RATOS

Annual Report 2010

Directors' report

Analysis

Contents

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

Ratos in 3 minutes

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.

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

Long tradition as an industry-oriented financial player

Ratos has a 145-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 through active ownership primarily in unlisted companies.

Tailor-made organisation

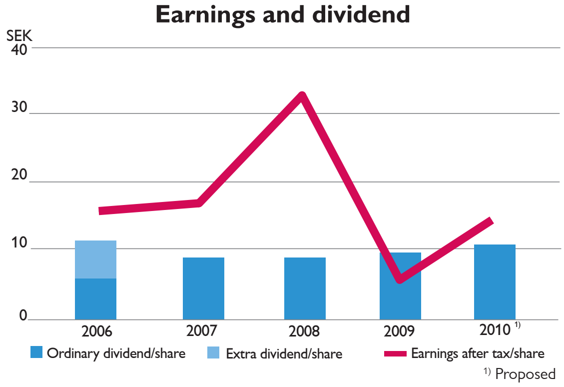
26 people work in our investment organisation today. All of them possess the industrial and financial expertise required to exercise active ownership in the holdings. In addition, active ownership is supported by the rest of the business organisation with sound knowledge and experience within finance, accounts and information. Ratos has a total of 50 employees. The organisation is presented on pages 23-27.

Professional Active Responsible

2010 – good but can be better

2010 profit before tax amounted to SEK 2,868m. Overall underlying development in the holdings was mixed but satisfactory.

Earnings and dividend



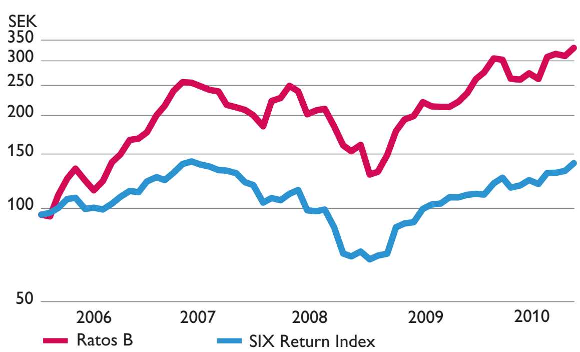
Share performance

Ratos is listed on NASDAQ OMX Stockholm, Large Cap.

Share performance 2010:

■ Total return	40%
SIX RX Index	27%
■ Share price	35%
OMXSPI Index	23%
■ Dividend yield	4.2%

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 32 exits we have completed. Most value creation occurs through industrial development during the holding period.

20 holdings which have

- sales of SEK 37 billion
- operating profit (EBITA) SEK 2.8 billion and
- 23,000 employees worldwide

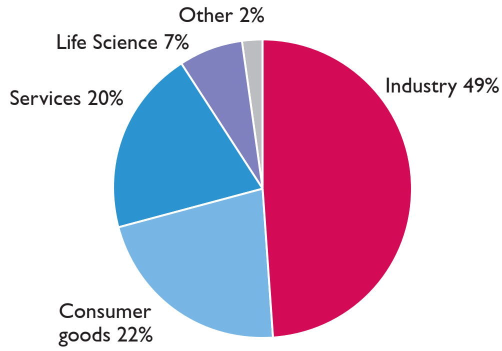
Sector-neutral investments in the Nordic region

Ratos focuses its investments on 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 108-147.

Sector breakdown by consolidated book value



20 holdings in the Nordic region

Ratos's 20 holdings

Read more about the holdings on pages 108-147.

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. Most of production takes place in Denmark but the company also has operations in China.

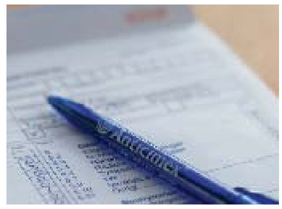
Sales	SEK 978m
Operating profit	SEK 55m
Profit before tax	SEK 26m
Number of employees	420
Ratos's holding	69%
Investment year	2007

Anticimex

www.anticimex.se

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

Sales	SEK 1,856m
Operating profit	SEK 198m
Profit before tax	SEK 159m
Number of employees	1,200
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.

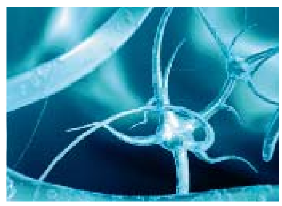
Sales	SEK 1,944m
Operating profit	SEK 156m
Profit before tax	SEK 135m
Number of employees	460
Ratos's holding	83%
Investment year	2005

Biolin Scientific

www.biolinscientific.com

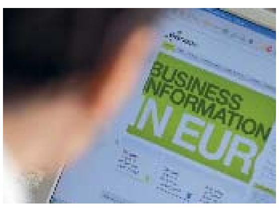
Biolin Scientific develops, manufactures and markets analytical instruments for research, development, quality control and clinical diagnostics. The company's largest market niche is nanotechnology.

Sales	SEK 142m
Operating profit	SEK 12m
Profit before tax	SEK 7m
Number of employees	90
Ratos's holding	95%
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 4,451m
Operating profit	SEK 536m
Profit before tax	SEK 376m
Number of employees	3,000
Ratos's holding	70%
Investment year	2005

Contex Group

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

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

Sales	SEK 750m
Operating profit	SEK 97m
Profit before tax	SEK 43m
Number of employees	330
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. Key applications include blades for wind turbines, hulls and decks for leisure boats, and components for aircraft, trains, buses and rockets.

Sales	SEK 1,396m
Operating profit	SEK 188m
Profit before tax	SEK 149m
Number of employees	1,250
Ratos's holding	95%
Investment year	2001

EuroMaint

www.euromaint.com

EuroMaint offers high-class maintenance services to the rail transport sector and manufacturing industry. The company has operations in Sweden, Germany, Latvia, the Netherlands, Belgium and Poland.

Sales	SEK 3,532m
Operating profit	SEK -67m
Profit before tax	SEK -132m
Number of employees	2,700
Ratos's holding	100%
Investment year	2007

GS-Hydro

www.gshydro.com

GS-Hydro is a leading 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 1,244m
Operating profit	SEK 27m
Profit before tax	SEK -27m
Number of employees	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 424m
Operating profit	SEK 38m
Profit before tax	SEK 37m
Number of employees	170
Ratos's holding	100%
Investment year	2001

HL Display

www.hl-display.com

HL Display is a global, market leading supplier of products and systems for store merchandising and in-store communication.

Sales	SEK 1,617m
Operating profit	SEK 66m
Profit before tax	SEK 29m
Number of employees	1,100
Ratos's holding	99%
Investment year	2001

Inwido

www.inwido.se

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

Sales	SEK 5,149m
Operating profit	SEK 446m
Profit before tax	SEK 328m
Number of employees	3,750
Ratos's holding	96%
Investment year	2004

Jøtul

www.jotul.com

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

Sales	SEK 1,044m
Operating profit	SEK 97m
Profit before tax	SEK 67m
Number of employees	720
Ratos's holding	61%
Investment year	2006

KVD Kvarndammen

www.kvarndammen.se

KVD Kvarndammen is Sweden's largest independent broker for capital goods, primarily company cars, via the auction site kvd.se.

Sales	SEK 239m
Operating profit	SEK 32m
Profit before tax	SEK 22m
Number of employees	170
Ratos's holding	100%
Investment year	2010

Lindab

www.lindabgroup.com

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

Sales	SEK 6,527m
Operating profit	SEK 401m
Profit before tax	SEK 112m
Number of employees	4,500
Ratos's holding	11%
Investment year	2001

Medisize

www.medisize.com

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

Sales	SEK 1,079m
Operating profit	SEK 109m
Profit before tax	SEK 95m
Number of employees	860
Ratos's holding	98%
Investment year	2006

Mobile Climate Control (MCC)

www.mcc-hvac.com

MCC offers complete, customised climate comfort systems for buses, off road and military vehicles. Approximately 75% of the company's sales take place in North America and about 25% in Europe.

Sales	SEK 902m
Operating profit	SEK 112m
Profit before tax	SEK 71m
Number of employees	530
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 in northern Europe. The group includes three brands: HÅG, RH and RBM.

Sales	SEK 1,203m
Operating profit	SEK 197m
Profit before tax	SEK 180m
Number of employees	470
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 40% of them with broadband as well.

Sales	SEK 1,411m
Operating profit	SEK 117m
Profit before tax	SEK 83m
Number of employees	430
Ratos's holding	99%
Investment year	2010

Other holdings

www.btj.se

www.ikinvest.com

BTJ Group

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

IK Investment Partners

IK Investment Partners is an unlisted private equity company. Ratos has invested in two of the funds but has no further commitments.

Overseas Telecom

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

Read more about Ratos's holdings on pages 108-147.

2010 highlights

Significant events

- Mixed but satisfactory underlying development in the holdings
- Acquisition of Biolin Scientific, HL Display, KVD Kvarndammen and Stofa
- Major add-ons in EuroMaint (RSM Group) and AH Industries (RM Group)
- Exits Haglöfs and 11% of Lindab – total exit gain SEK 1,320m
- Agreements on sale of Camfil and Superfos – finalised 2011

Additional holding acquired in Denmark, triple-play operator Stofa.

Ratos effected a buyout of HL Display from the stock exchange.

Acquisition of KVD Kvarndammen, Sweden's largest online marketplace for cars.

Results

SEKm	2010	2009	2008	2007	2006
Profit/share of profits	1,425	1,295	1,554	2,550	1,883
Exit gains	1,320		4,449	933	1,678
Revaluations and impairment	115		-92		-188
Dividends from other holdings				71	21
Profit from holdings	2,860	1,295	5,911	3,554	3,394
Central income and expenses	8	80	-240	-92	-160
Profit before tax	2,868	1,375	5,671	3,462	3,234
Equity	15,091	15,302	15,825	11,905	10,875

- Profit before tax SEK 2,868m (1,375)
- Exit gain SEK 1,320m (0)
- Equity SEK 15,091m (15,302), corresponding to SEK 95 per share

Shares

SEK per share	2010	2009	2008	2007	2006
Earnings after tax	14.18	5.32	32.62	16.66	15.50
Equity	95	96	100	75	69
Dividend	10.50 [1]	9.50	9	9	5.50 (11) [2]
Dividend yield, %	4.2 [1]	5.1	6.7	5.1	3.4 (6.8) [2]
Total return, %	40	47	-20	14	85
Market price	249	185	135	176	162.50
Market price/equity, %	262	193	135	235	236

1) Proposed ordinary dividend.

2) Ordinary dividend (incl. extra dividend).

- Earnings per share SEK 14.18 (5.32)
- Proposed ordinary dividend SEK 10.50 per share
- Dividend yield 4.2%
- Total return 40%

2010 – good but could be better

Running a business with branches in every continent in 2010 was like living in parallel universes. At one moment the items on the agenda were about dealing with the problems of countries in a deep economic crisis – such as Greece, Ireland or Hungary – and in the next forward-looking investment issues related to countries which found themselves in their own growth bubble, such as Sweden and China. Taken overall, however, the global economy managed to muddle along at a moderate rate, which created good conditions for well-run companies with a strong position in the value chain.

For Ratos the year can be summarised as follows:

- Profit before tax was SEK 2,868m, a clear improvement compared with 2009
- Ratos's holdings showed satisfactory development on the whole, with stable sales, an operating profit that improved by 2% and profit before tax which rose 6%
- Ratos's high level of activity in the transaction market reported since the end of 2009 resulted in several purchases and sales during the year
- Our assessment is that the slow global economic recovery will continue during 2011, although the risks remain high
- The prospects for continued improved earnings in our portfolio companies are good.

Arne Karlsson

ROLWB

There is an ancient Chinese curse "May you live in interesting times". This curse seems to have affected us with a vengeance in recent years because a more interesting era – where one truth after the other global scenario must be slung on the rubbish tip of history – is hard to imagine. It is a time when risks of different kinds can affect us all with full force, but also a time filled with opportunities.

Ahead of 2010 as usual we summarised our macro forecast with an acronym, this time ROLWB – Recession Over, Long Way Back. We assessed that we would continue to have to live with sub-par growth, growth in the economy but at a lower level than normal, and that it will take many years before we return to the levels we experienced before The Big Recession. In the main this assessment proved correct. It is worth pointing out, however, that economic development was extremely lopsided around the world, with some countries in deep economic crisis and others – such as Sweden – which steamed along as if nothing had happened.

Our working hypothesis was also, however, that this somewhat grey macroeconomic development did not at all need to be bad for well-run companies with strong positions in their value chains. And in this respect our predictions were more than right – many companies throughout the world have enjoyed brilliant profit growth, primarily due to the operational leverage created by the draconian savings programmes and efficiency improvements in recent years.

MOBBM

For 2011 our acronym which sums up the macroeconomic forecast is MOBBM – Make Or Break Becomes Make. 2011 will probably be a year when many questions are brought to a head and most reach a conclusion.

Some examples:

- the euro crisis must be solved, probably during the early part of the year if market forces are not to force a chaotic dissolution of the system

- the American economy must enter a self-sustaining positive spiral, otherwise there is a considerable risk that the US will find itself in a long drawn-out deflationary development like in Japan
- the risks of global currency and trade wars must be eliminated.

So there are extremely big issues that must achieve a conclusion – Make or Break. And our main hypothesis is that it will Become Make. The world will continue to muddle along with sub-par growth. In 2011 this growth might even be better than 2010 which will not prevent it still being an historically lean recovery.

Nor should we forget that the risks are still uncomfortably high. Today we are hiking along the narrow, snow-covered and icy mountain ridge which (from one direction) leads to the southern summit of Kebnekaise. If we manage to keep our balance until reaching the south peak we have some reasonable years ahead of us. But the ridge is narrow, just a little false step and we will fall down one side or the other – and both sides are steep and precipitous.

"grounds for relative optimism in the future"

Consequently, there is still 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 the necessity to always have crash plans ready for different scenarios.

This is particularly important at a time when macroeconomic development risks having a greater impact on development for, in our case, Ratos, than we and our holdings are expecting. Naturally the latter is of major importance, something that for us was clearly illustrated in the 2002/03 and 2008/09 crises, but these events also illustrated that macroeconomic forces can acquire a strength that dominates everything.

"we have found a robust strategy and model that can function for even longer"

As far as Sweden is concerned, conditions still look good – a small, well-run parish with a strong, export-oriented corporate sector. There is no doubt that we have earned this position. At the same time we must not forget that it is based almost entirely on globalisation and a smooth-functioning world trade. As we could note in 2009 a strong decline within world trade, caused for example by a trade war, would quickly and inexorably affect the Swedish economy.

Given that our basically relatively optimistic main hypothesis appears to be correct, conditions for the companies' profit growth remain favourable in 2011.

Very different...

In some respects our existence has been strongly affected by events in recent years. We have a reasonably positive picture of the global economy over the next few years but feel considerable anxiety about development in the medium to long term. This means that, compared with 5-10 years ago, we are considerably more cautious when making growth forecasts for existing or potential holdings. We must also take the overhanging risks into account when we decide on leverage levels in our holdings.

On the other hand in our opinion, which we have communicated for several years, a structural change has occurred in the way companies work, which has raised the long-term potential profit margins. So here there are still grounds for relative optimism in the future.

The greatest change, however, relates to conditions for our financial strategy and planning. During the twelve years I have been employed at Ratos, my colleague Monica has given me Ratos's latest liquidity report every Monday morning. Based on this I have then written (by hand, to the considerable despair of my younger and more modern colleagues...) an update of our potential cash flow, taking decided and potential deals and other events into account.

During my first ten years, I did not really need to worry.

The way the world looked there were always comparatively simple solutions to apply, such as new borrowing, refinancing, the exit market, and so on.

The situation has changed completely today. Financial issues are centre stage for our strategic work. Both short-term liquidity and long-term financial planning are permanently on our daily agenda as well as in the board's discussions. We are also conducting some ten internal projects to further strengthen and improve financing, for example:

- how much and what type of liquidity buffer does Ratos need?
- how can we – both for ourselves and the lenders – improve the covenant terms in loan agreements?
- what does an optimal leverage level look like, both in general terms and in the individual case?

"2010 was a highly active year in terms of transactions"

To be able to continue working with our present strategic focus it is of decisive significance that we have the possibility to use new issues in conjunction with acquisitions as we have been able to do over the last two years. This allows us to work in the acquisition market continuously and credibly, even in situations when we do not have a lot of available cash and do not wish to risk the whole of Ratos by leveraging the parent company.

The new issue mandate has so far only been used directly for a couple of small add-ons. Nevertheless the very existence of this mandate – and in particular the part concerning the possibility to issue shares for cash to be used for acquisitions – has been indirectly decisive during 2010. Today we would not have owned Stofa, RM Group, KVD Kvarndammen, Biolin Scientific and 100% of HL Display if we had not had the planning security and emergency exit inherent in the new issue mandate.

... and yet not

Despite – and partly thanks to – what is said above, most things look the same if we look at Ratos with a bird's eye view. Naturally we further develop and finely tune our business and organisation all the time, but the basic strategy and business model are the same as when they were presented in December 1998. The fact is that our company presentation then and now are almost identical. (For a slightly more detailed description of the private equity conglomerate Ratos, see the article on page 14.)

And the fact that our business model has now survived four crises, two bubbles and all that happened in between, makes at least me believe that we have found a robust strategy and model that can function for even longer.

It might, since we are often asked about this, be worth pointing out that another thing that has not changed is our dividend strategy. Over the years many people appear to have focused on what's in the till and worried (at ebb) or got over-excited (at flow) when trying to forecast our dividend. Twelve years have now, however, hopefully shown that an "aggressive dividend policy", complemented with the comment that the board tries to achieve a reasonably stable dividend development that reflects Ratos's underlying earnings, means that temporary ups and downs in the cash position do not influence the board's proposals to the annual general meeting on this issue.

Satisfactory earnings development

During 2010 Ratos's holdings performed satisfactorily on the whole. Taken overall sales were stable while operating profit improved by 2%. It should be noted that we have a portfolio that is not too cyclically sensitive which also developed relatively well in 2009.

The fact that we nevertheless use the word "satisfactory" instead of "good" is because at the start of the year we had even greater hopes for development already in 2010. Much has gone well but in some respects the course of events is reminiscent of what happened after the downturn at the start of the 2000s, when the upturn for Ratos's holdings was also of a late-cyclical nature.

There is, however, nothing that changed the long-term forecasts, but it is the time axis which has proved to be slightly more drawn out than we previously assessed.

"it is our enduring profitability that controls the value of our shares"

High transaction activity

After a 2009 when we did not make any purchases or sales of holdings (although add-ons in existing portfolio companies for about SEK 2 billion), 2010 was a highly active year in terms of transactions.

We made four major exits, in Camfil, Haglöfs, Lindab (where half our remaining shareholding was sold) and Superfos. The total exit gain amounted to approximately SEK 1,900m. In every case, these were faithful old servants in our portfolio, which had been part of our business for an average of ten years.

On the acquisition side the year brought six major deals. Biolin Scientific and the part of HL Display we did not control were buyouts from the stock exchange. KVD Kvarndammen and Stofa became new holdings, and major add-ons where Ratos contributed capital were carried out when AH Industries acquired RM Group and EuroMaint bought RSM Group. Ratos invested a total of approximately SEK 3 billion in conjunction with these acquisitions.

"we expect the economic recovery to continue"

In addition to this, a number of smaller transactions were completed during 2010.

Positive total return

In 2010 the total return, by which we mean combined share price development and reinvested dividend, for Ratos shares was 40% (SIX Return Index 27%). During our 12 years as a private equity conglomerate the total return amounts to 1,699% (or 27% per year) compared with the SIX Return Index with growth of 168% (or 9% per year).

Unpopular share?

When we are out presenting Ratos we are often asked why we are almost always described in the media as one of the least attractive share alternatives on the Stockholm Stock Exchange – which in turn is due to the fact that for almost ten years in 80-100% of analyses of Ratos shares the recommendation has been hold or sell – while at the same time our total return has developed in a fully satisfactory manner.

And the response may sound challenging, but is no less true for that: there is a systematic error in the way many market players evaluate a Ratos type of company. Put simply it can be said that in the net worth calculations that are made they regard us as a conglomerate with a perpetual fixed portfolio (or possibly with a portfolio the content of which changes but where the return on the new holdings will always be the same as it would have been if we had kept the old ones). So this type of analysis does not take into account the – positive or negative – dynamics inherent in having an exit strategy and the fact that the composition of the portfolio therefore changes over time.

Assessments based on this erroneous methodology run an extremely high risk of being wrong. And this is the explanation for Ratos's apparently surprisingly positive performance over the past decade – even if we naturally and unfortunately make one or two less successful investments, the overall result has been sufficiently good to exceed the expectations resulting from the analyses of the type discussed. It is actually so that now, with data available from many years, given the facts we can prove that this is what has happened.

It cannot be pointed out too carefully that what is said here is in no way an assertion that our type of company is always undervalued. Unfortunately the dynamics function just as fast in the other direction. Should Ratos's profitability level in future years be significantly lower, the evaluation method described above will result in an overestimation of the value of the shares.

Which means that it all boils down to the obvious conclusion that it is our enduring profitability that controls the value of our shares – just as it is for any company. We can therefore naturally not just sit back pleased with what has happened. Just as for a Charlotte Kalla or Marcus Hellner, who at the time of writing achieved success in the prologue of the Tour de Ski, there is a new competition tomorrow when historical successes are of no value at all.

2011 – still going forward

Finally, I would like to thank employees, managements, boards and co-owners for their fantastic efforts in the three companies that have now left the Ratos portfolio after many years. Alan O'Connell in Camfil (who developed a strong platform for the world's most prominent company by far in its sector), Mats Hedblom in Haglöfs (who from almost nothing over a couple of decades has built one of the world's most respected outdoor brands) and Hans Pettersson in Superfos (who from a difficult start both achieved a successful turnaround and moved the company into a long-term profitable position in the value chain) are all company leaders of world class.

In 2011 we expect the economic recovery to continue, probably at a somewhat faster pace than during 2010. Given the favourable starting-point for most of Ratos's holdings, prospects for a continued improved earnings in the overall portfolio of companies are good.

Arne Karlsson, CEO

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 32 divestments (exits) completed by Ratos since 1999, corresponds to an average IRR of 26%. Four exits were made in 2010 (two of which were completed at the start of 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 1,699% (27% per year) compared with the SIX Return Index with 168% (9% per year). Viewed over a ten-year period, the total return on Ratos shares amounted to 1,054% (28% per year), compared with the SIX Return Index with 77% (6% per year). In 2010 the total return for Ratos amounted to 40% and the benchmark index to 27%.

- **An aggressive dividend policy**

In the last ten years dividend growth has been 15% per year. The proposed dividend for the 2010 financial year is SEK 10.50 which corresponds to 74% of earnings per share in 2010. The dividend yield on Ratos shares based on the closing price at year-end amounted to 4.2%.

- **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. Ratos came ninth in 2010.

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.

- **Focus on own deal flow**

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

- **Nordic acquisitions – global exits**

The entry point for investments is 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

In recent years we at Ratos have increasingly used the term private equity conglomerate (PEC) to describe our business and its distinctive character. But what does PEC mean in practice and how did the term arise?

In common, probably, with most organisations we at Ratos regard ourselves as rather special. Our 145-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."

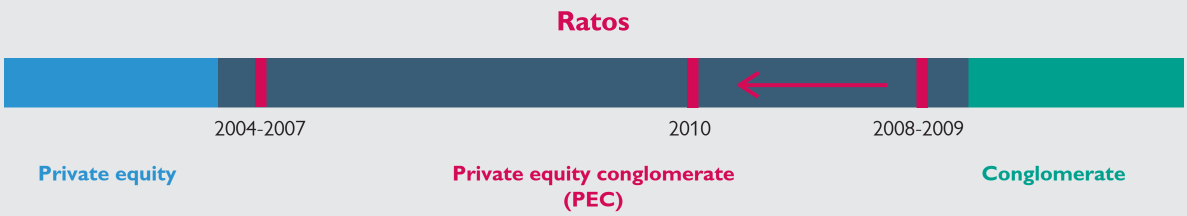
The best proof that we actually have a unique profile is that over the years we have co-invested with a large number of companies within the owner sector – which means we are not perceived by them as a directly competing player that must be kept at a distance.

During the twelve 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 16.)

It is naturally also essential to possess considerable transaction expertise, in other words purchase and sale of companies. 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 used our successful Swedish and Nordic colleagues as an object of study, 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
- – failure to accept 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

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

For a company operating 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 the company succeeds in achieving this target over time an analysis of the "exit portfolio" – the portfolio of companies that Ratos has actually sold and where the results of these investments are – is essential.

Present exit portfolio

What does Ratos's exit portfolio look like today? During the just over twelve years (1999 – February 2011) Ratos has been a private equity conglomerate, 32 exits have been made. These 32 exits have together contributed to Ratos's cash flow with approximately SEK 28 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 approximately 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.

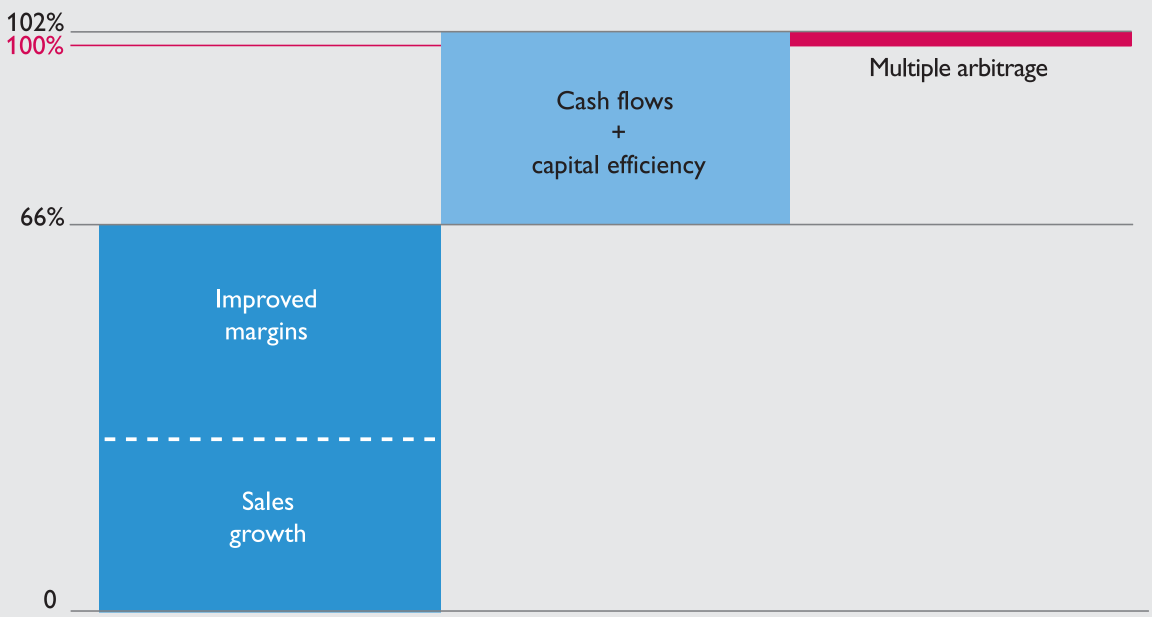
26% is also the gross figure that would be reported as the return if Ratos was a fund like most companies in the private equity industry. In comparison with private equity players, however, it should be noted that Ratos on average can be judged as having a lower financial risk exposure. This means, all 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 of approximately 0.5% of assets under management measured as market capitalisation. Most private equity funds have a combination of management fees and profit distribution that is clearly higher, so the difference in net return, all other things being equal, provides further improvements in Ratos's favour.

The favourable return in the exit portfolio has mainly been created through active 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 32 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 +66%

Approximately 66% 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 +36%

Approximately 36% 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 -2%

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

Future exit portfolio

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

- Today there are some investments in the portfolio that will probably drag down the total return even if the investments themselves land up on the plus side. These investments are expected, however, to achieve a 20% annual return from today's market values.
- Many companies in the portfolio will meet the return requirement by a wide margin.
- Taken overall the assessment is that Ratos's exit portfolio in the years ahead as well will have generated a return that on aggregate exceeds 20%.
- Ratos's return target is naturally continuously reviewed by the Board which so far, however, has not seen any need to change it. Consequently, this means that all new investments made are expected to meet the return requirement.

Investments and exercise of ownership in Ratos

The industrial profile is something of a hallmark for Ratos. We have been an industrial player since the foundation of our predecessor Söderberg & Haak in 1866 which still provides a base for how we act as an owner in our holdings today. Since 1999, Ratos has invested in approximately 60 companies and made 32 divestments. Today, there are 20 companies in our portfolio.

Investment process

Ratos analyses about 200-250 companies every year. Of these, an average of three to six result in an acquisition. An effective examination process is required in order to identify companies that are expected to meet the required rate of return (IRR) of 20% and where there is also an investment opportunity for Ratos.

Many of the companies identified drop out early in the process because they do not meet our investment criteria or for other reasons. There is no really "typical" process with a straight line from start to finish. Sometimes acquisitions take a few months, while others take longer and Ratos may have had contacts with the company for several years before an acquisition takes place.

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

We make sector-neutral investments in the Nordic region and in companies with all types of circumstances. Although never in companies that operate in the arms industry or pornography, or in activities with an obvious negative environmental impact.

Obtaining information is an important part of the acquisition process and there is often more information available to the purchaser when investing in unlisted companies.

Each acquisition is preceded by a due diligence examination of the company. This analysis includes several aspects such as commercial, legal and financial aspects as well as environmental and corporate responsibility. The results from this examination form the basis of the investment decision made by Ratos's Board.

Before a purchase agreement is signed, Ratos and the company's management will also have agreed on a joint business plan with clear financial and operational targets. If there are co-owners, there is also a detailed shareholder agreement that regulates relations between the parties. This creates better conditions for consensus regarding the investment which also leads to a lower risk.

What finally decides whether Ratos will invest is an assessment of whether an annual average return of 20% can be achieved.

Ratos as owner

Ratos's approach to ownership is that it should be exercised professionally, actively and responsibly. Ratos can contribute with business development support, networks, and financial and strategic expertise.

Business development is teamwork between the company's management, board and owner where Ratos plays an active role in the company's development process and continuously functions as a sounding-board to the company's management.

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

An exit must also be made responsibly and taking the company's long-term development into account. Divestment of a holding should take place when the aims of the investment have been achieved and when Ratos's ownership is no longer creating added value. Ratos, unlike many private equity funds, is a limited company and has no set holding period. The average holding period for the portfolio at the beginning of 2011 was almost seven years and 15 years for the oldest holding.

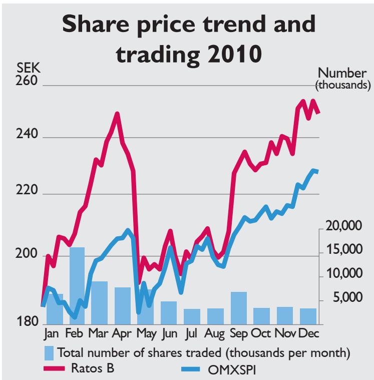
Ratos shares

2010 was a good year on the Stockholm stock exchange, and equally for Ratos shares. The total return on Ratos shares (price development including reinvested dividends) in 2010 was +40% compared with the SIX Return Index which rose 27%.

Share price performance

Performance for Ratos B shares was +35% compared with the OMXSPI which was +23% in the same period. The highest quotation during the year (SEK 257.50) occurred in December and the lowest (SEK 185.50) in January. The closing price on 30 December was SEK 249.

In 2010 the total return (price development including reinvested dividends) for Ratos B shares amounted to +40% compared with the SIX Return Index which rose 27% in the same period.



Source: NASDAQ OMX Stockholm

Trading

A total of 76.2 million Ratos shares (of which B shares accounted for 75.9 million) were traded via NASDAQ OMX Stockholm during 2010 at a

Brief facts 2010

Share listing	NASDAQ OMX Stockholm, Large Cap
Total number of shares	162,070,448
Number of shares outstanding	159,237,307
Closing price, 30 Dec 2010	SEK 249 (Ratos B)
Highest/lowest quotation	SEK 257.50/185.50
Market capitalisation, 30 Dec 2010	SEK 40 billion
Reuters ticker code	RATOb.st
Bloomberg ticker code	RATOB SS

Breakdown by class of share

Class	Number of shares	% of voting rights	% of capital
A	42,323,530	78	26
B	119,746,918	22	74
	162,070,448	100	100

Development of share capital

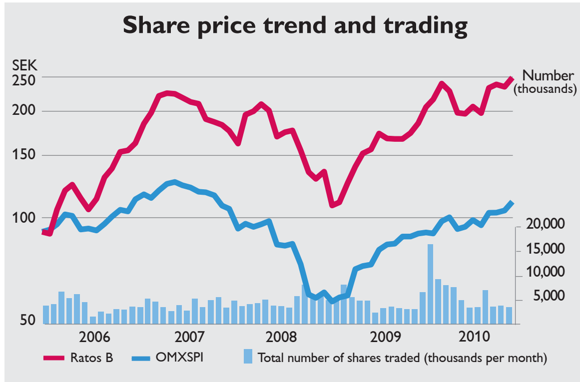
Year	Transaction	A shares	B shares	C shares	Preference	Share capital, SEKm
1983	Bonus issue 1:4, split 2:1	5,437,507	3,506,242		100,000	452
1985	Bonus issue 2:5	5,437,507	7,083,740		100,000	631
1988	Bonus issue 1:1	5,437,507	19,604,987		100,000	1,257
1996	Redemption preference shares	5,437,507	19,604,987			1,252
1997	Split 4:1, redemption A and B shares	21,727,060	68,550,544			1,128
1998	Redemption A and B shares. Issue C shares	21,641,127	59,679,299	9,027,760		1,129
1999	Redemption C shares	21,641,127	59,679,299			1,016
2001	Reduction	21,641,127	59,021,499			1,008
2003	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

value of over SEK 16.7 billion. An average of 301,153 shares (of which 299,946 B shares) were traded per day, an increase of 12% compared with 2009. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, was 62% (45% in 2009).

