check programmes.

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 the company has also been successful in broadening its range of products and services.

In Sweden, Finland, Norway and Denmark, customers are in both the private and corporate sectors, such as restaurants and food service operators, the food industry, the grocery sector, retailers, property owners, hotels, industrial companies, the agricultural sector and public authorities. In Germany and the Netherlands, Anticimex works solely in the corporate sector. Sales are conducted through the company's own sales organisation and some 30 franchisees as well as through partners such as insurance companies and estate agents.

The year in brief

The company continued its favourable development during the year, particularly in markets outside Sweden. Sales growth and earnings were negatively affected by reduced sales of building-related services during the autumn as a result of a lower number of property transactions.

Despite a declining transaction market, Anticimex has chosen to continue to develop this part of its operations (due among other things to the new contracts in 2012). The costs of this were charged against earnings for the fourth quarter. During the year the company adjusted its organisation in order to meet new challenges in a more effective manner.

The company's operating cash flow for the year was very strong. Sales increased by 5% adjusted for currency effects and amounted to SEK 1,927m (1,856). Operating profit (EBITA) was SEK 192m (198), which provided an operating margin of 10.0% (10.7).

EBITA before items affecting comparability amounted to SEK 202m (198), corresponding to an EBITA margin of 10.5% (10.7).

A refinancing was carried out in March, whereby Ratos received a cash payment of SEK 405m.

Future prospects

Anticimex has a very strong brand and continued good growth opportunities in Sweden. In the other countries there is major potential to broaden the range of products and services. The company works actively to develop new products and services. Anticimex has won several key contracts which will have a positive impact on the company in 2012 and beyond. The new contracts and services are expected to contribute to achievement of the growth target and to improved margins.

Financial targets

- Long-term annual growth >10%
- EBITA margin >12%

Ratos's ownership

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 571m at year-end.

Ratos is represented on the board by Henrik Joelsson and Cecilia Lundberg.

Investment approach

Anticimex is the market leader in Sweden with a very strong brand and continued good opportunities for growth. There is also major potential to grow in the other countries in which the company operates. Anticimex has seen organic growth since the start in 1934. The company has a strong contract-based business model which provides stable revenues and good cash flows.

Anticimex creates secure and healthy indoor environments for both companies and private individuals.

Anticimex
TO PREVENT AND PROTECT

www.anticimex.se

Anticimex

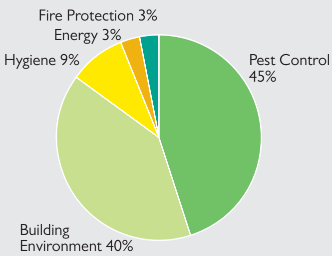
Management

Peter Carrick CEO
Gunnar Åkerblom Deputy CEO
Mikael Roos CFO

Board of Directors

Amund Skarholt Chairman
Ulf Holmlund
Bo Ingemarson
Henrik Joelsson
Cecilia Lundberg

Sales by service area



SEKm	2011 1)2)	2010 2)	2010	2009	2008	2007
Income statement						
Net sales	1,927	1,856	1,856	1,803	1,688	1,508
Operating expenses	-1,694	-1,620	-1,620	-1,568	-1,471	-1,313
Other income/expenses						
Share of profits of associates	0	0	0			
Result from disposals						
EBITDA	**234**	**236**	**236**	**235**	**217**	**195**
Depreciation and impairment	-42	-38	-38	-38	-35	-33
EBITA	**192**	**198**	**198**	**197**	**181**	**162**
Amortisation and impairment of intangible assets	-6	-6	-6	-6	-6	-6
Impairment of goodwill						
EBIT	**186**	**192**	**192**	**191**	**176**	**156**
Financial income	7	3	3	2	10	6
Financial expenses 3)	-80	-56	-37	-46	-75	-71
EBT	**113**	**139**	**159**	**148**	**111**	**91**
Tax	-27	-29	-29	-30	-24	-25
Profit/loss from discontinued operations						
Profit for the year	**87**	**110**	**130**	**118**	**87**	**67**
Attributable to owners of the parent	87	110	130	118	87	67
Attributable to non-controlling interests					0	
Statement of financial position						
Goodwill	1,857		1,844	1,891	1,867	1,857
Other intangible assets	120		118	122	128	130
Property, plant and equipment	127		113	120	122	109
Financial assets, interest-bearing	170		150	106	78	76
Financial assets, non-interest bearing	24		23	32	34	45
Total non-current assets	**2,299**	**–**	**2,247**	**2,271**	**2,229**	**2,216**
Inventories	38		30	31	30	30
Receivables, interest-bearing						
Receivables, non-interest bearing	476		405	408	393	353
Cash, bank, other short term investments	168		190	76	38	79
Assets held for sale						
Total current assets	**682**	**–**	**625**	**516**	**462**	**462**
Total assets	**2,982**	**–**	**2,872**	**2,786**	**2,691**	**2,679**
Equity attributable to owners of the parent 4)	644		1,052	965	821	751
Non-controlling interests						0
Provisions, interest-bearing	50		49	47	46	45
Provisions, non-interest bearing	920		829	774	712	654
Liabilities, interest-bearing	1,057		683	759	878	1,015
Liabilities, non-interest bearing	311		259	241	234	214
Financial liabilities, other						
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,982**	**–**	**2,872**	**2,786**	**2,691**	**2,679**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	121		190	169	144	200
Changes in working capital	53		72	50	15	-27
Cash flow from operating activities	**174**	**–**	**263**	**219**	**159**	**173**
Investments in non-current assets	-60		-65	-52	-36	-89
Disposals of non-current assets	3		2	5	4	4
Cash flow before acquisition/ disposal of companies	**118**	**–**	**200**	**171**	**127**	**88**
Net investments in companies	-12					-94
Cash flow after investing activities	**105**	**–**	**200**	**171**	**127**	**-6**
Change in loans	344		-83	-137	-167	10
New issue						
Dividend paid	-476					
Others						
Cash flow from financing activities	**-132**	**–**	**-83**	**-137**	**-167**	**10**
Cash flow for the year	**-27**	**–**	**116**	**34**	**-40**	**4**
Key figures						
EBITA margin (%)	10.0	10.7	10.7	10.9	10.7	10.7
EBT margin (%)	5.9	7.5	8.5	8.2	6.6	6.1
Return on equity (%)	–	–	12.9	13.2	11.0	9.4
Return on capital employed (%)	–	–	11.0	11.0	10.4	9.2
Equity ratio (%)	22	–	37	35	31	28
Interest-bearing net debt	768	–	391	624	807	905
Debt/equity ratio, multiple	1.7	–	0.7	0.8	1.1	1.4
Average number of employees	1,338	1,204	1,204	1,178	1,175	1,032

1) Earnings for 2011 are charged with costs affecting comparability of SEK -10m (0).

2) Earnings for 2010 and 2011 are pro forma taking new financing into account.

3) Excluding interest on shareholder loan.

4) Equity at 31 December 2011 includes shareholder loan of SEK 378m.

Arcus-Gruppen – success within wine

Operations

Arcus-Gruppen develops, produces, bottles, imports, markets and sells wine and spirits. The company originated in Norwegian state-owned Vinmonopolet which was founded 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-Gruppen is the market leader in Norway in sales of spirits which account for 28% of the Group's total sales. The best-known own brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.

Within Wine, Arcus-Gruppen has both its own wine brands and an agency business. Through its subsidiaries Vinordia, Arcus Wine Brands, Excellars and Symposium, the group is the market leader in sales of wine in Norway. In Sweden through its subsidiary Vingruppen, Arcus-Gruppen has created a strong position with good growth and the company is number two in the market today. Wine sales account for 54% of the Group's total sales and include producers such as Domaine Laroche, Barone Ricasoli, Kleine Zalze (with wines such as Foot of Africa) and others.

Distribution accounts for 18% of sales and with its subsidiary Vectura is Norway's leading logistics company within alcoholic beverages.

Arcus-Gruppen also owns 34% of the cognac producer Tiffon in France.

The new production facility in Gjelleråsen is expected to provide significant efficiency gains.

CEO Otto Drakenberg

Market

Arcus-Gruppen has a leading position in Norway within spirits, with a market share of 33%, and wine, with a market share of 17%. In Sweden, the company is number two in the wine market with a share of 11%. Outside Norway spirits sales are mainly concentrated to the aquavit segment, where Arcus-Gruppen has a strong position in Sweden, Denmark and Germany, cognac, where the company has a strong position in Sweden, Denmark and Finland, and vodka, with significant sales to the US. Sales also take place within tax free and travel retail.

The spirits market is dominated by major players with international brands such as Bacardi, Diageo and Pernod Ricard. In Arcus-Gruppen's most important spirits segment, aquavit, the market mainly consists of local players, with tastes and consumption patterns varying considerably between different national markets.

The wine market includes a large proportion 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, a shift in consumption patterns from spirits to wine has been noted in Norway and Sweden.

The year in brief

Arcus-Gruppen enjoyed good sales growth during 2011, mainly due to increased sales of wine where the company continues to gain market shares in both Norway and Sweden.

Spirit sales showed stable development. Arcus-Gruppen gained market shares in a weakly declining spirits market in the Nordic countries and further strengthened its leading position in Norway. In the other Nordic countries and Germany, the company strengthened its positions within aquavit and cognac. Against the background of weaker development in the US, Arcus-Gruppen has changed distributor and is making renewed efforts to increase sales.

Vectura increased its sales and gained market shares, primarily driven by hotels, restaurants and catering as well as wholesalers. During the year, Arcus-Gruppen acquired additional shares in Vingruppen (the holding increased from 62% to 91%) as well as 51% of the shares in the Norwegian wine wholesaler Excellars. A refinancing was carried out in conjunction with the above-mentioned acquisitions (leverage increased by NOK 285m) which also enabled a dividend of NOK 140m. Otto Drakenberg took over as the company's new CEO in April.

Arcus-Gruppen's sales in 2011, excluding alcohol taxes and charges, amounted to NOK 1,789m (1,632). Operating profit (EBITA) was NOK 126m (131). Arcus-Gruppen's operating profit was negatively affected by non-recurring costs in a net amount of approximately NOK 43m (including pension provisions and downsizing ahead of the move to Gjelleråsen) and positively by a strengthening of the Norwegian and Swedish krona against the euro.

Future prospects

Arcus-Gruppen has a unique position in the Norwegian market with a high market share. The aim is to continue to grow and develop from a Norwegian to a Nordic company. The wine market continues to offer good growth opportunities in both Norway and Sweden.

The new production facility in Gjelleråsen is expected to be ready for occupancy in mid-2012 and over time to provide significant efficiency gains.

Ratos's ownership

Ratos acquired 83% of the Norwegian company Arcus-Gruppen in 2005. Co-owners are HOFF Norske Potetindustrier with 10% and the company's management and board with 7%.

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

Ratos is represented on the board by Mikael Norlander and Leif Johansson.

Investment approach

Ratos's investment in Arcus-Gruppen is based on significant potential within the company both through restructuring of operations and through improving the efficiency of the core business within Spirits, Wine and Distribution. Since Ratos's acquisition the company has undergone significant restructuring. Part businesses and properties have been sold while add-on acquisitions have been made, primarily within Wine. The new production facility is a substantial investment and will provide additional efficiency gains.

www.arcusgruppen.no

Arcus-Gruppen

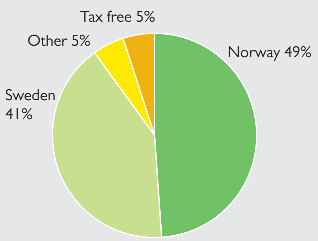
Management

Otto Drakenberg	CEO
Jon Andreas Elde	CFO
Thomas Patay	Wines Director
Jan Oluf Skarpnes	Production Director
Ole Petter Wie	Acting Spirits Director
Rolf Brustad	Vectura Director
Terje Thurmann-Moe	Head of Communication
Ann-Christin Gussiås	HR Director (from 1 April 2012)

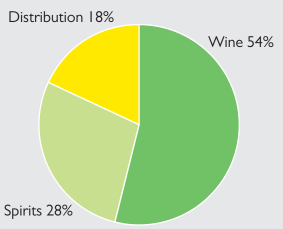
Board of Directors

Kaare Frydenberg	Chairman
Eilif Due	
Stefan Elving	
Leif Johansson	
Gro Myking	
Mikael Norlander	
Birgitta Stymne Göransson	
Henning Øglænd	
Kjell Arne Greni	Employee representative
Erik Hagen	Employee representative
Lasse Hansen	Employee representative
Bjørn Erik Olsen	Employee representative

Sales by market



Sales by operating area



[1] Earnings for 2011 are charged with costs affecting comparability of NOK -43m (-9).

[2] Earnings for 2010 and 2011 are pro forma taking new financing into account.

[3] Earnings for 2007 include a capital gain from a property sale of NOK 649m.

NOKm	2011 [1][2]	2010 [2]	2010	2009	2008	2007 [3]
Income statement						
Net sales	1,789	1,632	1,632	1,504	1,309	1,219
Operating expenses	-1,649	-1,473	-1,473	-1,288	-1,145	-1,094
Other income/expenses	9			-27	0	
Share of profits of associates	6	2	2	3	8	2
Result from disposals						649
EBITDA	**155**	**160**	**160**	**191**	**172**	**776**
Depreciation and impairment	-29	-29	-29	-28	-29	-29
EBITA	**126**	**131**	**131**	**163**	**143**	**747**
Amortisation and impairment of intangible assets	-5	-5	-5	-3	-3	-3
Impairment of goodwill						
EBIT	**121**	**126**	**126**	**160**	**141**	**744**
Financial income	14	9	9	26	38	41
Financial expenses	-69	-38	-23	-50	-66	-31
EBT	**67**	**98**	**113**	**136**	**113**	**754**
Tax	-17	-28	-28	-50	-26	-31
Profit/loss from discontinued operations						
Profit for the year	**50**	**69**	**85**	**86**	**87**	**723**
Attributable to owners of the parent	29	39	55	68	72	711
Attributable to non-controlling interests	21	30	30	18	15	12
Statement of financial position						
Goodwill	602		465	460	467	462
Other intangible assets	233		234	240	236	238
Property, plant and equipment	124		99	100	201	108
Financial assets, interest-bearing				6	8	13
Financial assets, non-interest bearing	96		71	65	76	18
Total non-current assets	**1,056**	**–**	**869**	**871**	**988**	**839**
Inventories	252		209	211	218	169
Receivables, interest-bearing						
Receivables, non-interest bearing	1,230		1,045	935	947	837
Cash, bank, other short term investments	416		429	378	481	635
Assets held for sale				153		
Total current assets	**1,897**	**–**	**1,682**	**1,677**	**1,647**	**1,648**
Total assets	**2,954**	**–**	**2,552**	**2,548**	**2,635**	**2,487**
Equity attributable to owners of the parent	526		823	758	705	776
Non-controlling interests	25		61	41	34	24
Provisions, interest-bearing	38		32	38	123	173
Provisions, non-interest bearing	68		71	74	116	21
Liabilities, interest-bearing	392		140	183	295	350
Liabilities, non-interest bearing	1,874		1,402	1,434	1,352	1,143
Financial liabilities, other	31		23	17	10	
Liabilities attributable to Assets held for sale				3		
Total equity and liabilities	**2,954**	**–**	**2,552**	**2,548**	**2,635**	**2,487**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	66		102	171	76	96
Changes in working capital	6		-131	-11	80	-36
Cash flow from operating activities	**71**	**–**	**-28**	**160**	**156**	**60**
Investments in non-current assets	-54		-29	-156	-18	-29
Disposals of non-current assets	9		2	7	4	
Cash flow before acquisition/ disposal of companies	**26**	**–**	**-56**	**10**	**142**	**31**
Net investments in companies	-49		153		-84	890
Cash flow after investing activities	**-22**	**–**	**97**	**10**	**58**	**921**
Change in loans	252		-36	-113	-55	-75
New issue						
Dividend paid	-149		-14	-6	-159	
Others	-98					-479
Cash flow from financing activities	**6**	**–**	**-50**	**-119**	**-214**	**-554**
Cash flow for the year	**-17**	**–**	**47**	**-109**	**-156**	**367**
Key figures						
EBITA margin (%)	7.0	8.0	8.0	10.8	11.0	61.3
EBT margin (%)	3.7	6.0	6.9	9.0	8.6	61.9
Return on equity (%)	–	–	6.9	9.3	9.7	106.9
Return on capital employed (%)	–	–	13.1	17.0	14.5	63.0
Equity ratio (%)	19	–	35	31	28	32
Interest-bearing net debt	14	–	-256	-163	-71	-132
Debt/equity ratio, multiple	0.8	–	0.2	0.3	0.6	0.7
Average number of employees	469	452	452	463	461	456

Biolin Scientific – acquisition of Sophion Bioscience

Operations

Biolin Scientific offers advanced analytical instruments for research, development and diagnostics and is divided into three product areas: Analytical Instruments, Discovery Instruments and Diagnostic Instruments. Analytical Instruments, with the brands Q-Sense, KSV NIMA and Attension, is mainly active within the applications materials science and biophysics. Customers comprise researchers in academia and industrial development. Discovery Instruments, with the Sophion brand, is active within pharmaceutical research with the cell analysis technology Automated Patch Clamping. Customers are mainly research departments in the pharmaceutical industry. Diagnostic Instruments, with the Osstell brand, offers instruments that measure the stability in dental implants and therefore increase the probability of successful procedures. Customers are dentists and oral surgeons.

Biolin Scientific's operations are international. The headquarters are in Gothenburg, Sweden, but the company also has operations in Stockholm, Copenhagen, Helsinki, the UK, the US, China and Japan. Sales are global and are made through the company's own sales teams in the major markets (the US, UK, Germany, Japan and China) and through distributors. The company has approximately 140 employees.

Market

The global market for analytical instruments has annual sales of approximately USD 40 billion and Biolin Scientific operates in a number of niches in the market. The company mainly sells unique and patented measurement techniques where there are no direct competitors. Synergies exist mainly between the Analytical Instruments and Discovery Instruments product areas where the common denominator is advanced measurement at nanometre level, often focused on how cells and material or molecules integrate. Growth is driven by the ability of instruments from Biolin Scientific to provide answers to key research questions. Common accepted measurement methods are the basis of good research and accepted measurement techniques therefore have a long life. The market – like the research – is global, but the key to increased sales is the company's own sales team with good knowledge of the instruments and their applications.

CEO Jan Wahlström

The most important geographical markets are North America, Western Europe and Japan. Emerging markets include Brazil, Russia, India and China.

Over the past ten-year period the market has grown by about 5% per year. In future years annual growth is expected to be approximately 6-7%, driven by increased interest in research. Biolin Scientific's sales are expected, however, to grow faster than the market due to increased use of the company's technologies at relevant research laboratories and increased sales of consumables and service. At present the aftermarket accounts for approximately 30% of the company's total sales.

The market for dental implants (Diagnostic Instruments) is expected to grow by approximately 6-7% in future years, mainly due to an ageing population in the west and increased use of implants instead of traditional solutions such as bridges or dentures. Growth potential for Diagnostic Instruments is assessed as even higher, however, since the use of these instruments is still relatively low.

The Danish company Sophion Bioscience was acquired in the autumn.