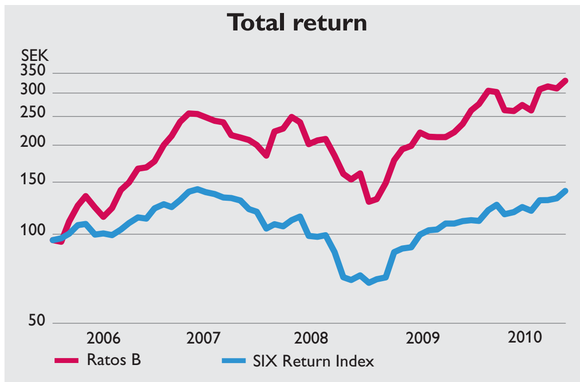
Trading in Ratos B shares also takes place outside NASDAQ OMX Stockholm via other marketplaces (multilateral trading facilities) such as Bats, Chi-X, Turquoise and others. An additional approximately 185,000 Ratos B shares per day were traded via these marketplaces during 2010.

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 40 billion at year-end. This ranks the company as number 25 in terms of size of the 258 companies listed on NASDAQ OMX Stockholm, and number 43 of the 569 companies on the joint Nordic Exchange.



Source: NASDAQ OMX Stockholm



Source: NASDAQ OMX Stockholm

Data per share

SEK	2010	2009	2008	2007	2006
Earnings after tax [1]	14.18	5.32	32.62	16.66	15.50
Dividend per A and B share	10.50 [2]	9.50	9	9	5.50 (11) [4]
Dividend as % of earnings	74 [2]	179	28	54	35 (71) [4]
Dividend as % of equity	11 [2]	10	9	12	8 (15.9) [4]
Equity [3]	95	96	100	75	69
Closing market price, B share	249	185	135	176	162.50
Market price/equity, %	262	193	135	235	236
Dividend yield, %	4.2 [2]	5.1	6.7	5.1	3.4 (6.8) [4]
Total return, %	40	47	-20	14	85
P/E ratio	17.6	34.8	4.1	10.6	10.5
Highest/lowest price paid, B share	257.50/185.50	189/99	218/108	238.50/152.50	171/86

Key figures

	2010	2009	2008	2007	2006
Market capitalisation, SEKm	39,650	29,344	21,321	27,894	25,719
Number of shareholders	46,009	40,494	38,099	36,396	34,233
Average number of shares outstanding before dilution	159,067,460	158,124,369	158,576,030	158,829,266	163,005,841
Number of shares outstanding at year-end	159,237,307	158,615,645	157,937,855	158,489,155	158,276,730
Average number of shares traded Ratos shares/day, thousands	301	227	268	196	186
Dividend, SEKm	1,672 [2]	1,512	1,423	1,430	877 (1,754) [4]

1) Before dilution.
2) Proposed ordinary dividend.
3) Attributable to owners of the parent.
4) Ordinary dividend (incl. extra dividend).

Definitions, see page 149.

Dividend and dividend policy

Ratos has an aggressive dividend policy. The Board of Directors proposes an ordinary dividend for the 2010 financial year of SEK 10.50 (9.50). Dividend yield amounts to 4.2% 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.

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 1.4m at year-end 2010 and if the dividends had also been reinvested the value was SEK 12.6m.

	Price development alone		Total return (price+reinvested dividend)	
SEK	Ratos B	Index	Ratos B	Index
1954*) - 2010	1,430,850	222,530	12,568,460	1,356,370
20 years	20,570	7,070	59,780	12,330
10 years	6,770	1,280	11,540	1,770
5 years	2,730	1,220	3,460	1,470
1 year	1,350	1,230	1,400	1,270

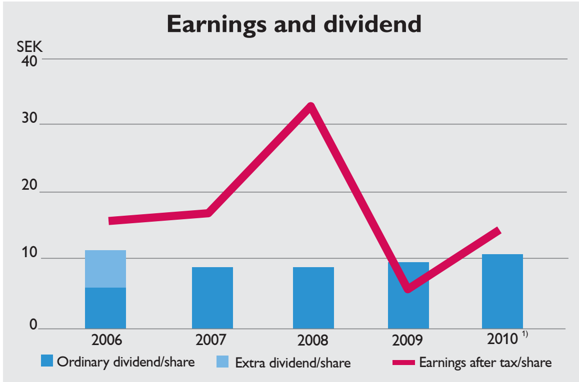
*) Ratos was listed in June 1954

Sources: NASDAQ OMX Stockholm, SIX, Ratos

Purchase of treasury shares

A decision was made at the 2010 Annual General Meeting that up to 7% of the company's shares may be acquired until the next Annual General Meeting in 2011. During 2010 Ratos repurchased 172,094 shares.

At year-end, Ratos owned 2,833,141 B shares, corresponding to 1.7% of the total number of shares, repurchased at an average price of SEK 126.



1) Proposed ordinary dividend.

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 2010, 5,000 shares were converted. Since 2003, a total of 958,724 A shares have been submitted for conversion into B shares.

Issue of new shares

At the 2009 Annual General Meeting a decision was made that Ratos in connection with acquisitions may issue, through set-off or non-cash, up to 30 million B shares in Ratos. This mandate was renewed at the 2010 Annual General Meeting, with the addition that Ratos can also make a new issue for a cash consideration. This mandate was utilised on one occasion during the year, in conjunction with the acquisition of the Remius family's shares in HL Display, where part of the purchase price was paid with 217,556 newly issued Ratos B shares.

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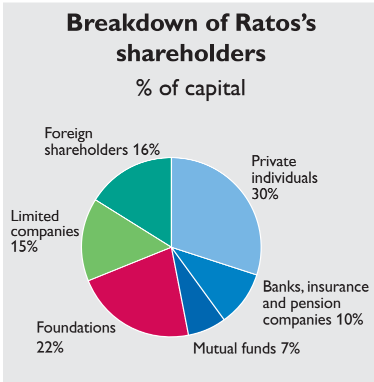
Ownership structure

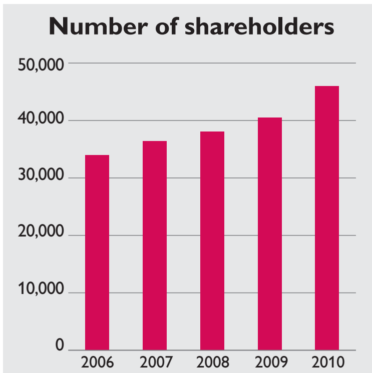
The number of shareholders amounted to 46,009 at year-end. The ten largest shareholders accounted for 79% of the voting rights and 46% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 16%. The US, the UK and Luxembourg account for the largest shareholdings outside Sweden. 68% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital.

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 section and on Ratos's website.



Source: Euroclear Sweden



Source: Euroclear Sweden

Share capital and number of shares

Ratos's share capital at year-end 2010 amounted to SEK 1,021m divided among a total of 162,070,448 shares, of which 42,323,530 A shares and 119,746,918 B shares. The number of treasury shares at year-end was 2,833,141, which means that outstanding shares amounted to 159,237,307. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 vote. The total number of votes amounts to 54,298,222.

Ratos shareholders *)

	Number		Share of	
31 December 2010	**A shares**	**B shares**	**capital, %**	**voting rights, %**
Söderberg family	24,677,087	6,183,004	19.0	46.6
Torsten Söderberg Foundation	5,895,289	7,822,950	8.5	12.3
Ragnar Söderberg Foundation	7,248,020	6,316,670	8.4	14.5
Swedbank Robur Fonder		4,565,995	2.8	0.8
AMF Pension		3,397,633	2.1	0.6
Skandinaviska Enskilda Banken S.A.	1,243,513	940,195	1.4	2.5
Akademiinvest		1,880,872	1.2	0.4
AP2		1,683,352	1.0	0.3
Nordea Investment Funds		1,527,970	0.9	0.3
Olof Stenhammar, company and family	35,978	1,477,702	0.9	0.3
Treasury shares		2,833,141	1.7	0.5
Other	3,223,643	81,117,434	52.1	20.9
Total	42,323,530	119,746,918	100.0	100.0

*) Refers to shares registered with Euroclear Sweden at 31 December 2010. Pledged shares are not included in shareholder statistics.

Source: Euroclear Sweden

Range analysis

Number of shares	Number of shareholders	Share of capital, %
1– 500	31,336	3
501– 1,000	6,403	3
1,001– 5,000	6,477	9
5,001–10,000	899	4
10,001–20,000	415	4
20,001–	479	77
	46,009	100

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 50 employees are based here. 26 people work in the investment organisation and 24 within administration and business support, who provide Ratos with expertise in accounting, financing and communication.

Most employees in the investment organisation have a background as management consultants, from an investment bank 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 usually consists of a person responsible for the holding (Investment Director), a Senior Investment Manager and an 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

Oscar Hermansson Henrik Joelsson Arne Karlsson Henrik Lundh Jonathan Wallis Michael Arvidsson
Anders Borg Johan Rydmark Leif Johansson Daniel Repfennig Lene Sandvoll Stern Anna Ahlberg Berit Lind

Anna Ahlberg
Investment Manager.

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

Michael Arvidsson
Investment Manager.

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

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
Investment Director.

Responsible for the holdings Arcus-Gruppen and HL Display.

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, Jøtul, Lindab, Medisize 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 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, Bisnode and EuroMaint.

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
Chief Transaction Officer.

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

Arne Karlsson
CEO.

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

Jenny Askfelt Ruud, Per Frankling, Thomas Hofvenstam, Johan Pålsson, Robin Molvin, Bo Jungner
Henrik Blomé, Jan Pomoell, Susanna Campbell, Mikael Norlander, Johan Pernvi, Cecilia Lundberg, Thomas Mossberg

Berit Lind
Investment Manager.

Responsible for investments in IK Investment Partners.

Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996-2000.
Öhman 1994-96.

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 holdings AH Industries and BTJ Group.

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

Thomas Mossberg
Senior Advisor.

Responsible for holding Overseas Telecom.

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
Investment Manager.

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

Johan Pernvi
Senior Investment Manager.

Responsible for holding Mobile Climate Control.

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

Jan Pomoell
Investment Manager.

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

Johan Pålsson
Investment Manager.

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

Daniel Repfennig
Investment Manager.

Born 1983. MSc Eng. 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

Jessica Bühler Kristina Linde Karl Molander Clara Bolinder-Lundberg
Lars Warg Maria Glifberg Emma Rheborg Carina Strid Ing-Marie Pilebjer-Bosson

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.

Jessica Bühler
Communications Manager.

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

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.

Kristina Linde
Group Accounts Manager.

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

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.

Carina Strid
CFO.

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

Lars Warg
Debt Manager.

Born 1946. M Pol Sc.
Joined Ratos in 2008.
Nordea 1972-2007.

Administration

Fredrik Evén
IT Manager

Monica Andersson
Accounts

Jenny Attemark
Kitchen

Linda Bergman
Assistant

Kerstin Dard
Reception

Suzanne Boghammar
Kitchen

Helena Jansson
Assistant

Catrine Ernstdotter
Reception

Johan Andersson
Building Manager

Carina Melander
Accounts

Soraya H Contreras
Assistant

Per Djursing
Reception/property

Agneta Ryner
Assistant

Yvonne Bonnier
Accounts/property

Nina Aggebäck
Assistant to the CEO

Corporate Responsibility

Ratos plays an active role in issues that involve responsibility and sustainability and has chosen to use the term Corporate Responsibility (CR). This term embraces areas that mainly concern environmental and working environment issues, ethical issues, matters that concern society and the community, as well as corporate governance.

Ratos has a long tradition of being responsible – both as a company and an owner. Our operations include nurturing and developing the trust that Ratos has built up in the Swedish business community and society over 145 years. One key component of this trust is responsibility towards Ratos's stakeholders, i.e. owners, employees, the community, our holdings and others. We never invest in companies that operate in the arms industry or pornography, or in activities with an obvious negative environmental impact.

Rules and guidelines

Ratos and the Board have drawn up a total of 13 policies, of which mainly four focus on issues relating to sustainability and responsibility:

- Ownership policy – clarifies how Ratos's core values must be reflected when exercising the ownership role
- Social code of conduct – stipulates that Ratos and the holdings must comply with laws and regulations, human rights conventions, agreements and ethical norms
- Environmental policy – makes it clear that environmental consideration must be included as a natural part of Ratos and our holdings
- Sponsorship policy – clarifies our work with issues of a social nature.

Working methods

Ratos has no production of its own and only has 50 employees who work at the head office in Stockholm. For this reason Ratos's parent company has a very limited impact on the environment and its surroundings.

On the other hand, as the owner of some twenty companies, we can influence how each company takes responsibility for CR issues. We do this through various activities as 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 all holdings work with CR issues in a professional, active and responsible manner, which summarises the values on which Ratos bases its entire operations.

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

During the ownership period CR 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. Demands and CR initiatives are therefore adapted to the conditions at each company. One basic prerequisite for all holdings' operations is compliance with laws and rules. In addition, the companies are encouraged to draw up policies, objectives and targets for the CR aspects judged most relevant.

CR issues are handled in the holdings in the same way as other issues, through active work on the board and by Ratos acting as a sounding board for management and participating in the development process.

Through structured board work we ensure that CR issues are dealt with and are put on management's agenda. Ratos also checks that formalities such as relevant policies are in place, that objectives and targets are set and followed up, and that clear processes and responsibility structures are in place.

We have a close dialogue with the companies' managements and CR managers and are able, when required, to support the CR work with best practice examples, frameworks, contacts, etc.

Since 2008, CR initiatives in the holdings have been followed up in Ratos's annual evaluation of each holding.

A company with a well-documented analysis of its impact on the environment and society often commands a lower risk premium at exit and therefore a higher price. This is yet another reason why structured CR work is important for Ratos as an owner.

"Ratos seeks to ensure that all holdings work with CR issues in a professional, active and responsible manner"

Organisation

At Ratos the Chief Brand Officer is responsible for 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. CR managers prepare a report each year that is presented to the Ratos Board.

Events during the year

During 2010, the main focus in CR initiatives was on work with Issue Management, i.e. identifying and compiling risk issues in the companies. In addition to ongoing CR work we had the following activities.

Issue Management

Work focused on further developing and structuring processes in all holdings to try to identify possible risks that could provoke a crisis or have a negative impact on the companies' operations. This involved identifying risk areas which among other things can be linked to organisation, owner, production, product, strategy/position/business, environment, health, ethics and labour law. A review was then performed of implemented and planned measures to manage the risk issues identified in each company. Suppliers, customers, employees' working conditions, environmental risks, production facilities, etc., were also taken into consideration in order to minimise risks and enable continued work on sustainable development. Our work with Issue Management is compiled annually in a report and presented to the Ratos Board.

CR policies in holdings – status

	Yes	No
Environmental policy	19	1
Ethics policy and/or code of conduct	16	4
CR policy	8	12

Policy work

Relevant policies are drawn up for all holdings in order to support the companies' CR initiatives. Today, most of Ratos's holdings have an ethics policy and/or a code of conduct, which together with the environmental policy provide a foundation for ongoing CR work.

Stakeholder dialogues

We interact regularly with our principal stakeholders to provide information on our activities and business model and listen to any questions and views. During the year Ratos arranged or took part in networking meetings, seminars, company visits, trade association meetings, capital market days, analysts meetings, shareholder meetings, telephone conferences as well as private meetings in Sweden, Denmark, Norway and Finland. We also – through in-depth interviews with the parties concerned – indentified how the holdings and external board members view Ratos and our co-operation.

Reporting

Work on analysing and evaluating different accounting standards within CR is under way. The result is expected to result in more structured CR reporting in future.

Environmental programme

We implemented an environmental programme at our head office at Drottninggatan 2 in Stockholm in 2008. The programme includes improved waste management, paper recovery and recycling. Low-energy light bulbs, presence sensors for lighting and heating in offices and conference rooms, rechargeable batteries and mineral water dispensers to replace cans and bottles are also in place.

More profitable with active CR work

SB Seating, which develops and manufactures ergonomic office chairs in a Scandinavian design, is one Ratos holding that is actively engaged in CR issues. During the year the company received the Green Good Design Award*) for exceptional environmental design and low carbon dioxide emissions. Carl Peter Aaser is responsible for CR issues at SB Seating.

SB Seating has had a major focus on developing sustainability initiatives. What have you done?
For office chairs over 95% of environmental impact takes place before the components reach our factories. This is why it is important to think in terms of sustainability already at the concept stage. We design the chairs in such a way that we can use as much recycled material as possible, i.e. material from earlier products which has been collected and recovered. We make the biggest gains by using recycled aluminium – this means we can reduce emissions of greenhouse gases by over 90% compared with if we had used new aluminium. Low weight and few components also help to reduce resource consumption and therefore greenhouse gas emissions.

How has your CR work affected SB Seating?
Internally we started working with these issues 20 years ago. The ISO 14001 environmental management standard has helped to systemise this work and meant that we have taken a clear position. In the first ten years, however, not that many customers made demands. This has changed radically – today all major customers make CR demands, such as environmental requirements for the products or how we work with our suppliers in low-cost countries.

We document our products with environmental declarations which specify the product's carbon footprint from a life cycle perspective. This is particularly sought after by environmentally aware customers who want to find the products that will help them to minimise the environmental impact of their own purchases.

Does your CR work make you more profitable, i.e. competitive?
Yes, we see advantages from our CR initiatives on both the costs and revenues sides. Designing competitive, comfortable and attractive chairs with lower weight and fewer components than our competitors provides both less environmental impact and lower production costs.

Carl Peter Aaser, environmental manager at SB Seating, seen here with the HÅG Capisco – the world first and only Swan-certified office chair.

What are your targets for 2011?
We have a long-term target to reduce our products' total greenhouse gas emissions by 40% (compared with the 2005 level) before 2020 – twice as much as the EU target for the same period. The target for 2011 is to reduce average emissions by 3%. We will achieve this through a combination of improving existing products and introducing new ones with lower emissions than the old ones.

CR has become an important part of the total delivery that is demanded by the aware customers of today. This inspires us to make renewed efforts.

*) This prize is awarded annually by The European Centre for Architecture Art Design and Urban Studies and Chicago Athenaeum – Museum of Architecture and Design. The award is given to those who through advanced, exceptional thinking contribute to progress towards a healthier and more sustainable world.

Active social responsibility

Throughout the company's 145-year history, Ratos has played an active role in improving the community in which it operates.

At the beginning of the 20th century, Olof A Söderberg, who belonged to the second generation of the Söderberg founder family, together with the Wallenberg family initiated the foundation of the Stockholm School of Economics which helped to ensure 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 Söderberg & Haak was among the first to offer his employees social benefits such as free dental and medical care and a "child allowance". The founders' involvement in and care for the community in which they worked is a key component of our corporate culture. The Ratos of today has therefore adapted its social involvement to reflect this long tradition of active community involvement in a manner that suits today's expectations on the company from owners, employees and other stakeholders.

Klara Grannar helps people at risk in the heart of Stockholm.

Torsten Söderberg Foundation and Ragnar Söderberg Foundation

The Torsten Söderberg Foundation and the Ragnar Söderberg Foundation were formed in 1960 when brothers Torsten and Ragnar Söderberg, then the largest owners of Ratos, each donated 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 Torsten Söderberg Foundation and the Ragnar Söderberg Foundation combined are today one of Sweden's biggest non-government providers of grants within their fields. A total of SEK 240m was distributed in 2010, financed with dividends from Ratos.

Carefully selected community involvement

Ratos does not have its own production and sells neither products nor services. The company's Board therefore decided that Ratos should not be involved in outgoing and visible sponsoring. Instead, we should work in a well thought-out manner with a limited number of targeted projects, membership of associations, and other support. Targeted projects are selected carefully in the Nordic countries in which we operate in order to ensure that the funds allocated have the greatest possible effect. Project partners are prioritised for support according to the guidelines: Ratos's immediate neighbourhood at the head office in Stockholm, pioneering and/or groundbreaking projects which focus on the most vulnerable groups in society, especially children and young people. Each project is monitored continuously and an annual evaluation is presented to the Board. The choice of membership of associations and research is linked to our business activities or where we have an historic and well-motivated involvement.

At present Ratos has chosen to support eight targeted projects: five in Sweden, two in Denmark and one in Finland.

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.

Klara Grannar

Klara Grannar (Clara Neighbours, formerly St. Clara Neighbours) is a network of companies and people who work to support and help people at risk in the heart of Stockholm. Primarily through its welfare activities Klara Grannar offers vulnerable people an alternative meeting place in the form of a café and musical activities. Ratos is one of the principal sponsors of its youth movement since 2003.

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 the formation, and therefore has considerable influence on how this work can develop.

Mentor Sweden

Since 2006, Ratos is a corporate partner of Mentor Sweden, which is a sibling of the international Mentor Foundation based in Geneva, Switzerland. Mentor Sweden is a non-profit organisation which together with the Swedish business community and volunteers works to prevent the use of drugs and violence among young people. This is done through a mentorship programme and through support to parents via a parenting programme that offers courses and seminars to spread knowledge and create awareness.

SOS Children's Villages in Finland has family homes and young people's homes for children taken into care.

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.

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. The organisation's activities are financed through revenues from lotteries, private sponsors and membership. Since 2010, Ratos has chosen to support the project "Anbragte Børn i Bevægelse" which works to offer these children opportunities for physical activities.

Save the Children Denmark

In 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 the pressure and supports them. This help involves the children staying with the friendship families and accompanying them on other activities.

Børnehjælpsdagen offers children living in children's homes opportunities for physical exercise.

SOS Children's Villages in Finland

SOS Children's Villages in Finland was founded in 1962 and works to help orphans and children who risk being without parental care. The Finnish organisation looks after children who the municipalities have taken into care at family and young people's homes in SOS Children's Villages and by providing service within outpatient care. The number of children taken into care is rising continuously in Finland and SOS Children's Villages is now expanding its activities with two children's villages. Ratos has chosen to be a sponsor partner to the first new village in Tampere starting in 2010.

In addition to the projects listed above, Ratos has chosen to sponsor a number of organisations, associations and offers some disaster relief.

Ratos supports the Stockholm School of Economics by being a so-called Capital Partner and donating funds to the Department of Financial Economics. These donations are mainly to be used for research which focuses on owner issues within private equity.

Under the auspices of the Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to the Group's activities. Ratos's CEO Arne Karlsson is Chairman of the Board of SNS. 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.

In conjunction with the flood disaster in Pakistan, Ratos contributed with emergency relief through SOS Children's Villages food packages. As in the two previous years, Ratos chose to give a Christmas gift to SOS Children's Villages work in the Central African Republic.

Formal section

Directors' report

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2010. 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 at the same time as the company 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 development phase 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. This means that 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

In March, Ratos acquired an additional 5.4% of Medisize for EUR 6.2m (SEK 59.8m).

In June, Ratos signed 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 the company. In conjunction with this, and in compliance with the requirements for mandatory offers, a public offer was made to other shareholders of SEK 49 per share. The acquisition was completed during the third quarter and the total consideration transferred amounted to SEK 1,072m, of which SEK 43m comprised newly issued Ratos shares. Completion of the acquisition of the Remius family's shares gave Ratos control over HL Display and the previously held ownership interest was therefore remeasured at fair value, which resulted in a positive earnings effect of SEK 140m being recognised in profit. The last trading day for HL Display's shares on NASDAQ OMX Stockholm was 17 September 2010. At 31 December, Ratos's holding in HL Display amounted to 99.5% of the capital and 99.7% of the votes. Ratos has called for mandatory acquisition of the remaining shares.

In July, Ratos completed the acquisition of all the shares in the Danish triple-play operator Stofa for a purchase price (enterprise value) of DKK 1,090m, of which Ratos in conjunction with the acquisition provided equity of DKK 527m (SEK 688m).

In November, Ratos made a public offer to the shareholders and owners of convertible debentures in Biolin Scientific of SEK 11.50 per share. At 31 December Ratos owned 88.12% of the shares and votes after full dilution. After an extended acceptance period and shares acquired via NASDAQ OMX Stockholm, at 17 February 2011 Ratos owned 95.48% of the shares and votes. The offer was finally extended through 24 February. Ratos has so far acquired shares for a total of SEK 292m, of which SEK 269m through 31 December. Biolin Scientific has applied for a delisting and the final day for trading on NASDAQ OMX Stockholm was 22 February. Compulsory acquisition of the remaining shares is under way.

Acquisition of the auction and valuation company KVD Kvarndammen was completed in December. Ratos acquired 100% of the company for a purchase price (enterprise value) of SEK 550m, of which Ratos provided equity of SEK 360m.

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

EuroMaint's acquisition of the German company RSM Group was completed in January. Ratos provided SEK 166m.

In August, AH Industries acquired all the shares in the Danish company RM Group. The seller was the Jørgensen family which founded the company and will remain as owners in the merged company with a holding of 10%. The enterprise value amounted to DKK 325m, of which Ratos, in connection with the deal, contributed equity of DKK 227m (SEK 288m). Ratos's holding amounts to 69%.

Add-ons were carried out during the period in holdings including Bisnode and Inwido.

Divestments (exits)

In August, the entire holding in Haglöfs was sold to Asics, based in Japan, for SEK 1,007m. The sale provided Ratos with an exit gain of SEK 783m and an average annual return (IRR) of 30%.

In November, 8,850,000 shares in Lindab were sold. The sale proceeds amounted to SEK 867m, corresponding to SEK 98 per share, and the exit gain was SEK 537m. After the sale Ratos's holding in Lindab amounts to just over 11%.

Refinancing and dividends

Ratos received dividends totalling SEK 105m from HL Display, Jøtul and Hafa Bathroom Group.

In August, the holding in HL Display was refinanced, as a result of which Ratos received a cash payment of approximately SEK 400m.

Capital contributions

During the year Ratos provided capital to AH Industries (SEK 288m) in conjunction with the acquisition of RM Group and to EuroMaint (SEK 166m) for the acquisition of RSM Group.

Extraordinary general meeting

Ratos held an Extraordinary General Meeting in Stockholm on 6 October. The Meeting made decisions relating to incentive programmes in HL Display and in Stofa. The Meeting resolved in accordance with the proposal in the EGM notice regarding transfer of a maximum of 3,000 ordinary shares, corresponding to a maximum of 2% of the number of shares and the share of votes, in the subsidiary HL Display Holding to employees and others in the HL Display Group. The Meeting also resolved in accordance with the proposal regarding transfer of a maximum of 2,825,000 shares, corresponding to a maximum of 1.6% of the number of shares and the share of votes, in the subsidiary Stofa Holding ApS to employees and others in the Stofa Holding Group.

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, dust, effluent and noise.

Corporate Responsibility (CR)

Within Ratos the Chief Brand Officer is responsible for work with 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 with in the holdings and that CR issues are managed in a professional and responsible manner in both Ratos and the holdings. Those responsible for CR at Ratos prepare 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 2,868m (1,375). This result includes profit from holdings of SEK 2,860m (1,295), including exit gains of SEK 1,320m (0), management costs of SEK 221m (229) and positive net financial items of SEK 229m (309).

The parent company's profit before and after tax amounted to SEK 1,608m (546).

Financial position

Cash and cash equivalents in the Group amounted to SEK 2,855m (4,999) at year-end, of which short-term fixed-income investments accounted for SEK 351m (1,212). The Group's interest-bearing net debt at year-end amounted to SEK 11,136m (9,327). Interest-bearing net debt for associates is not included. The Group's equity ratio amounted to 40% (41).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 420m (2,776) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

The parent company should normally be unleveraged. The parent company has a 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 2010 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

In November, Ratos concluded an agreement to sell its holding in Camfil to the principal owners, the Larson and Markman families, for SEK 1,325m. The sale provided Ratos with an exit gain of SEK 586m and an average annual return (IRR) of 13%. The sale was completed in January 2011.

In January 2011, Ratos's subsidiary Stofa signed an agreement to acquire the Danish cable TV operations in Canal Digital for a purchase price (enterprise value) of approximately DKK 100m (SEK 120m). The seller is Canal Digital AS, which is owned by Telenor. The acquisition will be financed using existing credit facilities in Stofa. The deal is subject to approval from the relevant competition authorities and is expected to be completed in the first quarter of 2011.

In December, Ratos and co-owner IK Investment Partners concluded an agreement to sell all shares in Superfos to RPC Group Plc for approximately EUR 240m (enterprise value), of which Ratos's share of the equity value amounts to approximately EUR 63m (approximately SEK 548m). The sale provides an exit result for Ratos of approximately SEK -100m and an average annual return (IRR) of approximately 2%. Approval has been received from the relevant competition authorities and the deal was completed in February 2011.

Future development

Taken overall the global economy has grown at a modest rate which created favourable conditions for well-run companies with a strong position in the value chain. During 2010 Ratos's holdings on the whole showed satisfactory development. Ratos has a portfolio that is less sensitive to the business climate.

The economic recovery is expected to continue in 2011, probably at a somewhat faster pace than in 2010. Given the favourable starting point for most Ratos holdings opportunities for a continued improvement in earnings in the overall portfolio of 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 2010 Annual General Meeting to apply until the 2011 Annual General Meeting.

The Board's proposal to the 2011 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 compensation, 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 compensation paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's equity.
- Each year the Board sets a limit for the total variable compensation, 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 compensation that can be allocated to an employee is paid over a multi-year period. The cost of each year's variable compensation 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	42,323,530
Total number of B shares at year-end	119,746,918
Total number of shares	162,070,448

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 19.0% of the capital and 46.6% of the voting rights.

The Torsten Söderberg Foundation owns 8.5% of the capital and 12.3% of the voting rights. The Ragnar Söderberg Foundation owns 8.4% of the capital and 14.5% of the voting rights.

In conjunction with acquisition of the Remius family's shares in HL Display, a non cash issue of 217,556 B shares in Ratos was made in July.

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 2010 Annual General Meeting that A or B shares may be repurchased during the period until the next Annual General Meeting. The company's holding may not at any time exceed 7% of all the shares in the company.

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 172,094 B shares were acquired. At year-end, the company held 2,833,141 treasury shares, corresponding to 1.7% of the total number of shares. A total of SEK 747m 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	10,408
Share premium reserve	128
Fair value reserve	42
Profit for the year	1,608
Total	12,186
The Board of Directors proposes the following distribution of profit:	
Dividend to holders of A and B shares SEK 10.50 per share [1]	1,672
To be carried forward	10,514

[1] Based on the number of shares outstanding on 17 February 2011. The number of treasury shares on that date was 2,833,141 and may change during the period until the record date for dividends.

Corporate governance report

2010 provided a mixed but satisfactory underlying development for Ratos.

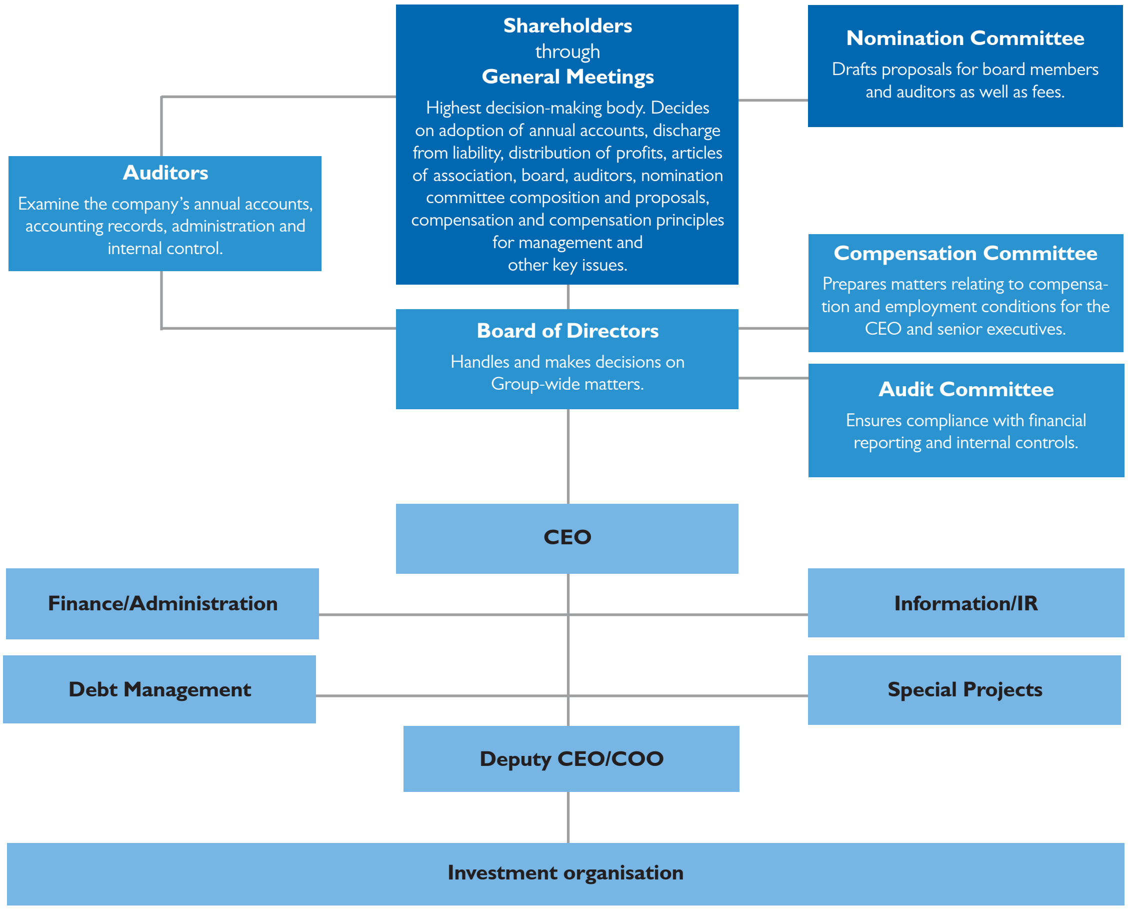
Our aim to exercise professional, active and responsible ownership was accomplished well even during situations of financial crisis. Through good control and awareness of the risks – as well as the opportunities – in their operations our portfolio companies were able to face and handle problems in a well-thought out and effective manner. The vigilance and fast action in our portfolio companies were often exemplary.

Ratos has been giving priority to order and structure for many decades. As recently as last year I wrote that corporate governance is rather in vogue. Much has been written and said about this subject in recent years. I am pleased to be able to state once again that, when we are put to the test, Ratos masters corporate governance in both theory and practice. We must not relax even if times are improving. Vigilance will continue to guide our activities.

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 39). 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



Key external rules

- Swedish Companies Act
- Accounting legislation (Swedish Bookkeeping Act, Annual Accounts Act and IFRS)
- NASDAQ OMX Stockholm Rules for issuers
- Swedish Code of Corporate Governance

Key internal rules

- Articles of Association (read more on page 38)
- The Board's formal work plan (read more on page 39)
- Instructions for the CEO
- Decision-making procedures/ authorisation instructions
- Instructions for financial reporting
- Policies adopted by the Board
- Internal guidelines

Policy documents adopted by the Board

- Financial policy
- Incentive policy for senior executives
- Information policy
- Crisis policy
- Environmental policy
- Investment policy
- Pensions policy
- Rules for Ratos employees' share transactions
- Recommendation for Board members' share trading
- Code of social conduct
- Sponsorship policy
- IT security and purchasing policy
- Ownership policy

All policy documents are updated and adopted annually by the Board. Senior executives are responsible for monitoring.

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 prepared and adopted 13 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 2010 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee below).

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

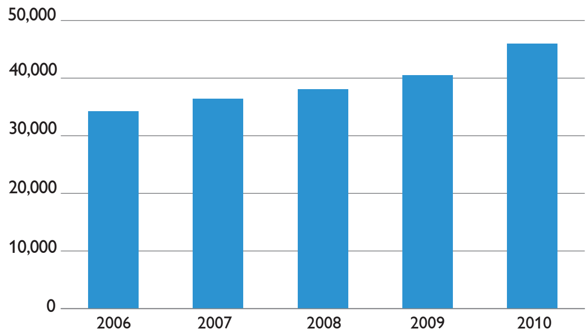
Shareholders and general meetings

Share capital and shareholders

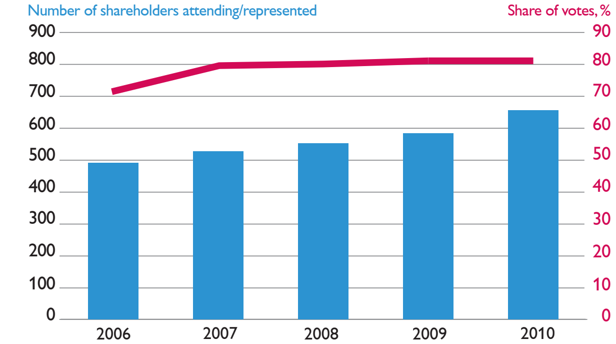
Ratos has been listed on NASDAQ OMX Stockholm since 1954. At year-end 2010 the share capital amounted to SEK 1,021m divided among 162,070,448 shares, of which 42,323,530 A shares and 119,746,918 B shares. The company's A shares carry entitlement to one vote per share while B shares carry entitlement 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 2010 Ratos had a total of 46,009 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 16%. 68% of Ratos's shareholders owned 500 shares or less and together accounted for 3% of the share capital. More information about Ratos's shareholders and share performance in 2010 is provided on pages 19-22.

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) and in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in a Swedish and English version.

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 the company'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.

2010 Annual General Meeting

The 2010 Annual General Meeting was held on 15 April in Berwaldhallen in Stockholm. The Meeting was attended by 655 shareholders, proxies or assistants, who together represented 80.4% of the voting rights and 51% 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 2010 Annual General Meeting included the following:

- Dividend of SEK 9.50 per share corresponding to a total of SEK 1,507m

- The Board of Directors shall consist of eight members
- Re-election of all members of the Board
- Fees of SEK 900,000 to the Chairman of the Board and SEK 425,000 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 7% 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 30 million B shares.

Nomination Committee

The Annual General Meeting decides how the Nomination Committee should be appointed. The 2010 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 2011 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 1 October 2010.

The members of the Nomination Committee are as follows:

- Annika Andersson representing AP4
- Anders Oscarsson representing AMF Pension, Chairman of the Nomination Committee
- Olof Stenhammar as Chairman of Ratos's Board
- Jan Söderberg representing the Ragnar Söderberg Foundation as well as his own and related parties' holdings, Board member
- Maria Söderberg representing the Torsten Söderberg Foundation
- Per-Olof Söderberg representing his own and related parties' holdings, Board member

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 2011 Annual General Meeting the Nomination Committee held two 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 well and that no changes need to be made.

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 2011 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and at the 2011 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 2010 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 2010 Annual General Meeting are presented in more detail on pages 44-45.

Nomination Committee ahead of 2011 Annual General Meeting

Member	Represents	Share of voting rights 31 Aug 2010	Share of voting rights 31 Dec 2010
Jan Söderberg	Ragnar Söderberg Foundation and own and related parties' holdings	28.4%	28.4%
Per-Olof Söderberg	Own and related parties' holdings	15.6%	15.6%
Maria Söderberg	Torsten Söderberg Foundation	12.3%	12.3%
Anders Oscarsson	AMF Pension	0.8%	0.6%
Annika Andersson	AP4	0.4%	0.2%
Olof Stenhammar	Chairman of Ratos's Board, own holding	0.3%	0.3%
Total		57.8%	57.4%

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. The Board is kept informed on an ongoing basis about the development of operations through a regular CEO's letter. Information material and material on which decisions are to be made at board meetings are normally sent out 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 2010

During 2010, 21 minuted board meetings were held – seven ordinary meetings, one statutory meeting, nine extra board meetings and four per capsulam 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. DIAB in Laholm was visited in 2010
- August: Six-month report
- October: Strategy meeting
- December: Examination of the Audit Committee report (Hard Close)

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 44-45. 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. Board meetings follow an adopted agenda and complete documentation is sent out in due time ahead of every board meeting.

Evaluation of the Board

The Chairman of the Board decides on an annual evaluation of the work of the Board where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and the scope of the assignment. This evaluation is performed every third year with the help of an external consultant, most recently in 2009. The composition of the Board has been the same as in 2009. For 2010 an evaluation was performed internally by the Chairman of the Board relating to the work of the Board as a whole and its members individually. 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 and Swedish Match as well as the Ragnar Söderberg Foundation and the Torsten Söderberg Foundation, which together are Ratos's largest single owner.

Thomas Thiel

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..

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 2010 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 work of the Compensation Committee in 2010

The Compensation Committee held seven minuted meetings during 2010 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.

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 2010 and held four minuted meetings. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditors.

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 50 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 2010 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 425,000 per member and year (although not to Ratos's CEO). Compensation to the Chairman of the Board should amount to SEK 900,000 per year. Information on compensation to the CEO is provided in Note 9 on page 70. 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 2010, audit fees amounted to SEK 3m in the parent company and SEK 17m 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 6m. 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 2010 Annual General Meeting. The following guidelines were applied throughout 2010.

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 compensation, 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 compensation paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's equity.
- Each year the Board sets a limit for the total variable compensation, which shall amount to a maximum of approximately one per cent of the company's equity at the start of the financial year.

Terms for call options outstanding at 31 December 2010

Maturity	Price/option, SEK	Entitlement to purchase no. of shares	Exercise price, SEK	Outstanding no. of call options	Entitlement to acquire no. of shares
2006 – 31 March 2011	21.20	2.15	151.80	270,000	580,500
2007 – 31 March 2012	36.50	1	278.00	518,000	518,000
2008 – 20 March 2013	28.10	1.02	255.60	552,500	563,550
2009 – 20 March 2014	13.00	1	188.10	641,000	641,000
2010 – 20 March 2015	16.60	1	252.10	529,500	529,500
				2,511,000	2,832,550

Maximum increase in relation to total number of shares is 1.7%

– 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 a personal risk by paying a market premium for the options.

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

Variable compensation does not fall due until certain conditions regarding return on the company's equity have been met. For 2010, 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 100m 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 and payments of variable compensation in 2010

Adjusted profit before tax including the earnings bank for 2010 provided variable compensation of SEK 40m to be paid in 2011-2013. A total of 32 people are included in the entitlement to receive variable compensation in accordance with the incentive system described above. Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the next two years.

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 2010 Annual General Meeting, like the Annual General Meetings in 2007, 2008 and 2009, 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.

Internal control

The Board is responsible pursuant to the Swedish Companies Act for the company's internal control. This work is mainly conducted through effective and structured board work as by responsibility 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, where a person responsible for the company has main responsibility for a holding.

The risks that are identified, both by the companies and by Ratos, regarding financial reporting are communicated monthly by the 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.

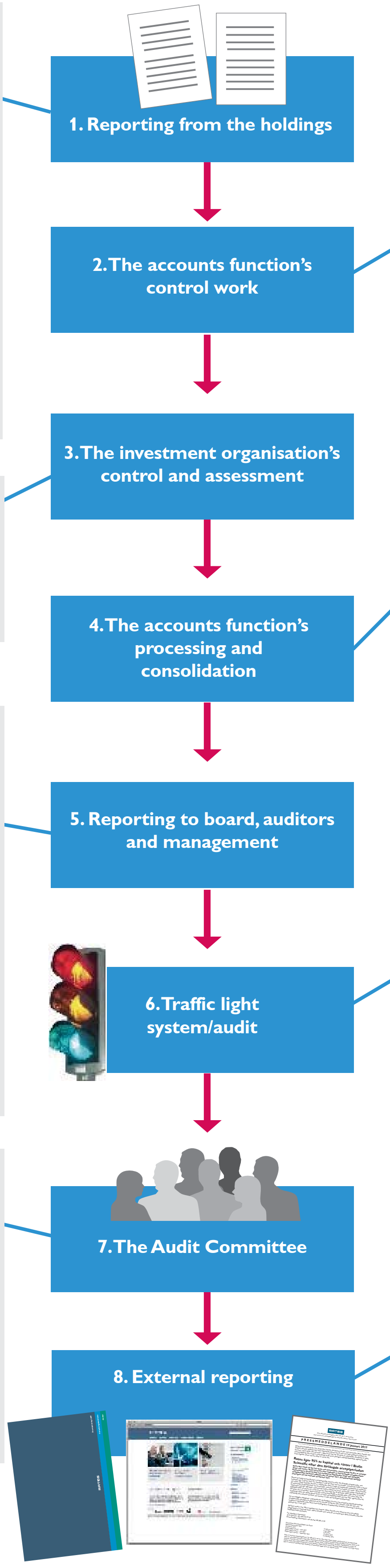
The finance and accounting unit is organised and manned on the basis of the need to ensure that the Group maintains a high accounting standard and complies with IFRS and other standards within accounting. Working duties include preparing regular accounts mainly for the parent company, and preparing closing accounts for both the parent company and the Group. A total of seven people are employed within the function headed by the company's CFO. 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 two people 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 the holdings, Ratos has prepared a reporting manual that provides clear instructions on how reporting to Ratos should be carried out. In addition, 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 one 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 "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

Olof Stenhammar

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

Honorary Doctor of Philosophy and Economics. Born 1941, Swedish.

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

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, and other companies.

Attendance at Ratos meetings:	– Board	21/21, chairman
	– Compensation Committee	7/7, chairman
	– Audit Committee	4/4, chairman

Fee: SEK 1,000,000.

Shareholding in Ratos (own and related parties): 35,978 A shares 1,479,702 B shares.

Lars Berg

Independent Board member since 2000.

MSc Econ. Born 1947, Swedish.

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.

Main assignments: European Venture Partner, Constellation Growth Capital. Chairman of Net Insight. Board member of Tele2.

Attendance at Ratos meetings:	– Board	20/21
	– Audit Committee	4/4

Fee: SEK 455,000.

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

Staffan Bohman

Independent Board member since 2005.

MSc Econ. Born 1949, Swedish.

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

Chairman of Ersta, 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, InterIKEA Holding, OSM and CibesLift.

Attendance at Ratos meetings:	– Board	20/21
	– Compensation Committee	7/7
	– Audit Committee	4/4

Fee: SEK 485,000.

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

Annette Sadolin

Independent Board member since 2007.

LL.B. Born 1947, Danish.

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

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

Attendance at Ratos meetings:	– Board	21/21
	– Audit Committee	4/4

Fee: SEK 455,000.

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

Jan Söderberg

Non-independent Board member since 2000.

MSc Econ. Born 1956, Swedish.

Formerly CEO Bröderna Edstrand 1991-93.

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

Attendance at Ratos meetings:	– Board	21/21
	– Compensation Committee	7/7
	– Audit Committee	4/4

Fee: SEK 485,000.

Shareholding in Ratos (own and related parties): 7,357,339 A shares, 247,200 B shares.

Per-Olof Söderberg

Non-independent Board member since 2000.

MSc Econ and MBA Insead. Born 1955, Swedish.

Formerly CEO Dahl, 1990-2004.

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

Attendance at Ratos meetings:	– Board	21/21
	– Compensation Committee	7/7
	– Audit Committee	4/4

Fee: SEK 485,000.

Shareholding in Ratos (own and related parties): 8,492,974 A shares, 17,000 B shares.

Margareth Øvrum

Independent Board member since 2009.

MSc Eng. Born 1958, Norwegian.

Executive Vice President for the Technology & New Energy business area at the StatoilHydro Group.

Management positions within Statoil Group 1982-.

Board member of Atlas Copco and Norwegian Research Council.

Attendance at Ratos meetings:	– Board	20/21
	– Audit Committee	2/4

Fee: SEK 455,000.

Shareholding in Ratos: 0.

Arne Karlsson

Non-independent Board member since 1999.

MSc Econ. Born 1958, Swedish.

CEO of Ratos since 1999.

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

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

Attendance at Ratos meetings:	– Board	21/21

Shareholding in Ratos (own): 85,600 B shares
Number of options in Ratos: 115,000 call options/2006
100,000 call options/2007, 100,000 call options/2008,
74,900 call options/2009, 78,000 call options/2010.

Consolidated income statement

SEKm	Note 2, 3, 5	2010	2009
Net sales	4	27,953	26,356
Other operating income	6	376	178
Change in inventories		27	-140
Raw materials and consumables		-10,411	-9,663
Employee benefit costs	9, 27	-8,941	-8,469
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,050	-1,134
Other costs	10, 32	-6,097	-5,447
Remeasurement HL Display	5	140	
Capital gain/loss from the sale of group companies	7	774	6
Capital gain/loss from the sale of associates	8	537	-6
Share of profits of associates	8	253	358
Operating profit		3,561	2,039
Financial income	11, 18	253	328
Financial expenses	11, 18	-946	-992
Net financial items		-693	-664
Profit before tax		2,868	1,375
Tax	12	-455	-441
Profit for the year		2,413	934
Attributable to:			
Owners of the parent		2,255	842
Non-controlling interests		158	92
Earnings per share, SEK	25		
– before dilution		14.18	5.32
– after dilution		14.15	5.32

Consolidated statement of comprehensive income

SEKm	Note	2010	2009
Profit for the year		2,413	934
Other comprehensive income	24		
Translation differences for the year		-1,153	-172
Change in hedging reserve for the year		95	64
Tax attributable to other comprehensive income		-22	-7
Other comprehensive income for the year		-1,080	-115
Total comprehensive income for the year		1,333	819
Total comprehensive income for the year attributable to:			
Owners of the parent		1,352	777
Non-controlling interests		-19	42

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Goodwill	13	20,304	18,507
Other intangible assets	13	1,621	1,875
Property, plant and equipment	14	4,050	3,702
Investments in associates	15	367	2,339
Financial assets	18	165	193
Non-current receivables	18, 20	276	275
Deferred tax assets	12	632	500
Total non-current assets		27,415	27,391
Current assets			
Inventories	21	2,884	2,617
Tax assets		159	163
Trade and other receivables	18	4,985	4,337
Prepaid expenses and accrued income		548	526
Other receivables	18, 20, 40	599	635
Cash and cash equivalents	18, 36	2,855	4,999
Assets held for sale	37	1,318	190
Total current assets		13,348	13,467
Total assets		40,763	40,858
EQUITY AND LIABILITIES			
Equity	23, 24		
Share capital		1,021	1,020
Other capital provided		414	372
Reserves		-427	478
Retained earnings including profit for the year		14,083	13,432
Equity attributable to owners of the parent		15,091	15,302
Non-controlling interests		1,374	1,500
Total equity		16,465	16,802
Liabilities			
Non-current interest-bearing liabilities	18, 26	10,923	12,040
Other non-current liabilities	18	271	278
Other financial liabilities	9, 18	134	137
Provisions for pensions	26, 27	412	451
Other provisions	28	431	607
Deferred tax liabilities	12	778	779
Total non-current liabilities		12,949	14,292
Current interest-bearing liabilities	18, 26	2,872	2,014
Other financial liabilities	9, 18	89	77
Trade and other payables	18	2,328	2,160
Tax liabilities		294	172
Other liabilities	18, 29	2,252	2,098
Accrued expenses and deferred income	18	2,888	2,660
Provisions	28	626	579
Liabilities attributable to assets held for sale	37		4
Total current liabilities		11,349	9,764
Total liabilities		24,298	24,056
Total equity and liabilities		40,763	40,858

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

Consolidated statement of changes in equity

SEKm	Note 23, 24	Share capital	Other capital provided	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent						
Opening equity at 1 January 2009		1,017	286	507	14,015	15,825	1,465	17,290
Profit for the year					842	842	92	934
Other comprehensive income for the year				-65		-65	-50	-115
Comprehensive income for the year				-65	842	777	42	819
Reclassification				36	-36			0
Dividend					-1,423	-1,423	-11	-1,434
New issue		3	86			89	102	191
Transfer of treasury shares (exercise of call options)					14	14		14
Purchases of treasury shares in associates					2	2		2
Option premiums					18	18		18
Acquisition of non-controlling interests							-158	-158
Non-controlling interests at acquisition							60	60
Closing equity, 31 December 2009		1,020	372	478	13,432	15,302	1,500	16,802
Opening equity, 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
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
Exercise of options in subsidiaries					-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

Consolidated statement of cash flows

SEKm	Note 36	2010	2009
Operating activities			
Consolidated profit before tax		2,868	1,375
Adjustment for non-cash items		-621	1,033
		2,247	2,408
Income tax paid		-250	-285
Cash flow from operating activities before change in working capital		1,997	2,123
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		-2	475
Increase (-)/Decrease (+) in operating receivables		254	144
Increase (+)/Decrease (-) in operating liabilities		-429	-239
Cash flow from operating activities		1,820	2,503
Investing activities			
Acquisition, group companies		-2,032	-516
Disposal, group companies		1,118	205
Acquisition, shares in associates and other holdings		-488	-20
Disposal and redemption, shares in associates and other holdings		858	31
Acquisition other intangible/tangible assets		-710	-974
Disposal, other intangible/tangible assets		76	163
Investment, financial assets		-67	-28
Disposal, financial assets		31	36
Cash flow from investing activities		-1,214	-1,103
Financing activities			
Purchase of treasury shares		-34	
Exercise of options		71	-23
Option premiums		8	19
Non-controlling interest in issue/capital contribution			102
Acquisition of non-controlling interests		-271	
Dividends paid		-1,512	-1,423
Dividends paid and redemption, non-controlling interests		-23	-11
Loans raised		987	474
Amortisation of loans		-1,880	-3,070
Cash flow from financing activities		-2,654	-3,932
Cash flow for the year		-2,048	-2,532
Cash and cash equivalents at beginning of the year		4,999	7,485
Exchange differences in cash and cash equivalents		-96	46
Cash and cash equivalents at the end of the year		2,855	4,999

Parent company income statement

SEKm	Note	2010	2009
Other operating income	6	104	11
Other external costs	10	-139	-60
Personnel costs	9, 27	-167	-158
Depreciation of property, plant and equipment	14	-5	-4
Other operating expenses			-2
Operating profit/loss		-207	-213
Capital gain from sale of participations in group companies	7	1,021	278
Capital gain from participations in associates	8	746	197
Result from other securities and receivables accounted for as non-current assets	11	116	262
Other interest income and similar profit/loss items	11	7	50
Interest expenses and similar profit/loss items	11	-75	-28
Profit after financial items		1,608	546
Tax	12	–	–
Profit for the year		1,608	546

Parent company statement of comprehensive income

SEKm	Note 24	2010	2009
Profit for the year		1,608	546
Other comprehensive income			
Change in fair value reserve for the year		-21	99
Other comprehensive income for the year		-21	99
Comprehensive income for the year		1,587	645

Parent company balance sheet

SEKm	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Property, plant and equipment	14	87	90
Financial assets			
Participations in group companies	35	11,328	8,443
Investments in associates	15, 16	602	951
Receivables from group companies	17, 18	1,618	1,498
Other securities held as non-current assets	18, 19	163	176
Other non-current receivables	20		56
Total non-current assets		13,798	11,214
Current assets			
Current receivables			
Receivables from group companies	17, 18		112
Other receivables	18	40	5
Prepaid expenses and accrued income	22	3	2
Short-term investments, other	18	351	1,200
Cash and bank balances		69	1,576
Total current assets		463	2,895
Total assets		14,261	14,109
EQUITY AND LIABILITIES			
Equity	23, 24		
Restricted equity			
Share capital (A shares 42,323,530 B shares 119,746,918)		1,021	1,020
Statutory reserve		286	286
Unrestricted equity			
Premium reserve		128	86
Retained earnings		10,408	11,320
Fair value reserve		42	63
Profit for the year		1,608	546
Total equity		13,493	13,321
Non-current provisions			
Provisions for pensions	26, 27	2	2
Other provisions	28	31	168
Total non-current provisions		33	170
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	272	197
Non-interest bearing liabilities			
Other liabilities	18, 29	99	136
Total non-current liabilities		371	333
Current provisions			
Other provisions	28		10
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	184	
Non-interest bearing liabilities			
Trade payables	18	16	6
Liabilities to group companies	18		72
Other liabilities	18	36	49
Accrued expenses and deferred income	30	128	148
Total current liabilities		364	275
Total equity and liabilities		14,261	14,109
Pledged assets		None	None
Contingent liabilities		None	None

Parent company statement of changes in equity

SEKm	Note 23, 24	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Premium reserve	Unrestricted equity: Fair value reserve	Unrestricted equity: Retained earnings	Unrestricted equity: Profit for the year	Total equity
Opening equity, 1 January 2009		1,017	286		-36	8,283	4,438	13,988
Other disposition of earnings						4,438	-4,438	0
Profit for the year							546	546
Other comprehensive income for the year					99			99
Comprehensive income for the year					99		546	645
Dividends						-1,423		-1,423
New issue		3		86				89
Transfer of treasury shares (exercise of call options)						14		14
Option premiums						8		8
Closing equity, 31 December 2009		1,020	286	86	63	11,320	546	13,321
Opening equity, 1 January 2010		1,020	286	86	63	11,320	546	13,321
Other disposition of earnings						546	-546	0
Profit for the year							1,608	1,608
Other comprehensive income for the year					-21			-21
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

Parent company cash flow statement

SEKm	Note 36	2010	2009
Operating activities			
Profit/loss before tax		1,608	546
Adjustment for non-cash items		-1,759	-456
		-151	90
Income tax paid		–	–
Cash flow from operating activities before change in working capital		-151	90
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-11	24
Increase (+)/Decrease (-) in operating liabilities		-125	-250
Cash flow from operating activities		-287	-136
Investing activities			
Acquisition, shares in subsidiaries		-2,513	-2,360
Disposals, shares in subsidiaries		1,489	1,157
Acquisition, shares in associates		-486	-20
Disposals and redemption, shares in associates		855	6
Acquisition, other property, plant and equipment		-2	-59
Investment, financial assets		-38	-165
Disposals, financial assets		80	85
Cash flow from investing activities		-615	-1,356
Financing activities			
Repurchase of treasury shares		-34	
Transfer of treasury shares		80	14
Option premiums		8	8
Dividends paid		-1,512	-1,423
Loans raised, group companies		4	
Amortisation of loans, group companies			-31
Cash flow from financing activities		-1,454	-1,432
Cash flow for the year		-2,356	-2,924
Cash and cash equivalents at the beginning of the year		2,776	5,700
Cash and cash equivalents at the end of the year		420	2,776

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Notes to the financial statements

Note 1 Accounting principles

Compliance with standards and laws

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRIC Interpretation Committee which have been approved by the European Commission for application within 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 below 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

Business combinations and consolidated financial statements

Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements are applied as of 1 January 2010. These standards provide new rules for partial disposals and partial acquisitions. How an acquisition/disposal is recognised in the accounts depends on the size of the share acquired/sold.

- If the partial acquisition results in control being obtained in the acquired company, the previously owned share is remeasured at fair value, and profit/loss recognised in profit or loss for the year. In a corresponding manner a disposal, which results in a loss of control, is recognised as a capital gain or loss from the disposal while the remaining share in the company is remeasured at fair value.
- Acquisitions that take place after control has been obtained or in the event of a disposal when control remains, are regarded as owner transactions, whereby any changes are recognised in equity.
- Contingent considerations will be measured at fair value on the transaction date and in cases where the contingent consideration results in a liability it will be remeasured at fair value on each accounting date. Remeasurement is recognised as income/expense in profit or loss for the year.
- Transaction costs that arise in conjunction with an acquisition are expensed immediately. Ratos has chosen to recognise transaction costs that arose in the Group during 2009 and where the acquisition was not completed until 2010 in retained earnings.
- For business combinations there are two alternative methods for recognising goodwill, either full or a proportionate share of goodwill. The choice between these two methods will be made individually for every acquisition.

Presentation of financial statements

IASB has in its annual improvements process published changed requirements for IAS 1 Presentation of Financial Statements relating to presentation of the statement of changes in equity. The amendment means that the line for comprehensive income for the year is divided up with a separate specification for profit for the year and other comprehensive income for the year respectively. Ratos has chosen, as permitted under this amendment, to provide disclosures with such a detailed reconciliation of reserves and other components in equity in a note instead of in the statement of changes in equity. The changed presentation is applied for the current year and the comparative year. These amendments have not led to any adjustments of amounts in the financial statements.

Other revised IFRS standards and interpretations from the IFRIC Interpretation Committee have not had any effect on the profit or loss, financial position or disclosures of the Group or parent company.

New IFRS that have not yet come into force

A number of new or amended IFRS will come into force during 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.

Standard/IFRIC		Application according to IASB/IFRIC	Status within EU
FRS 9	Financial Instruments	1 January 2013	Not yet approved
IAS 24	Related Party Disclosures	1 January 2011	Approved
IAS 32	Financial Instruments: Classification about Classification of Rights Issues	1 February 2010 or later	Approved
IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets	1 July 2011 or later	Not yet approved
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010 or later	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 valued at the lower of cost and net realisable value.
- Provisions are valued at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is valued at the present value of an estimate of the future benefit earned by the employees with deduction for any assets linked to the respective pension plan applying the corridor rule.

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

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect

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Note 1, cont.

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.

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 amended IFRS 3 Business Combinations. Subsidiaries are consolidated applying the purchase 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.

Acquisitions according to amended IFRS 3 applied from 1 January 2010

Subsidiaries are reported according to the purchase method. This method means that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. 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 on 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 the owner 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 the owner of the parent and non-controlling interests.

Acquisitions before amended 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.

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Note 1, cont.

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 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 other comprehensive income. 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. 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.

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. 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.

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Note 1, cont.

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.

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:

No. 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. 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.

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. 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.

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Note 1, cont.

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.

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.

For loan receivables and other receivables if the anticipated holding period exceeds one year they are reported as non-current receivables, in other cases as other receivables.

– Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here. Assets in this category are measured on a current basis at fair value with changes in value recognised in 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

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Note 1, cont.

instruments that comprise hedging instruments, changes in value are recognised depending on the type of hedge, see below.

If the hedge accounting is discontinued before the maturity of the derivative instrument the derivative instrument returns to classification as a financial asset or liability valued at fair value through profit or loss, and the future changes in value of the derivative instrument are thereby recognised directly in profit or loss.

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

Cash flow hedges

Hedging 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. 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 interest income or 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 as well as 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 exits, 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.

cont. next page

Note 1, cont.

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 from the customer. 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, classed 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.

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. Measurement takes place at the lower of carrying amount and fair value with deduction for selling costs.

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. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as they arise.

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial 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.

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 an expense when the related 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.

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Note 1, cont.

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.

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. When the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

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

Provisions for insurance contracts relate to share of the insurance premiums received regarding current insurance contracts that are attributable to outstanding risks, unearned premiums, and insurance claims based on assessment of claims received and estimates of claims incurred but not yet received. 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 below.

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

Changed accounting principles

The changed accounting principles for amended IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements which are applied in the Group do not lead to the same changes in accounting principles for the parent company related to transaction costs and contingent considerations, see under Associates and subsidiaries.

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.

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

cont. next page

Note 1, cont.

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.

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 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

The parent company reports shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board. 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	2010	2009
Profit/share of profits before tax [1]		
AH Industries (69%)	-24	-19
Anticimex (85%)	127	119
Arcus-Gruppen (83%)	135	165
Bisnode (70%)	274	145
Camfil (30%)	99	80
Contex Group (99%)	43	-73
DIAB (95%) [2]	149	87
EuroMaint (100%)	-165	41
GS-Hydro (100%)	-27	58
Hafa Bathroom Group (100%)	37	38
Haglöfs (100%) [3]	5	58
HL Display (99%) [4]	13	25
Inwido (96%)	328	125
Jøtul (61%)	25	74
Lindab (11%)	38	27
Medisize (98%)	95	103
Mobile Climate Control (100%)	71	85
SB Seating (85%)	87	-9
Stofa (99%) [5]	44	
Superfos (33%)	65	184
Other holdings	6	-18
Total profit/share of profits	1,425	1,295
Exit Haglöfs	783	
Exit Lindab	537	
Total exit gains	1,320	
Remeasurement HL Display	140	
Impairment Other holdings	-25	
Profit from holdings	2,860	1,295
Central income and expenses		
Management costs	-221	-229
Financial items	229	309
Central income and expenses	8	80
Profit before tax	2,868	1,375
Tax	-455	-441
Profit for the year	2,413	934
Attributable to		
Owners of the parent	2,255	842
Non-controlling interests	158	92

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

2) DIAB is included with 48% holding through February 2009.

3) Haglöfs is included in consolidated profit through July. The entire holding was sold in August 2010.

4) HL Display is included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

5) Stofa is included in the Group from 1 August 2010.

Ratos's central income and expenses amounted to SEK 8m (80), of which personnel costs amounted to SEK -167m (-171). The variable portion of personnel costs amounted to SEK -68m (-74). Other management costs were SEK -55m (-58). Net financial items amounted to SEK 229m (309).

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.

2010	Net sales	Deprecia-tion [1]	Share in profit 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	
Other holdings	808	-10			-2	6	-34
Total holdings	27,944	-971	253	32	-936	1,425	-10,561
Exit Haglöfs						783	
Exit Lindab						537	
Exit gain						1,320	
Remeasurement HL Display						140	
Impairment Other holdings						-25	
Total holdings	27,944	-971	253	32	-936	2,860	-10,561
Central income and expenses	9	-5		272	-48	8	-125
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.

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Note 3, cont.

2009	Net sales	Deprecia-tion [1]	Share in profit of associates	Interest income	Interest expenses [2]	EBT	Interest-bearing net receivable/ net debt [3]
Holdings							
AH Industries	523	-37			-28	-19	-420
Anticimex	1,803	-44		2	-66	119	-624
Arcus-Gruppen	1,829	-38	4	17	-27	165	202
Bisnode	4,838	-267		10	-274	145	-2,684
Camfil			111			80	
Contex Group	698	-59		3	-69	-73	-742
DIAB	1,095	-74	9	1	-42	87	-844
EuroMaint	2,510	-46		1	-83	41	-772
GS-Hydro	1,495	-28		1	-42	58	-768
Hafa Bathroom Group	390	-5			-1	38	0
Haglöfs	587	-5			-4	58	-40
HL Display			25			25	
Inwido	5,026	-147	1	5	-209	125	-1,992
Jøtul	1,044	-59		1	-95	74	-647
Lindab			27			27	
Medisize	1,358	-55			-25	103	-349
Mobile Climate Control	1,085	-24		1	-30	85	-553
SB Seating	1,203	-66		3	-127	-9	-971
Superfos			184			184	
Other holdings [4]	863	-11		1	-2	-18	-17
Total holdings	26,347	-965	361	46	-1,124	1,295	-11,221
Central income and expenses	9	-5	-3	387	-92	80	2,238
Other/eliminations				-353	353		-344
Group total	26,356	-970	358	80	-863	1,375	-9,327

Ratos has chosen not to provide groupwide information about products and services and geographic areas. Since Ratos's business is governed and reported entirely on the basis of the holdings in Ratos's portfolio, information relating to geographic region and sector lacks practical interest both for internal governance and reporting and for external monitoring of Ratos. Nor are investment decisions made in relation to products and services, geographic markets and major customers. Reporting based on geographic region and sector provides a fictitious picture of both structure and risk exposure.