The year in brief

Sophion Bioscience, which is now part of the Discovery Instruments product area, was acquired in August for a purchase price of SEK 175m (DKK 145m).

The Farfield product area was phased out during the year. The reasons were weak sales in 2011 and anticipated low demand for the instrument in the future.

Biolin Scientific's sales in 2011 amounted to SEK 232m (227), an increase of 9% adjusted for currency effects.

Operating profit (EBITA) for 2011 was SEK 15m compared with SEK 17m in 2010 (pro forma taking the acquisition of Sophion Bioscience and closure of Farfield into account). Margin development was negatively affected by currency development.

Future prospects

Organic growth in 2012 is expected to be strong. Important product launches are planned within all business areas in 2012. Biolin Scientific is also making active efforts to identify potential new acquisitions and the aim is to carry out at least one further acquisition within the next 12-18 months.

Financial targets

- Annual organic growth > 10%
- EBITA margin > 20%

Ratos's ownership

Ratos acquired Biolin Scientific through a buyout from the Stockholm Stock Exchange at the end of 2010 and the beginning of 2011. Biolin Scientific was delisted in February 2011. Ratos's holding amounts to 100%.

Consolidated book value in Ratos amounted to SEK 345m at year-end.

Ratos is represented on the board by Henrik Joelsson and Anders Borg (deputy).

Investment approach

Ratos acquired Biolin Scientific in order to pursue strong organic growth and carry out synergistic add-on acquisitions. Organic growth is underpinned by the company's strong product portfolio and opportunities for increased sales of consumables and service. A continuous reduction in the proportion of direct costs, combined with operational leverage, provide opportunities for a higher profit margin over time.

BiolinScientific

www.biolinscientific.com

Biolin Scientific

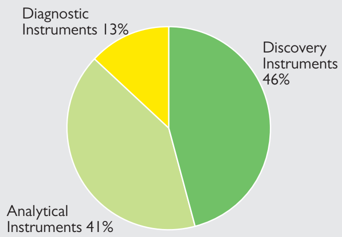
Management

Jan Wahlström	CEO
Christina Rubenhag	CFO
Andreas Andersson	Head of Analytical Instruments
Jonas Ehinger	Head of Diagnostic Instruments
Torsten Freltoft	Head of Discovery Instruments

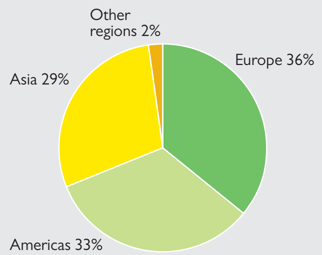
Board of Directors

Peter Ehrenheim	Chairman
Arne Bernroth	
Henrik Joelsson	
Mats Lönnqvist	
Yvonne Mårtensson	
Anders Borg	Deputy

Sales by product area



Sales by region



[1] Earnings and average number of employees for 2010 and 2011 are pro forma taking into account new group structure, acquisition of Sophion Bioscience in August 2011, new financing and disposal of Farfield.

[2] Earnings for 2007 include Ospol AB with SEK -15m. The company was divested in 2008.

SEKm	2011 [1]	2010 [1]	2010	2009	2008	2007 [2]
Income statement						
Net sales	232	227	142	137	109	80
Operating expenses	-224	-208	-125	-120	-106	-102
Other income/expenses	13	5				
Share of profits of associates						
Result from disposals						
EBITDA	**22**	**23**	**17**	**17**	**3**	**-22**
Depreciation and impairment	-7	-7	-5	-5	-3	-5
EBITA	**15**	**17**	**12**	**12**	**0**	**-27**
Amortisation and impairment of intangible assets	-1	-1	0			
Impairment of goodwill						
EBIT	**14**	**16**	**12**	**12**	**0**	**-27**
Financial income	0	0	1	0	7	1
Financial expenses	-15	-15	-6	-1	-2	-1
EBT	**0**	**2**	**7**	**11**	**5**	**-28**
Tax	0	25	23	22	15	
Profit/loss from discontinued operations	-17	7			-34	-3
Profit/loss for the year	**-17**	**33**	**30**	**33**	**-13**	**-31**
Attributable to owners of the parent	-17	33	30	33	-13	-31
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	307		99	85	88	89
Other intangible assets	80		52	25	20	34
Property, plant and equipment	9		7	5	5	6
Financial assets, interest-bearing	0					
Financial assets, non-interest bearing	74		60	37	15	2
Total non-current assets	**470**	**–**	**217**	**153**	**128**	**130**
Inventories	34		21	16	18	18
Receivables, interest-bearing						
Receivables, non-interest bearing	69		41	46	33	28
Cash, bank, other short term investments	34		24	35	7	17
Assets held for sale						
Total current assets	**137**	**–**	**86**	**97**	**57**	**63**
Total assets	**607**	**–**	**303**	**250**	**185**	**194**
Equity attributable to owners of the parent	351		196	176	123	128
Non-controlling interests						
Provisions, interest-bearing						
Provisions, non-interest bearing	5		17	2	17	25
Liabilities, interest-bearing	183		46	43	21	23
Liabilities, non-interest bearing	60		44	30	24	18
Financial liabilities, other	7					
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**607**	**–**	**303**	**250**	**185**	**194**
Statement of cash flows						
Cash flow from operating activities before changes in working capital			21	16	-9	-26
Changes in working capital			-16	-9	2	-11
Cash flow from operating activities	**–**	**–**	**5**	**7**	**-7**	**-37**
Investments in non-current assets			-14	-10	-8	-59
Disposals of non-current assets			0	0	8	1
Cash flow before acquisition/ disposal of companies	**–**	**–**	**-8**	**-3**	**-7**	**-96**
Net investments in companies			-8			
Cash flow after investing activities	**–**	**–**	**-16**	**-3**	**-7**	**-96**
Change in loans			5	9	-2	19
New issue				22		0
Dividend paid						
Others						
Cash flow from financing activities	**–**	**–**	**5**	**32**	**-2**	**18**
Cash flow for the year	**–**	**–**	**-11**	**28**	**-9**	**-77**
Key figures						
EBITA margin (%)	6.4	7.4	8.3	9.0	0.0	-34.2
EBT margin (%)	0.0	0.7	4.9	8.4	4.8	-34.8
Return on equity (%)	–	–	18.6	22.4	-10.6	-22.3
Return on capital employed (%)	–	–	6.7	7.0	4.8	-17.6
Equity ratio (%)	58	–	65	70	67	66
Interest-bearing net debt	149	–	22	8	14	5
Debt/equity ratio, multiple	0.5	–	0.2	0.2	0.2	0.2
Average number of employees	141	141	91	71	78	57

Bisnode – streamlining underway

Operations

Bisnode is one of Europe's leading suppliers of digital business information with a complete range of online services within credit, market and business information. Using Bisnode's business information services, companies and organisations can boost their sales, reduce their risks and improve their day-to-day business decisions. Bisnode operates in 17 European countries and has approximately 3,000 employees.

By offering services based on the same type of information within several parts of the group, financial economies of scale are achieved via joint information purchasing and data processing, which also leads to lower costs for customising, packaging and distribution. Business information is distributed digitally and is packaged and adapted for different market segments with varying needs.

Bisnode today has one of Europe's largest databases with information about companies throughout Europe 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 75 billion in the areas of expertise and countries where Bisnode conducts business today. The market is fragmented with many small, local players where few players compete within all market segments in Europe. The trend is towards consolidation of this sector.

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. Growth in Europe is expected to be slightly higher than GDP over a business cycle. Bisnode estimates that the number of potential users amounts to approximately 20 million in Europe.

CEO Lars Pettersson

Increased global competition and information overload are clear growth factors that lead to higher demand for good decision support, rapid digital distribution and easily accessible information solutions. The market situation vary substantially between countries, particularly in relation to growth, competition and access to information as well as the country's digital maturity.

The year in brief

In line with the strategy to streamline and focus Bisnode's market offering, three divestments were made during the year: WLW in Germany, Switzerland and Austria, Pointer in Sweden and Anopress IT in the Czech Republic.

Bisnode continued its strategy of strengthening positions in selected markets. The company made seven acquisitions in 2011: Poslovna Domena in Croatia, Vendemore in Sweden, Lindorff Match and Lindorff Decision in Norway, four Creditinfo Schufa companies in the Czech Republic, Slovakia and Poland, InfoDirekt in Denmark and a minority holding (49%) in the Swedish company Business Check.

Bisnode has one of Europe's largest databases with information about consumers.

Market growth within credit information services was good (+6%) while the late-cyclical direct marketing services noted very weak development during the year (-11%). The Swedish Tax Agency's takeover of SPAR (Statens personadressregister, a database of all persons registered as resident in Sweden) during the year, as planned, led to reduced SPAR-related sales and lower profitability in Sweden.

Bisnode's sales amounted to SEK 4,310m (4,451), which corresponds to a decrease of 3%. Operating profit (EBITA) was SEK 447m (536). Operating profit included items affecting comparability of SEK 78m (58). Organic growth amounted to -4% and -2% excluding currency effects.

Johan Wall resigned as CEO during the autumn. Lars Pettersson took over as CEO on 1 February 2012.

Future prospects

Bisnode continues to develop its market offering in order to strengthen its position in Europe, which will be achieved by product development, establishing services in new countries and through acquisitions of strategically suitable companies. The Swedish Tax Agency's takeover of SPAR will continue to affect Bisnode's SPAR-related business in 2012 with continued lower sales revenue and less favourable profitability. The company's assessment, however, is that the group's other operations will compensate for the reduced SPAR sales.

Financial targets

- Annual organic growth target > 5%
- Operating margin (EBITA) > 15%

Ratos's ownership

Ratos acquired a majority holding in BTJ Infodata in 2004. Ratos effected a buyout 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's holding amounts to 70%. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,341m at year-end.

Ratos is represented on the board by Henrik Joelsson and Cecilia Lundberg (deputy).

Investment approach

Bisnode has a strong position in the European market for digital business information with good possibilities to further strengthen its position through both organic growth and acquisitions. The company also has, due to its scalable business model, good opportunities to improve margins.

Bisnode

www.bisnode.com

Bisnode

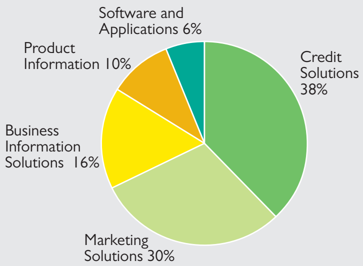
Management

Lars Pettersson	CEO
Fredrik Åkerman	CFO and Business Area Director
Martine Bayens	Regional Director
Martin Coufal	Regional Director
Eckhard Geulen	Regional Director
Björn-Erik Karlsson	Regional Director
Maria Anselmi	Competence Centre Director
Mattias Aronsson	CIO, Competence Centre Director
Elin Ljung	Corporate Communications Director
Karin Svensson	Talent Director
Norbert Verkimpe	Competence Centre Director

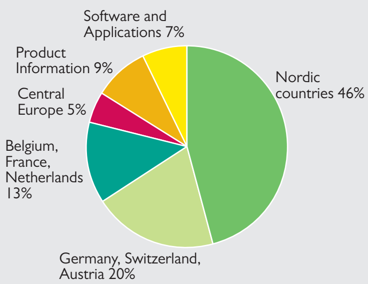
Board of Directors

Ingrid Engström	Chairman
Phil Cotter	
Anders Eriksson	
Jochen Gutbrod	
Henrik Joelsson	
Jonas Nyrén	
Andreas Schönenberger	
Filippa Bylander	Employee representative
Tommy Håkansson	Employee representative
Cecilia Lundberg	Deputy

Sales by business area



Sales by market



SEKm	2011 [1]	2010 [1]	2009 [2]	2008 [2]	2007
Income statement					
Net sales	4,310	4,451	4,741	4,325	3,899
Operating expenses	-3,757	-3,820	-4,093	-3,745	-3,397
Other income/expenses	29	49	50	56	65
Share of profits of associates				0	13
Result from disposals	-5	-9	30	42	91
EBITDA	**577**	**671**	**728**	**679**	**671**
Depreciation and impairment	-130	-135	-135	-146	-91
EBITA	**447**	**536**	**593**	**533**	**580**
Amortisation and impairment of intangible assets	-85	-102	-123	-87	-82
Impairment of goodwill	-15		-41		
EBIT	**347**	**434**	**428**	**446**	**498**
Financial income	16	106	86	18	60
Financial expenses [3]	-160	-164	-191	-381	-139
EBT	**203**	**376**	**324**	**83**	**419**
Tax	-46	-91	-69	-14	-66
Profit/loss from discontinued operations			-108	-4	
Profit for the year	**158**	**285**	**146**	**66**	**353**
Attributable to owners of the parent	156	272	135	53	347
Attributable to non-controlling interests	1	14	11	13	6
Statement of financial position					
Goodwill	4,767	4,530	4,751	4,907	4,199
Other intangible assets	612	652	862	1,136	963
Property, plant and equipment	281	285	367	414	327
Financial assets, interest-bearing	16	12	17	40	2
Financial assets, non-interest bearing	141	142	125	182	230
Total non-current assets	**5,817**	**5,621**	**6,122**	**6,679**	**5,721**
Inventories	6	6	11	12	7
Receivables, interest-bearing	3	7	14	8	18
Receivables, non-interest bearing	865	888	924	1,083	896
Cash, bank, other short term investments	207	259	368	324	214
Assets held for sale					
Total current assets	**1,080**	**1,161**	**1,317**	**1,427**	**1,135**
Total assets	**6,897**	**6,781**	**7,439**	**8,105**	**6,856**
Equity attributable to owners of the parent [4]	2,339	2,232	2,223	2,219	2,382
Non-controlling interests	20	47	65	57	52
Provisions, interest-bearing	217	245	360	354	309
Provisions, non-interest bearing	276	304	307	375	360
Liabilities, interest-bearing	2,436	2,322	2,724	3,166	2,232
Liabilities, non-interest bearing	1,605	1,631	1,761	1,935	1,521
Financial liabilities, other	5				
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**6,897**	**6,781**	**7,439**	**8,105**	**6,856**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	327	483	437	429	426
Changes in working capital	34	-19	32	5	44
Cash flow from operating activities	**360**	**464**	**470**	**434**	**470**
Investments in non-current assets	-133	-95	-119	-206	-187
Disposals of non-current assets	2	23	7	96	29
Cash flow before acquisition/ disposal of companies	**229**	**391**	**358**	**324**	**312**
Net investments in companies	-334	-179	81	-504	-805
Cash flow after investing activities	**-105**	**212**	**439**	**-180**	**-493**
Change in loans	117	-294	-381	635	403
New issue	1				
Dividend paid	-14	-1	-3	-1,801	
Others	-51	-4		1,436	
Cash flow from financing activities	**54**	**-298**	**-384**	**270**	**-403**
Cash flow for the year	**-51**	**-86**	**55**	**90**	**-90**
Key figures					
EBITA margin (%)	10.4	12.0	12.5	12.3	14.9
EBT margin (%)	4.7	8.4	6.8	1.9	10.7
Return on equity (%)	6.8	12.2	6.1	2.3	15.7
Return on capital employed (%)	7.4	10.6	9.2	8.6	12.4
Equity ratio (%)	34	34	31	28	36
Interest-bearing net debt	2,448	2,289	2,684	3,148	2,307
Debt/equity ratio, multiple	1.1	1.1	1.3	1.5	1.0
Average number of employees	3,016	3,080	3,167	3,182	2,790

[1] EBITA includes costs affecting comparability of SEK -78m (-58). Net financial items 2011 are affected by unrealised exchange losses with SEK -34m (93).

[2] Earnings for 2008 and 2009 are pro forma taking into account discontinued operations in the UK/Ireland in 2009.

[3] Excluding interest on shareholder loan.

[4] Equity at 31 December 2011 includes shareholder loan of SEK 1,327m.

Contex Group – focus on large-format scanners

Operations

Contex A/S is the world leader in development, production and marketing of large-format scanners and related software.

The company's head office is in Allerød, Denmark. The products are manufactured in Denmark and by an international contract manufacturer in Asia.

Contex A/S has global sales offices in Europe, North and South America, China, Japan and Singapore. Sales are also conducted through more than 130 distributors worldwide.

Market

Contex is the market leader within large-format scanners and related software which are sold as free-standing units, combined with large-format printers, or as integral built-in systems with large-format printers. Due to the high image quality and performance of its products, the company is strongest in the upper price segment for free-standing, large-format scanners with a market share of over 50%.

The company's solutions are sold globally to the following customer segments: architecture, engineering and construction (AEC), computer-aided design (CAD), geographic information systems (GIS), printing and reprographics, and document archiving.

During 2011 the market showed stable development in terms of value but the volume of sold scanners rose as a result of the introduction of scanners built into large-format ink-jet printers. Over time the total market is expected to grow slightly faster than GDP, driven by a continued changeover to integrated systems. As a supplier to the large-format printer market leaders – HP and Océ – Contex has a very strong position within this segment. The biggest competitors are Graphtec and Colortrac.

CEO Aage Snorgaard

The year in brief

In November, Contex Group concluded an agreement with the American company 3D Systems Corporation for the sale of the subsidiaries Z Corporation and Vidar Systems. The deal was finalised in January 2012. The selling price (enterprise value) amounted to USD 137m. The remaining operations are the large-format scanners within Contex A/S.

Sales in Contex A/S amounted to USD 46m in 2011 and EBITA was USD 3.5m.

The introduction of large-format ink-jet printers with built in scanners has contributed to good sales within this area. Sales of free-standing scanners under the company's own brand showed stable development. During the autumn Contex launched a new generation of free-standing scanners with considerably improved performance.

During the year the Group's sales fell 2% to USD 102m (104). Operating profit (EBITA) amounted to USD 6.8m (13.4). The operating margin was 6.7% (12.9).

Future prospects

Contex A/S has a recently developed, highly competitive product programme which is sold both under own brand and to key manufacturers of large-format printers. Based on this, there is potential for a significant increase in the company's profitability.

Contex is a supplier to the market leaders within large-format scanners – HP and Océ.

Ratos's ownership

Ratos acquired the Danish company Contex Group in 2007 and today owns 99% of the company. Co-owners are the company's management and board.

Consolidated book value in Ratos at year-end was SEK 673m.

Ratos is represented on the board by Per Frankling and by Mikael Norlander.

Investment approach

Ratos's investment in Contex Group was based on a plan to develop Contex A/S, Vidar Systems and Z Corporation on the basis of their different prerequisites. After the sale of Z Corporation (at a value corresponding to the growth potential in its sector) and Vidar Systems (after a strong improvement in margins), Ratos intends to increase the value of the investment in Contex by strengthening the company's profitability considerably.

contex
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www.contex.com

Contex Group

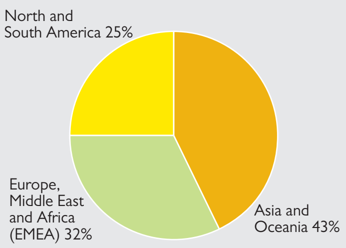
Management

Aage Snorgaard	CEO
Kenneth Aaby Sachse	CFO

Board of Directors

Arne Frank	Chairman
Per Frankling	
Kaj Juul-Pedersen	
Peter Leschly	
Mikael Norlander	
Brian Steen Jensen	Employee representative
Søren Thuun Jensen	Employee representative

Sales by market



Relates to the remaining operations, Contex A/S.