1) Deprecation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Relates to subsidiary BTJ Group.

Note 4 Revenue breakdown

SEKm	2010	2009
Breakdown of net sales		
Sale of goods	21,215	19,313
Service contracts	5,749	6,162
Construction contracts	392	361
Insurance services	597	520
	27,953	26,356

Note 5 Business combinations

Acquisitions

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. 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 is 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 are regarded according to revised IFRS 3 Business Combinations as equity transactions since Ratos acquires the shares from a "non-controlling interest" (minority), therefore the difference between the consideration transferred and the acquired "non-controlling interest" is recognised directly in equity with SEK 105m. The total consideration transferred during the period amounts 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 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. Enterprise value amounted to DKK 1,090m and the consideration transferred amounted to DKK 527m (SEK 668m). In the preliminary PPA, goodwill amounts 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. 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, 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. 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, 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.

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Note 5, cont.

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

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

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.

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

Purchase price allocations (PPAs)
PPAs

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.

All PPAs with the exception of AH Industries are preliminary. The PPA for AH Industries has been adopted in accordance with the preliminary PPA.

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

Disposals

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.

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

cont. next page

Note 5, cont.

Business combinations 2009

3i's shares in DIAB were acquired in March. The purchase price amounted to SEK 387m. Ratos's holding in DIAB increased from 48% to 94% and the company was therefore consolidated as a subsidiary with effect from March. Ratos's share of DIAB's profit is recognised until the end of February as share of profits of associates. The acquired company is included in consolidated sales with SEK 1,095m and in profit before tax with SEK 87m. The company's sales and profit before tax amounted to SEK 1,322m and SEK 97m respectively calculated from the start of the year. The difference between cost and fair value in the Purchase Price Allocation (PPA) is attributed to goodwill.

In November, 25% of the shares in Inwido Finland Oy were acquired. The purchase price amounted to SEK 89m and was paid with 503,640 newly issued B shares in Ratos. Inwido Finland Oy was then transferred to Inwido AB.

The table below shows fair value at acquisition date.

SEKm	DIAB
Intangible assets	26
Property, plant and equipment	723
Financial assets	
Deferred tax receivable	80
Inventories	303
Other receivables	324
Cash and cash equivalents	70
Non-current liabilities and provisions	-888
Current liabilities and provisions	-706
Net identifiable assets and liabilities	-68
Consolidated goodwill	1,008
Total consideration	940
Less non-controlling interests	-60
Reclassification from associate	-491
Consideration transferred including costs directly attributable to the acquisition	389
Costs directly attributable to the acquisition	-2
Consideration transferred	387

Adoption of preliminary purchase price allocations (PPAs)

A PPA for DIAB was adopted in accordance with a preliminary PPA.

Acquisitions made by group companies

In November, Bisnode acquired the Finnish company Kauppalehti 121. The purchase price amounted to SEK 72m. The acquired company is included in consolidated sales with SEK 17m and in profit before tax with SEK 1m. The company's sales and profit before tax amount to SEK 86m and SEK 6m respectively, calculated from the start of the year. In addition, a number of minor acquisitions were made. In total SEK 153m was invested. The acquired companies are included in consolidated sales with SEK 59m and in profit before tax with SEK 6m. Calculated from the start of the year companies would have been included with SEK 59m in consolidated sales and with SEK 6m in consolidated profit before tax.

In June, EuroMaint acquired EISAB Energi- och Industriservice AB. The purchase price amounted to SEK 36m. The acquired company is included in consolidated sales with SEK 67m and in profit before tax with SEK 2m. The company's sales and profit before tax amount to SEK 93m and SEK 3m respectively calculated from the start of the year.

During the year Inwido acquired minority holdings in Finland and Denmark. A total of SEK 136m was invested.

SEKm	Bisnode	EuroMaint	Total
Intangible assets	1		1
Property, plant and equipment	1	1	2
Inventories		5	5
Other receivables	21	21	42
Cash and cash equivalents	26	7	33
Non-current liabilities and provisions	-13	-1	-14
Current liabilities and provisions	-33	-24	-57
Net identifiable assets and liabilities	3	9	12
Consolidated goodwill	150	27	177
Total consideration transferred	153	36	189
Consideration transferred	153	36	189

PPAs were adopted in accordance with preliminary PPAs.

Note 6 Other operating income

Group

SEKm	2010	2009
Rental income	3	5
Gain from the sale of non-current assets	17	4
Exchange gains on receivables and operating liabilities	71	63
Government grants	1	1
Other	284	105
	376	178

Parent company

SEKm	2010	2009
Rental income	1	1
Other	103	10
	104	11

Note 7 Capital gain from the sale of group companies

Group

SEKm	2010	2009
Haglöfs	783	
Companies within Bisnode	-9	6
	774	6

Result from participations in group companies

Parent company

SEKm	2010	2009
Dividends	93	25
Result from sale of shares	932	310
Impairment	-4	-57
	1,021	278

Note 8 Share of profits of associates

Group

SEKm	2010	2009
Share of profits		
Atle Industri	0	-3
Camfil	129	111
DIAB (until 28 February 2009)		9
HL Display (until 31 July 2010)	16	25
Lindab	38	27
Superfos	65	184
	248	353
Share of profits of associates, owned by group companies	5	5
	253	358
Exit result		
Lindab (part of)	537	
Exist result from sale of associates, owned by group companies		-6
	537	-6

Result from investments in associates

Parent company

SEKm	2010	2009
Dividends	12	198
Result from sale of shares	737	-1
Impairment	-3	
	746	197

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

Average number of employees

	2010 Total	2010 of whom men, %	2009 Total	2009 of whom men, %
Parent company	45	49	40	50
Group companies	18,399	72	16,072	71
Group total	18,444	72	16,112	71
Of whom in				
Sweden	6,502	74	6,206	73
Norway	1,799	73	1,896	70
Finland	1,412	67	1,370	67
Denmark	1,649	77	1,200	78
Germany	1,615	75	817	58
Poland	741	66	770	70
USA	533	78	543	74
UK	583	80	418	79
Netherlands	335	61	379	59
Canada	294	95	347	94
Switzerland	244	66	235	66
Belgium	227	63	225	62
China	498	64	211	65
Italy	245	93	207	93
Ireland	156	54	178	55
France	364	52	178	57
Czech Republic	169	37	164	65
Russia	143	68	144	63
Ecuador	271	94	124	93
Austria	93	52	88	56
Spain	55	80	56	88
Hungary	70	34	55	18
Slovenia	57	42	53	47
Lithuania	41	54	37	74
Latvia	41	80	35	91
Korea	53	83	46	93
India	54	85	29	93
Slovakia	33	24	26	47
Croatia	15	47	20	55
Australia	22	95	18	94
Singapore	48	63	14	86
Thailand	21	24	13	100
Japan	5	60	5	60
Estonia	5	40	5	40
Turkey	7	86	–	–
Malaysia	4	50	–	–
Taiwan	5	20	–	–
Bulgaria	3	33	–	–
Serbia	4	75	–	–
Ukraine	12	33	–	–
Romania	4	50	–	–
Indonesia	7	43	–	–
United Arab Emirates	5	60	–	–
	18,444		16,112	

Gender distribution in boards and senior executives

	31 Dec 2010 Men	31 Dec 2009 Men
Boards		
Parent company	75%	75%
Group total	91%	90%
Company management		
Parent company	57%	50%
Group total	79%	79%

Group

Salaries and other remuneration

SEKm	Board and senior executives	Other employees	Total
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		
2009			
Group, total	611	5,930	6,541
(of which, bonus)	(100)		(100)
Of which in Sweden	231	2,136	2,367
(of which, bonus)	(45)		(45)
Of which in other countries	380	3,794	4,174
(of which, bonus)	(55)		(55)
Number of people	1,027		

Social security costs

SEKm	2010	2009
Social Security costs	1,889	1,680
(of which pension costs)	(510)	(396)

Of the Group's pension costs SEK 76m (72) refers to the Board of Directors and senior executives in the Group's companies. The company's outstanding pension commitments to these amount to SEK 53m (28).

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	2010	2009
Senior executives, CEO and Deputy CEO		
Number of people [1]	6	6
Salaries and other remuneration	34	37
(of which bonus)	(18)	(21)
Other employees	79	71
Total	113	108

[1] Of whom, one on a consultancy basis for part of the year.

cont. next page

Note 9, cont.

Social security costs

SEKm	2010	2009
Social security costs	48	46
(of which pension costs)	(13)	(11)

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

Absence due to illness as a percentage of working hours

	2010	2009
Total absence due to illness		
Total absence due to illness as % of normal working hours	1.6	2.7
Gender breakdown		
Men	1.5	0.6
Women	2.6	4.4
Age breakdown		
30-49 years	1.9	2.7
> 50 years	1.5	2.1

The 2010 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 compensation, 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 compensation paid shall be linked to the results development that benefits shareholders. Variable compensation does not fall due until certain conditions have been met with regard to return on the company's equity.
- Each year the Board sets a limit for the total variable compensation, 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 compensation that can be allocated to an employee is paid over a multi-year period. The cost of each year's variable compensation 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 146m (145).

Information about variable compensation and option programmes

Variable compensation 2010

Variable compensation does not fall due until certain conditions regarding return on the company's capital have been met. For 2010, 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 100m 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 2010 provided variable compensation of SEK 40m to be paid in 2011-2013. A total of 32 people are entitled to receive variable compensation.

Payment of variable compensation is divided over three years with 50% in the first year and 25% per year in the remaining two years.

Call option programmes

Annual General Meetings 2006–2010 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 2010		31 Dec 2009	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	2,249,500	2,879,250	1,689,500	2,401,350
Recalculation of call option terms				11,050
Issued	529,500	529,500	641,000	641,000
Exercised [1]	-268,000	-576,200	-81,000	-174,150
Outstanding at end of period	2,511,000	2,832,550	2,249,500	2,879,250

[1] Average exercise price SEK 138 (79) per share, average share price when the options were exercised was SEK 231 (125).

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Note 9, cont.

Terms for options issued during the period

	2010	2009
Maturity	20 Mar 2015	20 Mar 2014
Exercise price per share, SEK	252.10	188.10
Total option premium payments, SEKm	8.8	8.3
Total payments to Ratos if shares acquired, SEKm	133.5	120.6

Each option carries entitlement to purchase one share.

Terms for options outstanding at end of period

				31 Dec 2010		31 Dec 2009	
Maturity date	Option price, SEK	Exercise price, SEK	Number of shares/option	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
31 March 2010	11.20	102.90	2.15			74,000	159,100
31 March 2011	21.20	151.80	2.15	270,000	580,500	464,000	997,600
31 March 2012	36.50	278.00	1.00	518,000	518,000	518,000	518,000
20 March 2013	28.10	255.60	1.02	552,500	563,550	552,500	563,550
20 March 2014	13.00	188.10	1.00	641,000	641,000	641,000	641,000
20 March 2015	16.60	252.10	1.00	529,500	529,500		
				2,511,000	2,832,550	2,249,500	2,879,250
Maximum increase in number of shares in relation to outstanding shares at end of period, %					1.8%		1.8%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 630m (576).

Synthetic options

The 2007–2010 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 19m (10).

Remuneration to Board and senior executives

2010

SEKm	Basic salary,[1] Board fee	Variable[2] compensation	Other benefits	Pension cost	Total	Pension obligations
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	–

2009

SEKm	Basic salary,[1] Board fee	Variable[2] compensation	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	0.9				0.9	–
Lars Berg, Board member	0.4				0.4	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.4				0.4	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.4				0.4	
Arne Karlsson, CEO	6.0	7.0	0.1	2.1	15.2	–
Other senior executives	9.7	14.2	0.3	1.6	25.8	–
(5 people, of whom one on consultancy basis)						–

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

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Note 9, cont.

Call options

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	–

Holding 31 Dec 2009	2005 Number	2006 Number	2007 Number	2008 Number	2009 Number	Benefit
Chairman of the Board	–	–	–	–	–	–
Other Board members	–	–	–	–	–	–
Arne Karlsson, CEO	–	115,000	100,000	100,000	74,900	–
Other senior executives	4,000	135,000	135,000	110,000	139,800	–

Synthetic options

	2010		2009	
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. Remuneration from a third party is deducted.

Other senior executives

Variable compensation

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

Pension terms

Pension is paid from the age of 65. Pensionable salary is the maximum ITP limit.

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 170m (136). In 2010 the Group's earnings were charged with SEK 39m (3) due to remeasurement of synthetic option liabilities.

Note 10 Fees and disbursements to auditors

	2010		2009	
SEKm	Group	Parent company	Group	Parent company
KPMG				
Audit assignment	17	3	18	2
Audit-related activities in addition to audit assignment	2	0	2	
Tax advice	2	1	4	1
Other services	2		3	1
Other auditors				
Audit assignment	26		23	
Audit-related activities in addition to audit assignment	3		3	
Tax advice	4		4	
Other services	16		8	
	72	4	65	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	2010	2009
Financial income		
Financial assets measured at fair value through profit or loss		
Fair value option	2	24
Held for trading	1	1
Held-to-maturity investments	2	1
Trade and loan receivables	33	46
Pension	1	8
Dividends		
Available-for-sale financial assets		1
Result from sale		
Available-for-sale financial assets	-1	3
Net profit		
Synthetic options	3	21
Change in value of derivatives		
– hedge accounted	5	90
– non-hedge accounted	36	95
Other financial income		
Available-for-sale financial assets		1
Trade and loan receivables	11	4
Returns on pensions	6	
Exchange rate fluctuations, net	154	33
Financial income	253	328

SEKm	2010	2009
Interest expenses		
Financial assets measured at fair value through profit or loss		
Fair value option	-2	-2
Held for trading	-29	-15
Other liabilities	-667	-829
Pensions	-21	-17
Net loss		
Synthetic options	-42	-24
Change in value of derivatives		
– hedge accounted	-35	-3
– non-hedge accounted		-6
Other financial income		
Other liabilities	-91	-90
Other non-financial liabilities	-21	
Impairment	-38	-6
Financial expenses	-946	-992

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 35m (55). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 688m (846).

Profit for the year includes SEK -4m (-2) that relates to ineffectiveness in cash flow hedges.

The Group has no fair value hedges.

Parent company

SEKm	Result from other securities and receivables accounted for as non-current assets 2010	2009	Other interest income and similar profit/loss items 2010	2009
Interest income				
Financial assets at fair value through profit or loss				
Fair value option			2	21
Trade and loan receivables	141	262	5	13
Net profit				
Synthetic options				16
Impairment	-25			
Financial income	116	262	7	50

SEKm	Interest expenses and similar profit/loss items 2010	2009
Interest expenses		
Other liabilities	-2	-6
Net loss		
Synthetic options	-18	
Change in value of derivative		
– non-hedge accounted	-35	
Other financial expenses	-16	-16
Exchange rate fluctuations, net	-4	-6
Financial expenses	-75	-28

Interest income attributable to financial assets not measured at fair value through profit or loss amounts to SEK 146m (275). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 2m (6).

Note 12 Taxes

Recognised in profit or loss

SEKm	2010	2009
Tax expense for the period	-350	-260
Adjustment of tax attributable to previous years	-9	-7
Share in tax of associates	-82	-89
	-441	-356
Deferred tax relating to temporary differences:		
Property, plant and equipment	18	-5
Intangible assets	21	51
Financial assets	-5	4
Inventories	2	-1
Trade receivables	-1	-1
Provisions for pensions	-9	-6
Other provisions	7	-35
Tax allocation reserves and similar	-1	-20
Other	-25	-14
Deferred tax income due to changed tax rates	-5	19
Deferred tax income in capitalised tax value in loss carry-forward during the year	23	12
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-39	-89
	-14	-85
Total recognised tax expense in the Group	-455	-441

Reconciliation effective tax, Group

SEKm	2010	2009
Profit before tax	2,868	1,375
Less profit from associates	-253	-358
	2,615	1,017
Tax according to current tax rate, 26.3%	-688	-267
Effect of special taxation rules for investment companies	369	96
Effect of different tax rates in other countries	7	-10
Non-deductible expenses	-79	-89
Non-taxable income	27	-46
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-27	-59
Use of previously non-capitalised tax loss carry-forward	40	6
Tax attributable to previous years	-9	-7
Effect of changed tax rates and tax rules	-2	-1
Other	-11	25
Tax in associates	-82	-89
Reported effective tax	-455	-441

Tax items recognised in other comprehensive income

SEKm	2010	2009
Deferred tax attributable to hedging reserve	22	9
	22	9

Recognised deferred tax assets and liabilities

Group

	Deferred tax asset		Deferred tax liability	
SEKm	2010	2009	2010	2009
Intangible assets	29	23	350	400
Property, plant and equipment	67	26	180	156
Financial assets	33	12	6	1
Inventories	22	14	9	13
Trade receivables	33	9	1	1
Interest-bearing liabilities	31	32	4	1
Provisions for pensions	45	55	6	5
Other provisions	76	52	4	8
Other	30	83	25	51
Loss carry-forward	361	313		
Tax allocation reserves			288	262
Tax assets/tax liabilities	727	619	873	898
Offsets	-95	-119	-95	-119
Tax assets/tax liabilities, net	632	500	778	779

Of recognised deferred tax assets, SEK 45m (52) falls due within one year and SEK 505m (346) has no due date. Of deferred tax liabilities, SEK 17m (15) falls due within one year and SEK 642m (607) has no due date.

Unrecognised deferred tax assets

SEKm	2010	2009
Deductible temporary differences	0	4
Tax deficit	1,190	1,208
	1,190	1,212

Approximately SEK 456m (488) of the unmeasured tax loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 244m (120) of the tax deficit falls due in 2011-2018. 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 313m (376).

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 the start of the year have been held for less than one year and 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. The parent company's tax expense for 2010 amounted to SEK 0m (0).

Note 13 Intangible assets

Group

SEKm	Goodwill	Acquired intangible assets: Trade-marks	Customer relations	Contract portfolio	Data-bases	Business systems	Other assets	Generated internally: Data-bases	Business systems	Other assets	Total
Accumulated cost											
Opening balance 1 January 2009	17,713	571	706	139	335	171	942	214	11	173	20,975
Business combinations	1,159					5	9			14	1,187
Investments	46	6	11			6	94	9		70	242
Sold company		-19	-35		-44		-91	-24		-2	-215
Disposals	-90						-52	-2			-144
Reclassification	-14	14				15	-26	7	5	2	3
Exchange differences for the year	-85	63	-27	-1	-4	4	-26	-2	-1	-7	-86
Closing balance 31 December 2009	18,729	635	655	138	287	201	850	202	15	250	21,962
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
Accumulated amortisation and impairment											
Opening balance 1 January 2009	-92	-29	-232	-34	-87	-76	-576	-107	-7	-49	-1,289
Amortisation for the year		-8	-98	-11	-33	-19	-83	-18	-2	-41	-313
Impairment for the year	-118						-4			-20	-142
Accumulated amortisation in acquired companies										-2	-2
Accumulated amortisation in sold companies		4	13		18	-3	45	23			100
Disposals							52	2			54
Exchange differences for the year	-12	-2	6	1	1	-6	18		1	5	12
Closing balance 31 December 2009	-222	-35	-311	-44	-101	-104	-548	-100	-8	-107	-1,580
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 acquired companies		-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
Carrying amount according to statement of financial position											
At 31 December 2010	20,304	555	234	88	139	68	302	80	7	148	21,925
At 31 December 2009	18,507	600	344	94	186	97	302	102	7	143	20,382

cont. next page

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:

	2010		2009	
	Goodwill	Intangible assets [1]	Goodwill	Intangible assets [1]
Bisnode	4,237	30	4,465	24
Inwido	2,997		3,260	
Anticimex	1,844		1,891	
SB Seating	1,599		1,726	
Contex Group	1,464		1,552	
HL Display	1,083			
DIAB	1,008		1,008	
	14,232	30	13,902	24
Subsidiaries without significant goodwill values, total	6,072	419	4,605	483
	20,304	449	18,507	507

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, 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 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 expected to evolve from the restructuring. 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 the time value of money 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 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. One key parameter when assessing company value has been Inwido's position in the business cycle and the fact that the company's profit multiple is on a par with the valuation multiples of 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 has good growth opportunities, 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.

cont. next page

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 and estimated proceeds from final disposal have been present value calculated using a discount rate of 7% (8) after tax. The discount rate before tax amounts to 10% (12). 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 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 11% (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 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 fair value minus selling costs. The estimated value is based on an external valuation. The external valuation is based on a combined return value and market approach, where the company is compared with listed companies in the composite structures industry. 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 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 7% (-) after tax. The discount rate before tax amounts to 10% (-). Key variables when calculating HL Display's value in use are sales growth, gross 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

Other intangible assets have been impaired by SEK 32m. Internally generated intangible assets were impaired by SEK 7m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2009	1,658	5,674	128	7,460
Investments	152	412	207	771
Disposals	-30	-343	-144	-517
Assets in acquired companies	269	897	10	1,176
Assets in sold companies		-129	-6	-135
Transferred from construction in progress	14	67	-81	0
Transferred to assets held for sale	-190			-190
Reclassification	-53	-36		-89
Exchange differences for the year	-50	-54	-3	-107
Closing balance 31 December 2009	1,770	6,488	111	8,369
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
Accumulated depreciation and impairment				
Opening balance 1 January 2009	-512	-3,570		-4,082
Depreciation for the year	-71	-586		-657
Impairment for the year		-22		-22
Accumulated depreciation in acquired companies	-75	-375		-450
Accumulated depreciation in sold companies		117		117
Disposals	8	303		311
Reclassification	53	36		89
Exchange differences for the year	17	10		27
Closing balance, 31 December 2009	-580	-4,087		-4,667
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
Value according to statement of financial position				
At 31 December 2010	1,175	2,715	160	4,050
Of which finance leases	135	227		362
At 31 December 2009	1,190	2,401	111	3,702
Of which finance leases	144	129		273

Paid leasing charges during the year amount to SEK 83m (83). Charges to pay within 1 year SEK 82m (82), within 2-5 years SEK 221m (169) and after 5 years SEK 141m (108).

Tax assessment values in Sweden

SEKm	31 Dec 2010	31 Dec 2009
Buildings	210	254
Land	67	24

cont. next page

Note 14, cont.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2009	45	18	63
Investments	46	12	58
Disposals	-9	-2	-11
Closing balance 31 December 2009	82	28	110
Opening balance 1 January 2010	82	28	110
Investments	1	1	2
Closing balance 31 December 2010	83	29	112
Accumulated depreciation			
Opening balance 1 January 2009	-10	-15	-25
Depreciation for the year	-1	-3	-4
Disposals	7	2	9
Closing balance 31 December 2009	-4	-16	-20
Opening balance 1 January 2010	-4	-16	-20
Depreciation for the year	-2	-3	-5
Disposals			
Closing balance 31 December 2010	-6	-19	-25
Value according to balance sheet			
At 31 December 2010	77	10	87
At 31 December 2009	78	12	90

Tax assessment values

SEKm	31 Dec 2010	31 Dec 2009
Buildings	58	54
Land	43	35

Note 15 Investments in associates

Change in carrying amounts

Group

SEKm	2010	2009
Carrying amount 1 January	2,339	2,851
Investments	483	
Acquisition of associates in conjunction with business combinations	6	
Associates that became group companies	-775	-491
Disposal of associates	-319	-6
Dividends	-12	-223
Share of profits of associates [1]	171	268
Share of comprehensive income of associates	-190	-73
Other changes in associates' equity	-16	13
Reclassified to assets held for sale	-1,318	
Exchange differences	-2	
Carrying amount at year-end	367	2,339

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

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.

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
Inwido Academy	34%	0	0	0	0	0	0	0
Kommanditbolaget Optimus		5	1	45	41	4	0	3
LRS Polska	50%	33	0			5	0	3
SAS de L'ile Madame	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 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.

2009

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	-6	26	1	25	-3	13
HL Display [1]	29%	1,360	61	1,232	681	551	18	299
DIAB Group [2]	48%						8	
Lindab Intressenter [3]	22%	7,019	34	7,442	4,439	3,003	8	675
Superfos Industries	33%	3,441	476	3,248	1,410	1,838	155	617
Associates owned by Ratos							186	1,604
Camfil [4]	30%	4,503	263	3,664	1,733	1,931	78	697
Inwido Academy	33%	4	0	1	0	1	0	0
Inwido Ireland [5]	20%							
SAS de L'ile Madame	34%	137	11	310	190	120	3	34
UAB Panorama	40%	11	2	4	2	2	1	2
VinUnic	32%	2	2	2	0	2	0	2
VisTech Windows	33%	0	0	0	0	0	0	0
Associates owned by group companies							82	735
Total							268	2,339

[1] Share of voting rights 20.2% Market value SEK 377m.

[2] Until 28 February 2009, subsequently a subsidiary.

[3] Market value SEK 1,301m.

[4] Owned by Ratos Limfac Holding.

[5] Sold during the year.

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

SEKm	2010	2009
Accumulated cost at 1 January	951	1,481
Investments	484	91
Reclassified as subsidiary	-712	-513
Disposals	-118	-108
At the end of the year	605	951
Accumulated impairment at 1 January	0	-403
Reclassified as subsidiary		387
Disposals		16
Impairment for the year	-3	
At the end of the year	-3	0
Value according to balance sheet	602	951

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 2010	Book value 31 Dec 2009
Atle Industri AB, 556725-7885, Stockholm	5,000	50	13	15
HL Display AB, 556286-9957, Stockholm [1]	0	0	0	229
Lindab International AB, 556606-5446, Stockholm [2]	8,849,157	11	118	236
Superfos Industries A/S, Vipperød, Denmark	3,876,101	33	471	471
Total			602	951

1) Subsidiary from 1 August.

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.

Note 17 Receivables from group companies

Parent company

SEKm	Non-current receivables group companies 2010	2009
Accumulated cost at 1 January	1,498	2,496
Investments		400
Settlements		-1,757
Capitalised interest	144	262
Exchange rate fluctuation	-24	97
Closing balance	1,618	1,498

	Current receivables group companies 2010	2009
Accumulated cost at 1 January	112	8
Investments	172	410
Settlements	-281	-306
Reclassifications	-3	
Closing balance	–	112

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	2010	2009	2010	2009	2010	2009
Fair value through profit or loss						
Held for trading	3	2			3	2
Held to maturity investments	150	106			150	106
Loans and receivables	116	167			116	167
Available-for-sale financial assets						
Cost			165	193	165	193
Derivatives, hedge accounted	7				7	
	276	275	165	193	441	468

Current assets	Trade and other receivables		Other receivables (part of)		Short-term investments		Total	
SEKm	2010	2009	2010	2009	2010	2009	2010	2009
Fair value through profit or loss								
Measured according to fair value option					351	1,212	351	1,212
Held for trading			42	27			42	27
Loans and receivables	4,985	4,337	304	312			5,290	4,649
Derivatives, hedge accounted			8	9			8	9
	4,985	4,337	354	348	351	1,212	5,690	5,897

Liabilities per category of financial instrument

Non-current liabilities	Non-current interest-bearing liabilities (part of)		Other non-current liabilities (part of)		Other financial liabilities		Total	
SEKm	2010	2009	2010	2009	2010	2009	2010	2009
Fair value through profit or loss								
Held for trading			7	1	134	137	141	138
Financial liabilities at amortised cost	10,593	11,702	230	95			10,823	11,797
Derivatives, hedge accounted			77	173			77	173
	10,593	11,702	314	269	134	137	11,041	12,108

Current liabilities	Current interest-bearing liabilities (part of)		Trade and other payables		Other financial liabilities		Other		Total	
SEKm	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Fair value through profit or loss										
Held for trading					65	38			65	38
Financial liabilities at amortised cost	2,768	1,952	2,328	2,160			2,068	1,944	7,164	6,056
Derivatives, hedge accounted					24	39			24	39
	2,768	1,952	2,328	2,160	89	77	2,068	1,944	7,253	6,133

Impairment of financial assets

SEKm	2010	2009
Trade receivables	44	44
Other financial assets	38	6
Total impairment	82	50

Trade receivables are impaired taking customers' ability to pay into account. Ratos has 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

SEKm	Level 1 2010	Level 1 2009	Level 2 2010	Level 2 2009
Derivatives			44	29
Other receivables, interest-bearing		12		
Cash and cash equivalents – investments			351	1,200
		12	395	1,229

Liabilities

SEKm	Level 2 2010	Level 2 2009	Level 3 2010	Level 3 2009
Synthetic options			170	136
Derivatives	36	40		
	36	40	170	136

Change, level 3

SEKm	Synthetic option programmes 2010	2009
Opening balance	136	121
Recognised in profit or loss	39	3
Newly issued	18	18
Settlement	-18	-6
Translation difference	-5	
Closing balance	170	136

Loss included in profit for the year, for liabilities included in the closing balance amount to SEK 39m (3).

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 SEKm	Non-current receivables, group companies 2010	2009	Other non-current receivables 2010	2009	Other non-current securities 2010	2009
Loans and receivables	1,618	1,498				
Available-for-sale financial assets						
Cost				56	163	176
	1,618	1,498		56	163	176

Current receivables SEKm	Current receivables, group companies 2010	2009	Other current receivables (part of) 2010	2009	Cash and cash equivalents, short-term investments 2010	2009
Fair value through profit or loss						
Measured according to fair value option					351	1,200
Loans and receivables		112	9	3		
		112	9	3	351	1,200

cont. next page

Note 18, cont.

Liabilities per category of financial instrument

Non-current liabilities

SEKm	Non-current interest-bearing group companies 2010	Non-current interest-bearing group companies 2009	Other non-current liabilities (part of) 2010	Other non-current liabilities (part of) 2009
Fair value through profit or loss				
Held for trading			41	50
Financial liabilities at amortised cost	272	197	58	
	272	197	99	50

Current liabilities

SEKm	Trade payables 2010	Trade payables 2009	Current liabilities, non-interest bearing, group companies 2010	Current liabilities, non-interest bearing, group companies 2009	Other liabilities 2010	Other liabilities 2009	Current liabilities, interest-bearing, group companies 2010	Current liabilities, interest-bearing, group companies 2009
Fair value through profit or loss								
Held for trading					31			
Financial liabilities at amortised cost	16	6		72	5	49	184	
	16	6		72	36	49	184	

Category division

Assets

SEKm	Level 2 2010	Level 2 2009
Cash and cash equivalents – investments	351	1,200

Liabilities

SEKm	Level 3 2010	Level 3 2009
Synthetic options	72	50

Change, level 3

SEKm	Synthetic option programmes 2010	Synthetic option programmes 2009
Opening balance	50	63
Recognised in profit or loss	17	-16
Newly issued	6	3
Settlement	-1	
Closing balance	72	50

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 17m (-16).

Note 19 Other securities held as non-current assets

Parent company

SEKm	31 Dec 2010	31 Dec 2009
Accumulated cost		
At 1 January	176	161
Investments	12	20
Impairment	-25	
Disposals		-5
	163	176

Note 20 Receivables

Group

Non-current receivables

SEKm	31 Dec 2010	31 Dec 2009
Interest-bearing receivables	208	165
Non-interest bearing receivables	68	110
	276	275

Other receivables held as current assets

SEKm	31 Dec 2010	31 Dec 2009
Advances to suppliers	99	117
Derivatives	50	36
Client money	55	
Interest-bearing receivables	7	14
Non-interest bearing receivables	388	468
	599	635

Parent company

Other non-current receivables

SEKm	31 Dec 2010	31 Dec 2009
Accumulated cost		
At 1 January	56	0
Investments		56
Settled receivables	-56	
	–	56

Note 21 Inventories

Group

SEKm	31 Dec 2010	31 Dec 2009
Raw materials and consumables	1,136	984
Products in progress	536	443
Finished products and goods for resale	1,212	1,190
	2,884	2,617

Note 22 Prepaid expenses and accrued income

Parent company

SEKm	31 Dec 2010	31 Dec 2009
Interest income	0	0
Other	3	2
	3	2

Note 23 Equity

Share capital

	Ordinary A		Ordinary B	
Number	**2010**	**2009**	**2010**	**2009**
Issued at 1 January	42,328,530	42,328,530	119,524,362	119,020,722
New issue			217,556	503,640
Conversion	-5,000		5,000	
Issued at 31 December	42,323,530	42,328,530	119,746,918	119,524,362

	Total number of shares	Quota value	SEKm
Issued at 1 January	161,852,892	6.30	1,019.7
New issue	217,556	6.30	1.4
Issued at 31 December	162,070,448		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 (0) 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 32 exits carried out by Ratos since 1999 corresponds to an average IRR of 26%. During 2010, four exits were made, two of which were completed at the start of 2011.

Another of Ratos's targets is to have an aggressive dividend policy. Over the last ten years the dividend payout ratio has been 15% per year. The proposed dividend for the 2010 financial year is SEK 10.50 which corresponds to 74% of earnings per share. The dividend yield at 31 December 2010 amounted to 4.2%.

Ratos has a mandate from the 2010 Annual General Meeting to issue 30 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

	2010	2009
Opening treasury shares	3,237,247	3,411,397
Purchased during the year	172,094	
Sold during the year (option programme)	-576,200	-174,150
Closing treasury shares	2,833,141	3,237,247

Number of shares outstanding

	2010	2009
Total number of shares	162,070,448	161,852,892
Treasury shares	-2,833,141	-3,237,247
	159,237,307	158,615,645

SEKm	2010	2009
Opening balance	-392	-413
Repurchases	-34	
Call options exercised	70	21
	-356	-392

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

Call options 2006 – 2010

The 2006 – 2010 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	Entitlement to acquire number of shares	Option price SEK/option	Exercise price SEK/share	Maturity date
2006	500,000	464,000	270,000	580,500	21.20	151.80	31 March 2011
2007	775,000	518,000	518,000	518,000	36.50	278.00	31 March 2012
2008	750,000	552,500	552,500	563,550	28.10	255.60	20 March 2013
2009	650,000	641,000	641,000	641,000	13.00	188.10	20 March 2014
2010	650,000	529,500	529,500	529,500	16.60	252.10	20 March 2015
Total number of reserved shares				2,832,550			

Dividend

After the reporting period the Board proposed the following dividend:

SEKm	2010	2009
Ordinary dividend per share SEK 10.50 (9.50)	1,672	1,512

The proposed dividend for 2009 was approved at the Annual General Meeting on 15 April 2010. The proposed dividend for 2010 will be presented for approval at the Annual General Meeting on 5 April 2011.

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

	Majority's share of reserves				
SEKm	Translation reserve	Hedging reserve	Total	Non-controlling interests	Total
Opening carrying amount 1 January 2009	723	-216	507	105	612
Translation differences for the year	-120		-120	-52	-172
Reclassification	-45	81	36		36
Cash flow hedges					
recognised in other comprehensive income		49	49	3	52
tax attributable to change for the year		-6	-6	-1	-7
recognised in profit for the year		12	12	1	13
tax attributable to change for the year		-2	-2		-2
ineffectiveness recognised in profit or loss		-1	-1	-1	-2
transferred to cost of hedged item		-7	-7		-7
share of change in associate for the year		10	10		10
Closing carrying amount 31 December 2009	558	-80	478	55	533
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 disposed operations	-2		-2		-2
Hedging reserves attributable to disposed 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

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	2010	2009
Fair value reserve		
Opening balance	63	-36
Revaluation recognised in other comprehensive income	-21	99
Closing balance	42	63

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

	2010	2009
Profit for the year attributable to owners of the parent, SEKm	2,255	842
Weighted average number of shares		
Total number of ordinary shares 1 January	161,852,892	161,349,252
New issue	94,434	51,194
Effect of holding of treasury shares	-2,879,865	-3,276,077
Weighted average number of shares before dilution	159,067,461	158,124,369
Effect of call options	308,889	61,974
Weighted average number after dilution	159,376,350	158,186,343
Earnings per share before dilution	14.18	5.32
Earnings per share after dilution	14.15	5.32

Instruments that can lead to potential dilution effects

In 2010, the company had three outstanding call option programmes for which the exercise price, SEK 278.00, SEK 255.60 and SEK 252.10 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 share price in future rises to a level above the exercise price, these options will lead to dilution.

Note 26 Interest-bearing liabilities

Group

SEKm	2010	2009
Non-current		
Liabilities to credit institutions, non-current	10,077	11,185
Other non-current liabilities, interest-bearing	846	855
	10,923	12,040
Current		
Liabilities to credit institutions	2,246	1,534
Bank overdraft	522	403
Other current liabilities	104	77
	2,872	2,014
Provisions for pensions	412	451
	14,207	14,505

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

Parent company

SEKm	2010	2009
Non-current liabilities, group companies	272	197
Current liabilities, group companies	184	
	456	197
Provisions for pensions	2	2
	458	199

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	2010	2009
Cost regarding current service period	56	45
Interest expense	21	17
Anticipated return on plan assets	-6	-5
Recognised actuarial gains and losses	-15	6
Past service costs	5	1
Effects of curtailments and settlements	-15	-102
Pension costs for defined benefit pensions	46	-38
Pension costs for defined contribution pensions, Alecta	80	78
Pension costs for defined contribution pensions, other	275	295
Pension costs for the year	401	335

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	2010	2009
Present value of funded obligations	767	677
Fair value of plan assets	-516	-530
	251	147
Present value of unfunded obligations	282	379
Unrecognised actuarial gains (+) and losses (-)	-136	-90
Unrecognised past service costs	4	15
Effect of limitation rule for net assets	11	
Net liability in the statement of financial position	412	451
Amounts disclosed in the statement of financial position (specification of net liability)		
Provisions for pensions	412	451
Net debt in the statement of financial position	412	451

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

SEKm	2010	2009
Net liability at 1 January	451	486
Net cost recognised in profit or loss	46	-38
Premiums and pensions paid	-74	-69
Exchange differences on foreign plans	-15	15
Net pension obligations assumed through business combinations	4	66
Effects of settlements	0	-9
Net liability at 31 December	412	451

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

Plan assets comprise the following

SEKm	2010	2009
Equity instruments	119	143
Financial fixed-income assets	218	167
Properties	48	40
Other assets	131	180
	516	530

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2010, Alecta's surplus in the form of the collective funding ratio amounted to 146% (141). 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 2010	31 Dec 2009
Discount rate, %	3.1-4.3	3.5-4.5
Inflation, %	1.1-3.0	1.7-3.0
Anticipated rate of salary increase, %	2.4-4.0	2.4-4.5
Annual increase in pensions and paid-up policies, %	0.3-3.0	1.3-4.0
Anticipated return on plan assets, %	2.9-5.4	3.9-5.6

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 9m (8) 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 2m (2).

Note 28 Provisions

Group

Provisions, non-current

SEKm	2010	2009
Guarantee commitments		
At the beginning of the year	26	58
Provisions for the year	13	4
Utilised provisions		-5
Unutilised reversed provisions		-11
Reclassification		-20
At the end of the year	39	26
Technical provisions		
At the beginning of the year	106	95
Provisions for the year	12	11
At the end of the year	118	106
Other		
At the beginning of the year	475	526
Provisions for the year	57	29
Utilised provisions	-173	-16
Unused reversed provisions	-110	-19
Provisions in sold companies	75	
Provisions in acquired companies		1
Change in discounted value		-13
Reclassification	-37	-48
Translation difference	-13	15
At the end of the year	274	475
Total non-current provisions	431	607

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 5-10 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 contingent considerations and provisions relating to sale and leaseback transactions. Of other provisions approximately SEK 100m is expected to be settled within 2-5 years. The remainder has a longer maturity structure of up to 30 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	2010	2009
Guarantee commitments		
At the beginning of the year	20	1
Provisions for the year	5	13
Utilised provisions	-3	-13
Unutilised reversed provisions		-1
Reclassification	-1	20
At the end of the year	21	20
Technical provisions		
At the beginning of the year	137	151
Provisions for the year	277	286
Utilised provisions	-207	-283
Reclassification		-19
Translation differences	-2	2
At the end of the year	205	137
Prepaid service contracts		
At the beginning of the year	362	310
Provisions for the year	551	482
Utilised provisions	-518	-462
Unutilised reversed provisions	-40	
Reclassification		20
Translation differences	-8	12
At the end of the year	347	362
Other		
At the beginning of the year	60	6
Provisions for the year	11	73
Utilised provisions	-45	-64
Unutilised reversed provisions	-1	-6
Provisions in acquired companies		5
Reclassification	37	50
Translation differences	-9	-4
At the end of the year	53	60
Total current provisions	626	579

Parent company

Provisions, non-current

SEKm	2010	2009
Other		
At the beginning of the year	168	178
Provisions for the year	9	
Utilised provisions	-43	-1
Unutilised reversed provisions	-100	-10
Change in discounted value	-3	-4
Translation difference		5
At the end of the year	31	168

Provisions, current

SEKm	2010	2009
Other		
At the beginning of the year	10	57
Provisions for the year		10
Utilised provisions	-10	-57
At the end of the year	0	10

Note 29 Other liabilities

Group

Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 631m (698) and advances from customers of SEK 162m (163).

Parent company

Other non-current liabilities mainly comprise personnel costs.

Note 30 Accrued expenses and deferred income

Parent company

SEKm	2010	2009
Personnel costs	114	137
Other	14	11
	128	148

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 the 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 shall normally be unleveraged and may not pledge assets or issue guarantees. In order to ensure access to capital and flexibility, the parent company shall have a credit facility for bridge financing of acquisitions. This credit facility should also be able to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling five-year loan facility, which amounts to SEK 3.2 billon, including a bank overdraft facility. Ratos also has a mandate from the 2010 Annual General Meeting in conjunction with company acquisitions, on one or more occasions, for cash payment, through off-set or non-cash, to issue 30 million B shares as payment for acquisitions.

At 31 December 2010 the Group's interest-bearing debt to credit institutions amounted to SEK 12,323m (12,718). Total unutilised credit facilities amounted to SEK 5,003m (4,561).

The average remaining fixed-interest term on raised interest rate swaps amounts to 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 Dec 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	0	0	0	0
Derivative liabilities	137	54	1	80	1	1
Synthetic options	170	36	1	37	0	95
Other interest-bearing liabilities	590	42	132	373	0	44
	13,742	2,900	1,678	3,704	2,613	2,847

31 Dec 2009

SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	12,718	1,632	2,097	1,552	3,139	4,299
Bank overdraft facilities	403	313	0	0	49	41
Derivative liabilities	252	93	10	7	143	0
Synthetic options	136	0	32	1	1	102
Other interest-bearing liabilities	533	16	8	106	357	45
	14,042	2,054	2,147	1,667	3,688	4,487

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 2010 cash and cash equivalents amounted to SEK 2,855m (4,999), of which outstanding investments amounted to SEK 351m (1,212) with an average fixed-interest period of approximately 2 months (2). During 2010 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 in a large number of geographic markets and within a number of different sectors 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 Dec 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

31 Dec 2009

	Nominal	Impairment	Book value
Not overdue	3,537	-2	3,535
Past due 0 – 60 days	625	-12	613
Past due 61 – 180 days	135	-10	125
Past due 181 – 365 days	62	-20	42
Past due more than one year	73	-51	22
Total	4,432	-95	4,337

Information on impairment of trade receivables is provided in Note 18.

Interest rate risks

Definition:

Interest rate risk is a cash flow risk – the risk that changed interest rates will affect the Group's earnings and cash flow, as well as price risk – the risk that the value of financial assets and liabilities change.

Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk regarding liabilities. The maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

Interest rate risk mainly arises through long-term borrowing in subsidiaries. The fixed-interest term in subsidiaries is adapted to each company's structure and strategy. Interest rate swaps are used to change the fixed-interest period in the debt portfolio. Derivative instruments used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 45% (35) is hedged accounted. Derivative instruments in the form of interest rate swaps are used to control fixed-interest terms. The maturity of interest rate swaps is usually 12-36 months. In cases where hedge accounting is applied, change in value is recognised in other comprehensive income. Accumulated changes in value are recognised in the hedging reserve within equity.

At 31 December 2010 the Group had interest rate swaps with a net fair value of SEK -102m (-228) consisting of assets of SEK 13m (0) and liabilities of SEK 115m (228).

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 2010, based on the part of net debt at year-end which is not hedged will total approximately SEK 70m (80). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Currency risks

Definition:

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

Translation exposure

The effects of exchange rate fluctuations 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

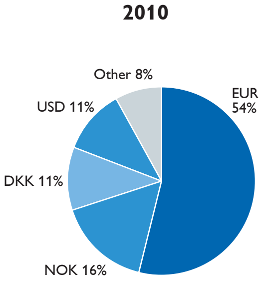
Currency flows that arise at purchase and sale of goods and services in other currencies than the respective subsidiary's functional currency give rise to transaction exposure.

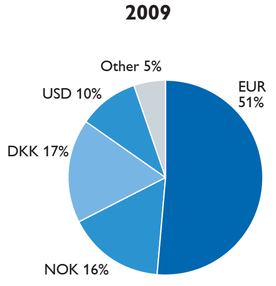
Translation exposure

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

Ratos has subsidiaries in the Nordic countries, which in turn own 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.





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 1,068m (1,015).

cont. next page

Note 31, cont.

Transaction exposure

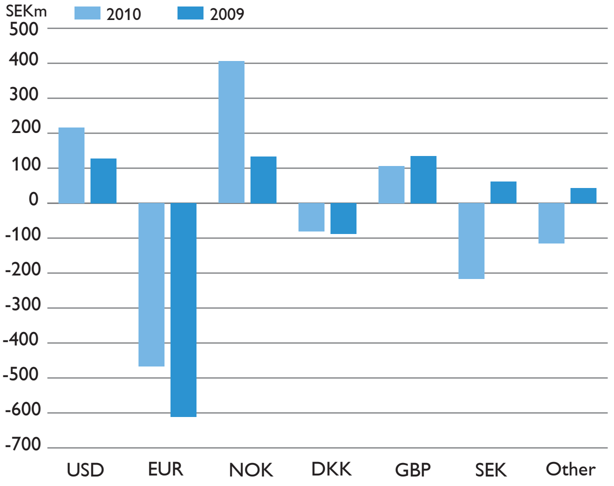
Since the parent company is an investment company it does not have transaction exposure from purchase and sales of goods. Currency risks in subsidiaries' net exposure are hedged on the basis of the subsidiary's adopted financial policy.

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 negative exposure in EUR arises through several companies purchasing products and goods from EUR countries. 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 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 26m (14) at 31 December 2010. Of this amount, SEK 47m (38) is recognised in the statement of financial position as assets and SEK 21m (24) 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 -70m (-90) 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	2010	2009
Minimum lease payments	643	442
Variable payments	47	41
Total leasing costs	690	483

Future payments for leases entered into amount to:

SEKm	2010	2009
Payments within 1 year	618	408
Between 1-5 years	1,580	1,081
> 5 years	2,234	2,173
	4,432	3,662

Note 33 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	31 Dec 2010	31 Dec 2009
Real estate mortgages	1,165	1,251
Chattel mortgages	3,555	4,064
Shares in group companies	14,141	10,093
Other pledged assets	1,859	2,088
	20,720	17,496
Contingent liabilities	231	188

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	2010	-2	141	93	1,618	456	454
Subsidiaries	2009	-5	263	25	1,610	269	929
Associates	2010			12			
Associates	2009			198			

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 2010	31 Dec 2009
Accumulated cost opening balance	8,697	5,639
Investments	3,088	1,648
Shareholder contribution	722	2,227
Repaid shareholder contribution	-64	-79
Reclassification from associate	712	126
Disposals	-1,569	-864
At the end of the year	11,586	8,697

SEKm	31 Dec 2010	31 Dec 2009
Accumulated impairment opening balance	-254	-263
Dividends		66
Impairment for the year	-4	-57
At the end of the year	-258	-254
Value according to balance sheet	11,328	8,443

Subsidiary, company reg. no., reg. office	Number	Share, %	31 Dec 2010	31 Dec 2009
AHI Intressenter AB, 556726-7744, Stockholm [1]	100,000	100	625	336
Anticimex Holding AB, 556696-2568, Stockholm	10,119,047	85	340	340
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway	833,278	83	7	7
Biolin Scientific AB, 556249-4293, Västra Frölunda [2]	21,089,542	87	243	
Bisnode Business Information Group AB, 556681-5725, Stockholm	84,412,286	70	653	653
BTJ Group AB, 556678-3998, Lund	72,774	66	37	40
EMaint AB, 556731-5378, Stockholm [1]	100,000	100	562	396
GS-Hydro Holding OY, 2268968-9, Finland	28,301,900	100	254	254
Hafa Bathroom Group AB, 556005-1491, Halmstad	2,000	100	281	246
Haglöfs Holding AB, 556101-0785, Stockholm [3]				215
HL Intressenter AB, 556809-4402, Stockholm [1]	50,000	100	1,141	
Image Matters Intressenter AB, 556733-1854, Stockholm [1]	100,000	100	969	954
Inwido AB, 556633-3828, Malmö	222,373,013	96	1,668	1,523
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway	6,973,942	61	3	0
Kelly Intressenter 1 AB, 556826-5705, Stockholm [1]	50,000	100	363	
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm [1]	1,000	100	880	867
Medisize Oy, 2046714-2, Vantaa, Finland	3,139,963	98	734	672
Myggvärmare AB, 556723-5667, Stockholm [1]	1,000	100	447	480
Ratos Fastighets AB, 556308-3863, Stockholm	50,000	100	6	6
Ratos Kabel Holding AB, 556813-8076, Stockholm [1]	500	100	668	
Ratos Limfac Holding AB, 556730-7565, Stockholm [4]	1,000	100	451	482
Spin International AB, 556721-4969, Stockholm [1]	1,000,000	100	996	972
ASA Investment 1, 556801-4731, Stockholm	100,000	100	0	
ASA Investment 2, 556801-8419, Stockholm	100,000	100	0	
ASA Investment 3, 556801-8427, Stockholm	100,000	100	0	
ASA Investment 4, 556801-8435, Stockholm	100,000	100	0	
ASA Investment 5, 556801-8443, Stockholm	100,000	100	0	
			11,328	8,443

[1] AHI Intressenter AB is an owner company to AH Industries, EMaint AB is an owner company to EuroMaint, Image Matters Intressenter AB is an owner company to Contex Group, Myggvärmare AB is an owner company to Mobile Climate Control and Spin International AB is an owner company to SB Seating.

Kompositkärnan Förvaltning AB is an owner company to DIAB, Ratos Kabel Holding AB is an owner company to Stofa, HL Intressenter AB is an owner company to HL Display, Kelly Intressenter 1 AB is an owner company to KVD Kvarndammen.

[2] Taking into account full conversion of outstanding convertible loan, Ratos's holding amounts to 88.12%.

[3] Sold during the year.

[4] Owner company to Camfil.

Note 36 Cash flow statement

SEKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Dividends received	2	1	102	223
Interest received	37	82	6	33
Interest paid	-534	-846	-1	-1

Adjustment for non-cash items

SEKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Share of profits of associates	-253	-358		
Dividends received from associates	12	223		
Capital gains/losses	-1,311	40	-1,669	-307
Remeasurement of acquired operation	-140			
Depreciation and impairment of assets	1,075	1,134	38	61
Unrealised exchange differences	-119	-142	39	5
Provisions, etc.	115	136	-167	-215
Adjustment for non-cash items	-621	1,033	-1,759	-456

Cash and cash equivalents

SEKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Cash and bank balances	2,504	3,787	69	1,576
Short-term investments, on a par with cash and cash equivalents	351	1,212	351	1,200
Cash and cash equivalents	2,855	4,999	420	2,776

Short-term investments are classified as cash and cash equivalents when they have an insignificant risk of value fluctuations, can easily be converted into cash and cash equivalents and have a maximum maturity of three months from the acquisition date.

Unutilised credit facilities

Unutilised credit facilities amount to SEK 5,003m (4,561) for the Group and SEK 3,200m (3,200) for the parent company.

Sold group companies – Group

SEKm	2010	2009
Intangible assets	129	200
Tangible assets	24	18
Financial assets	1	1
Deferred tax asset	1	1
Inventories	150	
Current receivables	102	93
Cash and cash equivalents	60	51
Assets held for sale	186	
Total assets	653	364
Non-controlling interests (minority)	14	
Non-current liabilities and provisions	54	19
Current liabilities and provisions	182	102
Total liabilities	250	121
Consideration transferred	1,179	248
Minus:		
Purchase promissory note	-1	-43
Cash and cash equivalents in the sold operations	-60	
Effect on Group's cash and cash equivalents	1,118	205

Acquisition of group companies – Group

SEKm	2010	2009
Intangible assets	3,103	1,185
Tangible assets	943	725
Financial assets	25	-491
Deferred tax asset	128	80
Inventories	415	308
Current receivables	1,001	367
Cash and cash equivalents	434	103
Total assets	6,050	2,277
Non-controlling interests	90	-92
Non-current liabilities	1,251	889
Deferred tax liability	13	13
Current liabilities	1,162	752
Total liabilities	2,517	1,562
Net identifiable assets and liabilities	3,533	715
Consolidated value of associate on acquisition date	-775	
Remeasurement of previously owned interest	-140	
Consideration transferred	2,618	715
Minus:		
Cash and cash equivalents in the acquired operations	-434	-109
Consideration transferred	-108	
Payment with treasury shares	-43	-90
Effect on Group's cash and cash equivalents	2,032	516

Note 37 Assets held for sale

Assets held for sale

SEKm	31 Dec 2010	31 Dec 2009
Property, plant and equipment		190
Investments in associates	1,318	
Total assets reclassified	1,318	190

Liabilities attributable to Assets held for sale

SEKm	31 Dec 2010	31 Dec 2009
Interest-bearing liabilities		4
Total liabilities reclassified		4

Assets held for sale comprise assets and liabilities attributable to Arcus-Gruppen.

In November 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 it was announced that Ratos is selling the holding in Superfos. The sale is expected to be completed during the first quarter of 2011. The consolidated value of Superfos amounted to SEK 589m at the end of the reporting period.

These associates were therefore classified as assets held for sale.

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	90	729
Total							137	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. In conjunction with the acquisition of shares in HL Display, Ratos made assessments in 2010 which included valuation of previously owned interest in HL Display and valuation of a new issue of Ratos shares. At each individual business combination in 2010, a decision has been made regarding partial or full goodwill. In conjunction with the sale of 11% of the shares in Lindab, the assessment was that Ratos's significant influence remains unchanged.

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 company's 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 profit and loss

SEKm	2010	2009
Contract revenue	392	361
Net profit	10	17

Information from the statement of financial position

Receivables from customers for assignments under a construction contract

SEKm	2010	2009
Contract revenue	895	652
Billing	-790	-474
	105	178
Of which current receivables	105	178

Note 41 Events after the reporting period

In November, Ratos concluded an agreement to sell its holding in Camfil to the principal owners, the Larson and Markman families, for SEK 1,325m. The sale provided Ratos with an exit gain of SEK 586m and an average annual return (IRR) of 13%. The sale was completed in January 2011.

In December, Ratos and co-owner IK Investment Partners concluded an agreement to sell all shares in Superfos to RPC Group Plc for approximately EUR 240m (enterprise value), of which Ratos's share of the equity value amounts to approximately EUR 63m (approximately SEK 548m). The sale provides an exit result for Ratos of approximately SEK -100m and an average annual return (IRR) of approximately 2%. Approval has been received from the relevant competition authorities and the deal was completed in February 2011.

In January 2011, Ratos's subsidiary Stofa signed an agreement to acquire the Danish cable TV operations in Canal Digital for a purchase price (enterprise value) of approximately DKK 100m (SEK 120m). The seller is Canal Digital AS, which is owned by Telenor. The acquisition will be financed using existing credit facilities in Stofa and not by Ratos as announced earlier. The deal is subject to approval from the relevant competition authorities and is expected to be completed in the first quarter of 2011.

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 2010 comprise the parent company and its group companies, together with the said Group. The Group also includes the owned shares in associates.

The Board of Directors' certification

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, that disclosures herein give a true and fair view of the parent company's and Group's financial position and results of operations, and that the statutory Board of Directors' report provides a fair review of the development of the Group's and parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, 17 February 2011

Olof Stenhammar
Chairman

Lars Berg
Member of the Board

Staffan Bohman
Member of the Board

Annette Sadolin
Member of the Board

Jan Söderberg
Member of the Board

Per-Olof Söderberg
Member of the Board

Margareth Øvrum
Member of the Board

Arne Karlsson
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 17 February 2011. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 5 April 2011.

Audit report

To the Annual General Meeting of Ratos AB (publ)
Registered number 556008-3585

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2010. The company's annual accounts are included in the printed version of this document on pages 34-99. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and application of International Financial Reporting Standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. A corporate governance report has been prepared. The statutory directors' report and corporate governance report are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the statement of comprehensive income and statement of financial position for the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the directors' report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 17 February 2011

KPMG AB

Thomas Thiel
Authorised Public Accountant

Analysis

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 approximately 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 (to acquire, develop and divest holdings) remain constant. The parent company's income statement contains the income and expenses associated with conducting these operations.

Parent company income statement

SEKm	2010	2009
Other operating income	104	11
Other external costs	-139	-60
Personnel costs	-167	-158
Depreciation of property, plant and equipment	-5	-4
Other operating expenses		-2
Operating profit/loss	-207	-213
Capital gain from sale of participations in group companies	1,021	278
Capital gain from participations in associates	746	197
Result from other securities and receivables accounted for as non-current assets	116	262
Other interest income and similar profit/loss items	7	50
Interest expenses and similar profit/loss items	-75	-28
Profit after financial items	1,608	546
Tax	–	–
Profit for the year	1,608	546

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 acquisition and disposal processes (exits) costs will be higher and in time 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 2010). 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 2010	31 Dec 2009
ASSETS		
Non-current assets		
Property, plant and equipment	87	90
Financial assets		
Participations in group companies	11,328	8,443
Investments in associates	602	951
Receivables from group companies	1,618	1,498
Other securities held as non-current assets	163	176
Other non-current receivables		56
Total non-current assets	13,798	11,214
Current assets		
Current receivables		
Receivables from group companies		112
Other receivables	40	5
Prepaid expenses and accrued income	3	2
Short-term investments, other	351	1,200
Cash and bank balances	69	1,576
Total current assets	463	2,895
Total assets	14,261	14,109
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (A shares 42,323,530 B shares 119,746,918)	1,021	1,020
Statutory reserve	286	286
Unrestricted equity		
Premium reserve	128	86
Retained earnings	10,408	11,320
Fair value reserve	42	63
Profit for the year	1,608	546
Total equity	13,493	13,321
Non-current provisions		
Provisions for pensions	2	2
Other provisions´	31	168
Total non-current provisions	33	170
Non-current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	272	197
Non-interest bearing liabilities		
Other liabilities	99	136
Total non-current liabilities	371	333
Current provisions		
Other provisions		10
Current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	184	
Non-interest bearing liabilities		
Trade payables	16	6
Liabilities to group companies		72
Other liabilities	36	49
Accrued expenses and deferred income	128	148
Total current liabilities	364	275
Total equity and liabilities	14,261	14,109
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 2010 the proposed dividend is SEK 10.50 (9.50) 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 2010.

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 accounts it should be taken into account that this 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 where 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 108-147). 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	2010	2009
Net sales	27,953	26,356
Other operating income	376	178
Change in inventories	27	-140
Raw materials and consumables	-10,411	-9,663
Employee benefit costs	-8,941	-8,469
Depreciation and impairment of property, plant and equipment and intangible assets	-1,050	-1,134
Other costs	-6,097	-5,447
Remeasurement HL Display	140	
Capital gain/loss from the sale of group companies	774	6
Capital gain/loss from the sale of associates	537	-6
Share of profits of associates	253	358
Operating profit	3,561	2,039
Financial income	253	328
Financial expenses	-946	-992
Net financial items	-693	-664
Profit before tax	2,868	1,375
Tax	-455	-441
Profit for the year	2,413	934
Attributable to:		
Owners of the parent	2,255	842
Non-controlling interests	158	92
Earnings per share, SEK		
– before dilution	14.18	5.32
– after dilution	14.15	5.32

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	2.6
5 years	3.3
3 years	3.3

The part of earnings in subsidiaries which the majority owner (Ratos) does not own is specified under the income statement.

Ratos's average exit gain

SEKbn	Exit gain
10 years	1.3
5 years	1.6
3 years	1.9

Central income and expenses include management costs and net financial items, primarily from the parent company.

Ratos's results

Income statement presented according to holdings' share of profit or loss.

SEKm	2010	2009
Profit/share of profits before tax [1]		
AH Industries (69%)	-24	-19
Anticimex (85%)	127	119
Arcus-Gruppen (83%)	135	165
Bisnode (70%)	274	145
Camfil (30%)	99	80
Contex Group (99%)	43	-73
DIAB (95%)	149	87
EuroMaint (100%)	-165	41
GS-Hydro (100%)	-27	58
Hafa Bathroom Group (100%)	37	38
Haglöfs (100%) [2]	5	58
HL Display (99%) [3]	13	25
Inwido (96%)	328	125
Jøtul (61%)	25	74
Lindab (11%)	38	27
Medisize (98%)	95	103
Mobile Climate Control (100%)	71	85
SB Seating (85%)	87	-9
Stofa (99%)	44	
Superfos (33%)	65	184
Other holdings	6	-18
Total profit/share of profits	**1,425**	**1,295**
Exit Haglöfs	783	
Exit Lindab	537	
Total exit gains	**1,320**	**0**
Remeasurement HL Display	140	
Impairment Other holdings	-25	
Profit from holdings	**2,860**	**1,295**
Central income and expenses	8	80
Consolidated profit before tax	**2,868**	**1,375**

1) Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

2) Haglöfs is included in consolidated profit through July. The entire holding was sold in August 2010.

3) HL Display included with 29% through May 2010, in June and July with 61% and subsequently with 99%.

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.

Consolidated statement of financial position

SEKm	31 Dec 2010	31 Dec 2009
ASSETS		
Non-current assets		
Goodwill	20,304	18,507
Other intangible assets	1,621	1,875
Property, plant and equipment	4,050	3,702
Investments in associates	367	2,339
Financial assets	165	193
Non-current receivables	276	275
Deferred tax assets	632	500
Total non-current assets	27,415	27,391
Current assets		
Inventories	2,884	2,617
Tax assets	159	163
Trade and other receivables	4,985	4,337
Prepaid expenses and accrued income	548	526
Other receivables	599	635
Cash and cash equivalents	2,855	4,999
Assets held for sale	1,318	190
Total current assets	13,348	13,467
Total assets	40,763	40,858
EQUITY AND LIABILITIES		
Equity		
Share capital	1,021	1,020
Other capital provided	414	372
Reserves	-427	478
Retained earnings including profit for the year	14,083	13,432
Equity attributable to owners of the parent	15,091	15,302
Non-controlling interests	1,374	1,500
Total equity	16,465	16,802
Liabilities		
Non-current interest-bearing liabilities	10,923	12,040
Other non-current liabilities	271	278
Other financial liabilities	134	137
Provisions for pensions	412	451
Other provisions	431	607
Deferred tax liabilities	778	779
Total non-current liabilities	12,949	14,292
Current interest-bearing liabilities	2,872	2,014
Other financial liabilities	89	77
Trade and other payables	2,328	2,160
Tax liabilities	294	172
Other liabilities	2,252	2,098
Accrued expenses and deferred income	2,888	2,660
Provisions	626	579
Liabilities attributable to assets held for sale		4
Total current liabilities	11,349	9,764
Total liabilities	24,298	24,056
Total equity and liabilities	40,763	40,858

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.

The 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.

Ratos's equity [1)]

SEKm	31 Dec 2010	% of equity
AH Industries	618	4
Anticimex	913	6
Arcus-Gruppen	790	5
Biolin Scientific	269	2
Bisnode	1,217	8
Camfil	259	2
Contex Group	986	7
DIAB	1,066	7
EuroMaint	652	4
GS-Hydro	-62	0
Hafa Bathroom Group	162	1
HL Display	1,024	7
Inwido	2,057	14
Jøtul	324	2
KVD Kvarndammen	360	2
Lindab	310	2
Medisize	795	5
Mobile Climate Control	669	5
SB Seating	1,067	7
Stofa	664	4
Superfos	589	4
Other holdings [2)]	167	1
Total	**14,896**	**99**
Other net assets in central companies	195	1
Equity (attributable to owners of the parent)	**15,091**	**100**
Equity per share, SEK	**95**	

1) Holdings are shown at consolidated figures, which correspond to the Group's share of the holdings' equity, any residual values on consolidated surplus and deficit values minus any intra-group profits. Shareholder loans and interest on such loans are also included.

2) Other holdings include the subsidiary BTJ Group and the holdings in Overseas Telecom and IK Investment Partners.

Mostly comprises cash and cash equivalents in the parent company.

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 2010 net debt/EBITDA amounted to 2.6 for the total portfolio calculated according to bank agreements

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 2010 (holdings owned at 17 February 2011)

	Net sales		EBITA		EBT A)	
SEKm	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
AH Industries 1)	978	1,236	55	86	26	54
Anticimex	1,856	1,803	198	197	159	148
Arcus-Gruppen	1,944	1,829	156	83	135	50
Biolin Scientific	142	137	12	12	7	11
Bisnode	4,451	4,741	536	593	376	324
Contex Group	750	698	97	11	43	-71
DIAB	1,396	1,322	188	156	149	97
EuroMaint	3,532	2,510	-67	133	-132	70
GS-Hydro	1,244	1,495	27	113	-27	58
Hafa Bathroom Group	424	390	38	51	37	40
HL Display 2)	1,617	1,360	66	86	29	61
Inwido	5,149	5,026	446	348	328	189
Jøtul	1,044	1,044	97	89	67	112
KVD Kvarndammen 3)	239	221	32	31	22	20
Lindab	6,527	7,019	401	265	112	119
Medisize	1,079	1,358	109	134	95	103
Mobile Climate Control	902	1,085	112	128	71	85
SB Seating	1,203	1,203	197	56	180	76
Stofa 4)	1,411	1,460	117	130	83	99
Superfos 5)	3,158	3,128	226	292	201	230
Other holdings 6)	808	863	8	-16	6	-18
Total	**39,854**	**39,926**	**3,049**	**2,978**	**1,968**	**1,859**
Change	**0%**		**2%**		**6%**	

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 company acquisitions.

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 loan. Interest-bearing debt excludes shareholder loan.