[1] Earnings for 2007 are pro forma taking Ratos's acquisition into account.

USDm	2011	2010	2009	2008	2007[1]
Income statement					
Net sales	102.0	104.0	91.3	124.2	122.9
Operating expenses	-88.7	-83.1	-81.0	-105.6	-105.0
Other income/expenses	0.2	0.2	0.2	0.2	0.9
Share of profits of associates					
Result from disposals					
EBITDA	**13.4**	**21.1**	**10.5**	**18.9**	**18.8**
Depreciation and impairment	-6.6	-7.7	-9.1	-5.5	-3.1
EBITA	**6.8**	**13.4**	**1.4**	**13.4**	**15.7**
Amortisation and impairment of intangible assets			-0.7	-0.7	-0.7
Impairment of goodwill	-1.9				
EBIT	**4.9**	**13.4**	**0.7**	**12.7**	**15.0**
Financial income	0.0	0.0	2.3	0.5	1.9
Financial expenses	-7.2	-7.4	-12.3	-12.9	-14.4
EBT	**-2.3**	**6.0**	**-9.3**	**0.2**	**2.5**
Tax	-1.0	-1.8	1.6	1.3	-4.9
Profit/loss from discontinued operations					
Profit/loss for the year	**-3.3**	**4.2**	**-7.7**	**1.5**	**-2.4**
Attributable to owners of the parent	-3.3	4.2	-7.7	1.5	-2.4
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	213.9	215.8	215.8	215.8	211.4
Other intangible assets	6.7	12.7	12.0	12.1	9.6
Property, plant and equipment	6.1	7.6	8.6	10.7	10.5
Financial assets, interest-bearing					
Financial assets, non-interest bearing	0.7	2.2	2.1	4.8	2.1
Total non-current assets	**227.5**	**238.3**	**238.6**	**243.4**	**233.6**
Inventories	4.9	9.3	11.0	15.1	12.2
Receivables, interest-bearing					
Receivables, non-interest bearing	7.5	18.9	16.3	20.7	23.9
Cash, bank, other short term investments	16.6	19.4	15.6	10.8	24.5
Assets held for sale	27.8				
Total current assets	**56.7**	**47.6**	**42.9**	**46.6**	**60.6**
Total assets	**284.3**	**286.0**	**281.5**	**290.0**	**294.2**
Equity attributable to owners of the parent	144.8	147.5	139.8	103.0	105.2
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	4.1	7.9	4.9	4.3	4.8
Liabilities, interest-bearing	111.9	115.7	118.5	157.1	156.3
Liabilities, non-interest bearing	10.6	14.9	18.3	25.6	28.0
Financial liabilities, other					
Liabilities attributable to Assets held for sale	12.9				
Total equity and liabilities	**284.3**	**286.0**	**281.5**	**290.0**	**294.2**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	8.7	12.9	4.2	5.0	
Changes in working capital	2.3	-1.5	4.6	-4.6	
Cash flow from operating activities	**11.0**	**11.4**	**8.8**	**0.4**	**–**
Investments in non-current assets	-8.5	-7.7	-7.7	-9.1	
Disposals of non-current assets	0.1	0.1			
Cash flow before acquisition/disposal of companies	**2.6**	**3.8**	**1.1**	**-8.7**	**–**
Net investments in companies				-4.0	
Cash flow after investing activities	**2.6**	**3.8**	**1.1**	**-12.7**	**–**
Change in loans	-3.7	-2.9	-38.5	-1.1	
New issue		2.7	42.3		
Dividend paid					
Others	0.0	0.1			
Cash flow from financing activities	**-3.7**	**0.0**	**3.8**	**-1.1**	**–**
Cash flow for the year	**-1.1**	**3.8**	**4.9**	**-13.8**	**–**
Key figures					
EBITA margin (%)	6.7	12.9	1.6	10.8	12.8
EBT margin (%)	-2.2	5.8	-10.2	0.2	2.1
Return on equity (%)	-2.3	2.9	-6.3	1.4	–
Return on capital employed (%)	1.9	5.1	1.2	5.0	–
Equity ratio (%)	51	52	50	36	36
Interest-bearing net debt	95.3	96.2	102.9	146.3	131.7
Debt/equity ratio, multiple	0.8	0.8	0.8	1.5	1.5
Average number of employees	302	322	335	467	448

DIAB – tough year

Operations

DIAB is a world-leading, global company that manufactures, develops and sells core materials for composite structures, including blades for wind turbines, hulls and decks for leisure boats, and components for aircraft, trains, industrial applications and buildings. DIAB's core material, which is based on a polymer foam or (to a lesser extent) balsa wood, has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

The core material is used for a variety of structures within a number of different market areas: Wind Energy, Marine, Industry, Aerospace and Transport.

Over 95% of DIAB's sales are to customers outside Sweden via the company's sales subsidiaries and with the company's own technical support in all major markets. The company has seven production units: material production is located in Sweden, Italy, the US and Ecuador. In addition, DIAB has material processing units in China, India and Lithuania.

Market

The market for core materials grows with customers' underlying production volumes, such as the number of wind turbines, boats, trains and aircraft, and also through the increased use of composite structures in existing and new applications. This increased use is driven by efforts to achieve structures with higher strength and lower weight. DIAB has a strong global position in the market for core materials for composite sandwich structures. The company's competitors include 3A Composites and Gurit.

DIAB's material has a unique combination of properties such as low weight and high strength.

CEO Anders Paulsson

The year in brief

Development in the Chinese wind power market during the year had a negative impact on DIAB's sales performance. The expansion rate for wind power in China has been very high in recent years. Since extensions to the electricity network and other infrastructure for wind farms have not kept pace, the rate of installation decreased in 2011, among other things as a result of stricter official control and approval processes for new wind farms. This stricter control, combined with high stock levels and lack of liquidity in the supply chain, has resulted in a temporary but very sharp fall in the market and therefore had a negative impact on DIAB's sales.

Demand development within other regions and market areas was generally positive, including strong growth within Industry, Transport and Aerospace due to improved market conditions as well as DIAB's focused marketing efforts.

DIAB's sales in 2011 amounted to SEK 1,219m (1,396), a decline of 13% (-7% in local currency). The company has a high proportion of sales in foreign currency and was therefore adversely affected by exchange rate development where the Swedish krona strengthened against other currencies during the year.

Operating loss (EBITA) for the year amounted to SEK 5m (+188). The weak earnings development is due to a low sales volume, low capacity utilisation and restructuring costs in conjunction with a completed action programme. Cash flow from operating activities amounted to SEK -22m (171).

Future prospects

DIAB has a strategically strong position as a world-leading manufacturer of core materials. A recovery in the wind power industry in China is expected in the years ahead. This, combined with anticipated favourable development within other customer segments and opportunities to broaden applications for core materials, gives DIAB good long-term growth potential. Short-term sales development depends on the timing of the recovery in China and the macroeconomic situation. Through cost-saving measures implemented in 2011, DIAB has laid the foundation for an improvement in earnings in 2012 although in an overall weak market situation.

Financial targets

- Annual organic growth >15%
- EBITA margin >15%

Ratos's ownership

Ratos became an owner of DIAB in 2001 in connection with the acquisition of Atle. In 2009, Ratos and DIAB's board and management acquired 3i's shares in DIAB whereupon Ratos became the majority owner of DIAB. Ratos's holding amounts to 95%.

Consolidated book value in Ratos amounted to SEK 1,001m at year-end.

Ratos is represented on the board by Henrik Blomé, Stig Karlsson (Industrial Advisor) and Johan Pernvi.

Investment approach

DIAB has a very attractive long-term growth profile and, based on a unique offering and strong market position, good underlying profitability potential. During its period in Ratos's ownership the company has developed into a global player and through extensive investments in the company's product offering and production capacity is well placed to manage considerably higher volumes in future. In the short term, Ratos is focusing on supporting the completion of initiated action programmes in order to adapt DIAB to uncertain immediate market conditions. Ratos expects that conditions in the market will regain strength and intends to contribute to the strong development of DIAB through a competitive product offering, global market presence and a sales organisation with applications expertise.

DIAB

www.diabgroup.com

DIAB

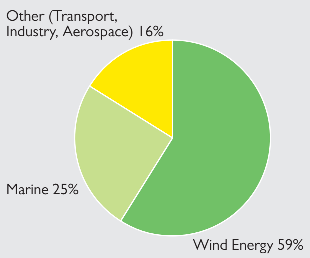
Management

Anders Paulsson	CEO
Peter Sundback	CFO

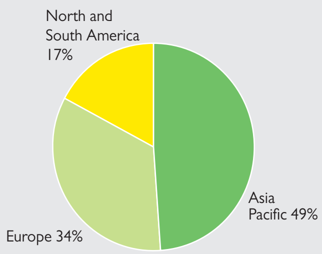
Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	
Georg Brunstam	
Torben Bjerre-Madsen	
Johan Pernvi	
Carl-Erik Ridderstråle	
Cecilia Klang Larsson	Employee representative
Valerian Vancea	Employee representative
Michael Edvinsson	Deputy, employee representative
Per Månsson	Deputy, employee representative

Sales by customer segment



Sales by market



1) Earnings for 2011 are charged with costs affecting comparability of SEK -40m (-5).

2) Earnings for 2007 are pro forma taking new group structure and financing into account.

SEKm	2011 1)	2010 1)	2009	2008	2007 2)
Income statement					
Net sales	1,219	1,396	1,322	1,414	1,354
Operating expenses	-1,134	-1,120	-1,077	-1,115	-1,040
Other income/expenses	-1	-1		-2	-6
Share of profits of associates					
Result from disposals					
EBITDA	**85**	**275**	**245**	**297**	**308**
Depreciation and impairment	-90	-87	-89	-77	-53
EBITA	**-5**	**188**	**156**	**220**	**255**
Amortisation and impairment of intangible assets		0			
Impairment of goodwill					
EBIT	**-5**	**188**	**156**	**220**	**255**
Financial income	1	0	1	1	3
Financial expenses	-45	-39	-59	-43	-103
EBT	**-50**	**149**	**97**	**178**	**155**
Tax	-36	-34	-17	-50	25
Profit/loss from discontinued operations					
Profit for the year	**-85**	**115**	**81**	**128**	**180**
Attributable to owners of the parent	-85	115	81	128	180
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	1,094	1,094	1,094	1,094	1,008
Other intangible assets	53	41	35	27	26
Property, plant and equipment	521	559	608	684	621
Financial assets, interest-bearing					
Financial assets, non-interest bearing	77	103	90	71	75
Total non-current assets	**1,744**	**1,797**	**1,827**	**1,876**	**1,730**
Inventories	231	255	218	293	220
Receivables, interest-bearing					
Receivables, non-interest bearing	288	210	227	297	257
Cash, bank, other short term investments	38	62	167	47	51
Assets held for sale					
Total current assets	**557**	**527**	**611**	**637**	**528**
Total assets	**2,301**	**2,324**	**2,438**	**2,513**	**2,258**
Equity attributable to owners of the parent	1,142	1,212	1,204	976	677
Non-controlling interests					
Provisions, interest-bearing	33	34	34	34	31
Provisions, non-interest bearing	36	20	19	6	18
Liabilities, interest-bearing	893	848	977	1,276	1,250
Liabilities, non-interest bearing	197	210	204	221	244
Financial liabilities, other					38
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,301**	**2,324**	**2,438**	**2,513**	**2,258**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	30	216	161	162	
Changes in working capital	-52	-45	117	-87	
Cash flow from operating activities	**-22**	**171**	**279**	**75**	**–**
Investments in non-current assets	-67	-81	-49	-81	
Disposals of non-current assets	0	0	1	3	
Cash flow before acquisition/ disposal of companies	**-88**	**91**	**231**	**-3**	**–**
Net investments in companies					
Cash flow after investing activities	**-88**	**91**	**231**	**-3**	**–**
Change in loans	39	-110	-272	-7	
New issue			82		
Dividend paid					
Others	25	-80	80	-2	
Cash flow from financing activities	**64**	**-190**	**-110**	**-9**	**–**
Cash flow for the year	**-24**	**-99**	**121**	**-12**	**–**
Key figures					
EBITA margin (%)	-0.4	13.5	11.8	15.6	18.8
EBT margin (%)	-4.1	10.7	7.4	12.6	11.4
Return on equity (%)	-7.2	9.6	7.4	15.5	–
Return on capital employed (%)	-0.2	8.7	7.0	10.4	–
Equity ratio (%)	50	52	49	39	30
Interest-bearing net debt	888	820	844	1,263	1,230
Debt/equity ratio, multiple	0.8	0.7	0.8	1.3	1.9
Average number of employees	1,389	1,327	1,132	1,280	–

Euromaint – an eventful year

Operations

Euromaint is one of Europe's leading independent maintenance companies for the rail transport industry. The company offers qualified technical maintenance to meet customer requirements for well-functioning rolling stock fleets. The company's services and products guarantee the reliability and service life of track-mounted vehicles such as freight carriages, passenger trains, locomotives and work machines. Customers are primarily train operators, freight rolling stock owners and infrastructure companies.

Euromaint has most of its operations in Sweden but also has subsidiaries in Germany, Belgium, the Netherlands and Latvia. The company has 2,450 employees.

CEO Ove Bergkvist

Market

Euromaint's markets are characterised by good underlying growth driven by increased transports, greater environmental consideration when choosing means of transport and an ongoing deregulation in Europe.

The underlying growth rate for passenger traffic in Sweden is 2-4% per year. Deregulation means that the growth rate is higher for Euromaint's potential market. For freight traffic the underlying growth rate is equally positive, but the market is more exposed to cyclical effects.

Euromaint has a strong position in the Swedish train maintenance market. The company's position is upheld through a nationwide network of workshops, a high level of technical knowledge of its customers' trains, maintenance-specific skills and long-term customer relationships. Maintenance of freight locomotives and freight wagons is also performed in Germany, which is the largest market in Europe and where Euromaint is the leading independent provider of maintenance for freight carriages. The company's position is based on availability and the capacity to handle large volumes through a network of workshops, good customer relationships, high-quality work and competitive prices.

The year in brief

Euromaint has undergone extensive structural, strategic and operational changes during the year. A streamlining of the group was carried out when the subsidiary Euromaint Industry was sold in December to Coor Service Management for approximately SEK 100m (enterprise value).

Management and the composition of the board have been changed and Ove Bergkvist took over as CEO in May.

During the second half of the year an extensive improvement programme was initiated designed to achieve a lasting increase in competitiveness and efficiency in the company. The programme includes measures to improve delivery and contract management as well as tied-up capital. During the year a decision was made to close down the loss-making refurbishment operations.

Euromaint's financial development was weak during the first half of the year, mainly due to high costs and low revenues from some major contracts. Earnings steadily improved during the autumn as a result of activities in the improvement programme.

Euromaint's sales for 2011 amounted to SEK 2,860m (2,814) which corresponds to an increase of 2% compared with 2010. Sales development was positive in Germany and weakly negative in Sweden due to termination of the commuter train contract in Stockholm. Operating profit (EBITA) amounted to SEK 102m (-15). The improved earnings are explained by completed restructuring and lower non-recurring costs. The earnings trend was positive compared with the previous year in both Sweden and Germany.

Future prospects

Euromaint's greatest challenge in 2012 is to fully complete the improvement programme started in 2011. The company's markets are characterised by underlying growth and with its strong market position Euromaint is well placed to take advantage of market development. Growth opportunities for Euromaint over time are also driven by the ongoing deregulation of the railways in Europe.

Ratos's ownership

Ratos acquired 100% of Euromaint in 2007.

Consolidated book value in Ratos amounted to SEK 715m at year-end.

Ratos is represented on the board by Thomas Hofvenstam and Jonathan Wallis.

Investment approach

Ratos's goals during the coming years are to encourage improved profitability through ongoing efficiency measures, to achieve organic growth that exceeds market development and through acquisitions and organic initiatives to participate in the ongoing restructuring in the European train maintenance market.

Euromaint guarantees the reliability and useful life of freight carriages and passenger trains.

EuroMaint

www.euromaint.com

Euromaint

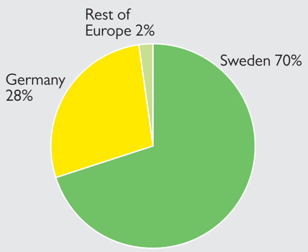
Management

Ove Bergkvist	CEO
Karl Ove Grönqvist	CFO
Josef Berker	Business Area Manager Germany
Ingela Erlinghult	Business Area Manager Components
Gustav Jansson	Business Area Manager Work Machines

Board of Directors

Hans Pettersson	Chairman
Thomas Hofvenstam	
Jonathan Wallis	
Bertil Hallén	Employee representative
Karin Nyberg	Employee representative

Sales by market



SEKm	2011 1)	2010 1)2)	2010 2)	2009	2008	2007 3)
Income statement						
Net sales	2,860	2,814	3,532	2,510	2,324	2,067
Operating expenses	-2,727	-2,835	-3,602	-2,352	-2,165	-1,972
Other income/expenses	28	63	63	17		
Share of profits of associates						
Result from disposals	-2					1
EBITDA	**159**	**41**	**-7**	**175**	**159**	**96**
Depreciation and impairment	-57	-56	-59	-42	-38	-27
EBITA	**102**	**-15**	**-67**	**133**	**122**	**69**
Amortisation and impairment of intangible assets	-2	-4	-4	-4	-4	-2
Impairment of goodwill						
EBIT	**100**	**-19**	**-71**	**128**	**118**	**67**
Financial income	3	2	2	1	3	6
Financial expenses 4)	-51	-63	-63	-59	-61	-61
EBT	**52**	**-79**	**-132**	**70**	**60**	**12**
Tax	43	33	37	-13	-11	5
Profit/loss from discontinued operations	-118	-30				
Profit/loss for the year	**-23**	**-77**	**-95**	**57**	**49**	**17**
Attributable to owners of the parent	-23	-77	-95	57	49	17
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	712		770	719	692	692
Other intangible assets	9		18	23	14	18
Property, plant and equipment	185		212	202	208	196
Financial assets, interest-bearing						
Financial assets, non-interest bearing	24		37	10	11	11
Total non-current assets	**930**	**–**	**1,037**	**954**	**925**	**917**
Inventories	454		535	375	264	280
Receivables, interest-bearing						
Receivables, non-interest bearing	690		798	776	675	609
Cash, bank, other short term investments					33	
Assets held for sale						
Total current assets	**1,144**	**–**	**1,333**	**1,151**	**973**	**889**
Total assets	**2,075**	**–**	**2,370**	**2,105**	**1,897**	**1,807**
Equity attributable to owners of the parent 5)	737		668	516	447	406
Non-controlling interests						
Provisions, interest-bearing	19		17	15	19	35
Provisions, non-interest bearing	47		83	22	32	21
Liabilities, interest-bearing	628		724	756	746	799
Liabilities, non-interest bearing	632		865	786	644	545
Financial liabilities, other	11		13	10	8	
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,075**	**–**	**2,370**	**2,105**	**1,897**	**1,807**
Statement of cash flows						
Cash flow from operating activities before changes in working capital			-105	41	65	
Changes in working capital			145	-51	63	
Cash flow from operating activities	**–**	**–**	**40**	**-10**	**128**	**–**
Investments in non-current assets			-28	-25	-41	
Disposals of non-current assets			26	1	0	
Cash flow before acquisition/disposal of companies	**–**	**–**	**38**	**-34**	**87**	**–**
Net investments in companies			-168	28		
Cash flow after investing activities	**–**	**–**	**-129**	**-62**	**87**	**–**
Change in loans			-27	4	-30	
New issue						
Dividend paid						
Others			157	25	-24	
Cash flow from financing activities	**–**	**–**	**129**	**29**	**-54**	**–**
Cash flow for the year	**–**	**–**	**0**	**-33**	**33**	**–**
Key figures						
EBITA margin (%)	3.6	-0.5	-1.9	5.3	5.2	3.3
EBT margin (%)	1.8	-2.8	-3.7	2.8	2.6	0.6
Return on equity (%)	–	–	-17.0	11.9	11.5	–
Return on capital employed (%)	–	–	-5.2	10.4	9.8	–
Equity ratio (%)	36	–	28	24	24	22
Interest-bearing net debt	647	–	741	772	732	834
Debt/equity ratio, multiple	0.9	–	1.1	1.5	1.7	2.1
Average number of employees	2,442	2,373	2,713	1,909	1,793	1,781

1) Earnings for 2010 and 2011 are pro forma taking into account discontinued operations (Refurbishment business area) and disposal of business (Euromaint Industry).

2) Earnings for 2010 are charged with costs affecting comparability of SEK -184m.

3) Earnings for 2007 are pro forma taking Ratos's acquisition into account.

4) Excluding interest on shareholder loan.

5) Equity at 31 December 2011 includes shareholder loan of SEK 449m.

Finnkino – new holding in the movie theatre sector

Operations

Finnkino is the leading cinema operator in Finland and the Baltic countries with 25 movie theatres and 160 screens with a total of approximately 30,000 seats. The company also conducts film distribution and some distribution of DVDs. The movie theatre operations are conducted under the name Finnkino in Finland and Forum Cinemas in the Baltic countries. In addition to ticket revenues, sales of snacks, sweets and soft drinks, as well as advertising, are significant sources of income. The number of admissions to the company's cinemas totalled 9.9 million in 2011.

Market

Movie-going in the Baltic countries has seen positive growth in recent years, mainly due to the building of movie theatres with a number of screens, known as the multiplex concept, as well as digital and 3D technologies which have enhanced the film-going experience. In more mature markets, such as Finland and Sweden, movie-going has been stable during the economic upturns and downturns in recent years. In the Baltic countries, however, the weak economic situation has had a negative effect on the number of movie-goers since the start of 2009. Access to attractive films has a major effect in the short term on the number of movie-goers, something that varies from year to year.

The year in brief

Sales in 2011 amounted to EUR 88.5m, which is the same level as the previous year. 2010 was a very strong movie year, which included *Avatar* and several successful domestic Finnish films. During 2011 the repertoire was somewhat weaker. This

CEO Liisi Jauho

applied in particular to Finnish films, which were not able to generate cinema visits to the same extent as in the previous year. The number of admissions to the company's movie theatres was on a par with 2010. The number of admissions increased in Lithuania and Estonia, but fell in Finland and Latvia. Average ticket prices were stable while peripheral sales per admission rose by 6%. The most important movies during the year included *Pirates of the Caribbean: On Stranger Tides, Cars 2, Johnny English Reborn* and *Harry Potter and the Deathly Hallows: part 2.*

EBITA in 2011 amounted to EUR 8.6m. Reported earnings were charged with extraordinary items of EUR 0.6m which are mainly related to the acquisition. Development has been favourable since Ratos's acquisition in May 2011, and EBITA (adjusted for non-recurring items) improved by EUR 1.8m compared with the same period in 2010. Profitability strengthened in Finland and Estonia, while more intense competition reduced profitability in Latvia. In Lithuania, the loss was lower and the operations reported a positive EBITA in the fourth quarter.

Future prospects

Finnkino has a strong position in all its national markets. During the next few years, profitability is expected to rise in Finland through further refinement of operations. The operations in the Baltic countries currently have low profitability but operative measures combined with structural changes and an improved economic situation in the region, will contribute to increased profitability. During 2012 several major movies, such as *The Hobbit* and *James Bond: Skyfall*, are expected to have premieres in the fourth quarter.

Ratos's ownership

Ratos acquired Finnkino in 2011. Ratos's holding amounts to 98%. Co-owners are the company's management and board.

Consolidated book value in Ratos at year-end amounted to SEK 398m.

Ratos is represented on the board by Per Frankling and Jan Pomoell.

Investment approach

Ratos intends to further optimise Finnkino's profitability in Finland through continued development of the customer offering and the company's processes. At the same time, profitability in the Baltic countries will be restored through the company's own action measures combined with restructuring and market improvements. Over time, consolidation opportunities may arise in this sector. Admissions per capita are still low compared with the other Nordic countries, but continued investments in new technology and an improved customer offering are expected to increase both the number of visitors and revenue per admission.

Finnkino's movie theatres in Finland and the Baltic countries had almost 10 million admissions in 2011.

FINNKINO

www.finnkino.fi

Finnkino

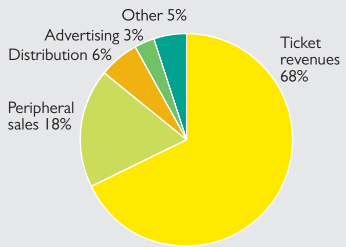
Management

Liisi Jauho CEO
Vesa Aittomäki CFO

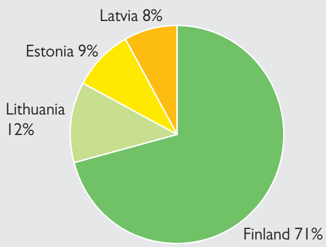
Board of Directors

Mikael Aro Chairman
Per Frankling
Bertel Paulig
Per Tengblad
Jan Pomoell

Sales by operating area



Sales by market



[1] Earnings for 2011 are charged with items affecting comparability of EUR -0.6m (0).

[2] Earnings for 2010 and 2011 are pro forma taking Ratos's acquisition into account.

EURm	2011 [1][2]	2010 [2]	2009	2008	2007
Income statement					
Net sales	88.5	88.6			
Operating expenses	-75.4	-74.6			
Other income/expenses	2.5	1.4			
Share of profits of associates	0.6	0.5			
Result from disposals					
EBITDA	**16.2**	**15.9**			
Depreciation and impairment	-7.6	-6.8			
EBITA	**8.6**	**9.1**			
Amortisation and impairment of intangible assets	-0.2	-0.1			
Impairment of goodwill					
EBIT	**8.4**	**9.0**			
Financial income	0.0	0.1			
Financial expenses	-6.1	-5.7			
EBT	**2.4**	**3.4**			
Tax	-1.0	-0.8			
Profit/loss from discontinued operations					
Profit for the year	**1.3**	**2.6**			
Attributable to owners of the parent	1.3	2.6			
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	61.1				
Other intangible assets	0.7				
Property, plant and equipment	65.8				
Financial assets, interest-bearing					
Financial assets, non-interest bearing	2.1				
Total non-current assets	**129.7**	**–**			
Inventories	0.7				
Receivables, interest-bearing	0.1				
Receivables, non-interest bearing	6.0				
Cash, bank, other short term investments	10.5				
Assets held for sale					
Total current assets	**17.3**	**–**			
Total assets	**146.9**	**–**			
Equity attributable to owners of the parent	45.3				
Non-controlling interests					
Provisions, interest-bearing	0.0				
Provisions, non-interest bearing	0.4				
Liabilities, interest-bearing	46.1				
Liabilities, non-interest bearing	55.1				
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**146.9**	**–**			
Statement of cash flows					
Cash flow from operating activities before changes in working capital					
Changes in working capital					
Cash flow from operating activities	**–**	**–**			
Investments in non-current assets					
Disposals of non-current assets					
Cash flow before acquisition/ disposal of companies	**–**	**–**			
Net investments in companies					
Cash flow after investing activities	**–**	**–**			
Change in loans					
New issue					
Dividend paid					
Others					
Cash flow from financing activities	**–**	**–**			
Cash flow for the year	**–**	**–**			
Key figures					
EBITA margin (%)	9.7	10.2			
EBT margin (%)	2.7	3.8			
Return on equity (%)	–	–			
Return on capital employed (%)	–	–			
Equity ratio (%)	31	–			
Interest-bearing net debt	36	–			
Debt/equity ratio, multiple	1.0	–			
Average number of employees	794	620			

GS-Hydro – positive trend reversal

Operations

GS-Hydro is a global supplier of non-welded piping solutions. Piping systems are mainly used in hydraulic high-pressure systems with high demands on fast installation, cleanliness and a minimum of operating shutdowns and leakage risks. The company supplies complete piping solutions, prefabricated piping modules, components for piping systems and related services, including design, installation, documentation and maintenance.

GS-Hydro's products and services are mainly used within marine and offshore industries as well as in land-based segments such as pulp and paper, mining and metals, automotive and aerospace. The company has approximately 610 employees in 17 countries. The head office is in Finland.

CEO Pekka Frantti

Market

GS-Hydro works with non-welded piping solutions, which are a relatively small part of the market for piping solutions for hydraulic applications. Opportunities to increase market share are created by promoting the advantages of the system compared with welded solutions.

The company conducts worldwide operations and is a leading supplier within its market niche. The largest individual market is Norway where marine and offshore industries are key customer segments.

Activity in the offshore segment was high in 2011 with significantly stronger order bookings for several of GS-Hydro's customers. However, since GS-Hydro delivers late in the project cycle, the positive impact on the company from this increased activity did not occur until the end of the year. At the same time, fundamental drivers, such as a long-term imbalance between supply and demand for oil and significant new oil discoveries in the North Sea, point to favourable development over time. Non-welded piping solutions offer clear advantages in the offshore segment. Since no welding flame is used, customers can continue their production during installation and maintenance without costly shutdowns.

Activity and demand in the marine segment were low during 2011. Within some key marine segments for GS-Hydro, such as specialty ships and offshore ships, development was more favourable. GS-Hydro's products and services are primarily used for hydraulic and fire protection systems on ships, where the piping solutions can be installed in confined spaces, which is an important competitive advantage. Demand in the land-based segment was also low during the year.

The year in brief

GS-Hydro's sales amounted to EUR 118.8m (130.3), which represents a decrease of 9% compared with the previous year. This was due to a market downturn for the company's customers and a late cyclical position. The underlying trend, however, gradually improved and during the second half of the year GS-Hydro had good order bookings.

Operating profit (EBITA) amounted to EUR 3.4m (2.8) and was negatively affected by the lower sales volume and a weaker gross margin which was partly compensated, however, by implemented cost-cutting measures. Cash flow from operating activities amounted to EUR 4.5m (5.8). In August, Ratos provided a capital contribution of EUR 6m to strengthen the company's capital structure.

Future prospects

The increased activity mainly within the offshore segment during 2011 has strengthened the company's order backlog and provided opportunities for increased sales and improved earnings during 2012. In the longer term there are powerful driving forces that provide a foundation for positive development and GS-Hydro is well placed to achieve faster growth than the market as a whole.

Financial targets

- Sales growth 10% annual average
- EBITA margin >10%

Ratos's ownership

Ratos became owner of GS-Hydro in conjunction with the acquisition of Atle in 2001. Ratos's holding now amounts to 100%.

Consolidated book value in Ratos at year-end was SEK -44m (this amount is negative due to refinancing in 2008).

Ratos is represented on the board by Henrik Blomé and Johan Pålsson.

Investment approach

GS-Hydro has a market-leading position in its niche (non-welded piping solutions) based on the company's global presence, strong applications expertise and total solutions for piping systems. The company's technology competes with the more widespread and traditional technology (welded piping systems). Additional market penetration for non-welded piping, combined with expansion in growth markets in Asia and Brazil and within service, offers important growth potential for GS-Hydro. Improved market demand, the company's focus on growth and continued operational efficiency improvements, are assessed being able to create positive growth and improved profitability in the years ahead.

GS-Hydro's largest market is Norway, with key customer segments within marine and offshore industry.

GS-Hydro

www.gshydro.com

GS-Hydro

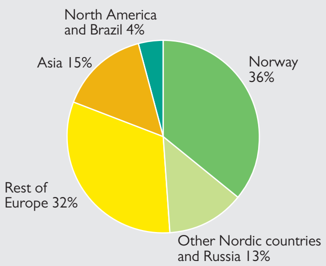
Management

Pekka Frantti	CEO
Kristiina Leppänen	CFO
Fernando Guarido	Managing Director, GS-Hydro Brazil
Jan Gulbrandsen	Managing Director, GS-Hydro Norway
Chris Hargreaves	Managing Director, GS-Hydro UK
Terho Hoskonen	VP Sales and Marketing
Harri Jokinen	VP Technology and Sourcing
Seppo Lusenius	Director Finnish and Russian Operations
Heikki Pennanen	VP Global Strategic Projects
Ulla Toivo	Head of Global HR

Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Henrik Blomé	
Olli Isotalo	
Johan Pålsson	
Eli K. Vassenden	

Sales by region



[1)] GS-Hydro was refinanced in September 2008. Earnings for 2008 are pro forma taking into account new financing and group structure.

EURm	2011	2010	2009	2008 [1)]	2007
Income statement					
Net sales	118.8	130.3	140.7	159.0	141.8
Operating expenses	-112.8	-124.6	-127.4	-139.0	-123.4
Other income/expenses	0.1				
Share of profits of associates					
Result from disposals					3.6
EBITDA	**6.1**	**5.7**	**13.3**	**20.0**	**22.0**
Depreciation and impairment	-2.7	-2.9	-2.7	-2.4	-2.1
EBITA	**3.4**	**2.8**	**10.6**	**17.6**	**19.9**
Amortisation and impairment of intangible assets					
Impairment of goodwill		-0.8			
EBIT	**3.4**	**2.0**	**10.6**	**17.6**	**19.9**
Financial income	1.1	0.6	0.5		
Financial expenses	-6.0	-5.4	-5.6	-8.9	-3.3
EBT	**-1.4**	**-2.9**	**5.5**	**8.7**	**16.6**
Tax	0.0	-0.1	-2.5	-4.1	-5.6
Profit/loss from discontinued operations					
Profit/loss for the year	**-1.4**	**-3.0**	**3.0**	**4.6**	**11.0**
Attributable to owners of the parent	-1.4	-3.0	3.0	4.6	11.0
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	56.2	56.2	56.8	56.8	15.1
Other intangible assets	0.7				
Property, plant and equipment	6.9	8.8	9.6	8.8	7.2
Financial assets, interest-bearing					
Financial assets, non-interest bearing	2.2	1.2	0.9	1.9	0.9
Total non-current assets	**66.0**	**66.2**	**67.4**	**67.4**	**23.2**
Inventories	24.5	26.1	31.6	34.7	34.9
Receivables, interest-bearing					
Receivables, non-interest bearing	30.4	34.4	35.9	40.3	35.9
Cash, bank, other short term investments	10.9	9.2	6.9	11.6	7.2
Assets held for sale					
Total current assets	**65.7**	**69.6**	**74.3**	**86.6**	**78.0**
Total assets	**131.7**	**135.8**	**141.7**	**153.9**	**101.2**
Equity attributable to owners of the parent	36.1	34.1	34.8	27.2	34.4
Non-controlling interests					
Provisions, interest-bearing	0.0	-0.3	-0.5		
Provisions, non-interest bearing	1.4	0.4	0.5	0.3	0.2
Liabilities, interest-bearing	70.1	78.0	81.6	92.3	33.6
Liabilities, non-interest bearing	22.9	21.7	23.4	32.2	30.6
Financial liabilities, other	1.3	1.9	1.9	1.9	2.4
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**131.7**	**135.8**	**141.7**	**153.9**	**101.2**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	1.3	1.0	6.6		14.1
Changes in working capital	3.3	4.9	0.9		-13.4
Cash flow from operating activities	**4.5**	**5.8**	**7.5**	**–**	**0.7**
Investments in non-current assets	-1.1	-1.6	-2.6		-3.2
Disposals of non-current assets					
Cash flow before acquisition/ disposal of companies	**3.4**	**4.3**	**4.9**	**–**	**-2.5**
Net investments in companies					6.4
Cash flow after investing activities	**3.4**	**4.3**	**4.9**	**–**	**3.9**
Change in loans	-7.7	-4.0	-10.9		3.1
New issue					
Dividend paid					
Others	6.0	1.4			
Cash flow from financing activities	**-1.7**	**-2.6**	**-10.9**	**–**	**3.1**
Cash flow for the year	**1.7**	**1.6**	**-6.0**	**–**	**7.0**
Key figures					
EBITA margin (%)	2.9	2.1	7.5	11.1	14.0
EBT margin (%)	-1.2	-2.2	3.9	5.5	11.7
Return on equity (%)	-4.0	-8.7	9.8	–	38.3
Return on capital employed (%)	4.2	2.3	9.4	–	32.7
Equity ratio (%)	27	25	25	18	34
Interest-bearing net debt	59.2	68.5	74.2	80.7	26.4
Debt/equity ratio, multiple	1.9	2.3	2.3	3.4	1.0
Average number of employees	608	626	623	641	527

Hafa Bathroom Group – weak consumer market

Operations

Hafa Bathroom Group is a leading supplier of bathroom interiors in the Nordic region. The company designs, develops and sells a broad range of bathroom products such as furniture, shower solutions and whirlpools via retailers in Sweden, Norway and Finland. Production is carried out by subcontractors in Asia and Europe, with the exception of customised assembly of whirlpools in Sweden.

The product range is sold and marketed under the brands Hafa, which primarily sells through DIY outlets and builders' merchants, and Westerbergs, which to a greater extent sells through specialised retailers. Most of Hafa Bathroom Group's sales relate to renovations of existing private bathrooms and to a lesser extent to new building projects.

Market

Hafa Bathroom Group operates in the Nordic bathroom market with a special focus on the repairs and maintenance (R&M) sector. A clear market decline took place in 2011 particularly within the more consumer-oriented part of the market. This decline in the market is assessed as having been caused by the macroeconomic anxiety, rising interest rates, high electricity bills during the winter months and falling house prices.

The competitive landscape in the Nordic market is fragmented with a large number of players who focus on different product categories, customer segments, distribution channels and geographic markets. Despite its overall modest market share in the Nordic region, Hafa Bathroom Group is a significant player within bathroom products for building supplies stores, DIY and specialised retailers.

CEO Ola Andrée

The year in brief

Hafa Bathroom Group's net sales in 2011 amounted to SEK 324m (407). A major customer contract was terminated during the second half of 2010 which, combined with a very weak market development, has had a negative impact on the company's sales in 2011. Significant new contracts have been signed and implemented which had a positive effect on sales but could not compensate for the weak market development.

Operating result (EBITA) decreased during the year and amounted to SEK -5m (+46). Earnings were affected by lower volumes, costs relating to marketing and construction of displays as well as costs for action programmes. The company's operations in Denmark were phased out during 2011.

Cash flow from operating activities amounted to SEK 47m (10).

In the Nordic bathroom market the strong interest in home furnishings and design provides good opportunities for growth.