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) 2010	Investment C) 2010	Cash flow D) 2010	Equity E) 31 Dec 2010	Interest-bearing net debt E) 31 Dec 2010	Average no. employees 2010	Consolidated value 31 Dec 2010	Ratos's holding 31 Dec 2010
AH Industries [1]	57	–	–	886	362	420	618	69%
Anticimex	38	65	200	1,052	391	1,204	913	85%
Arcus-Gruppen	35	35	-67	1,018	-295	452	790	83%
Biolin Scientific	5	7	-4	196	47	91	269	88%
Bisnode	135	95	391	2,279	2,289	3,080	1,217	70%
Contex Group	56	55	27	1,003	655	309	986	99%
DIAB	87	81	91	1,212	820	1,327	1,066	95%
EuroMaint	59	28	38	668	741	2,713	652	100%
GS-Hydro	28	15	41	307	617	611	-62	100%
Hafa Bathroom Group	5	4	6	51	85	177	162	100%
HL Display [2]	38	–	–	1,123	490	1,102	1,024	99%
Inwido	179	69	321	2,340	1,501	3,759	2,057	96%
Jøtul	58	67	30	614	546	714	324	61%
KVD Kvarndammen [3]	5	–	–	360	178	140	360	100%
Lindab	164	128	628	2,755	1,856	4,454	310	11%
Medisize	45	46	78	821	250	837	795	98%
Mobile Climate Control	17	50	23	695	509	512	669	100%
SB Seating	49	23	203	1,158	723	471	1,067	85%
Stofa [4]	94	–	–	667	618	429	664	99%
Superfos [5]	210	171	51	1,743	365	1,322	589	33%
Other holdings [6]	10	7	-13	57	34	267	13	66%

1) AH Industries' earnings and average number of employees in 2009 and 2010 are pro forma taking the acquisition of RM Group into account.

2) HL Display's earnings for 2009 and 2010 are pro forma taking refinancing in August 2010 into account.

3) KVD Kvarndammen's earnings for 2009 and 2010 are pro forma taking Ratos's acquisition into account.

4) Stofa's earnings and average number of employees for 2009 and 2010 are pro forma taking Ratos's acquisition into account.

5) Superfos sold as of 18 February 2011.

6) "Other holdings" include the subsidiary BTJ Group.

AH Industries – strengthened position in continued tough market

Ratos acquired 66% of the shares in AH Industries in 2007. After the acquisition of RM Group in 2010, Ratos's holding 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 618m at year-end.

Ratos is represented on the board by Robin Molvin (Senior Investment Manager), Anders C. Karlsson (Industrial Advisor) and Michael Arvidsson (deputy).

Operations

AH Industries is a Danish leading supplier of metal components and services primarily to the wind power, cement and minerals industries. With effect from 1 January 2011 the group has two business areas: Wind Solutions and Cement & Minerals Solutions. Wind Solutions consists of the divisions Tower & Foundation, a leading supplier of flanges and other components to tower manufacturers in the wind power industry, Nacelle & Hub, which machines other types of metal components (such as shafts and hubs) for the wind power industry, and Site Solutions, a smaller operating area which supplies services and lifting devices to the wind power industry. Cement & Minerals 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 industry segments 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 precision requirements are high.

CEO Steffen Busk Jespersen

AH Industries has a total of approximately 420 employees. Most production takes place in Jutland, Denmark, but the company also has operations in China.

Market

2010 was characterised by continued market uncertainty and low activity within wind power in Europe and the US, while the markets in Asia and above all China showed strong growth. The market recovery in Europe and the US will take time due to continued limited financing opportunities for new wind power projects as well as renewed macroeconomic anxiety during the year and reduced demand for energy in the wake of the recession.

In the longer term the positive view of the wind power industry remains unchanged, with anticipated annual growth of approximately 10-15% for the period 2009-2015. Several interacting factors create conditions for long-term growth. These include increased demand for (green) energy, stronger political support and subsidies.

The global market for cement and minerals equipment has shown a slow recovery during the year but is still at a considerably lower level than before the financial crisis. 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.

The company has a strong market position in Wind Solutions, mainly in northern Europe. The company has strengthened its strategic position in recent years by establishing direct contacts and frame agreements with wind turbine manufacturers and by a substantial focus on certification of quality and work processes. The company's major customers include Siemens and REpower. AH Industries Cement & Minerals Solutions has built up relations over many years with its customers who are world leaders within their industries.

The year in brief

The Danish company RM Group was acquired at the beginning of the autumn for an enterprise value of DKK 325m, of which Ratos provided equity of DKK 227m. The seller was the Jørgensen family which founded the company and remains as a co-owner of the joint company. The acquisition strengthens AH Industries through complementary products and expertise, a new customer segment and production capacity in China.

2010 continued to be a challenging year for the entire wind power industry. Development for AH Industries differed between the business areas where above all the Tower & Foundation division was hit hard by low volumes while Nacelle & Hub and the newly acquired RM Group showed positive development compared with the previous year. Pro forma sales amounted to DKK 763m (866), corresponding to a decline of 12%. Operating profit (EBITA) pro forma amounted to DKK 43m (61), corresponding to an operating margin of 6% (7).

Future prospects

The wind power market remains uncertain which means that a broad market recovery will take time. The market decline brought forward a higher maturity rate for the entire industry which places increasing demands on the supply chain. With the acquisition of RM Group, AH Industries has strengthened its position which, combined with the long-term positive driving forces for wind power, is expected to benefit the company.

The Danish company RM Group was acquired in the autumn.

AH industries

www.ah-industries.dk

AH Industries

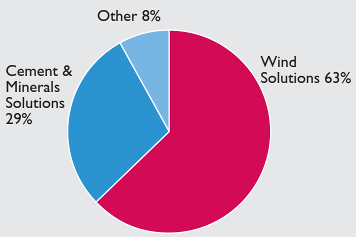
Board of Directors

Anders C. Karlsson	Chairman
Peter Leschly	Deputy Chairman
Lars Frithiof	
Erik Jørgensen	
Ole Jørgensen	
Robin Molvin	
Michael Arvidsson	Deputy

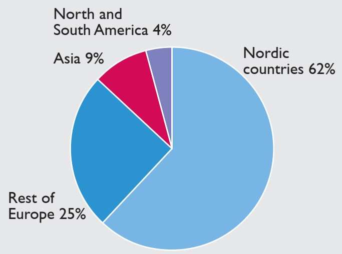
Management

Steffen Busk Jespersen	CEO
Thomas Thomsen	CFO

Sales by product area



Sales by region



DKKm	2010 1)2)	2009 2)	2009	2008	2007 3)	2006 3)
Income statement						
Net sales	763	866	367	583	446	319
Operating expenses	-678	-767	-335	-478	-358	-248
Other income/expenses	2	0	0	1		
Share of profits of associates						
Result from disposals					4	
EBITDA	**87**	**99**	**31**	**106**	**92**	**71**
Depreciation and impairment	-45	-39	-26	-20	-13	-12
EBITA	**43**	**61**	**6**	**86**	**79**	**59**
Amortisation and impairment of intangible assets						
Impairment of goodwill						
EBIT	**43**	**61**	**6**	**86**	**79**	**59**
Financial income	3	3	0	2	1	1
Financial expenses	-25	-25	-19	-23	-21	-20
EBT	**20**	**38**	**-14**	**64**	**59**	**40**
Tax	-4	-7	0	-16	-15	-10
Profit/loss from discontinued operations						
Profit for the year	**17**	**31**	**-14**	**48**	**44**	**30**
Attributable to owners of the parent	17	31	-14	48	44	30
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	670		510	510	510	
Other intangible assets	2		2	2		
Property, plant and equipment	225		158	163	124	
Financial assets, interest-bearing						
Financial assets, non-interest bearing	26		23	2	3	
Total non-current assets	**923**	**–**	**693**	**677**	**637**	**–**
Inventories	105		37	58	61	
Receivables, interest-bearing						
Receivables, non-interest bearing	149		77	109	67	
Cash, bank, other short term investments	55		3	4	2	
Assets held for sale						
Total current assets	**309**	**–**	**116**	**172**	**130**	**–**
Total assets	**1,232**	**–**	**810**	**849**	**767**	**–**
Equity attributable to owners of the parent	734		440	418	370	
Non-controlling interests						
Provisions, interest-bearing						
Provisions, non-interest bearing	31		24	0		
Liabilities, interest-bearing	355		305	388	348	
Liabilities, non-interest bearing	112		41	43	49	
Financial liabilities, other						
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**1,232**	**–**	**810**	**849**	**767**	**–**
Statement of cash flows						
Cash flow from operating activities before changes in working capital			13	64		
Changes in working capital			55	-40		
Cash flow from operating activities	**–**	**–**	**68**	**24**	**–**	**–**
Investments in non-current assets			-22	-62		
Disposals of non-current assets			1			
Cash flow before acquisition/ disposal of companies	**–**	**–**	**47**	**-38**	**–**	**–**
Net investments in companies						
Cash flow after investing activities	**–**	**–**	**47**	**-38**	**–**	**–**
Change in loans			-83	40		
New issue			35			
Dividend paid						
Others						
Cash flow from financing activities	**–**	**–**	**-48**	**40**	**–**	**–**
Cash flow for the year	**–**	**–**	**-1**	**2**	**–**	**–**
Key figures						
EBITA margin (%)	5.6	7.0	1.5	14.7	17.7	18.5
EBT margin (%)	2.7	4.4	-3.7	11.0	13.2	12.5
Return on equity (%)	2.8	–	-3.1	12.1	–	–
Return on capital employed (%)	5.0	–	0.7	11.5	–	–
Equity ratio (%)	60	–	54	49	48	–
Interest-bearing net debt	300	–	302	384	346	–
Debt/equity ratio, multiple	0.5	–	0.7	0.9	0.9	–
Average number of employees	420	405	210	253	210	173

1) Earnings for 2010 are charged with non-recurring costs of SEK -12m relating to acquisitions.

2) Earnings and average number of employees 2009 and 2010 are pro forma taking the acquisition of RM Group into account.

3) Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

Anticimex – good earnings growth outside Sweden

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 913m at year-end.

Ratos is represented on the board by Henrik Joelsson (Investment Director) and Cecilia Lundberg.

CEO Peter Carrick

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 1,200 employees. From operating solely within pest control, more than half of sales now come from new services such as energy and 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 the company sells a commitment for a pest-free environment where the company both removes pests and works with preventive programmes and measures.

Anticimex is an international company with approximately 1,200 employees who create safe and healthy indoor environments.

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 major 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 10 years, which means that the market (mainly for apartment blocks) is highly cyclical.

Fire Protection is the most recent specialist area. Customers are offered 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 a self-check programme for the company.

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 food retail 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, primarily in markets outside Sweden. Sales growth was negatively affected by reduced activity within energy surveys for apartment blocks, which by law had to be completed before the end of 2008. The company's operating cash flow for the year was very strong. Sales increased by 2.9% and amounted to SEK 1,856m (1,803). Operating profit (EBITA) was SEK 198m (197), which provided an operating margin of 10.7% (10.9).

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 company's range of products and services. Anticimex works actively to develop new products and services.

Financial targets

- Long-term annual growth >10%
- EBITA margin >12%

Anticimex
TO PREVENT AND PROTECT

www.anticimex.se

Anticimex

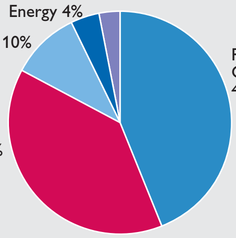
Board of Directors

Amund Skarholt	Chairman
Ulf Holmlund	
Bo Ingemarson	
Henrik Joelsson	
Cecilia Lundberg	

Management

Peter Carrick	CEO
Gunnar Åkerblom	Deputy CEO
Mikael Roos	CFO

Sales by operating area



SEKm	2010	2009	2008	2007	2006 [1]
Income statement					
Net sales	1,856	1,803	1,688	1,508	1,373
Operating expenses	-1,620	-1,568	-1,471	-1,313	-1,203
Other income/expenses					
Share of profits of associates	0				
Result from disposals					
EBITDA	**236**	**235**	**217**	**195**	**170**
Depreciation and impairment	-38	-38	-35	-33	-30
EBITA	**198**	**197**	**181**	**162**	**140**
Amortisation and impairment of intangible assets	-6	-6	-6	-6	-5
Impairment of goodwill					
EBIT	**192**	**191**	**176**	**156**	**135**
Financial income	3	2	10	6	2
Financial expenses [2]	-37	-46	-75	-71	-53
EBT	**159**	**148**	**111**	**91**	**84**
Tax	-29	-30	-24	-25	-19
Profit/loss from discontinued operations					
Profit for the year	**130**	**118**	**87**	**67**	**65**
Attributable to owners of the parent	130	118	87	67	65
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	1,844	1,891	1,867	1,857	1,729
Other intangible assets	118	122	128	130	134
Property, plant and equipment	113	120	122	109	101
Financial assets, interest-bearing	150	106	78	76	43
Financial assets, non-interest bearing	23	32	34	45	41
Total non-current assets	**2,247**	**2,271**	**2,229**	**2,216**	**2,048**
Inventories	30	31	30	30	29
Receivables, interest-bearing					
Receivables, non-interest bearing	405	408	393	353	300
Cash, bank, other short term investments	190	76	38	79	75
Assets held for sale					
Total current assets	**625**	**516**	**462**	**462**	**404**
Total assets	**2,872**	**2,786**	**2,691**	**2,679**	**2,452**
Equity attributable to owners of the parent [3]	1,052	965	821	751	660
Non-controlling interests				0	
Provisions, interest-bearing	49	47	46	45	43
Provisions, non-interest bearing	829	774	712	654	419
Liabilities, interest-bearing	683	759	878	1,015	1,005
Liabilities, non-interest bearing	259	241	234	214	325
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,872**	**2,786**	**2,691**	**2,679**	**2,452**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	190	169	144	200	132
Changes in working capital	72	50	15	-27	19
Cash flow from operating activities	**263**	**219**	**159**	**173**	**151**
Investments in non-current assets	-65	-52	-36	-89	-55
Disposals of non-current assets	2	5	4	4	9
Cash flow before acquisition/ disposal of companies	**200**	**171**	**127**	**88**	**105**
Net investments in companies				-94	
Cash flow after investing activities	**200**	**171**	**127**	**-6**	**105**
Change in loans	-83	-137	-167	10	-71
New issue					
Dividend paid					
Others					
Cash flow from financing activities	**-83**	**-137**	**-167**	**10**	**-71**
Cash flow for the year	**116**	**34**	**-40**	**4**	**34**
Key figures					
EBITA margin (%)	10.7	10.9	10.7	10.7	10.2
EBT margin (%)	8.5	8.2	6.6	6.1	6.1
Return on equity (%)	12.9	13.2	11.0	9.4	10.1
Return on capital employed (%)	11.0	11.0	10.4	9.2	8.0
Equity ratio (%)	37	35	31	28	27
Interest-bearing net debt	391	624	807	905	930
Debt/equity ratio, multiple	0.7	0.8	1.1	1.4	1.6
Average number of employees	1,204	1,178	1,175	1,032	970

[1] Earnings for 2006 are pro forma taking Ratos's acquisition into account.

[2] Excluding interest on shareholder loan.

[3] Equity at 31 December 2010 includes shareholder loan of SEK 345m.

Arcus-Gruppen – continued profitable growth

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 790m at year-end.

Ratos is represented on the board by Susanna Campbell (Investment Director) and Leif Johansson.

Operations

Arcus-Gruppen develops, produces, bottles, imports, markets and sells wine and spirits. The company originated in 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 is the market leader in Norway in sales of spirits. These sales account for 29% of the Group's total sales. The best-known own brands include Linie Aquavit, Braastad Cognac and Vikingfjord Vodka.

Arcus has both its own wine brands and an agency business. Together with the subsidiaries Vinordia and Arcus Wine Brands, Arcus is the market leader in sales of wine in Norway. In Sweden through its subsidiary Vingruppen, Arcus has created a strong position with good growth. Wine sales account for 53% 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 for importers, producers and agents of alcoholic beverages.

Arcus-Gruppen also owns 33% of the cognac producer Tiffon in France.

CEO Otto Drakenberg, takes office 1 April 2011

Market

Arcus-Gruppen has a leading position in Norway, and significant sales within certain segments in the other Nordic markets, primarily of wine in Sweden and aquavit in Denmark. In other export markets, Finland, Germany and the US, Arcus has a small market share within spirits. Substantial 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'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 significant portion of international producers whose products are mainly sold through local agents.

Wine and spirits are largely consumed to the same extent regardless of the economic climate. In recent years, however, a shift in consumption patterns from spirits to wine has been noted in Norway and Sweden.

The year in brief

The company enjoyed good sales growth during 2010, mainly due to increased sales of wine. Vinordia, Arcus Wine Brands and the Swedish Vingruppen continue to grow and take market shares within wine in both Norway and Sweden. Development for spirits sales was stable. Arcus retained its leading position in Norway but the spirits market declined to some extent. Export sales of spirits continued to grow in Sweden, Denmark, Finland and Germany. Arcus encountered increased competition in the US. Vectura increased its sales due to a more advantageous business mix despite lower volumes in the Norwegian market. Earnings were positively affected by the strengthening of the Norwegian and Swedish krona against the euro.

Otto Drakenberg was appointed as the new CEO of Arcus-Gruppen in February 2011. He succeeds Jan Tore Føsund who resigned on 1 September 2010.

Arcus-Gruppen's sales in 2010, excluding alcohol taxes and charges, amounted to NOK 1,632m (1,504). Operating profit (EBITA) was NOK 131m (163).

Future prospects

Market prospects are good and Arcus-Gruppen is expected to show stable development in the future. In the short term increased alcohol tax in Norway may have a slightly moderating effect on domestic sales. The company has a unique position in the Norwegian market with a high market share. Potential exists for further internationalisation of several of the spirits brands. The wine market offers good opportunities for growth in both Norway and Sweden. Arcus-Gruppen will continue to improve the efficiency of its operations. The new production facility in Gjelleråsen is expected to be ready for occupancy at the start of 2012 and over time to provide significant efficiency gains.

The new production facility in Gjelleråsen is expected to be ready for occupancy at the start of 2012.

ArcusGruppen

www.arcusgruppen.no

Arcus-Gruppen

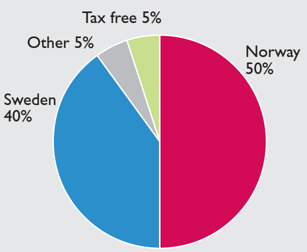
Board of Directors

Kaare Frydenberg Chairman
Susanna Campbell
Stefan Elving
Leif Johansson
Gro Myking
Eilif Due
Birgitta Stymne Göransson
Henning Øglænd
Kjell Arne Greni Employee representative
Erik Hagen Employee representative
Lasse Hansen Employee representative
Bjørn Erik Olsen Employee representative

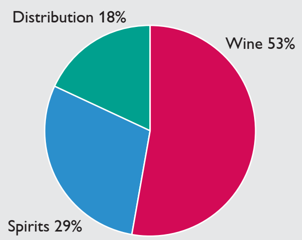
Management

Otto Drakenberg CEO from 1 April 2011
Kaare Frydenberg Executive chairman from 1 Sept 2010 until 31 March 2011
Leif Ove Rørnes CFO
Rolf Kragerud Strategy Director
Synnøve Olsbø HR Director
Thomas Patay Wines Director
Jan Oluf Skarpnes Spirits Director
Rolf Brustad Director Vectura
Terje Thurmann-Moe Head of Communications

Sales by market



Sales by operating area



1) Earnings for the full-year 2009 are adjusted downwards by NOK 95m relating to a new pension plan.

2) Earnings for 2008 include a positive non-recurring item of NOK 52m relating to a changed pension plan.

3) Earnings for 2007 include a capital gain from a property sale of NOK 649m.

4) Earnings for 2006 are pro forma taking discontinued operations in 2006 into account.

NOKm	2010	2009 1)	2009	2008 2)	2007 3)	2006 4)
Income statement						
Net sales	1,632	1,504	1,504	1,309	1,219	965
Operating expenses	-1,473	1,383	-1,288	-1,145	-1,094	-869
Other income/expenses		-27	-27	0		
Share of profits of associates	2	3	3	8	2	
Result from disposals					649	18
EBITDA	**160**	**96**	**191**	**172**	**776**	**114**
Depreciation and impairment	-29	-28	-28	-29	-29	-31
EBITA	**131**	**68**	**163**	**143**	**747**	**83**
Amortisation and impairment of intangible assets	-5	-3	-3	-3	-3	-3
Impairment of goodwill						
EBIT	**126**	**65**	**160**	**141**	**744**	**80**
Financial income	9	26	26	38	41	16
Financial expenses 5)	-23	-50	-50	-66	-31	-29
EBT	**113**	**41**	**136**	**113**	**754**	**67**
Tax	-28	-50	-50	-26	-31	-18
Profit/loss from discontinued operations						-12
Profit/loss for the year	**85**	**-9**	**86**	**87**	**723**	**37**
Attributable to owners of the parent	55	-27	68	72	711	35
Attributable to non-controlling interests	30	18	18	15	12	2
Statement of financial position						
Goodwill	465		460	467	462	447
Other intangible assets	234		240	236	238	240
Property, plant and equipment	99		100	201	108	385
Financial assets, interest-bearing			6	8	13	8
Financial assets, non-interest bearing	71		65	76	18	16
Total non-current assets	**869**	**–**	**871**	**988**	**839**	**1,096**
Inventories	209		211	218	169	150
Receivables, interest-bearing						
Receivables, non-interest bearing	1,045		935	947	837	873
Cash, bank, other short term investments	429		378	481	635	267
Assets held for sale			153			
Total current assets	**1,682**	**–**	**1,677**	**1,647**	**1,648**	**1,290**
Total assets	**2,552**	**–**	**2,548**	**2,635**	**2,487**	**2,386**
Equity attributable to owners of the parent	823		758	705	776	554
Non-controlling interests	61		41	34	24	16
Provisions, interest-bearing	32		38	123	173	172
Provisions, non-interest bearing	71		74	116	21	63
Liabilities, interest-bearing	140		183	295	350	427
Liabilities, non-interest bearing	1,402		1,434	1,352	1,143	1,154
Financial liabilities, other	23		17	10		
Liabilities attributable to Assets held for sale			3			
Total equity and liabilities	**2,552**	**–**	**2,548**	**2,635**	**2,487**	**2,386**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	102		171	76	96	90
Changes in working capital	-131		-11	80	-36	10
Cash flow from operating activities	**-28**	**–**	**160**	**156**	**60**	**100**
Investments in non-current assets	-29		-156	-18	-29	-31
Disposals of non-current assets	2		7	4		
Cash flow before acquisition/ disposal of companies	**-56**	**–**	**10**	**142**	**31**	**69**
Net investments in companies	153			-84	890	-53
Cash flow after investing activities	**97**	**–**	**10**	**58**	**921**	**16**
Change in loans	-36		-113	-55	-75	-47
New issue						1
Dividend paid	-14		-6	-159		
Others					-479	
Cash flow from financing activities	**-50**	**–**	**-119**	**-214**	**-554**	**-46**
Cash flow for the year	**47**	**–**	**-109**	**-156**	**367**	**-30**
Key figures						
EBITA margin (%)	8.0	4.5	10.8	11.0	61.3	8.6
EBT margin (%)	6.9	2.7	9.0	8.6	61.9	6.9
Return on equity (%)	6.9	–	9.3	9.7	106.9	6.5
Return on capital employed (%)	13.1	–	17.0	14.5	63.0	8.2
Equity ratio (%)	35	–	31	28	32	24
Interest-bearing net debt	-256	–	-163	-71	-132	324
Debt/equity ratio, multiple	0.2	–	0.3	0.6	0.7	1.1
Average number of employees	452	–	463	461	456	435

Biolin Scientific – new holding in Sweden

Ratos made an offer for the listed company Biolin Scientific of SEK 11.50 per share in November 2010. At 17 February 2011, Ratos owned 95% of the capital and votes in Biolin Scientific. Ratos will shortly initiate compulsory acquisition of the remaining shares. The company is included in Ratos's earnings with effect from 1 January 2011.

Consolidated value in Ratos at year-end amounted to SEK 269m for a holding of 88%.

Ratos is represented on the board by Henrik Joelsson (Investment Director) and Anders Borg (deputy).

Operations

Biolin Scientific offers advanced analytical instruments for research, several of which are patented. The company's largest market niche is nanotechnology, primarily materials science and biophysics. The product portfolio consists of the brands Q-Sense, KSV NIMA, Attension and Farfield. Biolin Scientific also has a wholly owned subsidiary, Osstell, which manufactures and sells instruments for clinical diagnostics within dentistry. Customers comprise researchers in academia, research institutes and the industrial sector.

Biolin Scientific has international operations which are based in its headquarters in Gothenburg, Sweden. The company sells direct to customers in North America, the UK and the Nordic region.

CEO Jan Wahlström

In an additional 70 markets, Biolin Scientific is represented by some 50 distribution partners. All manufacture of scientific instruments takes place at the company's facility in Helsinki, Finland. The company has approximately 90 employees.

Market

The global market for analytical instruments has annual sales of approximately USD 40 billion and Biolin Scientific operates in a small niche in that market. The company mainly sells patented measurement techniques where there are no direct competitors. The main applications are within the research disciplines materials science and biophysics where 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.

The most important geographical markets are North America, Western Europe and Japan. Emerging markets include China, India, Brazil and Russia.

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.

Biolin Scientific's subsidiary Osstell manufactures and sells a patented diagnostic instrument for measuring the stability of dental implants. The market for dental implants is expected to grow by 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 a bridge or dentures. Osstell's growth potential is assessed as even higher, however, since the use of this instrument is still relatively low.

The year in brief

Sales in 2010 amounted to SEK 142m which corresponds to an increase of 4% over 2009. In local currency sales increased by approximately 13%. Growth is explained by a rise in the number of sold instruments, primarily within Q-Sense and Osstell. In addition, Farfield was acquired during the year.

Operating profit (EBITA) for 2010 was SEK 12m compared with SEK 12m in 2009. Margin growth was negatively affected to some extent by currency effects and a weak fourth quarter due to postponed customer orders.

Future prospects

Biolin Scientific has a strong product portfolio and opportunities for high organic growth. In addition there are possible add-on acquisitions of closely related analytical technologies and instruments where synergies can be achieved through joint sales. Increased growth will also provide opportunities to further improve the operating margin in the existing business. The focus in 2011 will be on continued organic growth and acquisitions.

Biolin Scientific's customers are primarily researchers in academia, research institutes and the industrial sector.

BiolinScientific

www.biolinscientific.com

Biolin Scientific

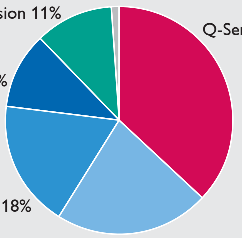
Board of Directors

Arne Bernroth	Chairman
Henrik Joelsson	
Anders Borg	Deputy

Management

Jan Wahlström	CEO
Malin Källman	CFO
Jonas Ohlsson	MD Osstell

Sales by brand



SEKm	2010	2009	2008	2007 [1]	2006
Income statement					
Net sales	142	137	109	80	30
Operating expenses	-125	-120	-106	-102	-52
Other income/expenses					
Share of profits of associates					1
Result from disposals					
EBITDA	**17**	**17**	**3**	**-22**	**-22**
Depreciation and impairment	-5	-5	-3	-5	-2
EBITA	**12**	**12**	**0**	**-27**	**-23**
Amortisation and impairment of intangible assets	0				
Impairment of goodwill					
EBIT	**12**	**12**	**0**	**-27**	**-23**
Financial income	1	0	7	1	0
Financial expenses	-6	-1	-2	-1	0
EBT	**7**	**11**	**5**	**-28**	**-23**
Tax	23	22	15		
Profit/loss from discontinued operations			-34	-3	-40
Profit/loss for the year	**30**	**33**	**-13**	**-31**	**-63**
Attributable to owners of the parent	30	33	-13	-31	-63
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	99	85	88	89	14
Other intangible assets	52	25	20	34	27
Property, plant and equipment	7	5	5	6	3
Financial assets, interest-bearing					
Financial assets, non-interest bearing	60	37	15	2	3
Total non-current assets	**218**	**153**	**128**	**130**	**48**
Inventories	21	16	18	18	2
Receivables, interest-bearing					
Receivables, non-interest bearing	40	46	33	28	14
Cash, bank, other short term investments	24	35	7	17	94
Assets held for sale					1
Total current assets	**85**	**97**	**57**	**63**	**112**
Total assets	**303**	**250**	**185**	**194**	**159**
Equity attributable to owners of the parent	196	176	123	128	149
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	5	2	17	25	0
Liabilities, interest-bearing	71	43	21	23	0
Liabilities, non-interest bearing	31	30	24	18	9
Financial liabilities, other					
Liabilities attributable to Assets held for sale					1
Total equity and liabilities	**303**	**250**	**185**	**194**	**159**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	11	16	-9	-26	-29
Changes in working capital	-9	-9	2	-11	-4
Cash flow from operating activities	**2**	**7**	**-7**	**-37**	**-33**
Investments in non-current assets	-7	-10	-8	-59	-13
Disposals of non-current assets		0	8	1	0
Cash flow before acquisition/ disposal of companies	**-4**	**-3**	**-7**	**-96**	**-46**
Net investments in companies	-9				
Cash flow after investing activities	**-14**	**-3**	**-7**	**-96**	**-46**
Change in loans	3	9	-2	19	-1
New issue	-1	22		0	135
Dividend paid					
Others					
Cash flow from financing activities	**2**	**32**	**-2**	**18**	**134**
Cash flow for the year	**-11**	**28**	**-9**	**-77**	**88**
Key figures					
EBITA margin (%)	8.5	9.0	0.0	-34.2	-78.2
EBT margin (%)	5.1	8.4	4.8	-34.8	-78.1
Return on equity (%)	16.1	22.4	-10.6	-22.3	–
Return on capital employed (%)	5.5	7.0	4.8	-17.6	–
Equity ratio (%)	65	70	67	66	93
Interest-bearing net debt	47	8	14	5	-94
Debt/equity ratio, multiple	0.4	0.2	0.2	0.2	0.0
Average number of employees	91	71	78	57	29

[1] Earnings for 2007 include Ospol AB with SEK -15m. The company was divested in 2008.

Bisnode – recovery towards year-end

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 owns 70% of the voting rights and capital in the company. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,217m at year-end.

Ratos is represented on the board by Henrik Joelsson (Investment Director).

CEO Johan Wall

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 can boost their sales, reduce their risks and improve their day-to-day business decisions. Bisnode was formed in 1989 and operates in 17 European countries with approximately 3,000 employees.

Bisnode endeavours to achieve cost synergies at national level, mainly through joint data collection and processing. Bisnode can create revenue synergies by transferring products, concepts, applications, and sales models across different markets.

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.

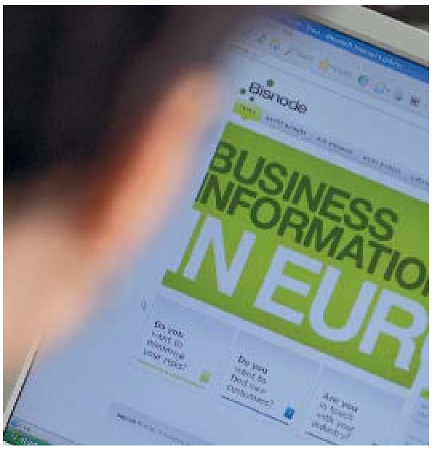
Increased global competition and information overload are clear growth factors that lead to higher demand for good decision support, rapid digital distribution and easily accessible information solutions. Drivers vary substantially between countries, particularly in relation to growth, competition and 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, a number of divestments were made during the year. These included Office Team, the ABC companies in Belgium, France, Luxembourg and the Netherlands, and the shareholding in Emric.

Bisnode continued its strategy of strengthening positions in selected markets. The company made three acquisitions in 2010: the Swedish company Bilfakta was acquired in April, Yritystele (an online B2B search service for business information in Finland) was acquired in October, and the Croatian company Poslovna Domena in December. The market offering in Germany was strengthened further during the year with the launch of a new credit information company.

Market growth within credit information services was good while the late-cyclical direct marketing services noted weaker development at the start of the year. Towards the end of the year, however, direct marketing services showed signs of a turnaround in Sweden and Belgium.



Using business information services from Bisnode, companies can improve their daily business decisions.

Bisnode's sales amounted to SEK 4,451m (4,741), which corresponds to a decrease of 6.1%. Operating profit (EBITA) was SEK 536m (593). Operating profit includes extraordinary expenses and capital losses of SEK 58m (+30). Organic growth amounted to -6.6% and -1.4% excluding currency effects.

Future prospects

Bisnode will continue to develop its market offering in order to strengthen its position in Europe, which will be achieved by establishing services in new countries and through acquisitions of strategically suitable companies. As the company increases in size, Bisnode will improve its opportunities to implement efficiency gains within information purchasing and data management.

Financial targets

- Growth 10% over a business cycle
- EBITA margin ≥ 15% over a business cycle

Bisnode

www.bisnode.com

Bisnode

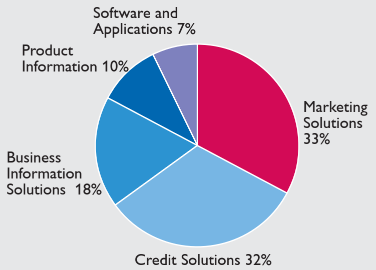
Board of Directors

Håkan Ramsin	Chairman
Henrik Joelsson	
Birgitta Klasén	
Jonas Nyrén	
Carl Wilhelm Ros	
Tommy Håkansson	Employee representative
Filippa Bylander	Employee representative

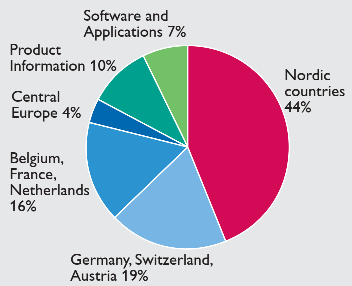
Management

Johan Wall	CEO
Fredrik Åkerman	CFO, Business Area Director
Mattias Aronsson	CIO, Competence Centre Director
Maria Anselmi	Competence Centre Director
Martin Coufal	Regional Director
Mats Erwald	Regional Director
Elin Ljung	Corporate Communications Director
Norbert Verkimpe	Regional Director, Competence Centre Director
Peter Villa	Regional Director, Business Area Director
Karin Svensson	Talent Director

Sales by business area



Sales by market



[1)] EBITA includes costs affecting comparability of SEK -58m (30) for the full-year 2010. Net financial items include unrealised exchange gains of SEK 93m (75) for the full-year 2010.
[2)] Earnings for 2009 and 2008 are pro forma taking into account discontinued operations in the UK/Ireland in 2009.
[3)] Earnings for 2008 include impairment of SEK -46m and unrealised exchange losses of SEK -131m.
[4)] Earnings for 2007 are pro forma taking into account new financing.
[5)] Earnings for 2006 are pro forma including the German operations.
[6)] Excluding interest on shareholder loan.
[7)] Equity at 31 December 2010 includes shareholder loan of SEK 1,229m.
[8)] Cash flow attributable to discontinued operations amounts to SEK 97m for the full-year 2009.