Future prospects

The overall macroeconomic turbulence in the business environment and uncertainty at consumer level is expected to lead to a weak Nordic bathroom market in 2012 as well. During 2011, however, the company implemented strong measures to adapt the cost structure to the lower market volume which are expected to have laid the foundation for a clear improvement in earnings in 2012.

The Nordic bathroom market has good opportunities for growth in the long term due to a major underlying need for renovation, strong interest in home furnishings and design and a DIY trend. Conditions in Hafa Bathroom Group's market segment are therefore positive in the long term and Hafa's efforts to sign new customer contracts in the Nordic region create potential for faster growth than in the market as a whole.

Financial targets

- Faster growth than the market as a whole
- EBITA margin of 15% within three years

Ratos's ownership

Ratos became an owner of Hafa Bathroom Group in conjunction with the acquisition of Atle in 2001. Ratos's holding amounts to 100%.

Consolidated book value in Ratos at year-end was SEK 151m.

Ratos is represented on the board by Henrik Blomé, Stig Karlsson (Industrial Advisor) and Johan Pålsson (deputy).

Investment approach

Hafa Bathroom Group with the Hafa and Westerbergs brands has a strong position in the Nordic bathroom market. The company's strategy is focused on organic growth in existing markets with a focus on developing sales potential in the company's customer relationships as well as long-term growth within the professional segment. Completed profitability improvement measures as well as long-term potential for growth provide a base for a good earnings improvement in the years ahead.

HAFA BATHROOM GROUP | Hafa westerbergs

www.hafabg.com

Hafa Bathroom Group

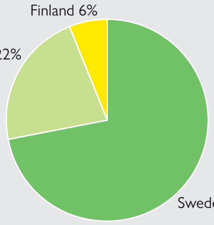
Management

Ola Andrée	CEO
Daniel Tell	CFO
Eva Östergren	Marketing Manager
Marie Bengtsson	Product Range and Design Manager
Tobias Höglind	Nordic Sales Manager

Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	
Thomas Holmgren	
Staffan Jehander	
Anders Reuthammar	
Ola Andrée	CEO
Johan Pålsson	Deputy

Sales by market



[1] Earnings for 2011 and 2010 are pro forma taking discontinued operations in Denmark into account.

SEKm	2011 [1]	2010 [1]	2009	2008	2007
Income statement					
Net sales	324	407	390	391	409
Operating expenses	-324	-357	-334	-344	-388
Other income/expenses				-1	
Share of profits of associates					
Result from disposals					
EBITDA	**0**	**50**	**56**	**46**	**21**
Depreciation and impairment	-5	-4	-5	-6	-5
EBITA	**-5**	**46**	**51**	**41**	**16**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**-5**	**46**	**51**	**41**	**16**
Financial income	6	1			
Financial expenses	-3	-2	-11	-6	-6
EBT	**-2**	**45**	**40**	**35**	**10**
Tax	1	-16	-9	-8	-4
Profit/loss from discontinued operations	-12	-9			
Profit/loss for the year	**-13**	**20**	**31**	**27**	**6**
Attributable to owners of the parent	-13	20	31	27	6
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	40	42	42	42	42
Other intangible assets	1	1	1	0	
Property, plant and equipment	4	9	12	12	18
Financial assets, interest-bearing					
Financial assets, non-interest bearing	7	5	6	3	1
Total non-current assets	**52**	**57**	**60**	**58**	**61**
Inventories	76	110	92	111	117
Receivables, interest-bearing					
Receivables, non-interest bearing	47	98	73	73	80
Cash, bank, other short term investments	1	2	21	1	2
Assets held for sale					
Total current assets	**124**	**210**	**185**	**185**	**199**
Total assets	**176**	**267**	**245**	**244**	**260**
Equity attributable to owners of the parent	40	51	122	90	62
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	18	19	16	22	15
Liabilities, interest-bearing	59	87	21	76	144
Liabilities, non-interest bearing	56	102	76	56	39
Financial liabilities, other	2	9	9		
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**176**	**267**	**245**	**244**	**260**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	-14	42	42	43	16
Changes in working capital	60	-33	43	25	-60
Cash flow from operating activities	**47**	**10**	**85**	**68**	**-44**
Investments in non-current assets	-2	-4	-5	0	
Disposals of non-current assets	0	0	0		
Cash flow before acquisition/disposal of companies	**45**	**6**	**80**	**68**	**-44**
Net investments in companies					
Cash flow after investing activities	**45**	**6**	**80**	**68**	**-44**
Change in loans	-34	66	-54	-69	20
New issue					
Dividend paid		-90			
Others	-13	0	-7		19
Cash flow from financing activities	**-46**	**-24**	**-61**	**-69**	**39**
Cash flow for the year	**-1**	**-18**	**19**	**-1**	**-5**
Key figures					
EBITA margin (%)	-1.4	11.3	13.0	10.4	3.9
EBT margin (%)	-0.5	11.1	10.3	8.9	2.4
Return on equity (%)	-29.1	23.7	29.1	35.5	13.8
Return on capital employed (%)	1.4	33.5	32.9	21.8	9.0
Equity ratio (%)	23	19	50	37	24
Interest-bearing net debt	58	85	0	75	142
Debt/equity ratio, multiple	1.5	1.7	0.2	0.8	2.3
Average number of employees	176	177	166	168	175

HL Display – high level of activity and good underlying performance

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 (including food and non-food) and brand manufacturers.

The company manufactures shelf-edge strips, shelf management systems, printed store communication, display stands, floor stands, poster holders, bulk food dispensers, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastics and metal.

The company's main market is Europe, but sales are also carried out in Asia. The company started in 1954 and was listed on the Nasdaq OMX Stockholm exchange 1993-2010. Production takes place in Sundsvall (Sweden), Poland and China (extrusion/injection moulding); Falun (Sweden) (printing and bending of plastics) and the UK (multi materials). Sales are conducted through 33 sales subsidiaries and 11 distributors in a total of 47 countries. The company's largest markets are the UK, France, Sweden, Russia and Norway.

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 rebranding are important growth factors, as well as the campaigns and profiling ambitions of brand manufacturers. The Nordic region and the rest of Central and Western Europe today account for most of HL Display's sales, approximately 75%. In future, the highest growth is expected in Asia and Eastern Europe. Today these markets account for approximately 8% and 15% respectively of sales.

HL Display's three most important customer segments are food retailers, brand manufacturers and specialised retailers, with food retailers currently accounting for the largest share of sales.

CEO Gérard Dubuy

The company is the only global player in its niche and the main competition is from small local or regional companies.

The year in brief

The Group's net sales for 2011 amounted to SEK 1,643m (1,617), an increase of 2% compared with the previous year. In local currency, sales rose by 8%. On the whole the underlying sales development was good. There were major variations, however, between HL Display's geographic markets with a very strong sales development in local currency in Asia/Australia and Southern Europe, a good development in Northern Europe and the UK, while sales were stable in Eastern Europe.

The gross margin is stable at 44% (44) despite significant negative currency effects and higher raw material prices. Price increases, product mix and internal efficiency improvement programmes have made a positive contribution to development of the gross margin. Operating expenses decreased compared with the previous year. Operating profit (EBITA) amounted to SEK 64m (66), corresponding to an EBITA margin of 3.9% (4.1). Costs affecting comparability of approximately SEK 40m, mainly related to restructuring in production, had a negative impact on earnings. Currency effects had a negative impact on EBITA of approximately SEK 31m.

During the year production at the factory in Karlskoga, Sweden, was relocated to a new production facility in Poland. The new factory opened in October 2011. A decision has been made to close down production in Falun, Sweden, and also relocate this to the Polish facility. The relocation is expected to be completed during 2012.

Future prospects

HL Display has the potential to increase growth and improve profitability. There are good opportunities for increased sales to the brand manufacturers customer segment as well as through continued product innovation. In addition, there is an extra focus on specific geographic markets with high growth potential. There is also considerable potential for efficiency improvements within the company. So that this potential can be realised, a new ERP system is under implementation which will provide the foundation for more efficient processes and improved internal control. In parallel, efforts are underway to make production more cost effective which is expected to have significant positive effects in the future. One stage of this plan is the relocation of production in Falun, Sweden, to Poland.

Financial targets

- Organic growth 5-10%
- EBITA margin >12%

Ratos's ownership

Ratos became an owner in HL Display in 2001 in conjunction with the acquisition of Atle and until 2010 owned 29% of the capital and 20% of the votes. In 2010, Ratos acquired the other shares in the company and HL Display was delisted from Nasdaq OMX Stockholm. Ratos's holding now amounts to 99% and the remaining shares are owned by the company's management and board.

Consolidated book value in Ratos amounted to SEK 1,008m at year-end.

Ratos is represented on the board by Robin Molvin and Stig Karlsson (Industrial Advisor).

Investment approach

HL Display is a company with a unique market position that can be used to achieve further growth. At the same time, there is considerable potential for efficiency improvements within the company.

HL Display launched a new solution for digital signage in 2011.

www.hl-display.com

HL Display

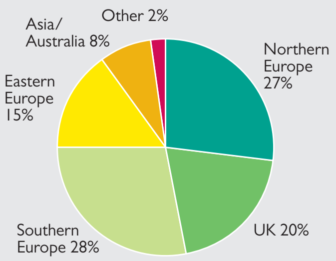
Management

Gérard Dubuy	CEO
Magnus Bergendorff	CFO
Fredrik Birkhammar	IT Director
Håkan Eriksson	Marketing and Business Development Director
Staffan Forslund	HR Director
Marc Hoeschen	Group Supply Chain Manager
Birger Nilsson	Development Director
Xavier Volpato	Director for Operations
Julien Wagner	CPO

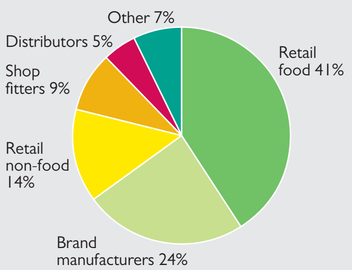
Board of Directors

Stig Karlsson	Chairman
Mats-Olof Ljungkvist	
Robert Molvin	
Lars-Åke Rydh	
Gérard Dubuy	CEO
Magnus Jonsson	Employee representative
Kent Mossberg	Employee representative
Henrik Smedlund	Deputy

Sales by market



Sales by customer segment



SEKm	2011[1]	2010[1)2)]	2009[2]	2009	2008	2007
Income statement						
Net sales	1,643	1,617	1,360	1,360	1,536	1,571
Operating expenses	-1,515	-1,505	-1,233	-1,233	-1,366	-1,376
Other income/expenses	-28	-8	-5	-5	-3	6
Share of profits of associates						
Result from disposals		0				
EBITDA	**100**	**104**	**122**	**121**	**166**	**201**
Depreciation and impairment	-36	-38	-36	-36	-36	-40
EBITA	**64**	**66**	**86**	**86**	**130**	**161**
Amortisation and impairment of intangible assets	-2	-2				
Impairment of goodwill						
EBIT	**63**	**65**	**86**	**86**	**130**	**161**
Financial income	3	8			13	4
Financial expenses	-41	-44	-26	-2	-7	-10
EBT	**24**	**29**	**61**	**84**	**136**	**155**
Tax	-6	-11	-26	-26	-40	-47
Profit/loss from discontinued operations						
Profit for the year	**18**	**18**	**35**	**58**	**96**	**108**
Attributable to owners of the parent	18	18	35	58	96	108
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	1,157	1,180		231	33	23
Other intangible assets	10	7		13	9	12
Property, plant and equipment	227	214		223	138	138
Financial assets, interest-bearing	2	13				
Financial assets, non-interest bearing	34	24		21	22	22
Total non-current assets	**1,430**	**1,438**	**–**	**488**	**202**	**195**
Inventories	177	195		180	187	154
Receivables, interest-bearing						
Receivables, non-interest bearing	332	381		360	336	365
Cash, bank, other short term investments	163	206		213	221	178
Assets held for sale						
Total current assets	**673**	**783**	**–**	**753**	**744**	**697**
Total assets	**2,103**	**2,221**	**–**	**1,242**	**946**	**892**
Equity attributable to owners of the parent	1,123	1,120		551	538	472
Non-controlling interests		3			4	3
Provisions, interest-bearing	3	4		5	3	4
Provisions, non-interest bearing	22	24		24	23	23
Liabilities, interest-bearing	632	705		352	100	128
Liabilities, non-interest bearing	324	364		309	278	262
Financial liabilities, other						
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,103**	**2,221**	**–**	**1,242**	**946**	**892**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	59			90	147	148
Changes in working capital	16			36	8	-10
Cash flow from operating activities	**75**	**–**	**–**	**126**	**155**	**138**
Investments in non-current assets	-53			-24	-29	-40
Disposals of non-current assets					5	9
Cash flow before acquisition/ disposal of companies	**22**	**–**	**–**	**102**	**131**	**107**
Net investments in companies				-266	-1	-37
Cash flow after investing activities	**22**	**–**	**–**	**-164**	**130**	**70**
Change in loans	-65			202	-46	-32
New issue						1
Dividend paid				-43	-43	-27
Others						1
Cash flow from financing activities	**-65**	**–**	**–**	**159**	**-89**	**-57**
Cash flow for the year	**-43**	**–**	**–**	**-5**	**41**	**13**
Key figures						
EBITA margin (%)	3.9	4.1	6.3	6.3	8.5	10.2
EBT margin (%)	1.5	1.8	4.5	6.2	8.9	9.9
Return on equity (%)	1.6	–	–	10.6	19.1	25.2
Return on capital employed (%)	3.6	–	–	11.0	22.9	27.4
Equity ratio (%)	53	51	–	44	57	53
Interest-bearing net debt	469	490	–	144	-118	-46
Debt/equity ratio, multiple	0.6	0.6	–	0.6	0.2	0.3
Average number of employees	1,140	1,102		906	973	968

[1] Earnings for 2011 are charged with costs affecting comparability of SEK -39m (-27).

[2] Earnings for 2009 and 2010 are pro forma taking into account new group and capital structure.

Inwido – strong industrial demand but weaker consumer market

Operations

Inwido operates in the window and exterior door market in the Nordic region (95%) and in selected countries in Northern Europe (5%): the UK, Poland, Russia and Ireland. From being Sweden's leading window manufacturer, the company has also established strong market positions in Finland, Denmark and Norway as a result of 31 add-on acquisitions made during Ratos's ownership. Today, Inwido is the leading Nordic player within windows and exterior doors.

The company's products are windows and exterior doors primarily made of wood, but also other materials, which are sold to consumers, construction companies and manufacturers of prefabricated homes. The company markets national brands in each country. The best-known brands are Elitfönster, Allmogefönster, Hajom and SnickarPer in Sweden; KPK, Outline and Pro Tec in Denmark; Tiivi and Pihla in Finland; Lyssand, Frekhaug and Diplomat in Norway; Allan Brothers in the UK; Carlson in Ireland; Eurotiivi in Russia and Sokolka in Poland. The Inwido group has approximately 3,500 employees.

Market

The total Nordic window and exterior door market is estimated at approximately EUR 2 billion with windows accounting for approximately 90% and exterior doors accounting for about 10%. The largest markets are Sweden and Norway, followed by Denmark and Finland. The markets in the 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 maintenance (R&M) to existing properties and new construction of homes and other buildings. Over two-thirds of Inwido's sales are related to R&M activities.

Inwido's largest customer group is the consumer market with approximately 70% of sales. These sales are made through DIY chains, builders' merchants, installation engineers or directly to private individuals. Sales to industrial customers, such as major developers, building contractors and manufacturers of prefabricated homes, account for approximately 30% of sales.

CEO Håkan Jeppsson

Key drivers for Inwido's development include GDP growth, interest rates, real income development, transaction volumes in the housing market and consumers' confidence in the future. Volumes can also be affected by rules, regulations and public incentives, such as laws on energy efficiency and R&M tax deductions. At consumer level there is growing demand for products that are environmentally friendly, energy efficient and secure. Design is also becoming increasingly important.

The year in brief

Market development during the year was divided into two with good development in the industrial market but a wait-and-see attitude in the consumer market. Demand was initially negatively affected by the very snowy winter and subsequently by the generally weak consumer demand. Profitability was stable, positively affected by effective purchasing and launched efficiency improvement programmes, and negatively by reduced capacity utilisation and changes in the product mix. During the year, Inwido gained market shares in all markets except Norway and Poland.

In Sweden, both sales and profitability decreased to some extent. Development was very good in both Finland and Denmark. A reversal of the negative trend has started in the UK, Ireland, Poland and Russia.

Streamlining of the company's production structure has been underway during the year and a decision was made to close factories in Denmark, Sweden and Russia. Earnings for the year were negatively affected by costs affecting comparability, relating to the streamlining, of SEK 69m (80).

The acquisition of the Danish window manufacturer Pro Tec was completed in July.

In July, Inwido paid a dividend of SEK 301m, of which Ratos's share amounted to SEK 290m.

Sales totalled 5,050m (5,149) and operating profit (EBITA) was SEK 407m (446). The operating margin (EBITA) was 8.1% (8.7). Adjusted for items affecting comparability, EBITA was SEK 476m (526), corresponding to an operating margin (EBITA) of 9.4% (10.2).

Future prospects

Strong local brands give Inwido a leading market position in the Nordic region within maintenance-free, environmentally friendly and energy-saving windows. The company is well placed for continued growth and active participation in the restructuring of the industry in Europe. Inwido will continue to focus more strongly on the consumer market with product development, brand and market communication. This strategy combined with group-wide measures to improve efficiency is expected to further increase profitability.

Among consumers demand is increasing for products that are environmentally friendly, energy efficient and secure.

Ratos's ownership

Ratos acquired Inwido in 2004. Ratos's holding amounts to 96%. Co-owners are senior executives in Inwido.

Consolidated book value in Ratos amounted to SEK 1,983m at year-end.

Ratos is represented on the board by Thomas Hofvenstam, Leif Johansson and Henrik Lundh (deputy).

Investment approach

Ratos's investment in Inwido is based on the strategy to create a Nordic market leader through organic growth and via acquisitions in the Nordic region and the rest of Europe. Profitability improvements will be achieved through improved efficiency and integration and through a focus on product and concept development. Inwido focuses on windows and exterior doors made of wood and wood/aluminium and will take advantage of market trends towards increased demands for energy efficiency, environment and safety. The company exploits long-term demand from renovation and new construction of homes.

INWIDO

www.inwido.se

Inwido

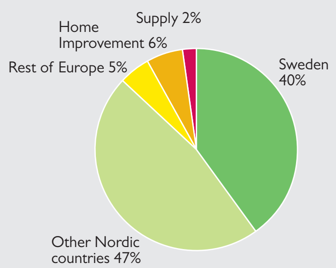
Management

Håkan Jeppsson	CEO
Peter Welin	CFO
Anders Isaksson	COO
Jonna Opitz	SVP Marketing, Sales & Communication
Lena Wessner	SVP Human Resources & Sustainability
Jonas Netterström	SVP Sweden
Mads Storgaard Mehlsen	SVP Denmark
Timo Luhtaniemi	SVP Finland
Espen Hoff	SVP Norway
Olle Marköö	SVP Emerging Markets Europe

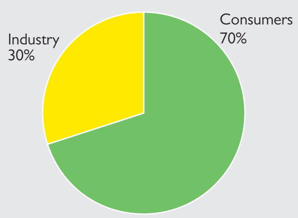
Board of Directors

Anders C Karlsson	Chairman
Benny Ernstson	
Eva S Halén	
Thomas Hofvenstam	
Leif Johansson	
Anders Wassberg	
Kjell Åkesson	
Henrik Lundh	Deputy

Sales by market



Sales by customer group



[1] Earnings for 2011 are charged with costs affecting comparability of SEK -69m (-80).

[2] Financial expenses excluding interest on share-holder loan.

SEKm	2011[1]	2010[1]	2009[2]	2008[2]	2007[2]
Income statement					
Net sales	5,050	5,149	5,026	5,639	5,057
Operating expenses	-4,517	-4,532	-4,531	-5,168	-4,510
Other income/expenses	5	6	12	-6	46
Share of profits of associates	2	2	1	-1	1
Result from disposals					
EBITDA	**541**	**625**	**508**	**464**	**594**
Depreciation and impairment	-133	-179	-160	-141	-113
EBITA	**407**	**446**	**348**	**323**	**481**
Amortisation and impairment of intangible assets	-4	-7	-7	-7	-5
Impairment of goodwill	-8				
EBIT	**395**	**439**	**341**	**316**	**476**
Financial income	18	33	18	w10	12
Financial expenses	-98	-144	-170	-218	-176
EBT	**315**	**328**	**189**	**107**	**312**
Tax	-107	-121	-73	37	-81
Profit/loss from discontinued operations					
Profit for the year	**208**	**207**	**116**	**144**	**231**
Attributable to owners of the parent	208	208	118	110	191
Attributable to non-controlling interests	0	-1	-2	34	40
Statement of financial position					
Goodwill	3,155	3,159	3,423	3,538	3,322
Other intangible assets	18	26	61	69	52
Property, plant and equipment	634	687	839	951	1,070
Financial assets, interest-bearing	23	23	34	52	8
Financial assets, non-interest bearing	78	87	103	142	38
Total non-current assets	**3,908**	**3,982**	**4,460**	**4,752**	**4,490**
Inventories	474	505	537	674	823
Receivables, interest-bearing	187			0	
Receivables, non-interest bearing	626	750	616	654	740
Cash, bank, other short term investments	283	517	618	341	356
Assets held for sale					
Total current assets	**1,569**	**1,772**	**1,771**	**1,669**	**1,919**
Total assets	**5,476**	**5,754**	**6,231**	**6,421**	**6,409**
Equity attributable to owners of the parent	2,224	2,314	2,208	1,588	1,285
Non-controlling interests	4	26	208	376	252
Provisions, interest-bearing	0	0	8		2
Provisions, non-interest bearing	140	117	119	156	122
Liabilities, interest-bearing	1,677	2,041	2,637	3,325	2,999
Liabilities, non-interest bearing	1,404	1,224	1,043	944	1,700
Financial liabilities, other	28	32	8	33	49
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**5,476**	**5,754**	**6,231**	**6,421**	**6,409**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	469	488	209	165	385
Changes in working capital	77	-105	300	183	-181
Cash flow from operating activities	**547**	**383**	**510**	**348**	**204**
Investments in non-current assets	-81	-69	-84	-205	-224
Disposals of non-current assets	3	6	24	176	32
Cash flow before acquisition/ disposal of companies	**469**	**321**	**449**	**318**	**12**
Net investments in companies	-27	0	-127	-35	-614
Cash flow after investing activities	**442**	**321**	**323**	**284**	**-602**
Change in loans	-362	-364	-607	-521	640
New issue			593	88	30
Dividend paid	-303	-4			
Others	-10	-33	-23	115	146
Cash flow from financing activities	**-675**	**-401**	**-38**	**-318**	**816**
Cash flow for the year	**-233**	**-80**	**285**	**-34**	**214**
Key figures					
EBITA margin (%)	8.1	8.7	6.9	5.7	9.5
EBT margin (%)	6.2	6.4	3.8	1.9	6.2
Return on equity (%)	9.2	9.2	6.2	7.7	17.3
Return on capital employed (%)	10.0	10.0	6.9	6.6	12.9
Equity ratio (%)	41	41	39	31	24
Interest-bearing net debt	1,372	1,501	1,992	2,932	2,638
Debt/equity ratio, multiple	0.8	0.9	1.1	1.7	2.0
Average number of employees	3,523	3,759	3,604	4,115	3,591

Jøtul – new management

Operations
Jøtul is Europe's largest manufacturer of stoves and fireplaces. The company, which is one of Norway's oldest dating back to 1853, manufactures cast-iron stoves and fireplaces, cassettes, surrounds 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 end consumers through specialised stores and, in some markets, through DIY channels.

Market
The global market for Jøtul's products was unchanged in 2011 and amounted to approximately NOK 13 billion. Long-term market growth is mainly 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, property prices, housing starts and renovations also affect market growth.

Jøtul's largest markets are the Nordic countries, France and the US. The company has a strong position in the Nordic region with a market share of approximately 23%. Other Nordic players are Nibe, Hwam, Morsø and Dovre.

The year in brief
Arve Johan Andresen took over as the new CEO on 1 November. At the end of 2011 and at the beginning of 2012 the company's management structure was reorganised. Extensive changes in production control at the company's largest factory in Kråkerøy have been initiated and will be carried out in the first half of 2012.

CEO Arve Johan Andresen

Sales were good during the first three quarters, but this was replaced during the fourth quarter, which is important for the company's sales, by a sharp slowdown, mainly due to warm weather in the Nordic region and Europe. Low energy prices in key markets also had a negative impact on sales. In addition, exchange rate fluctuations had a negative effect as well as the weak economic development in countries such as France, Italy and Spain. The company's market shares are not assessed as having weakened.

Sales decreased by 2% and amounted to NOK 859m (876). Operating loss (EBITA) was NOK 29m (+81), which was charged with extraordinary items of approximately NOK 23m relating to stock revaluations and guarantee provisions attributable to previous years as well as costs for the reorganisation of management and employee cutbacks.

Future prospects
In the coming years extensive action will be taken to strengthen the company's profitability with the main focus on production control, purchasing and administration. A new central distribution centre will go into operation in 2012. Jøtul will continue to focus on marketing and product development in order to further strengthen the company's market position.

Ratos's ownership
Ratos acquired Jøtul in 2006. Ratos's holding amounts to 61%. Co-owners are Accent Equity Partners and the company's management.

Consolidated book value in Ratos at year-end amounted to SEK 289m.

Ratos is represented on the board by Per Frankling and Johan Rydmark.

Investment approach
Jøtul has a strong global market position, particularly in the company's key markets. Ratos intends to increase the value of this holding through the measures to strengthen profitability outlined above, at the same time as development of the product programme will continue.

Jøtul's stoves and fireplaces are sold worldwide, mainly in the Nordic countries, France and the US.

JØTUL

www.jotul.com

Jøtul

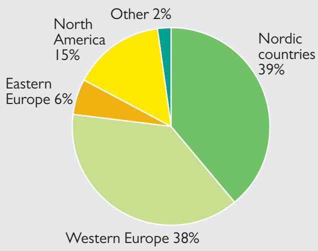
Management

Arve Johan Andresen	CEO
Øyvind Sandnes	acting CFO
Jens Andersen	Production Manager
René Christensen	Sales Manager Northern Europe
Guy Cedric Galea	Sales Manager Southern Europe
Bret Watson	Sales Manager North America
Nick Sloan	Sales Manager UK

Board of Directors

Anders Lindblad	Chairman
Per Frankling	
Olav Kjell Holtan	
Lennart Rappe	
Johan Rydmark	
Håkan Söderbäck	
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Svein Erik Pedersen	Employee representative
Daniel Thonestad	Deputy

Sales by market



[1] Earnings for 2011 are charged with costs affecting comparability of NOK -23m (14).

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2011 includes shareholder loan of NOK 375m.

NOKm	2011[1]	2010[2]	2009	2008	2007
Income statement					
Net sales	859	876	859	906	812
Operating expenses	-845	-756	-745	-820	-742
Other income/expenses	7	9	8		
Share of profits of associates					
Result from disposals					18
EBITDA	**21**	**129**	**122**	**86**	**88**
Depreciation and impairment	-50	-48	-49	-47	-41
EBITA	**-29**	**81**	**73**	**39**	**47**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**-29**	**81**	**73**	**39**	**47**
Financial income	12	15	89	13	8
Financial expenses [2]	-41	-39	-70	-71	-46
EBT	**-57**	**57**	**92**	**-19**	**9**
Tax	0	-6	-17	14	3
Profit/loss from discontinued operations					
Profit/loss for the year	**-57**	**50**	**75**	**-5**	**12**
Attributable to owners of the parent	-57	50	75	-5	12
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	471	472	475	488	477
Other intangible assets	205	205	203	203	201
Property, plant and equipment	224	226	230	254	242
Financial assets, interest-bearing					
Financial assets, non-interest bearing	17	6	4	4	4
Total non-current assets	**918**	**908**	**913**	**949**	**924**
Inventories	174	180	177	202	214
Receivables, interest-bearing					6
Receivables, non-interest bearing	120	141	140	171	116
Cash, bank, other short term investments				2	
Assets held for sale					
Total current assets	**294**	**321**	**317**	**375**	**336**
Total assets	**1,211**	**1,229**	**1,230**	**1,324**	**1,260**
Equity attributable to owners of the parent [3]	475	533	487	349	393
Non-controlling interests					
Provisions, interest-bearing	16	17	38	40	43
Provisions, non-interest bearing	77	88	94	87	132
Liabilities, interest-bearing	524	458	483	622	580
Liabilities, non-interest bearing	120	134	128	226	112
Financial liabilities, other	1	1	1		
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,211**	**1,229**	**1,230**	**1,324**	**1,260**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	-10	60	66	24	13
Changes in working capital	6	11	15	-12	
Cash flow from operating activities	**-4**	**70**	**81**	**12**	**13**
Investments in non-current assets	-63	-56	-32	-48	-57
Disposals of non-current assets		11	0	2	
Cash flow before acquisition/ disposal of companies	**-68**	**25**	**49**	**-33**	**-44**
Net investments in companies					-7
Cash flow after investing activities	**-68**	**25**	**49**	**-33**	**-51**
Change in loans	68	-25	-121	35	30
New issue			70		
Dividend paid					
Others					
Cash flow from financing activities	**68**	**-25**	**-50**	**35**	**30**
Cash flow for the year	**0**	**0**	**-2**	**2**	**-21**
Key figures					
EBITA margin (%)	-3.3	9.2	8.5	4.3	5.8
EBT margin (%)	-6.7	6.5	10.7	-2.1	1.1
Return on equity (%)	-11.3	9.8	17.9	-1.4	3.1
Return on capital employed (%)	-1.6	9.5	16.0	5.2	5.6
Equity ratio (%)	39	43	40	26	31
Interest-bearing net debt	540	474	521	660	617
Debt/equity ratio, multiple	1.1	0.9	1.1	1.9	1.6
Average number of employees	713	714	717	781	799

KVD Kvarndammen – strong first year

Operations

KVD Kvarndammen (KVD) is Sweden's largest independent online marketplace offering broker services for capital goods. The company has two business areas, Cars and Machines & Heavy Vehicles, where Cars is the largest and accounts for approximately 73% of sales. KVD handles the entire transaction from client order to end customers, but does not itself own the item for which it acts as broker. KVD prepares the items for sale, tests them, advertises, carries out weekly online auctions on the kvd.se website and offers payment solutions as well as additional services such as guarantees, insurance and financing. Revenues comprise commission on brokered sales and services. Dissatisfied customers can lodge a complaint related to KVD's tests.

The kvd.se marketplace has an average of approximately 200,000 unique visitors per week and KVD has facilities at twelve locations in Sweden. The company also includes Sweden's largest valuation portal for cars, bilpriser.se. Today KVD only accepts sales assignments from companies and authorities. Approximately 20,600 vehicles and 11,000 other items were sold on kvd.se in 2011. The company has 170 employees and the head office is in Gothenburg, Sweden.

CEO Ulrika Drotz Molin

Market

KVD is currently in the market for second-hand cars and the market for machines and heavy vehicles. In the car market, the company today has a market share of approximately 10% in the company car segment and is therefore the market leader. The size of the market for second-hand cars is dictated by the size of the total car fleet and the turnover rate for cars. Today about 1 million second-hand cars are sold per year in Sweden, of which approximately 20% are company cars. In recent years, company cars have grown somewhat faster than the car market in general, which in the long run grows by approximately 1-2% per year, although with some cyclical effects. The most important competing channel for sales to end customers is car dealers. KVD also competes with auction companies that sell solely to dealers.

In the market for machines and heavy vehicles, KVD's current market share is less than 5%. In this segment KVD focuses on transport vehicles, construction machines, agricultural and forestry machinery, materials handling and boats. Excluding boats, approximately 50,000 machines and heavy vehicles are sold per year in Sweden. This market is highly fragmented both in terms of brokered items and alternative sales outlets, where small local dealers and brokers dominate.

The year in brief

Sales in 2011 amounted to SEK 276m (239), which corresponds to an increase of 15% compared with 2010. Cars grew 23%, of which 17% was an increase in the number of brokered items. The increased revenue per item is mainly explained by a higher sales of additional services and an increased proportion of individual customers. Machines & Heavy Vehicles decreased by 3%, which is a consequence of the new strategy to focus on fewer items with higher sales values.

During 2011 KVD increased the number of affiliated members from 337,000 to 390,000.

Operating profit (EBITA) for 2011 was SEK 52m (32). The underlying improvement in earnings is mainly attributable to increased sales. During the year KVD continued to invest in its facilities and opened a new facility in Kållered outside Gothenburg in February 2011.

Future prospects

KVD has a strong market position today, particularly in the Cars business area. In recent years the company has made major investments in technology, marketing and facilities. KVD works continuously to develop the company's customer offering. During 2012 the focus will be on continued profitable growth mainly by increasing the number of brokered vehicles and setting up additional production facilities in Sweden. The company is also investigating expansion opportunities through brokerage of cars for private individuals as well as geographic expansion.

Financial targets

KVD's target is to grow faster than the market and to increase the operating margin from today's level.

Ratos's ownership

Ratos acquired 100% of KVD Kvarndammen at the end of 2010.

Consolidated book value in Ratos amounted to SEK 392m at year-end.

Ratos is represented on the board by Jonathan Wallis, Henrik Joelsson and Anders Borg (deputy).

Investment approach

Ratos's investment in KVD is based on the company's competitive business model in relation to competing sales outlets. Ratos's aim is to encourage continued strong organic growth and to increase margins through a combination of ongoing efficiency improvements and utilisation of operational leverage.

KVD Kvarndammen prepares items for online sale via kvd.se.

www.kvarndammen.se

KVD Kvarndammen

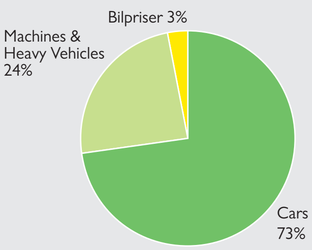
Management

Ulrika Drotz Molin	CEO and acting Head of Cars
Karin Nilsson	CFO
Per Blomberg	Head of Machines & Heavy Vehicles
David Jansson	Sales Manager
Mathias Björkman	MD KVD Bilpriser AB

Board of Directors

Ebbe Pelle Jacobsen	Chairman
Peter Carrick	
Stefan Holmgren	
Henrik Joelsson	
Anna Klingspor	
Bo Sandberg	
Jonathan Wallis	
Anders Borg	Deputy

Sales by business area



[1] Earnings are charged with costs affecting comparability of SEK -12m in conjunction with acquisition.

[2] Earnings for 2009 and 2010 are pro forma taking Ratos's acquisition into account.

[3] Earnings for 2008, 2009 and 2010 are adjusted for reversed goodwill amortisation.

SEKm	2011	2010[1,2,3]	2009[2,3]	2009[3]	2008[3]	2007
Income statement						
Net sales	276	239	221	221	158	
Operating expenses	-220	-202	-183	-183	-125	
Other income/expenses	0	0	-2	-2	0	
Share of profits of associates	0	0				
Result from disposals	1					
EBITDA	**57**	**37**	**35**	**35**	**34**	
Depreciation and impairment	-5	-5	-4	-4	-4	
EBITA	**52**	**32**	**31**	**31**	**30**	
Amortisation and impairment of intangible assets		0	-1	-1	0	
Impairment of goodwill						
EBIT	**52**	**32**	**30**	**30**	**30**	
Financial income	1	1	0	0	2	
Financial expenses	-11	-10	-11	0	-1	
EBT	**42**	**22**	**20**	**30**	**30**	
Tax	-11	-10	-8	-8	-9	
Profit/loss from discontinued operations						
Profit for the year	**31**	**13**	**12**	**22**	**22**	
Attributable to owners of the parent	31	13	12	22	22	
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	511	513		79	77	
Other intangible assets				1	1	
Property, plant and equipment	63	63		64	64	
Financial assets, interest-bearing		4				
Financial assets, non-interest bearing	0	0				
Total non-current assets	**574**	**580**	**–**	**144**	**142**	
Inventories	5	3		4	7	
Receivables, interest-bearing						
Receivables, non-interest bearing	43	63		76	68	
Cash, bank, other short term investments	18	47		30	21	
Assets held for sale						
Total current assets	**67**	**114**	**–**	**109**	**95**	
Total assets	**640**	**694**	**–**	**253**	**236**	
Equity attributable to owners of the parent	392	360		141	122	
Non-controlling interests				0	0	
Provisions, interest-bearing						
Provisions, non-interest bearing	2	2		3	3	
Liabilities, interest-bearing	163	228			16	
Liabilities, non-interest bearing	77	103		109	96	
Financial liabilities, other	7					
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**640**	**694**	**–**	**253**	**236**	
Statement of cash flows						
Cash flow from operating activities before changes in working capital	35			27	30	
Changes in working capital	-4			10	8	
Cash flow from operating activities	**31**	**–**	**–**	**37**	**38**	
Investments in non-current assets	-2			-7	-11	
Disposals of non-current assets						
Cash flow before acquisition/disposal of companies	**29**	**–**	**–**	**30**	**27**	
Net investments in companies	1			-3		
Cash flow after investing activities	**30**	**–**	**–**	**27**	**27**	
Change in loans	-65			-16	-9	
New issue						
Dividend paid				-3		
Others	7					
Cash flow from financing activities	**-58**	**–**	**–**	**-18**	**-9**	
Cash flow for the year	**-28**	**–**	**–**	**9**	**17**	
Key figures						
EBITA margin (%)	18.9	13.4	14.1	13.9	19.0	
EBT margin (%)	15.2	9.4	9.1	14.0	19.2	
Return on equity (%)	8.4	–	–	16.8	–	
Return on capital employed (%)	9.4	–	–	21.9	–	
Equity ratio (%)	61	52	–	56	52	
Interest-bearing net debt	144	178	–	-30	-5	
Debt/equity ratio, multiple	0.4	0.6	–	0.0	0.1	
Average number of employees	177	167	–	138	113	

Lindab – recovery and stabilisation

Operations

Lindab is a leading company in Europe within development, production, marketing and distribution of systems and products in sheet metal and steel for simplified construction and a better indoor climate. The company has operations in 31 countries and approximately 4,400 employees. Approximately 50% of sales go to countries outside the Nordic region.