SEKm	2010 [1)]	2009 [1)2)8)]	2008 [2)3)]	2007 [4)]	2007	2006 [5)]
Income statement						
Net sales	4,451	4,741	4,325	3,899	3,899	3,389
Operating expenses	-3,820	-4,093	-3,745	-3,397	-3,397	-2,893
Other income/expenses	49	50	56	65	65	25
Share of profits of associates			0	13	13	11
Result from disposals	-9	30	42	91	91	66
EBITDA	**671**	**728**	**679**	**671**	**671**	**598**
Depreciation and impairment	-135	-135	-146	-91	-91	-70
EBITA	**536**	**593**	**533**	**580**	**580**	**528**
Amortisation and impairment of intangible assets	-102	-123	-87	-82	-82	-62
Impairment of goodwill		-41				
EBIT	**434**	**428**	**446**	**498**	**498**	**466**
Financial income	106	86	18	60	60	30
Financial expenses [6)]	-164	-191	-381	-194	-139	-130
EBT	**376**	**324**	**83**	**364**	**419**	**366**
Tax	-91	-69	-14	-66	-66	-109
Profit/loss from discontinued operations		-108	-4			
Profit for the year	**285**	**146**	**66**	**298**	**353**	**257**
Attributable to owners of the parent	272	135	53	292	347	255
Attributable to non-controlling interests	14	11	13	6	6	2
Statement of financial position						
Goodwill	4,530	4,751	4,907		4,199	3,311
Other intangible assets	652	862	1,136		963	633
Property, plant and equipment	285	367	414		327	191
Financial assets, interest-bearing	12	17	40		2	6
Financial assets, non-interest bearing	142	125	182		230	215
Total non-current assets	**5,621**	**6,122**	**6,679**	**–**	**5,721**	**4,356**
Inventories	6	11	12		7	6
Receivables, interest-bearing	7	14	8		18	
Receivables, non-interest bearing	888	924	1,083		896	785
Cash, bank, other short term investments	259	368	324		214	298
Assets held for sale						
Total current assets	**1,161**	**1,317**	**1,427**	**–**	**1,135**	**1,089**
Total assets	**6,781**	**7,439**	**8,105**	**–**	**6,856**	**5,445**
Equity attributable to owners of the parent [7)]	2,232	2,223	2,219		2,382	2,051
Non-controlling interests	47	65	57		52	3
Provisions, interest-bearing	245	360	354		309	219
Provisions, non-interest bearing	304	307	375		360	297
Liabilities, interest-bearing	2,322	2,724	3,166		2,232	1,776
Liabilities, non-interest bearing	1,631	1,761	1,935		1,521	1,019
Financial liabilities, other						80
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**6,781**	**7,439**	**8,105**	**–**	**6,856**	**5,445**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	483	437	429		426	353
Changes in working capital	-19	32	5		44	-132
Cash flow from operating activities	**464**	**470**	**434**	**–**	**470**	**221**
Investments in non-current assets	-95	-119	-206		-187	-147
Disposals of non-current assets	23	7	96		29	19
Cash flow before acquisition/ disposal of companies	**391**	**358**	**324**	**–**	**312**	**93**
Net investments in companies	-179	81	-504		-805	46
Cash flow after investing activities	**212**	**439**	**-180**	**–**	**-493**	**139**
Change in loans	-294	-381	635		403	-269
New issue						
Dividend paid	-1	-3	-1,801			-5
Others	-4		1,436			
Cash flow from financing activities	**-298**	**-384**	**270**	**–**	**-403**	**274**
Cash flow for the year	**-86**	**55**	**90**	**–**	**-90**	**-135**
Key figures						
EBITA margin (%)	12.0	12.5	12.3	14.9	14.9	15.6
EBT margin (%)	8.4	6.8	1.9	9.3	10.7	10.8
Return on equity (%)	12.2	6.1	2.3	–	15.7	13.2
Return on capital employed (%)	10.6	9.2	8.6	–	12.4	12.0
Equity ratio (%)	34	31	28	–	36	38
Interest-bearing net debt	2,289	2,684	3,148	–	2,307	1,691
Debt/equity ratio, multiple	1.1	1.3	1.5	–	1.0	1.0
Average number of employees	3,080	3,167	3,182	–	2,790	2,527

Contex Group – strong profitability improvement

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 986m.

Ratos is represented on the board by Per Frankling (Investment Director) and by Mikael Norlander.

Operations

Contex Group is the world leader in development, production and marketing of advanced 2D and 3D imaging solutions. The group consists of three subsidiaries: Contex A/S, Z Corporation and Vidar Systems.

Contex A/S develops, produces and markets large-format scanners and related software.

Z Corporation develops, produces and markets equipment for 3D print-outs with related consumables. The company also markets 3D scanners. The products are used, among other things, for concept modelling and rapid prototyping.

Vidar Systems develops, produces and sells equipment for digitalisation of analogue radiographic images. Vidar Systems' main product is radiology film digitizers which are sold both for pure archiving and in conjunction with the sale of digital radiology equipment. The end customer can use this equipment to compare new radiographic images with previous ones.

The group and Contex A/S have their head office in Allerød, Denmark. Z Corporation is located in Boston, Massachusetts, USA, and Vidar Systems is located in Herndon, Virginia, USA.

The US is Contex's largest market while developing countries are expected to account for future growth.

CEO Aage Snorgaard

Market

Contex A/S is the market leader within large-format scanners which are sold as free-standing units, in conjunction with large-format printers, or as integral systems with large-format scanners and printers. Due to the high picture 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%. During 2010 the market recovered from the sharp downturn last year. Over time the total market is expected to grow slightly faster than GDP, driven by a continued changeover to integrated systems. Contex A/S has a very strong position in this segment as a supplier to the large-format printer market leaders HP, Océ and Ricoh. The biggest competitors are Graphtec and Colortrac.

Z Corporation's market saw rapid growth until 2008 due to improved performance and new applications. During 2009 the market was negatively affected by the weaker global economic climate. In the latter part of 2010 the market recovered and use of 3D printers, mainly within product development, architecture, education and medical applications, is expected to continue its rapid growth in the future. Z Corporation is a global market leader in early phases of customers' product development and has its strongest position in customer segments that value visual design. The company is the only supplier that can offer colour print-outs and has a competitive advantage when it comes to cost and printing speeds. Competitors include Stratasys, 3D Systems and Objet.

Vidar Systems is the market leader in its product segment and sells its products to OEMs and independent distributors. End customers include hospitals and health centres. The market declined in 2009 and 2010 but is expected to be stable in the future. The US is still the largest market while developing countries are expected to account for future growth.

The year in brief

During the year Contex Group reversed the negative sales trend which affected the group in 2009 as a result of the financial crisis and subsequent recession. Sales growth was highest in Contex A/S due to major stock reductions at HP and other customers in 2009. Since the end of the year, Contex A/S has been a supplier of the scanner module for HP's first combined large-format ink-jet printer and scanner. Z Corporation had a positive sales development during the year for consumables. At the end of the year sales of 3D printers also gained momentum due to new product launches, including the ZBuilder. Sales for Vidar Systems decreased due to continued weak demand from American hospitals. Profitability in the group improved substantially due to the extensive cost-cutting programmes carried out in 2008 and 2009. Aage Snorgaard took over as President and CEO of Contex A/S on 1 October.

The group's sales rose by 14% to USD 104m (91.3). Operating profit (EBITA) amounted to USD 13.4m (1.4). Operating margin reached 12.9% (1.6). EBITA was charged with restructuring costs of USD 0.7m (6.5).

Future prospects

Contex Group has a strong global market position and is well placed for profitable growth within all three operating areas. Continued investments are being made in product development in order to strengthen technical competitiveness. Demand recovered in 2010 and the outlook for 2011 is cautiously optimistic.

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

Contex Group

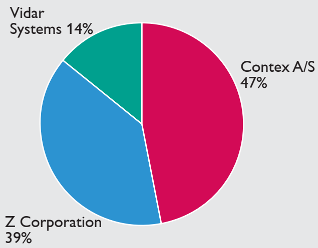
Board of Directors

Arne Frank	Chairman
Per Frankling	
Kaj Juul-Pedersen	
Peter Leschly	
Mikael Norlander	
Brian Steen Jensen	Employee representative
Søren Thuun Jensen	Employee representative

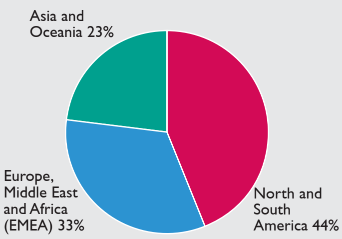
Management

Aage Snorgaard	President and CEO Contex A/S
Kenneth Aaby Sachse	CFO Contex Group
John Kawola	CEO Z Corporation
John Hart	CEO Vidar Systems

Sales by company



Sales by market



USDm	2010	2009 [1]	2008	2007 [2)3)]	2006 [3]
Income statement					
Net sales	104.0	91.3	124.2	122.9	121.5
Operating expenses	-83.1	-81.0	-105.6	-105.0	-99.7
Other income/expenses	0.2	0.2	0.2	0.9	0.7
Share of profits of associates					
Result from disposals					
EBITDA	**21.1**	**10.5**	**18.9**	**18.8**	**22.5**
Depreciation and impairment	-7.7	-9.1	-5.5	-3.1	-2.0
EBITA	**13.4**	**1.4**	**13.4**	**15.7**	**20.5**
Amortisation and impairment of intangible assets		-0.7	-0.7	-0.7	-1.2
Impairment of goodwill					
EBIT	**13.4**	**0.7**	**12.7**	**15.0**	**19.3**
Financial income	0.0	2.3	0.5	1.9	1.3
Financial expenses	-7.4	-12.3	-12.9	-14.4	-14.5
EBT	**6.0**	**-9.3**	**0.2**	**2.5**	**6.1**
Tax	-1.8	1.6	1.3	-4.9	-5.8
Profit/loss from discontinued operations					
Profit/loss for the year	**4.2**	**-7.7**	**1.5**	**-2.4**	**0.3**
Attributable to owners of the parent	4.2	-7.7	1.5	-2.4	0.3
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	215.8	215.8	215.8	211.4	
Other intangible assets	12.7	12.0	12.1	9.6	
Property, plant and equipment	7.6	8.6	10.7	10.5	
Financial assets, interest-bearing					
Financial assets, non-interest bearing	2.2	2.1	4.8	2.1	
Total non-current assets	**238.3**	**238.6**	**243.4**	**233.6**	**–**
Inventories	9.3	11.0	15.1	12.2	
Receivables, interest-bearing					
Receivables, non-interest bearing	18.9	16.3	20.7	23.9	
Cash, bank, other short term investments	19.4	15.6	10.8	24.5	
Assets held for sale					
Total current assets	**47.6**	**42.9**	**46.6**	**60.6**	**–**
Total assets	**286.0**	**281.5**	**290.0**	**294.2**	**–**
Equity attributable to owners of the parent	147.5	139.8	103.0	105.2	
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	7.9	4.9	4.3	4.8	
Liabilities, interest-bearing	115.7	118.5	157.1	156.3	
Liabilities, non-interest bearing	14.9	18.3	25.6	28.0	
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**286.0**	**281.5**	**290.0**	**294.2**	**–**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	12.9	4.2	5.0		
Changes in working capital	-1.5	4.6	-4.6		
Cash flow from operating activities	**11.4**	**8.8**	**0.4**	**–**	**–**
Investments in non-current assets	-7.7	-7.7	-9.1		
Disposals of non-current assets	0.1				
Cash flow before acquisition/disposal of companies	**3.8**	**1.1**	**-8.7**	**–**	**–**
Net investments in companies			-4.0		
Cash flow after investing activities	**3.8**	**1.1**	**-12.7**	**–**	**–**
Change in loans	-2.9	-38.5	-1.1		
New issue	2.7	42.3			
Dividend paid					
Others	0.1				
Cash flow from financing activities	**0.0**	**3.8**	**-1.1**	**–**	**–**
Cash flow for the year	**3.8**	**4.9**	**-13.8**	**–**	**–**
Key figures					
EBITA margin (%)	12.9	1.6	10.8	12.8	16.9
EBT margin (%)	5.8	-10.2	0.2	2.1	5.0
Return on equity (%)	2.9	-6.3	1.4	–	–
Return on capital employed (%)	5.1	1.2	5.0	–	–
Equity ratio (%)	52	50	36	36	–
Interest-bearing net debt	96.2	102.9	146.3	131.7	–
Debt/equity ratio, multiple	0.8	0.8	1.5	1.5	–
Average number of employees	309	335	467	448	466

[1] Earnings for 2009 were charged with USD -6.5m for action programmes.

[2] 2007 includes costs affecting comparability for expenses relating to acquisitions of USD -3.9m.

[3] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

DIAB – volume growth and improved profitability

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 1,066m at year-end.

Ratos is represented on the board by Henrik Blomé (Investment Director), Stig Karlsson (Industrial Advisor) and Johan Pernvi.

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, buses and rockets. DIAB's core material, which is based on a foam material 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 eight production units: material production is located in Sweden, Italy, the US and Ecuador. In addition,

CEO Anders Paulsson

DIAB has material processing units in China, India, Australia and Lithuania.

Market

The market for core materials grows partly with the underlying production volume for customer applications, such as the number of wind turbines, boats, trains and aircraft, and partly 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 structures. The company's competitors include 3A Composites and Gurit.

The oceans of the world are "the last frontier". DIAB's material can be used at depths down to 10,000 metres.

The year in brief

Following a very challenging year in market terms in 2009, DIAB returned to good volume growth in 2010. Very high growth in the wind power markets in Asia outweighed negative development in Europe as well as North and South America, where lower demand for energy, lower prices for alternative energy sources and a lack of financing for new wind power farms had a negative impact on the wind power market. Global production of leisure boats showed good growth during the year. This was partly due to higher demand from end customers but primarily because the production level in the previous year was negatively affected by stock adjustments at retail level. Demand from the Industry, Transport and Aerospace market areas showed good growth due to focused marketing by DIAB and a general economic recovery.

DIAB's sales totalled SEK 1,396m (1,322), an increase of 6% (+11% in local currency). Exchange rates had a negative impact on DIAB which has a high portion of sales in foreign currency. Sales in 2010 were distributed as follows between the market areas: Wind Energy 64%, Marine 23%, Industry 7%, Aerospace 4% and Transport 2%. Geographically sales in 2010 were spread between the regions Asia Pacific 57%, Europe 29% and North and South America 14%.

Operating profit (EBITA) for the year amounted to SEK 188m (156). The increase was mainly due to higher capacity utilisation and efficiency improvements in production. Cash flow from operating activities amounted to SEK 171m (279).

CEO Anders Paulsson will leave his position during 2011 but continue as an advisor to DIAB.

Future prospects

DIAB has a strategically strong position as a world-leading manufacturer of core materials. The company's growth is driven by the strong market growth of its customer segments, a potential to broaden the use of the core material within the current applications, as well as long-term potential to develop new applications. Taken overall, DIAB is well positioned for the future.

Financial targets

- Annual organic growth >15%
- EBITA margin >15%

www.diabgroup.com

DIAB

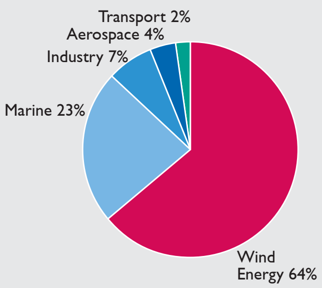
Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	
Georg Brunstam	
Sven-Åke Henningsson	
Johan Pernvi	
Carl-Erik Ridderstråle	
Cecilia Klang Larsson	Employee representative
Vancea Valerian	Employee representative
Michael Edvinsson	Deputy, employee representative
Per Månsson	Deputy, employee representative

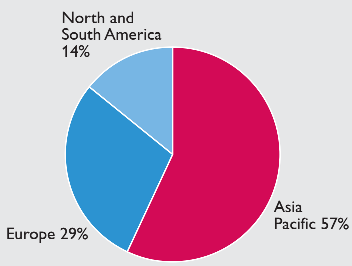
Management

Anders Paulsson	CEO
Peter Sundback	CFO

Sales by customer segment



Sales by market



SEKm	2010	2009	2008	2007 [1]	2007	2006
Income statement						
Net sales	1,396	1,322	1,414	1,354	1,354	1,205
Operating expenses	-1,120	-1,077	-1,115	-1,040	-1,035	-910
Other income/expenses	-1		-2	-6	-6	3
Share of profits of associates						
Result from disposals						
EBITDA	**275**	**245**	**297**	**308**	**313**	**298**
Depreciation and impairment	-87	-89	-77	-53	-53	-40
EBITA	**188**	**156**	**220**	**255**	**260**	**258**
Amortisation and impairment of intangible assets	0					
Impairment of goodwill						
EBIT	**188**	**156**	**220**	**255**	**260**	**258**
Financial income	0	1	1	3	2	1
Financial expenses	-39	-59	-43	-103	-16	-15
EBT	**149**	**97**	**178**	**155**	**246**	**244**
Tax	-34	-17	-50	25	-70	-80
Profit/loss from discontinued operations						
Profit for the year	**115**	**81**	**128**	**180**	**176**	**164**
Attributable to owners of the parent	115	81	128	180	176	164
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	1,094	1,094	1,094	1,008		
Other intangible assets	41	35	27	26	26	7
Property, plant and equipment	559	608	684	621	621	415
Financial assets, interest-bearing						
Financial assets, non-interest bearing	103	90	71	75	8	10
Total non-current assets	**1,797**	**1,827**	**1,876**	**1,730**	**655**	**432**
Inventories	255	218	293	220	220	183
Receivables, interest-bearing						
Receivables, non-interest bearing	210	227	297	257	256	223
Cash, bank, other short term investments	62	167	47	51	51	79
Assets held for sale						
Total current assets	**527**	**611**	**637**	**528**	**527**	**485**
Total assets	**2,324**	**2,438**	**2,513**	**2,258**	**1,182**	**917**
Equity attributable to owners of the parent	1,212	1,204	976	677	577	409
Non-controlling interests						
Provisions, interest-bearing	34	34	34	31	31	31
Provisions, non-interest bearing	20	19	6	18	18	15
Liabilities, interest-bearing	848	977	1,276	1,250	250	209
Liabilities, non-interest bearing	210	204	221	244	306	253
Financial liabilities, other				38		
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,324**	**2,438**	**2,513**	**2,258**	**1,182**	**917**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	216	161	162		231	267
Changes in working capital	-45	117	-87		13	16
Cash flow from operating activities	**171**	**279**	**75**	**–**	**244**	**283**
Investments in non-current assets	-81	-49	-81		-278	-139
Disposals of non-current assets	0	1	3		10	
Cash flow before acquisition/ disposal of companies	**91**	**231**	**-3**	**–**	**-24**	**144**
Net investments in companies					-8	
Cash flow after investing activities	**91**	**231**	**-3**	**–**	**-32**	**144**
Change in loans	-110	-272	-7		43	-44
New issue		82				
Dividend paid					-10	-25
Others	-80	80	-2		-31	-24
Cash flow from financing activities	**-190**	**-110**	**-9**	**–**	**2**	**-93**
Key figures	**-99**	**121**	**-12**	**–**	**-30**	**51**
Key figures						
EBITA margin (%)	13.5	11.8	15.6	18.8	19.2	21.4
EBT margin (%)	10.7	7.4	12.6	11.4	18.2	20.2
Return on equity (%)	9.6	7.4	15.5	–	35.7	47.1
Return on capital employed (%)	8.7	7.0	10.4	–	34.8	42.7
Equity ratio (%)	52	49	39	30	49	45
Interest-bearing net debt	820	844	1,263	1,230	230	161
Debt/equity ratio, multiple	0.7	0.8	1.3	1.9	0.5	0.6
Average number of employees	1,327	1,132	1,280	–	1,067	892

[1] Earnings for 2007 are pro forma taking into account new group structure and financing.

EuroMaint – a very challenging year

Ratos acquired 100% of EuroMaint in 2007.

Consolidated book value in Ratos amounted to SEK 652m at year-end.

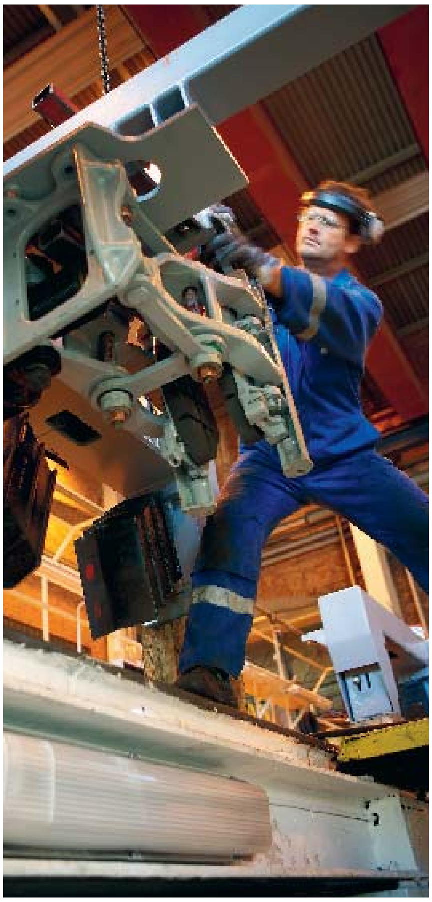
Ratos is represented on the board by Henrik Joelsson (Investment Director) and Jonathan Wallis.

Operations

EuroMaint is one of Sweden's leading maintenance companies. Operations are conducted in two subsidiaries: EuroMaint Rail (90% of sales) and EuroMaint Industry (10%).

The two subsidiaries are specialist companies which offer qualified maintenance services to the rail transport sector and manufacturing industry. EuroMaint strengthens its customers' competitiveness through services and products that increase the availability, reliability and service life of customers' production equipment. The group has 2,700 employees.

EuroMaint Rail's operations are conducted through a network of workshops close to traffic systems. The company maintains all types of tracked vehicles for goods and passenger traffic as well as track and overhead wire maintenance. EuroMaint Rail carries out major refurbishments of rolling stock, offers machining of high-cost components and a spare parts supply service.



EuroMaint offers qualified maintenance which increases the service life of customers' production equipment.

EuroMaint Industry works in the growing market for industrial maintenance. The company maintains customers' production equipment, offers qualified services for optimisation of production and maintenance processes, is a complete supplier of component servicing and develops customised production equipment.

EuroMaint has its head office in Solna, Sweden, as well as facilities in Germany, Belgium, Poland, the Netherlands and Latvia.

Market

EuroMaint Rail has a strong position in the Swedish train maintenance market.

Through its acquisition of the German company RSM Group at the beginning of 2010, EuroMaint Rail has also greatly strengthened its operations within railway goods traffic and established itself in the increasingly deregulated European train operator market. EuroMaint Rail is today the leading independent player for train maintenance in Europe and can offer a comprehensive network of maintenance workshops from northern Sweden to southern Germany.

EuroMaint Industry is a major independent maintenance provider in Sweden. The long-term market development for EuroMaint Industry's services is assessed as good, given a continued growing need to raise production efficiency and to have maintenance close to production.

The year in brief

2010 was a challenging year for EuroMaint Rail. During the extremely cold and snowy winter the company was charged with substantial costs and loss of revenue due to disruptions in train services. The weather led to damage to rolling stock which took a long time to repair. At the same time, the company had restructuring costs for efficiency improvement measures. The underlying market development for both passenger and goods traffic was good, however. The acquisition of RSM Group led to a strong increase in sales, about SEK 800m, and an increase in the number of operating locations and customers.

For EuroMaint Industry much of 2010 was also extremely challenging due to a continued weak market for the company's services and products. Market development has improved, however, and order intake rose during the fourth quarter. EuroMaint Industry was also charged with restructuring costs during the year.

EuroMaint's sales for 2010 amounted to SEK 3,532m (2,510), which corresponds to an increase of 41% over 2009. Sales in EuroMaint Rail rose 52% including company acquisition while sales for EuroMaint Industry decreased by 7%. The group's organic growth amounted to 9%.

Operating result (EBITA) amounted to SEK -67m (133). The decline in earnings is explained by substantial extraordinary items due to winter and restructuring costs within EuroMaint Rail. Excluding these items, earnings improved compared with the previous year.

CEO Ole Kjörrefjord

Cash flow was positive during the year largely due to determined efforts to reduce working capital. Net debt decreased from SEK 772m at the start of the year to SEK 741m at year-end.

Future prospects

EuroMaint Rail has a strong market position in Sweden and good prospects for continued development and improved efficiency of its operations. As a result of the acquisition of RSM Group, EuroMaint Rail has established itself in Germany, the Netherlands, Belgium and Poland. The acquisition increases the opportunities to take advantage of the ongoing deregulation of the train operator market in Europe. EuroMaint Industry showed weak development during the year due to a continued highly challenging market situation. During the past two years the company has established itself in several locations in Sweden and therefore increased its customer base within several sectors which provides considerable opportunities for renewed growth. Work during 2011 will focus on continued growth and improved profitability.

EuroMaint

www.euromaint.com

EuroMaint

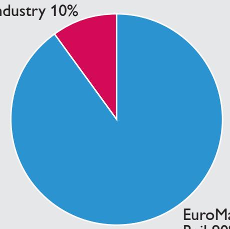
Board of Directors

Wille Laurén	Chairman
Knut Hansen	
Henrik Joelsson	
Hans Pettersson	
Jonathan Wallis	
Ole Kjörrefjord	CEO

Management

Ole Kjörrefjord	CEO
Karl Ove Grönqvist	CFO
Petter Arvidson	Acting President of EuroMaint Rail, replaced as CEO during first half by Ove Bergkvist
Nicklas Falk	President EuroMaint Industry

Sales by operating area



SEKm	2010 1)	2009	2008	2007 2)3)	2006 3)	2006
Income statement						
Net sales	3,532	2,510	2,324	2,067	2,037	2,037
Operating expenses 4)	-3,602	-2,352	-2,165	-1,972	-1,902	-1,906
Other income/expenses	63	17				
Share of profits of associates						
Result from disposals				1	-4	-4
EBITDA	**-7**	**175**	**159**	**96**	**131**	**127**
Depreciation and impairment	-59	-42	-38	-27	-29	-25
EBITA	**-67**	**133**	**122**	**69**	**102**	**102**
Amortisation and impairment of intangible assets	-4	-4	-4	-2	-2	-2
Impairment of goodwill						
EBIT	**-71**	**128**	**118**	**67**	**100**	**100**
Financial income	2	1	3	6	3	3
Financial expenses 4)	-63	-59	-61	-61	-46	-12
EBT	**-132**	**70**	**60**	**12**	**57**	**91**
Tax	37	-13	-11	5	-5	-21
Profit/loss from discontinued operations						
Profit/loss for the year	**-95**	**57**	**49**	**17**	**52**	**70**
Attributable to owners of the parent	-95	57	49	17	52	70
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	770	719	692	692		30
Other intangible assets	18	23	14	18		12
Property, plant and equipment	212	202	208	196		131
Financial assets, interest-bearing						
Financial assets, non-interest bearing	37	10	11	11		34
Total non-current assets	**1,037**	**954**	**925**	**917**	**–**	**207**
Inventories	535	375	264	280		269
Receivables, interest-bearing						
Receivables, non-interest bearing	798	776	675	609		507
Cash, bank, other short term investments			33			45
Assets held for sale						
Total current assets	**1,333**	**1,151**	**973**	**889**	**–**	**821**
Total assets	**2,370**	**2,105**	**1,897**	**1,807**	**–**	**1,028**
Equity attributable to owners of the parent 5)	668	516	447	406		249
Non-controlling interests						
Provisions, interest-bearing	17	15	19	35		39
Provisions, non-interest bearing	83	22	32	21		32
Liabilities, interest-bearing	724	756	746	799		270
Liabilities, non-interest bearing	865	786	644	545		438
Financial liabilities, other	13	10	8			
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,370**	**2,105**	**1,897**	**1,807**	**–**	**1,028**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	-105	41	65			105
Changes in working capital	145	-51	63			-28
Cash flow from operating activities	**40**	**-10**	**128**	**–**	**–**	**77**
Investments in non-current assets	-28	-25	-41			-35
Disposals of non-current assets	26	1	0			3
Cash flow before acquisition/ disposal of companies	**38**	**-34**	**87**	**–**	**–**	**45**
Net investments in companies	-168	28				
Cash flow after investing activities	**-129**	**-62**	**87**	**–**	**–**	**45**
Change in loans	-27	4	-30			-70
New issue						
Dividend paid						
Others	157	25	-24			4
Cash flow from financing activities	**129**	**29**	**-54**	**–**	**–**	**-66**
Cash flow for the year	**0**	**-33**	**33**	**–**	**–**	**-21**
Key figures						
EBITA margin (%)	-1.9	5.3	5.2	3.3	5.0	5.0
EBT margin (%)	-3.7	2.8	2.6	0.6	2.8	4.5
Return on equity (%)	-16.0	11.9	11.5	–	–	32.8
Return on capital employed (%)	-5.1	10.4	9.8	–	–	18.5
Equity ratio (%)	28	24	24	22	–	24
Interest-bearing net debt	741	772	732	834	–	264
Debt/equity ratio, multiple	1.1	1.5	1.7	2.1	–	1.2
Average number of employees	2,713	1,909	1,793	1,781	–	1,746

1) Earnings for 2010 were charged with costs affecting comparability of SEK -215m.

2) Operating expenses in 2007 include restructuring costs of SEK -44m.

3) Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

4) Excluding interest on shareholder loan.

5) Equity at 31 December 2010 includes shareholder loan of SEK 307m.

GS-Hydro – signs of recovery

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 -62m (this amount is negative due to refinancing in 2008).

Ratos is represented on the board by Henrik Blomé (Investment Director), Anders Lindblad (Industrial Advisor) and Johan Pålsson.

Operations

GS-Hydro is a global supplier of non-welded piping solutions. These 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 the marine and offshore industries as well as in land-based industries 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.

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.

CEO Pekka Frantti

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.

Demand in the offshore segment stabilised during the first half of 2010. Activity has increased since the end of the summer, mainly related to Asia, Brazil and within the service segment, with order bookings turning upwards for several of GS-Hydro's customers. However, since GS-Hydro delivers late in the project cycle, the increased activity did not have a positive impact on the company during the year. At the same time, fundamental drivers, such as a long-term imbalance between supply and demand for oil and an ageing installed base of oil rigs, point to good development over time for this segment. Non-welded piping solutions offer clear advantages in the offshore segment. During installation and maintenance customers' production can continue without costly shutdowns, since no welding flame is used. Activity also increased within the marine segment during the second half of the year, but from historically low levels. Here too, GS-Hydro delivers late in the project cycle. GS-Hydro's products and services are primarily used for hydraulic and fire protection systems on ships, such as fishing vessels and dredgers. Here the market decline was less which benefited GS-Hydro. The company's piping solutions can be installed in confined spaces, which is an important competitive advantage. In the land-based segment as well demand decreased during the year due to low investment by industry.

The year in brief

GS-Hydro's sales amounted to EUR 130.3m (140.7), a decrease of 7% compared with the previous year. The decline is due to weak market development in most geographic markets.

Operating profit (EBITA) was EUR 2.8m (10.6) and was negatively affected by the lower sales volume, restructuring costs and lead times in adjusting to the company's cost structure. Strong measures are being taken to continue to adjust costs to the lower volume. Cash flow from operating activities amounted to EUR 5.8m (7.5).

Pekka Frantti took over as the new CEO of GS-Hydro on 1 February 2010.

Future prospects

The increased activity mainly within the offshore segment during the latter part of 2010, given GS-Hydro's late-cyclical position, will gradually contribute to improved market conditions. In the short term, however, a continued slower market and need for cost adjustments are expected in 2011. In the longer term there are powerful driving forces that guarantee a strong development and GS-Hydro is well placed to achieve growth faster than the market as a whole.

GS-Hydro's piping solutions can be installed in confined spaces, a key competitive advantage.

GS-Hydro

www.gshydro.com

GS-Hydro

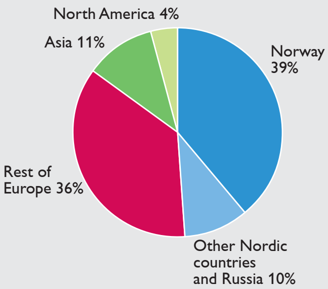
Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Henrik Blomé	
Johan Pålsson	
Eli K. Vassenden	

Management

Pekka Frantti	CEO
Kristiina Leppänen	CFO
Terho Hoskonen	V.P. Sales and Marketing
Harri Jokinen	V.P. Technology and Sourcing
Heikki Pennanen	V.P. Global Strategic Projects
Fernando Guarido	Managing Director, GS-Hydro Spain and Brazil
Chris Hargreaves	Managing Director, GS-Hydro UK
Bjørn Morten Olesen	Managing Director, GS-Hydro Norway
Seppo Lusenius	Director Finnish and Russian Operations
Ulla Toivo	Head of Global HR

Sales by region



[1] GS-Hydro was refinanced in September 2008. Earnings for 2008 and 2007 are pro forma taking new financing and group structure into account.