Operations are conducted in three business areas: Building Components, Building Systems and Ventilation. The products are characterised by high quality, ease of assembly, and a focus on energy and environment.

The Building Components business area, 32% of sales, offers sheet metal based building components such as roof drainage systems and 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. The Building Systems business area, 14% of sales, includes complete building systems in the form of prefabricated steel buildings. Here Lindab is the market leader in Europe.

The Ventilation business area, 54% 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 conducted both locally, for products that are difficult to transport, and in central production units in Sweden, Denmark, the Czech Republic, Russia and Luxembourg.

Lindab has operations in 31 countries and approximately 4,400 employees.

CEO David Brodetsky

Market

In the Building Components and Ventilation business areas sales are balanced between new construction and renovations, while Building Systems delivers exclusively to new construction projects.

The main market for Lindab is commercial premises but within Building Components there are significant sales to the residential market and within Ventilation a small volume of sales to housing.

Lindab's sales are affected by development of the business climate within its segments of the construction market but the company has continuously been able to boost its growth by improving products, market shares and distribution.

The year in brief

Despite a challenging economic climate in many markets, Lindab was able to increase its market shares in many countries during the year through selective sales initiatives. The Nordic region was the market that recovered best in 2011. In Western Europe demand was stable while development in Central and Eastern Europe was more mixed. In total Lindab's sales increased organically by approximately 9% during the year, despite almost non-existent underlying market growth.

Lindab's total net sales in 2011 amounted to SEK 6,878m (6,527). Adjusted for the effects of company acquisitions and divestments as well as currency effects, sales rose 9%.

Operating profit (EBITA) amounted to SEK 407m (354), excluding non-recurring items of SEK -59m (+47). The EBITA margin, excluding non-recurring items, amounted to 5.9% (5.3).

Future prospects

Against the background of the uncertain economic situation, Lindab intends to adopt measures designed to adapt its costs to these conditions. In January, the company announced a cost-cutting programme of SEK 150m per year, focused in particular on low-performing markets. Lindab has also introduced a complementary short-term profitability target: an EBITA margin of 10%, where the aim is to reach this annual rate before the end of 2013 and for the full year 2014.

Lindab's target is that organic sales growth should be 2-4 percentage points higher than comparable growth in the construction market.

Financial targets

- Organic growth 2-4% over the market
- Operating margin (EBIT) 14%
- Net debt/equity ratio 0.8-1.2 times
- Dividend policy 40-50% of net profit

Ratos's ownership

Ratos has been an owner in Lindab since 2001. In 2006, Lindab was re-listed on the Nasdaq OMX Stockholm exchange. Ratos's holding is 11%.

Consolidated book value in Ratos at year-end amounted to SEK 303m and the market capitalisation of Ratos's holding on the same date was SEK 331m.

Ratos is represented on the board by Per Frankling and Stig Karlsson (Industrial Advisor).

Investment approach

Lindab has a very strong market position within its core product areas ventilation duct systems, roof drainage systems and building systems. There is substantial value potential in the measures being taken at Lindab designed to achieve the short-term and long-term profitability targets.

Major shareholders

Ratos	11.2%
AP6	10.2%
Swedbank Robur	9.1%
Skandia	9.1%
Lannebo Fonder	6.7%

Financial calendar

Interim report Jan-March	27 April 2012
Interim report Jan-June	17 July 2012
Interim report Jan-Sept	26 October 2012

Lindab

www.lindabgroup.com

Lindab

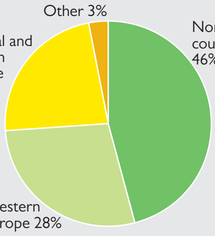
Management

David Brodetsky	CEO
Per Nilsson	CFO
Nils-Johan Andersson	Manager Ventilation
Peter Andsberg	Manager Building Components
Hans Berger	Manager Building Systems
Christina Imméll	HR Director
Carl-Gustav Nilsson	General Counsel

Board of Directors

Ulf Gundemark	Chairman
Erik Eberhardson	
Per Frankling	
Sonat Burman-Olsson	
Anders C Karlsson	
Stig Karlsson	
Annette Sadolin	
Pontus Andersson	Employee representative
Markku Rantal	Employee representative

Sales by market



[1] Earnings for 2011 are charged with costs affecting comparability of SEK -59m (47).

SEKm	2011 [1]	2010 [1]	2009	2008	2007
Income statement					
Net sales	6,878	6,527	7,019	9,840	9,280
Operating expenses	-6,320	-5,881	-6,534	-8,331	-7,764
Other income/expenses	-47	-81	-6	-121	-4
Share of profits of associates					
Result from disposals					
EBITDA	**511**	**565**	**479**	**1,388**	**1,512**
Depreciation and impairment	-163	-164	-214	-215	-194
EBITA	**348**	**401**	**265**	**1,172**	**1,318**
Amortisation and impairment of intangible assets	0	-6	-11	-10	-9
Impairment of goodwill		-110			
EBIT	**348**	**284**	**254**	**1,163**	**1,309**
Financial income	8	9	13	22	20
Financial expenses	-170	-181	-148	-195	-154
EBT	**186**	**112**	**119**	**990**	**1,175**
Tax	-95	-85	-85	-267	-274
Profit/loss from discontinued operations					
Profit for the year	**91**	**27**	**34**	**723**	**901**
Attributable to owners of the parent	91	27	34	723	901
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	2,591	2,591	2,922	2,972	2,713
Other intangible assets	66	61	61	74	66
Property, plant and equipment	1,084	1,161	1,336	1,704	1,425
Financial assets, interest-bearing	36	26	25	7	7
Financial assets, non-interest bearing	320	370	454	392	352
Total non-current assets	**4,097**	**4,209**	**4,798**	**5,149**	**4,563**
Inventories	962	1,040	896	1,645	1,278
Receivables, interest-bearing	8	21	3	34	10
Receivables, non-interest bearing	1,177	1,061	1,280	1,539	1,478
Cash, bank, other short term investments	235	239	248	258	371
Assets held for sale			217		
Total current assets	**2,382**	**2,361**	**2,644**	**3,476**	**3,137**
Total assets	**6,479**	**6,570**	**7,442**	**8,625**	**7,700**
Equity attributable to owners of the parent	2,699	2,755	3,003	3,346	2,969
Non-controlling interests					
Provisions, interest-bearing	135	130	133	116	109
Provisions, non-interest bearing	387	395	518	511	419
Liabilities, interest-bearing	1,890	2,012	2,565	2,957	2,516
Liabilities, non-interest bearing	1,368	1,278	1,223	1,695	1,687
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**6,479**	**6,570**	**7,442**	**8,625**	**7,700**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	304	392	136	797	1,092
Changes in working capital	41	-1	583	-124	-217
Cash flow from operating activities	**345**	**391**	**719**	**673**	**875**
Investments in non-current assets	-143	-128	-182	-301	-195
Disposals of non-current assets	29	365	24	64	18
Cash flow before acquisition/ disposal of companies	**231**	**628**	**561**	**436**	**698**
Net investments in companies	-29	4	-30	-181	-48
Cash flow after investing activities	**202**	**632**	**531**	**255**	**650**
Change in loans	-127	-623	-340	351	-231
New issue					
Dividend paid	-75		-206	-413	-256
Others		7	5	-334	
Cash flow from financing activities	**-202**	**-616**	**-541**	**-396**	**-487**
Cash flow for the year	**0**	**16**	**-10**	**-141**	**163**
Key figures					
EBITA margin (%)	5.1	6.1	3.8	11.9	14.2
EBT margin (%)	2.7	1.7	1.7	10.1	12.7
Return on equity (%)	3.3	1.0	1.1	22.9	34.9
Return on capital employed (%)	7.4	5.5	4.4	19.7	25.1
Equity ratio (%)	42	42	40	39	39
Interest-bearing net debt	1,746	1,856	2,422	2,774	2,237
Debt/equity ratio, multiple	0.8	0.8	0.9	0.9	0.9
Average number of employees	4,484	4,454	4,586	5,389	5,013

Mobile Climate Control – acquisition strengthens market position

Operations

Mobile Climate Control (MCC) develops, manufactures and sells climate control systems with high demands on product performance and quality for vehicles produced in short series. The climate systems are designed to customer specifications and requirements and include heating and/or cooling (AC) which creates a pleasant environment for drivers 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) and Poland (Olawa). Approximately 80% of sales take place in North America and the remainder in Europe.

Market

Market growth is driven by a long-term increase in the number of vehicles produced and by the fact that a growing proportion of vehicles contain evermore sophisticated climate systems. The trend is for end customers to demand an increasingly comfortable vehicle climate for passengers and drivers.

MCC has a strong position within selected segments in the market. In the bus segment, MCC is the market leader for heating and cooling systems in North America, while the position in Europe is good for heating systems but where the cooling segment (AC) is a relatively undeveloped market for the company today. Within the off road segment, MCC's market position is strong in North America and in the Nordic region. The military vehicle segment is focused on North America where the company has a strong market position.

CEO Clas Gunneberg

The year in brief

In April, MCC completed the acquisition of Carrier's bus AC operations in North America for a purchase price (enterprise value) of USD 32.1m (approximately SEK 200m). Ratos provided SEK 114m in conjunction with the acquisition.

During the autumn the company initiated a consolidation of its European production to Poland which resulted in the closure of the company's factory in Norrtälje, Sweden.

Market conditions in 2011 were mixed for MCC's customer segments. Sales to the off road segment showed strong development (+23%) due to good underlying global demand for off road vehicles. Sales to the military segment, on the other hand, decreased sharply (-43%) due to an (anticipated) continued production decrease for one of the company's largest customers and general savings in military budgets. MCC's sales to the bus segment rose substantially (+95%) as a result of the acquisition of Carrier's North American operations within bus AC. Excluding this acquisition, sales to the bus segment were negative (-12%) due to continued restraint within public financing of city and school buses in North American, while volumes in Europe developed well.

MCC's total sales in 2011 amounted to SEK 1,048m (902), an increase of 16%. Excluding the acquisition of Carrier's North American operations within bus AC, sales decreased by 13% (-7% in local currency).

Operating profit (EBITA) amounted to SEK 45m (112), a sharp decrease compared with the previous year. Profitability was negatively affected by currency effects, higher raw material prices, a changed customer mix and non-recurring costs (SEK 58m) mainly attributable to a factory closure as well as acquisition and integration costs.

Cash flow from operating activities amounted to SEK 73m (73).

Future prospects

The full year effect from the bus AC operations in North America, which were acquired in April, is expected together with implemented price increases and costs savings to lead to a good earnings development in 2012.

In the longer term the company's strong market position, structural growth forces in the market and identified areas for expansion are expected to give MCC a strong base for long-term profitable growth.

Financial targets

- Average annual organic growth >5%
- Average annual EBITA margin >15%

Ratos's ownership

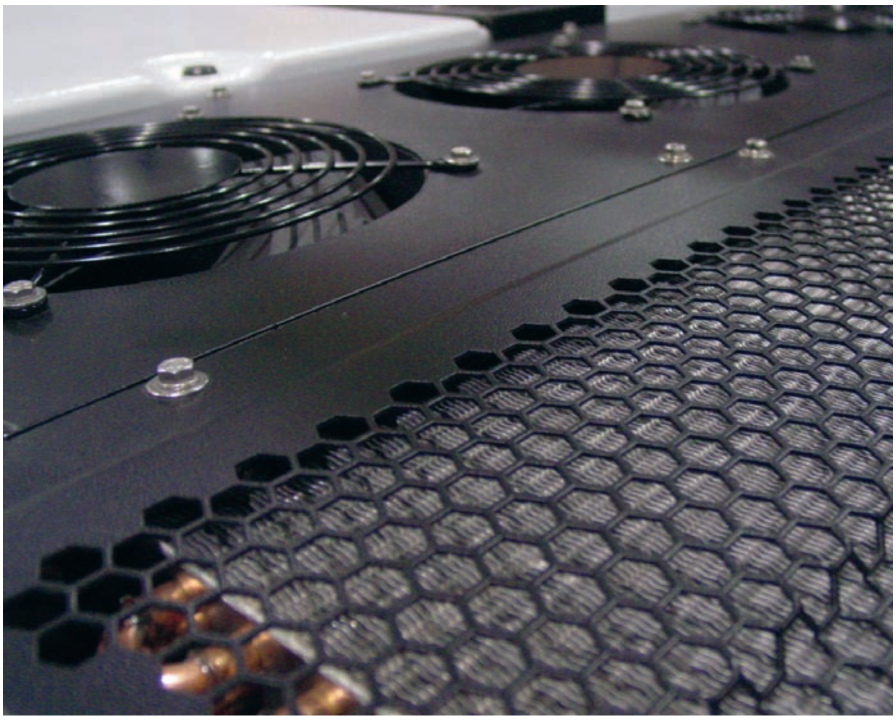
Ratos acquired 60% of Mobile Climate Control (MCC) in spring 2007 and the remaining 40% in autumn 2008. Ratos's holding amounts to 100%.

Consolidated book value in Ratos amounted to SEK 781m at year-end.

Ratos is represented on the board by Johan Pernvi and Daniel Repfennig (deputy).

Investment approach

MCC is a profitable niche company which operates in a market with good structural growth drivers and where a low capital intensity provides conditions for good cash flows. Ratos's role as owner involves developing MCC from a successful entrepreneur-controlled company to a mature and professional industrial player. Ratos also sees potential to carry out value-creating add-on acquisitions.



MCC's climate systems create a comfortable environment for drivers and passengers.

Mobile Climate Control

www.mcc-hvac.com

Mobile Climate Control

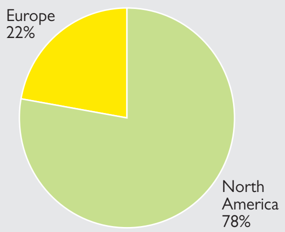
Management

Clas Gunneberg CEO
Ulrik Englund CFO

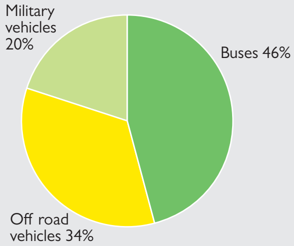
Board of Directors

Anders Lindblad Chairman
Anders Frisinger
Michael Mononen
Johan Pernvi
Daniel Repfennig Deputy

Sales by market



Sales by segment



SEKm	2011 [1]	2010	2009	2008 [2]	2007 [3]
Income statement					
Net sales	1,048	902	1,085	1,024	698
Operating expenses	-986	-692	-902	-740	-575
Other income/expenses	-1	-81	-40	-108	
Share of profits of associates					
Result from disposals					
EBITDA	**61**	**128**	**144**	**175**	**123**
Depreciation and impairment	-16	-17	-16	-8	-5
EBITA	**45**	**112**	**128**	**167**	**118**
Amortisation and impairment of intangible assets	-8	-7	-8	-2	
Impairment of goodwill					
EBIT	**37**	**105**	**120**	**165**	**118**
Financial income	3	0	1	22	1
Financial expenses	-33	-34	-37	-73	-44
EBT	**7**	**71**	**85**	**115**	**75**
Tax	-7	-26	-42	-44	-28
Profit/loss from discontinued operations					
Profit for the year	**0**	**44**	**43**	**71**	**47**
Attributable to owners of the parent	0	44	43	71	47
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	1,117	970	975	939	842
Other intangible assets	25	22	32	40	
Property, plant and equipment	106	106	124	133	72
Financial assets, interest-bearing					
Financial assets, non-interest bearing	15	21	37	23	11
Total non-current assets	**1,263**	**1,120**	**1,168**	**1,134**	**925**
Inventories	170	94	114	166	113
Receivables, interest-bearing					
Receivables, non-interest bearing	196	124	131	185	140
Cash, bank, other short term investments	80	66	87	27	44
Assets held for sale					
Total current assets	**447**	**284**	**331**	**378**	**296**
Total assets	**1,710**	**1,405**	**1,499**	**1,513**	**1,221**
Equity attributable to owners of the parent	807	695	678	592	530
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	40	11	57	12	11
Liabilities, interest-bearing	651	575	639	733	570
Liabilities, non-interest bearing	210	121	122	174	108
Financial liabilities, other	1	2	2	2	2
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,710**	**1,405**	**1,499**	**1,513**	**1,221**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	42	66	57	69	
Changes in working capital	31	7	97	-11	
Cash flow from operating activities	**73**	**73**	**154**	**58**	**–**
Investments in non-current assets	-13	-50	-10	-41	
Disposals of non-current assets					
Cash flow before acquisition/ disposal of companies	**60**	**23**	**144**	**17**	**–**
Net investments in companies	-221			-173	
Cash flow after investing activities	**-161**	**23**	**144**	**-156**	**–**
Change in loans	37	-51	-89	121	
New issue					
Dividend paid	-3	-34	-24		
Others	143	46	33	18	
Cash flow from financing activities	**177**	**-39**	**-81**	**139**	**–**
Cash flow for the year	**16**	**-16**	**63**	**-17**	**–**
Key figures					
EBITA margin (%)	4.3	12.4	11.8	16.3	16.9
EBT margin (%)	0.7	7.9	7.8	11.2	10.7
Return on equity (%)	0.0	6.5	6.7	12.6	–
Return on capital employed (%)	3.0	8.1	9.2	15.4	–
Equity ratio (%)	47	50	45	39	43
Interest-bearing net debt	570	509	553	706	527
Debt/equity ratio, multiple	0.8	0.8	0.9	1.2	1.1
Average number of employees	630	501	591	727	534

[1] Earnings for 2011 are charged with costs affecting comparability of SEK -58m (0).

[2] Earnings for 2008 include ACME from 1 September.

[3] Earnings for 2007 are pro forma taking Ratos's acquisition into account.

SB Seating – stronger market position and good profitability

Operations

SB Seating develops and produces ergonomic office chairs with a Scandinavian design for private and public office environments. The product range includes swivel chairs, chairs for meeting rooms and conferences, canteens and training. 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 dynamic ergonomics, visual design, environment and quality.

The group is currently represented through subsidiaries in Norway, Sweden, Denmark, Germany, the UK, the Netherlands and France. In addition, SB Seating is represented by importers in over 30 countries. The group has a total of some 480 employees. Production takes place at two factories in Norway and Sweden. SB Seating is the largest office chair player in Europe with a market share of approximately 7%.

Market

The west European market for office furniture can be divided into four product segments: seating solutions, desks, storage and partitions. Seating solutions accounts for approximately 40% of this market and can be divided into swivel chairs (more than half the value), meeting chairs and lounge chairs. The group's main markets, Scandinavia, Germany, the UK and the Netherlands account for over half of the west European office chair market which amounts to approximately SEK 14 billion.

CEO Lars I. Røiri

The market is late-cyclical and mainly driven by GDP development, employment levels, office construction and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

The year in brief

The late-cyclical office furniture market, following a sharp decline in 2009, has gradually improved during 2010-2011. SB Seating has enjoyed positive growth in all markets, except the Netherlands and the UK. The company has strengthened its market position considerably, measured both in market shares and not least in share of the industry's total profitability.

The improved earnings are explained by increased sales during the year as well as by the continued effects of completed restructuring, efficiency improvements and new work processes.

Investments in ongoing product development continue. For example the new chair HÅG Capisco Puls was launched at the end of 2010. This chair has received three design awards, including the prestigious Red Dot Design Award. SB Seating's sales totalled NOK 1,091m (1,010). Operating profit (EBITA) amounted to NOK 219m (165).

Future prospects

SB 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 ergonomic products have a clear differentiation compared with products from other players. The market for ergonomic office chairs is expected to have good growth over a business cycle and opportunities for continued growth activities in existing and new geographic markets are considered good. The fragmented industry structure in Europe also provides an attractive opportunity for SB Seating.

Ratos's ownership

Ratos acquired the office chair producers HÅG in Norway, RH Form in Sweden and RBM in Denmark in 2007. The companies were merged to form the new group SB Seating. Ratos's holding amounts to 85%. Co-owners are the company's management.

Consolidated book value in Ratos amounted to SEK 959m at year-end.

Ratos is represented on the board by Thomas Hofvenstam and Henrik Lundh.

Investment approach

Ratos's aim is to continue to pursue improved profitability by utilising the earnings effects of the integration and improvement programmes carried out in recent years. Organic growth that exceeds market growth will be achieved through the company's market-leading Nordic position. SB Seating will exploit the growth potential in the strong ergonomics trend in the European and global office chair market. SB Seating will also, as Europe's largest manufacturer, participate in the consolidation of the European market.

SB Seating manufactures ergonomic office chairs with a Scandinavian design.

SCANDINAVIAN BUSINESS SEATING

www.sbseating.com

SB Seating

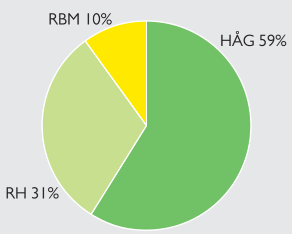
Management

Lars I. Røiri	CEO
Eirik Kronkvist-Olsen	CFO
Ketil Årdal	SVP Commercial Operations
Lillevi Øglænd Ivarson	SVP HR & Organisational Development
Torbjørn Iversen	SVP Production & Logistics
Christian Eide Lodgaard	SVP Products & Brand Concepts
Patrik Röstlund	SVP Purchasing & Supply Chain

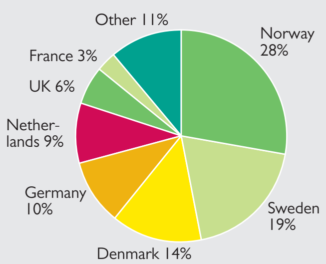
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Thomas Hofvenstam	
Olav Kjell Holtan	
Henrik Lundh	
Sven-Gunnar Schough	

Sales by brand



Sales by market



NOKm	2011	2010	2009	2008	2007[1]
Income statement					
Net sales	1,091	1,010	989	1,289	1,289
Operating expenses	-837	-804	-885	-1,042	-1,048
Other income/expenses					
Share of profits of associates					
Result from disposals					
EBITDA	**254**	**206**	**104**	**247**	**241**
Depreciation and impairment	-36	-41	-59	-40	-51
EBITA	**219**	**165**	**46**	**207**	**190**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**219**	**165**	**46**	**207**	**190**
Financial income	7	25	70	8	2
Financial expenses [2]	-57	-39	-54	-126	-73
EBT	**169**	**151**	**63**	**89**	**119**
Tax	-33	-22	-2	-9	-41
Profit/loss from discontinued operations					
Profit for the year	**136**	**129**	**61**	**80**	**78**
Attributable to owners of the parent	136	129	61	80	78
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	1,388	1,388	1,388	1,388	1,395
Other intangible assets	22	18	24	33	29
Property, plant and equipment	117	133	148	185	159
Financial assets, interest-bearing	1	1	0	0	
Financial assets, non-interest bearing	11	14	32	21	24
Total non-current assets	**1,539**	**1,555**	**1,592**	**1,627**	**1,607**
Inventories	48	59	57	88	82
Receivables, interest-bearing				1	8
Receivables, non-interest bearing	171	167	171	202	178
Cash, bank, other short term investments	96	47	33	63	113
Assets held for sale					
Total current assets	**316**	**272**	**261**	**354**	**381**
Total assets	**1,854**	**1,827**	**1,853**	**1,981**	**1,988**
Equity attributable to owners of the parent [3]	917	1,006	899	809	742
Non-controlling interests					
Provisions, interest-bearing	11	11	6	3	5
Provisions, non-interest bearing	6	8	7	17	11
Liabilities, interest-bearing	751	664	808	962	1,039
Liabilities, non-interest bearing	168	138	132	191	191
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,854**	**1,827**	**1,853**	**1,981**	**1,988**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	185	185	49	93	
Changes in working capital	-2	5	66	24	
Cash flow from operating activities	**184**	**189**	**115**	**117**	**–**
Investments in non-current assets	-28	-19	-31	-60	
Disposals of non-current assets	7		4	1	
Cash flow before acquisition/ disposal of companies	**162**	**170**	**89**	**58**	**–**
Net investments in companies					
Cash flow after investing activities	**162**	**170**	**89**	**58**	**–**
Change in loans	86	-159	-120	-111	
New issue					
Dividend paid					
Others	-198				
Cash flow from financing activities	**-112**	**-159**	**-120**	**-111**	**–**
Cash flow for the year	**49**	**11**	**-31**	**-53**	**–**
Key figures					
EBITA margin (%)	20.0	16.4	4.6	16.0	14.7
EBT margin (%)	15.5	15.0	6.3	6.9	9.2
Return on equity (%)	14.1	13.5	7.1	10.2	–
Return on capital employed (%)	13.5	11.2	6.7	12.1	–
Equity ratio (%)	49	55	49	41	37
Interest-bearing net debt	666	627	781	900	923
Debt/equity ratio, multiple	0.8	0.7	0.9	1.2	1.4
Average number of employees	479	471	457	633	655

[1] Earnings for 2007 are pro forma taking Ratos's acquisition into account.

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2011 includes shareholder loan of NOK 589m.

Stofa – strong profitability development

Operations

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides approximately 350,000 households in Denmark with cable TV and approximately 180,000 households with broadband. Services are delivered in close co-operation with some 300 antenna associations throughout Denmark. Interactive TV services (pay TV), broadband and IP telephony are sold direct to private subscribers.

Market

TV is distributed in the Danish market via satellite, the terrestrial network, fibre, DSL and cable. Cable is the largest platform and Stofa is Denmark's second-largest supplier after TDC-owned YouSee. In the broadband market cable technology competes with DSL, fibre and mobile broadband. Cable is an attractive technology with the capacity to meet future needs for high-speed broadband and interactivity. The Danish market for fixed broadband access is mature with marginal growth. TDC (including subsidiaries) is the leading player within fixed broadband access with approximately 60% of the market, followed by Stofa with a market share of 8%.

The year in brief

During the year Stofa was able to increase the number of broadband customers as a result of acquisitions and increased penetration in the existing customer base. The customer base within TV is stable, but sales are increasing as a result of higher prices and changed packaging and services.

Sales in 2011 amounted to DKK 1,146m which corresponds to an increase of 4% compared with 2010. Broadband sales were stable and revenues from telephony increased slightly, while revenues from expansion projects decreased. Stofa continued to be successful with sales of add-on service packs to antenna associations.

In October 2011, Stofa acquired part of the Danish cable TV operations in Canal Digital.

Operating profit (EBITA) for 2011 was DKK 147m, adjusted for items affecting comparability of DKK 27m mainly related to acquisition costs in conjunction with the purchase of Canal Digital and severance pay. This is an improvement of DKK 36m compared with 2010. The increase is due to an improved product mix, increased sales and lower overhead costs. During the year Stofa continued to invest in its infrastructure, primarily upgrading the cable network.

Due to the positive development of Stofa's profitability and cash flow since Ratos's acquisition, a refinancing could be carried out. In the first quarter of 2012, the company distributed DKK 425m to its owners.

CEO Klaus Høeg-Hagensen

Future prospects

Stofa has a strong position in the Danish market for cable TV and broadband. The company has a major focus on developing its range of services and offering customers flexible access possibilities. The company has therefore made substantial investments in technology and networks in order to achieve a high quality and capacity. During 2011 Stofa developed and standardised its TV offering to antenna associations in order to be able to offer a more attractive package in the medium segment. At the same time, the company also continues to offer flexibility for antenna associations to put together their full channel package.

Ratos's ownership

Ratos acquired Stofa in 2010. Ratos's holding amounts to 99%. Co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 703m at year-end.

Ratos is represented on the board by Per Frankling and Johan Rydmark.

Investment approach

Ratos intends, from Stofa's existing and strong infrastructure and customer base, to strengthen the company's profitability by refining and improving the offering to both antenna associations and end customers. At the same time, selective opportunities to participate in the restructuring of the Danish telecommunications market are being evaluated.

Stofa developed its TV offering during the year, and acquired part of the Danish cable TV operations in Canal Digital.

Stofa developed its TV offering during the year, and acquired part of the Danish cable TV operations in Canal Digital.

Stofa:

www.stofa.dk

Stofa

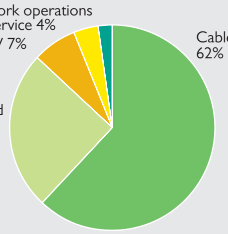
Management

Klaus Høeg-Hagensen	CEO
Henrik Skovsby	CFO
Michael Broch Hansen	Sales and Marketing Manager
Kaj Skov	Technical Manager
Claus-Frank Sørensen	Sales Manager Antenna Associations
Kim Falkenhard	Programme Manager
Christian Ruhe	Customer Service Manager

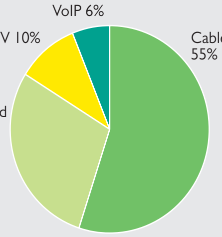
Board of Directors

Lars Torpe Christoffersen	Chairman
Jesper Bjerre	
Per Frankling	
Håkan Ramsin	
Johan Rydmark	
Ole Simonsen	
Dennis Rohde Hansen	Employee representative
Tom Østergård Pedersen	Employee representative

Sales by service



Subscribers



DKKm	2011 1)	2010 1)2)	2009 2)	2009	2008	2007
Income statement						
Net sales	1,146	1,101	1,024	1,024	1,022	923
Operating expenses	-917	-926	-858	-858	-845	-708
Other income/expenses	-27	-9			0	1
Share of profits of associates						
Result from disposals						
EBITDA	**203**	**165**	**166**	**166**	**177**	**216**
Depreciation and impairment	-83	-74	-74	-74	-70	-65
EBITA	**120**	**92**	**91**	**91**	**107**	**152**
Amortisation and impairment of intangible assets	-5					
Impairment of goodwill						
EBIT	**115**	**92**	**91**	**91**	**107**	**152**
Financial income	2	6	10	10	21	12
Financial expenses	-37	-33	-32	0	-1	
EBT	**80**	**65**	**69**	**101**	**126**	**164**
Tax	-22	-23	-26	-26	-33	-57
Profit/loss from discontinued operations			1		5	4
Profit for the year	**58**	**42**	**44**	**75**	**98**	**112**
Attributable to owners of the parent	58	42	44	75	98	112
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	694	698				
Other intangible assets	8	7		3	4	5
Property, plant and equipment	452	380		374	337	317
Financial assets, interest-bearing	17	17				
Financial assets, non-interest bearing	51	50		2	2	1
Total non-current assets	**1,222**	**1,153**	**–**	**379**	**343**	**323**
Inventories	31	30		32	35	35
Receivables, interest-bearing						
Receivables, non-interest bearing	288	327		361	343	388
Cash, bank, other short term investments	163	71		70	401	311
Assets held for sale						
Total current assets	**481**	**428**	**–**	**463**	**779**	**734**
Total assets	**1,703**	**1,581**	**–**	**842**	**1,123**	**1,057**
Equity attributable to owners of the parent	590	552		452	726	628
Non-controlling interests						
Provisions, interest-bearing						
Provisions, non-interest bearing	21	29		30	25	32
Liabilities, interest-bearing	580	600		9	7	8
Liabilities, non-interest bearing	507	397		351	365	389
Financial liabilities, other	5	3				
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**1,703**	**1,581**	**–**	**842**	**1,123**	**1,057**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	126					
Changes in working capital	164					
Cash flow from operating activities	**289**	**–**	**–**	**–**	**–**	**–**
Investments in non-current assets	-118					
Disposals of non-current assets	0					
Cash flow before acquisition/disposal of companies	**172**	**–**	**–**	**–**	**–**	**–**
Net investments in companies	-60					
Cash flow after investing activities	**112**	**–**	**–**	**–**	**–**	**–**
Change in loans	-20					
New issue						
Dividend paid						
Others						
Cash flow from financing activities	**-20**	**–**	**–**	**–**	**–**	**–**
Cash flow for the year	**92**	**–**	**–**	**–**	**–**	**–**
Key figures						
EBITA margin (%)	10.5	8.3	8.9	8.9	10.5	16.4
EBT margin (%)	6.9	5.9	6.8	9.9	12.3	17.8
Return on equity (%)	10.1	–	–	12.8	14.5	19.5
Return on capital employed (%)	10.1	–	–	17.0	18.6	28.4
Equity ratio (%)	35	35	–	54	65	59
Interest-bearing net debt	401	512	–	-61	-395	-303
Debt/equity ratio, multiple	1.0	1.1	–	0.0	0.0	0.0
Average number of employees	400	429	–	462	455	441

1) Earnings for 2011 are charged with costs affecting comparability of DKK -27m (-19).

2) Earnings for 2009 och 2010 are pro forma taking Ratos´s acquisition into account.

Group summary

	2011	2010	2009	2008	2007
Key figures [1]					
Earnings per share before dilution, SEK	1.63	7.09	2.66	16.31	8.33
Dividend per share, SEK	5.50 [2]	5.25	4.75	4.5	4.5
Dividend yield, %	6.8 [2]	4.2	5.1	6.7	5.1
Total return, %	-32	40	47	-20	14
Market price, 31 December, SEK	80.75	124.5	92.5	67.5	88
Equity per share, 31 December, SEK	43	47.5	48	50	37.5
Equity, SEKm [3]	13,658	15,091	15,302	15,825	11,905
Return on equity, %	4	15	5	37	23
Equity ratio, %	37	40	41	40	38
Average number of shares before dilution	319,036,699	318,134,920	316,248,738	317,152,060	317,658,532
Number of shares outstanding	318,996,769	324,140,896	317,231,290	315,875,710	316,978,310
Income statement, SEKm					
Profit from group companies	525	1,201	979	1,004	2,005
Exit gains, group companies	525	783		4,405	160
Impairment, group companies	-312			-92	
Share of profits of associates	21	218	316	550	545
Remeasurement former associates		140			
Exit gains, associates		537		31	727
Exit gains, other holdings				13	46
Profit from holdings	759	2,879	1,295	5,911	3,483
Central income and expenses	101	-11	80	-240	-21
Consolidated profit before tax	860	2,868	1,375	5,671	3,462
Tax	-314	-455	-441	-382	-516
Consolidated profit after tax	546	2,413	934	5,289	2,946
Profit attributable to owners of the parent	521	2,255	842	5,172	2,646
Statement of financial position, SEKm					
Intangible assets	22,024	21,925	20,382	19,686	18,066
Property, plant and equipment	4,286	4,050	3,702	3,378	3,091
Financial assets	785	808	2,807	3,435	2,778
Deferred tax assets	617	632	500	471	291
Current assets	12,210	13,348	13,467	15,780	12,556
Total assets	39,922	40,763	40,858	42,750	36,782
Equity	14,655	16,465	16,802	17,290	13,870
Provisions	1,524	1,057	1,186	1,148	842
Deferred tax liabilities	690	778	779	780	750
Interest-bearing liabilities	13,812	13,795	14,505	15,927	13,834
Non-interest bearing liabilities	9,241	8,668	7,586	7,605	7,486
Equity and liabilities	39,922	40,763	40,858	42,750	36,782

[1] Applicable historical figures are restated taking split 2:1 in 2011 into account.
[2] Proposed ordinary dividend.
[3] Attributable to owners of the parent.

Definitions

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and disposal of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and disposal of companies.

Consolidated book value
The Group's share of the holding's equity, any residual 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 owners 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, non-controlling interests (minority interests) and net debt.

Equity ratio
Reported equity expressed as a percentage of total assets. Non-controlling 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
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

IRR
(Internal Rate of Return) Annual average return.

Management costs
Part of central expenses which are costs not directly attributable to the holdings. Management costs mainly relate to operation of Ratos AB and the largest cost items are personnel costs and consultant and legal costs for transactions and processes.

P/E ratio
Market share 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 owners of the parent divided by average equity attributable to owners 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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www.stofa.dk

Ratos in the other Nordic countries

Ratos has been conducting operations in the Nordic region since 1866. Between 1999 and 2003 almost all investments were made in Sweden, but since 2003 investment activity has increased in the other Nordic countries. Since 1999, 12 acquisitions have been made in Denmark, Norway and Finland.

The Nordic countries differ in several respects, including corporate structure, sector distribution and business culture. Ratos's Nordic business and organisation have therefore been adapted to local conditions in each country. To improve our contact base, we have set up Advisory Boards in Norway, Denmark and Finland. These consist of people with many years of industry experience. They act as Ratos's representatives and contribute – together with some of our own employees – with knowledge of local business life and with their individual networks. In each country we also have a broad network of selected people who contribute to the deal flow, but who can also serve on the boards of our holdings as industry experts, for example.

Norway

Team Norway at Ratos

- Henrik Joelsson (responsible)
- Lene Sandvoll Stern
- Henrik Lundh

Advisory Board

- Henning Øglænd (chairman)
- Kaare Frydenberg
- Helge Midttun
- Lars I. Røiri

Denmark

Team Denmark at Ratos

- Henrik Blomé (responsible)
- Robin Molvin
- Anna Ahlberg

Advisory Board

- Peter Leschly (chairman)
- Carsten Gerner
- Anders Thoustrup

Finland

Team Finland at Ratos

- Per Frankling (responsible)
- Jan Pomoell
- Cecilia Lundberg

Advisory Board

- Bertel Paulig
- Lauri Ratia

Shareholder information

Annual General Meeting 18 April 2012

The Annual General Meeting of Ratos AB (publ) will be held at 17.00 CET on Wednesday, 18 April 2012 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, 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 no later than Thursday, 12 April 2012
- notify the company of their intention to attend no later than 16.00 CET on Thursday, 12 April 2012.

Notification

Notification of attendance may be made by:

- writing to Ratos AB (publ), Box 1661, SE-111 96 Stockholm
- telephoning +46 8 700 17 00
- via www.ratos.se

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 AB no later than Thursday, 12 April 2012. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 5.50 per share for the financial year 2011. The record date proposed by the Board for the right to receive dividends is Monday, 23 April 2012. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on Thursday, 26 April 2012.

Financial calendar

12 April	Annual General Meeting 2012
8 May	Interim Report, January-March 2012
17 Aug	Interim Report, January-June 2012
9 Nov	Interim Report, January-September 2012

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The annual report is sent by post to shareholders who have so requested.

Publications can be ordered via www.ratos.se or by

post: Ratos AB
Box 1661
SE-111 96 Stockholm

e-mail: info@ratos.se

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