EURm	2010	2009	2008 [1]	2007 [1]	2007	2006
Income statement						
Net sales	130.3	140.7	159.0	141.8	141.8	106.3
Operating expenses	-124.6	-127.4	-139.0	-123.4	-123.4	-93.8
Other income/expenses						
Share of profits of associates						
Result from disposals				3.6	3.6	
EBITDA	**5.7**	**13.3**	**20.0**	**22.0**	**22.0**	**12.5**
Depreciation and impairment	-2.9	-2.7	-2.4	-2.1	-2.1	-1.6
EBITA	**2.8**	**10.6**	**17.6**	**19.9**	**19.9**	**10.9**
Amortisation and impairment of intangible assets						
Impairment of goodwill	-0.8					
EBIT	**2.0**	**10.6**	**17.6**	**19.9**	**19.9**	**10.9**
Financial income	0.6	0.5				
Financial expenses	-5.4	-5.6	-8.9	-8.0	-3.3	-1.7
EBT	**-2.9**	**5.5**	**8.7**	**11.9**	**16.6**	**9.2**
Tax	-0.1	-2.5	-4.1	-5.6	-5.6	-2.4
Profit/loss from discontinued operations						
Profit/loss for the year	**-3.0**	**3.0**	**4.6**	**6.3**	**11.0**	**6.8**
Attributable to owners of the parent	-3.0	3.0	4.6	6.3	11.0	6.8
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	56.2	56.8	56.8		15.1	15.1
Other intangible assets						
Property, plant and equipment	8.8	9.6	8.8		7.2	8.6
Financial assets, interest-bearing						
Financial assets, non-interest bearing	1.2	0.9	1.9		0.9	1.0
Total non-current assets	**66.2**	**67.4**	**67.4**	**–**	**23.2**	**24.7**
Inventories	26.1	31.6	34.7		34.9	23.8
Receivables, interest-bearing						
Receivables, non-interest bearing	34.4	35.9	40.3		35.9	29.6
Cash, bank, other short term investments	9.2	6.9	11.6		7.2	0.2
Assets held for sale						
Total current assets	**69.6**	**74.3**	**86.6**	**–**	**78.0**	**53.6**
Total assets	**135.8**	**141.7**	**153.9**	**–**	**101.2**	**78.3**
Equity attributable to owners of the parent	34.1	34.8	27.2		34.4	23.1
Non-controlling interests						
Provisions, interest-bearing	-0.3	-0.5				
Provisions, non-interest bearing	0.4	0.5	0.3		0.2	0.6
Liabilities, interest-bearing	78.0	81.6	92.3		33.6	30.5
Liabilities, non-interest bearing	21.7	23.4	32.2		30.6	23.1
Financial liabilities, other	1.9	1.9	1.9		2.4	1.0
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**135.8**	**141.7**	**153.9**	**–**	**101.2**	**78.3**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	1.0	6.6			14.1	8.0
Changes in working capital	4.9	0.9			-13.4	-8.0
Cash flow from operating activities	**5.8**	**7.5**	**–**	**–**	**0.7**	**0.0**
Investments in non-current assets	-1.6	-2.6			-3.2	-2.0
Disposals of non-current assets						
Cash flow before acquisition/ disposal of companies	**4.3**	**4.9**	**–**	**–**	**-2.5**	**-2.0**
Net investments in companies					6.4	-2.0
Cash flow after investing activities	**4.3**	**4.9**	**–**	**–**	**3.9**	**-4.0**
Change in loans	-4.0	-10.9			3.1	1.0
New issue						
Dividend paid						
Others	1.4					
Cash flow from financing activities	**-2.6**	**-10.9**	**–**	**–**	**3.1**	**1.0**
Cash flow for the year	**1.6**	**-6.0**	**–**	**–**	**7.0**	**-3.0**
Key figures						
EBITA margin (%)	2.1	7.5	11.1	14.0	14.0	10.3
EBT margin (%)	-2.2	3.9	5.5	8.4	11.7	8.7
Return on equity (%)	-8.7	9.8	–	–	38.3	34.1
Return on capital employed (%)	2.3	9.4	–	–	32.7	21.8
Equity ratio (%)	25	25	18	–	34	29
Interest-bearing net debt	68.5	74.2	80.7	–	26.4	30.3
Debt/equity ratio, multiple	2.3	2.3	3.4	–	1.0	1.3
Average number of employees	611	623	641	–	527	404

Hafa Bathroom Group – strong market position

Ratos became an owner of Hafa Bathroom Group via the investment in Haendig in conjunction with the acquisition of Atle in 2001. Today, the company is directly owned by Ratos with a holding of 100%.

Consolidated book value in Ratos at year-end was SEK 162m.

Ratos is represented on the board by Henrik Blomé (Investment Director), Stig Karlsson (Industrial Advisor) and Johan Pålsson (deputy).

Operations

Hafa Bathroom Group is a leading supplier of bathroom interiors. The company designs, develops and sells a broad range of bathroom products such as furniture, shower solutions and whirlpools via Nordic retailers. 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 to 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. Towards the end of 2008 and during the first half of 2009 there was a significant decline in the market due to the general weakening of the economy. Development has improved significantly since then, particularly in Sweden due to the low interest rates, the introduction of tax deductions for repairs and maintenance and a stronger belief in the future among consumers. Development has not been equally strong in the professional bathroom market, but signs of a recovery were seen in the latter part of 2010.

The competitive scenario 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 2010 amounted to SEK 424m (390). The segment of the Nordic bathrooms market which mainly accounts for the company's sales, repairs and maintenance (R&M) in Sweden and Norway, showed strong development in 2010. During the first half of the year the company had very strong growth and launched a campaign aimed at the professional market. During the second half of the year, however, Hafa Bathroom Group was negatively affected by a terminated customer contract.

Operating profit (EBITA) decreased during the year and amounted to SEK 38m (51).

Hafa Bathroom Group provided a dividend of SEK 90m to Ratos during the year. Cash flow from operating activities amounted to SEK 9m (85).

Hafa Bathroom Group launched a new focus on the professional market during the year.

Future prospects

The Nordic bathroom market has good opportunities for growth in the long term due to a major underlying need for renovation, growing interest in home furnishings and design and a DIY trend. Conditions in Hafa Bathroom Group's market segment are positive, driven among other things by tax deductions for repairs and maintenance (R&M) and continued low interest rates.

The terminated customer contract is expected to have a negative impact on sales for Hafa Bathroom Group in 2011. However, the company has good growth opportunities in the Nordic region and several significant new contracts have been signed. These are expected, once implemented, to be well placed to compensate for the terminated contract.

HAFA BATHROOM GROUP | Hafa westerbergs

www.hafabg.com

Hafa Bathroom Group

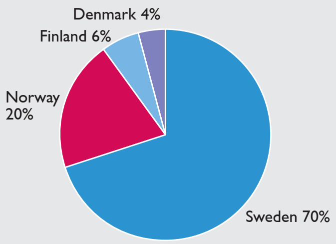
Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	
Thomas Holmgren	
Staffan Jehander	
Anders Reuthammar	
Ola Andrée	CEO
Johan Pålsson	Deputy

Management

Ola Andrée	CEO
Malin Sundbäck	CFO
Eva Östergren	Marketing Manager
Marie Bengtsson	Product Range and Design Manager
Tobias Höglind	Nordic Sales Manager

Sales by market



SEKm	2010	2009	2008	2007	2006
Income statement					
Net sales	424	390	391	409	439
Operating expenses	-381	-334	-344	-388	-406
Other income/expenses			-1		
Share of profits of associates					
Result from disposals					
EBITDA	**43**	**56**	**46**	**21**	**33**
Depreciation and impairment	-5	-5	-6	-5	-5
EBITA	**38**	**51**	**41**	**16**	**28**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**38**	**51**	**41**	**16**	**28**
Financial income	1				
Financial expenses	-2	-11	-6	-6	-4
EBT	**37**	**40**	**35**	**10**	**24**
Tax	-16	-9	-8	-4	-8
Profit/loss from discontinued operations					
Profit for the year	**20**	**31**	**27**	**6**	**16**
Attributable to owners of the parent	20	31	27	6	16
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	42	42	42	42	42
Other intangible assets	1	1	0		
Property, plant and equipment	9	12	12	18	23
Financial assets, interest-bearing					
Financial assets, non-interest bearing	5	6	3	1	
Total non-current assets	**57**	**60**	**58**	**61**	**65**
Inventories	110	92	111	117	95
Receivables, interest-bearing					
Receivables, non-interest bearing	98	73	73	80	99
Cash, bank, other short term investments	2	21	1	2	7
Assets held for sale					
Total current assets	**210**	**185**	**185**	**199**	**201**
Total assets	**267**	**245**	**244**	**260**	**266**
Equity attributable to owners of the parent	51	122	90	62	25
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	19	16	22	15	17
Liabilities, interest-bearing	87	21	76	144	125
Liabilities, non-interest bearing	102	76	56	39	99
Financial liabilities, other	9	9			
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**267**	**245**	**244**	**260**	**266**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	42	42	43	16	25
Changes in working capital	-33	43	25	-60	-6
Cash flow from operating activities	**9**	**85**	**68**	**-44**	**19**
Investments in non-current assets	-4	-5	0		-5
Disposals of non-current assets	0	0			
Cash flow before acquisition/disposal of companies	**6**	**80**	**68**	**-44**	**14**
Net investments in companies					
Cash flow after investing activities	**6**	**80**	**68**	**-44**	**14**
Change in loans	66	-54	-69	20	13
New issue					
Dividend paid	-90				
Others	0	-7		19	-25
Cash flow from financing activities	**-24**	**-61**	**-69**	**39**	**-12**
Cash flow for the year	**-18**	**19**	**-1**	**-5**	**2**
Key figures					
EBITA margin (%)	8.9	13.0	10.4	3.9	6.4
EBT margin (%)	8.7	10.3	8.9	2.4	5.5
Return on equity (%)	23.6	29.1	35.5	13.8	58.2
Return on capital employed (%)	27.4	32.9	21.8	9.0	19.2
Equity ratio (%)	19	50	37	24	9
Interest-bearing net debt	85	0	75	142	118
Debt/equity ratio, multiple	1.7	0.2	0.8	2.3	5.0
Average number of employees	177	166	168	175	173

HL Display – Ratos new majority owner

Ratos became an owner in HL Display in 2001 in conjunction with the acquisition of Atle and owned 29% of the capital and 20% of the votes at the start of 2010. In June 2010, Ratos announced an agreement to acquire the Remius family's shares in HL Display as well as an offer to other shareholders to transfer their shares to Ratos for SEK 49 per share. At 31 December 2010 Ratos owned approximately 99% of HL Display and a mandatory acquisition process is under way to acquire the remaining shares.

Consolidated book value in Ratos amounted to SEK 1,024m at year-end.

Ratos is represented on the board by Susanna Campbell (Investment Director) and Stig Karlsson (Industrial Advisor).

CEO Gérard Dubuy

Operations

HL Display is a market-leading international supplier of products and solutions for in-store communication and merchandising. The customer base is the retail sector (food and non-food) and brand manufacturers.

The company manufactures and sells shelf-edge strips, shelf management systems, dividers, display stands, floor stands, poster holders, bulk food dispensers, digital signage, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastics.

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 and Karlskoga, Sweden, and Suzhou, China (extrusion/injection moulding), as well as in Falun, Sweden (screen printing and bending of plastics) and Harlow, UK (multi materials). HL Display has approximately 1,100 employees in 33 countries, and distributors in an additional 13 countries. Over 90% of sales are made outside Sweden. HL Display is the only global player in its market and the main competition is from small local or regional companies.

Market

The global and regional development of the retail sector is central to demand for HL Display's products. Newly opened stores, implementation of new store concepts and store 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 79%. In future higher growth is expected in Eastern Europe and Asia. Today these markets account for approximately 13% and 8% respectively of sales.

HL Display's three most important customer segments are food retailers, specialised retailers and brand manufacturers, with food retailers currently accounting for the largest share of sales.

The year in brief

The Group's net sales for 2010 totalled SEK 1,617m (1,360), an increase of 19% compared with the previous year. The increase is mainly due to the acquisition of PPE, which took place in December 2009. Even excluding PPE HL Display saw volume growth, but this was neutralised by the strong Swedish krona, resulting in an organic growth of +1%. During the beginning of the year the market in general was characterised by continued caution among customers with regard to investments, but during the second half of 2010 the activity increased.

There were major variations in development between HL Display's geographic markets with positive sales growth in Eastern Europe, the UK and Asia; unchanged growth in Southern Europe; while sales decreased in the Nordic region and Central Europe.

The gross margin fell to 44% (49), due mainly to PPE having a lower gross margin than the rest of HL Display as well as negative currency effects. Operating expenses decreased compared with the previous year. Operating profit (EBITA) amounted to SEK 66m (86) corresponding to an EBITA margin of 4.1% (6.3). Non-recurring costs of SEK 27m, primarily related to restructuring in production and transaction costs related to Ratos's acquisition, had a negative impact on earnings.

During the year a decision was made to close down production at the factory in Karlskoga, Sweden. The automated part of production was moved to Sundsvall, Sweden, and the people-intensive manufacturing will be relocated to Gliwice, Poland, in 2011.

Integration of the acquired company PPE is proceeding according to plan. HL Display's former UK units in Kirmington and Shipley were closed and these operations have been transferred to PPE's premises in Harlow. During the year the company's Swedish joint venture HL Trion was sold to a subcontractor, and the American joint venture with Trion was terminated. These measures had a marginal impact on earnings.

Future prospects

HL Display updated its business plan during the year and the main focus is growth and improved margins. Concrete planned initiatives for achieving this include:

- continued strong cost control and focus on measures to improve gross margins
- continued focus on a more concept-based selling model
- additional investments in new innovations
- focus on improved working capital
- continued integration of PPE
- acquisitions
- improved training and best practice sharing

The company's long-term financial targets are unchanged.

Financial targets

- Organic growth 5-10%
- EBITA margin >12%

HL Display's products are mainly used in food retail.

www.hl-display.com

HL Display

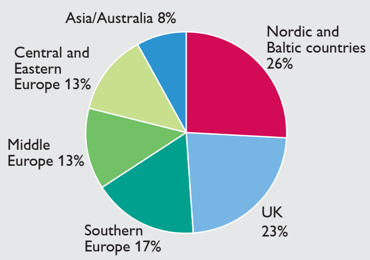
Board of Directors

Stig Karlsson	Chairman
Susanna Campbell	
Mats-Olof Ljungkvist	
Lars-Åke Rydh	
Gérard Dubuy	CEO

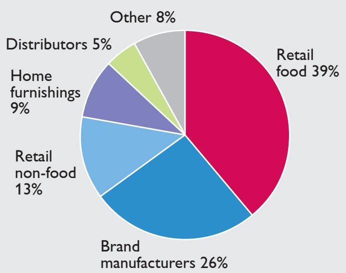
Management

Gérard Dubuy	CEO
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	Production and Logistics Director
Julien Wagner	CPO

Sales by market



Sales by customer segment



SEKm	2010 1) 2)	2009 2)	2009	2008	2007	2006
Income statement						
Net sales	1,617	1,360	1,360	1,536	1,571	1,448
Operating expenses	-1,505	-1,233	-1,233	-1,366	-1,376	-1,296
Other income/expenses	-8	-5	-5	-3	6	-1
Share of profits of associates						
Result from disposal	0					
EBITDA	**104**	**122**	**121**	**166**	**201**	**151**
Depreciation and impairment	-38	-36	-36	-36	-40	-44
EBITA	**66**	**86**	**86**	**130**	**161**	**107**
Amortisation and impairment of intangible assets	-2					
Impairment of goodwill						
EBIT	**65**	**86**	**86**	**130**	**161**	**107**
Financial income	8			13	4	2
Financial expenses	-44	-26	-2	-7	-10	-17
EBT	**29**	**61**	**84**	**136**	**155**	**92**
Tax	-11	-26	-26	-40	-47	-30
Profit/loss from discontinued operations						
Profit for the year	**18**	**35**	**58**	**96**	**108**	**62**
Attributable to owners of the parent	18	35	58	96	108	61
Attributable to non-controlling interests						1
Statement of financial position						
Goodwill	1,180		231	33	23	
Other intangible assets	7		13	9	12	6
Property, plant and equipment	214		223	138	138	208
Financial assets, interest-bearing	13					
Financial assets, non-interest bearing	24		21	22	22	20
Total non-current assets	**1,438**	**–**	**488**	**202**	**195**	**234**
Inventories	195		180	187	154	137
Receivables, interest-bearing						
Receivables, non-interest bearing	381		360	336	365	343
Cash, bank, other short term investments	206		213	221	178	163
Assets held for sale						
Total current assets	**783**	**–**	**753**	**744**	**697**	**643**
Total assets	**2,221**	**–**	**1,242**	**946**	**892**	**877**
Equity attributable to owners of the parent	1,120		551	538	472	386
Non-controlling interests	3			4	3	2
Provisions, interest-bearing	4		5	3	4	9
Provisions, non-interest bearing	24		24	23	23	19
Liabilities, interest-bearing	705		352	100	128	202
Liabilities, non-interest bearing	364		309	278	262	259
Financial liabilities, other						
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**2,221**	**–**	**1,242**	**946**	**892**	**877**
Statement of cash flows						
Cash flow from operating activities before changes in working capital			90	147	148	137
Changes in working capital			36	8	-10	-17
Cash flow from operating activities	**–**	**–**	**126**	**155**	**138**	**120**
Investments in non-current assets			-24	-29	-40	-32
Disposals of non-current assets				5	9	
Cash flow before acquisition/ disposal of companies			**102**	**131**	**107**	**88**
Net investments in companies			-266	-1	-37	
Cash flow after investing activities	**–**	**–**	**-164**	**130**	**70**	**88**
Change in loans			202	-46	-32	14
New issue					1	5
Dividend paid			-43	-43	-27	-23
Others					1	
Cash flow from financing activities	**–**	**–**	**159**	**-89**	**-57**	**-4**
Cash flow for the year	**–**	**–**	**-5**	**41**	**13**	**84**
Key figures						
EBITA margin (%)	4.1	6.3	6.3	8.5	10.2	7.4
EBT margin (%)	1.8	4.5	6.2	8.9	9.9	6.4
Return on equity (%)	2.2	–	10.6	19.1	25.2	16.8
Return on capital employed (%)	5.3	–	11.0	22.9	27.4	19.3
Equity ratio (%)	51	–	44	57	53	44
Interest-bearing net debt	490	–	144	-118	-46	48
Debt/equity ratio, multiple	0.6	–	0.6	0.2	0.3	0.5
Average number of employees	1,102		906	973	968	952

[1] Earnings for 2010 charged with costs affecting comparability of SEK -27m.

[2] Earnings for 2009 and 2010 are pro forma taking into account new group and capital structure.

Inwido – continued improved profitability

Ratos acquired the leading Swedish window and exterior door manufacturer Inwido in 2004. Ratos owns 96% of the company. Other shareholders are senior executives in Inwido.

Consolidated book value in Ratos amounted to SEK 2,057m at year-end.

Ratos is represented on the board by Thomas Hofvenstam (Investment Director), Leif Johansson, Henrik Lundh (deputy) and Anders C. Karlsson (Industrial Advisor).

CEO Håkan Jeppsson

Operations

Inwido operates in the window and exterior door market, primarily in the Nordic region (94%) and in selected countries in Northern Europe (6%): the UK, Ireland, Poland and Russia. From being Sweden's leading window manufacturer, the company has also established strong market positions in Finland, Denmark and Norway as a result of 30 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 made of wood and wood/aluminium 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 and Outline 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 3,750 employees.

Market

The total Nordic window and door market is estimated at approximately EUR 2 billion with windows accounting for almost 90% and exterior doors accounting for just over 10%. The largest markets are Sweden and Denmark, followed by Norway 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 over 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 nearly 30% of sales.

Key drivers for Inwido's development include GDP growth, interest rates, real income development and consumers' confidence in the future. Volumes can also be affected by rules and controls, 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.

Greater interest in home and design among consumers, where windows are of growing importance, is positive for Inwido.

The year in brief

As in the second half of 2009, growth during the first half of 2010 was strong. Subsequently a levelling out occurred during the second half due to strong comparative figures in the second half of 2009. Profitability improved substantially due to a better gross margin, lower fixed costs and higher sales.

In Sweden, both sales and profitability improved sharply. In the other Nordic countries, sales rose slightly and profitability strengthened. Development in the UK, Ireland, Poland and Russia was the opposite with lower sales and a larger negative result. Action programmes have been initiated in these markets to improve earnings in 2011. The relatively low interest rates have benefited both new construction and renovations, and in Sweden the R&M tax deduction stimulus package had positive effects on demand.

During the year Inwido made several key recruitments to leading positions.

Most of the minority holding in Inwido Denmark was acquired during the first quarter. In February 2011, the remaining 5% of the shares in Inwido Denmark were acquired, which is now 100% owned by Inwido. This marks the completion of the streamlining of the ownership structure in the Inwido group.

Sales amounted to SEK 5,149m (5,026) and operating profit (EBITA) was SEK 446m (348). The operating margin (EBITA) was 8.7% (6.9).

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 the years ahead, Inwido will 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.

INWIDO

www.inwido.com

Inwido

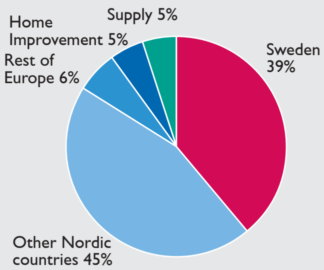
Board of Directors

Anders C. Karlsson	Chairman
Benny Ernstson	
Thomas Hofvenstam	
Leif Johansson	
Anders Wassberg	
Kjell Åkesson	
Håkan Jeppsson	CEO
Henrik Lundh	Deputy

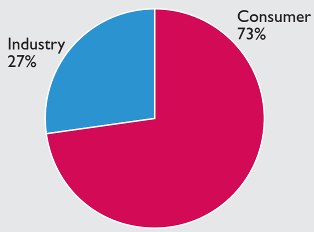
Management

Håkan Jeppsson	CEO
Peter Welin	CFO
Anders Isaksson	COO
Jonna Opitz	SVP Communication and Branding
Lena Wessner	SVP Human Resources
Jonas Netterström	SVP Sweden
Mads Storgaard Mehlsen	SVP Denmark
Timo Luhtaniemi	SVP Finland
Arne Dyngeland	SVP Norway
Olle Marköö	SVP Emerging Markets Europe and Consumer segment

Sales by market



Sales by customer group



[1] Earnings for 2010 include costs affecting comparability of SEK -80m (-41).

[2] Earnings for 2008 include costs affecting comparability of SEK -107m.

[3] Excluding interest on shareholder loan.

SEKm	2010 [1]	2009 [1]	2008 [2]	2007	2006
Income statement					
Net sales	5,149	5,026	5,639	5,057	3,285
Operating expenses [2]	-4,532	-4,531	-5,168	-4,510	-2,837
Other income/expenses	6	12	-6	46	
Share of profits of associates	2	1	-1	1	
Result from disposals					20
EBITDA	**625**	**508**	**464**	**594**	**468**
Depreciation and impairment	-179	-160	-141	-113	-78
EBITA	**446**	**348**	**323**	**481**	**390**
Amortisation and impairment of intangible assets	-7	-7	-7	-5	-6
Impairment of goodwill					
EBIT	**439**	**341**	**316**	**476**	**384**
Financial income	33	18	10	12	
Financial expenses [3]	-144	-170	-218	-176	-112
EBT	**328**	**189**	**107**	**312**	**272**
Tax	-121	-73	37	-81	-73
Profit/loss from discontinued operations					
Profit for the year	**207**	**116**	**144**	**231**	**199**
Attributable to owners of the parent	208	118	110	191	165
Attributable to non-controlling interests	-1	-2	34	40	34
Statement of financial position					
Goodwill	3,159	3,423	3,538	3,322	2,048
Other intangible assets	26	61	69	52	42
Property, plant and equipment	687	839	951	1,070	650
Financial assets, interest-bearing	23	34	52	8	2
Financial assets, non-interest bearing	87	103	142	38	13
Total non-current assets	**3,982**	**4,460**	**4,752**	**4,490**	**2,755**
Inventories	505	537	674	823	505
Receivables, interest-bearing			0		
Receivables, non-interest bearing	750	616	654	740	474
Cash, bank, other short term investments	517	618	341	356	132
Assets held for sale					
Total current assets	**1,772**	**1,771**	**1,669**	**1,919**	**1,111**
Total assets	**5,754**	**6,231**	**6,421**	**6,409**	**3,866**
Equity attributable to owners of the parent	2,314	2,208	1,588	1,285	914
Non-controlling interests	26	208	376	252	173
Provisions, interest-bearing	0	8		2	
Provisions, non-interest bearing	117	119	156	122	65
Liabilities, interest-bearing	2,041	2,637	3,325	2,999	1,960
Liabilities, non-interest bearing	1,224	1,043	944	1,700	710
Financial liabilities, other	32	8	33	49	44
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**5,754**	**6,231**	**6,421**	**6,409**	**3,866**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	488	209	165	385	298
Changes in working capital	-105	300	183	-181	-3
Cash flow from operating activities	**383**	**510**	**348**	**204**	**295**
Investments in non-current assets	-69	-84	-205	-224	-177
Disposals of non-current assets	6	24	176	32	1
Cash flow before acquisition/ disposal of companies	**321**	**449**	**318**	**12**	**119**
Net investments in companies	0	-127	-35	-614	-467
Cash flow after investing activities	**321**	**323**	**284**	**-602**	**-348**
Change in loans	-364	-607	-521	640	182
New issue		593	88	30	28
Dividend paid	-4				
Others	-33	-23	115	146	
Cash flow from financing activities	**-401**	**-38**	**-318**	**816**	**210**
Cash flow for the year	**-80**	**285**	**-34**	**214**	**-138**
Key figures					
EBITA margin (%)	8.7	6.9	5.7	9.5	11.9
EBT margin (%)	6.4	3.8	1.9	6.2	8.3
Return on equity (%)	9.2	6.2	7.7	17.3	17.6
Return on capital employed (%)	10.0	6.9	6.6	12.9	14.0
Equity ratio (%)	41	39	31	24	28
Interest-bearing net debt	1,501	1,992	2,932	2,638	1,826
Debt/equity ratio, multiple	0.9	1.1	1.7	2.0	1.8
Average number of employees	3,759	3,604	4,115	3,591	2,123

Jøtul – strong Nordic market

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 324m.

Ratos is represented on the board by Per Frankling (Investment Director), Anders Lindblad (Industrial Advisor) and Johan Rydmark.

CEO Erik Moe

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 decreased by 3% in 2010 and amounted to approximately NOK 13 billion. Long-term market growth is driven by an increased focus on heating with renewable energy and by the cost trend for alternative heating sources – electricity, oil and natural gas. Facts such as weather, interest rate trends, 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 about 24%. Other Nordic players are Nibe, Hwam, Morsø and Dovre.

The year in brief

During 2010 the market situation was favourable in the Nordic countries due to an improved economic situation, cold weather which favours Jøtul, high energy prices and government stimulus packages to encourage environmentally friendly heating and renovation of homes. At the same time, development in other markets important to Jøtul, such as France and Germany, was considerably weaker. In France, demand was negatively affected due to a reduction in subsidies for the purchase of cast-iron stoves since year-end 2009. In Germany, there is still a generally cautious attitude among consumers about buying capital goods.

In general, Jøtul's broad geographical coverage meant that strong growth in the Nordic countries compensated for weak development in Eastern Europe, Germany and France. Jøtul strengthened its positions in its main markets Norway, France and the US where development was better than for the market on average.

Sales rose 2% and amounted to NOK 876m (859). Despite higher sales operating profit excluding extraordinary items was on a par with the previous year, mainly due to a changed sales mix. Operating profit (EBITA) amounted to NOK 81m (73). The operating margin was 9.2% (8.5).

Future prospects

Jøtul will continue its aggressive product development aimed at producing new environmentally friendly and energy-efficient products, as well as its focused efforts to strengthen positions in the markets in which the company operates.

Financial targets

- EBITA margin of 13% within the time span of the business plan, period 2011-2013 (long-term >15%)
- Organic sales growth >7%, based on normalised market volumes
- Working capital/sales <25%

Jøtul is one of Norway's oldest companies dating back to 1853.

JØTUL

www.jotul.com

Jøtul

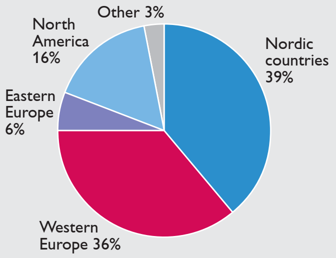
Board of Directors

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
Jan Ohlsson	Deputy

Management

Erik Moe	CEO
Gunnar Hjortaas	CFO

Sales by market



NOKm	2010 [1]	2009	2008	2007	2006 [2]
Income statement					
Net sales	876	859	906	812	905
Operating expenses	-756	-745	-820	-742	-793
Other income/expenses	9	8			
Share of profits of associates					
Result from disposals				18	
EBITDA	**129**	**122**	**86**	**88**	**112**
Depreciation and impairment	-48	-49	-47	-41	-35
EBITA	**81**	**73**	**39**	**47**	**77**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**81**	**73**	**39**	**47**	**77**
Financial income	15	89	13	8	12
Financial expenses [3]	-39	-70	-71	-46	-44
EBT	**57**	**92**	**-19**	**9**	**45**
Tax	-6	-17	14	3	-8
Profit/loss from discontinued operations					
Profit/loss for the year	**50**	**75**	**-5**	**12**	**37**
Attributable to owners of the parent	50	75	-5	12	37
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	472	475	488	477	593
Other intangible assets	205	203	203	201	14
Property, plant and equipment	226	230	254	242	212
Financial assets, interest-bearing					
Financial assets, non-interest bearing	6	4	4	4	8
Total non-current assets	**908**	**913**	**949**	**924**	**827**
Inventories	180	177	202	214	196
Receivables, interest-bearing				6	4
Receivables, non-interest bearing	141	140	171	116	144
Cash, bank, other short term investments			2		
Assets held for sale					
Total current assets	**321**	**317**	**375**	**336**	**344**
Total assets	**1,229**	**1,230**	**1,324**	**1,260**	**1,171**
Equity attributable to owners of the parent [4]	533	487	349	393	385
Non-controlling interests					
Provisions, interest-bearing	17	38	40	43	39
Provisions, non-interest bearing	88	94	87	132	90
Liabilities, interest-bearing	458	483	622	580	534
Liabilities, non-interest bearing	134	128	226	112	123
Financial liabilities, other	1	1			
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,229**	**1,230**	**1,324**	**1,260**	**1,171**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	60	66	24	13	
Changes in working capital	11	15	-12		
Cash flow from operating activities	**70**	**81**	**12**	**13**	**–**
Investments in non-current assets	-56	-32	-48	-57	
Disposals of non-current assets	11	0	2		
Cash flow before acquisition/disposal of companies	**25**	**49**	**-33**	**-44**	**–**
Net investments in companies				-7	
Cash flow after investing activities	**25**	**49**	**-33**	**-51**	**–**
Change in loans	-25	-121	35	30	
New issue		70			
Dividend paid					
Others					
Cash flow from financing activities	**-25**	**-50**	**35**	**30**	**–**
Cash flow for the year	**0**	**-2**	**2**	**-21**	**–**
Key figures					
EBITA margin (%)	9.2	8.5	4.3	5.8	8.5
EBT margin (%)	6.5	10.7	-2.1	1.1	5.0
Return on equity (%)	9.8	17.9	-1.4	3.1	–
Return on capital employed (%)	9.5	16.0	5.2	5.6	–
Equity ratio (%)	43	40	26	31	33
Interest-bearing net debt	474	521	660	617	569
Debt/equity ratio, multiple	0.9	1.1	1.9	1.6	1.5
Average number of employees	714	717	781	799	821

[1] Earnings were positively affected by NOK 17m due to changed pension rules.

[2] Earnings for 2006 are pro forma taking into account Ratos's acquisition and Jøtul's acquisition of Krog Iversen in 2006.

[3] Excluding interest on shareholder loan.

[4] Equity at 31 December 2010 includes shareholder loan of NOK 334m.

KVD Kvarndammen – new holding in Sweden

Ratos acquired 100% of KVD Kvarndammen in November 2010. The company is included in Ratos's earnings with effect from 1 January 2011.

Consolidated value in Ratos amounted to SEK 360m at year-end.

Ratos is represented on the board by Jonathan Wallis (Senior Investment Manager), Henrik Joelsson and Anders Borg (deputy).

Operations

KVD Kvarndammen (KVD) is Sweden's largest independent online marketplace offering broker services for capital goods, primarily company cars. The company, which was founded in 1991, runs the auction site kvd.se where cars, heavy vehicles, machines, liquidation goods and surplus goods are offered for sale at weekly online auctions. The kvd.se marketplace has an average of approximately 200,000 unique visitors per week. KVD has facilities at 12 locations in Sweden where the items are inspected prior to sale. The company also includes Sweden's largest valuation portal for cars, bilpriser.se.

Today KVD only accepts sales assignments from companies and authorities. Approximately 18,500 vehicles and 14,600 other items were sold on kvd.se in 2010. Revenues comprise commissions on brokered sales and services. The company has 170 employees and the head office is in Gothenburg, Sweden.

Market

KVD is the leading independent online marketplace for brokering capital goods in Sweden. The main product is sales of company cars to private individuals through online auctions. The main alternative sales outlets are traditional used car dealers.

CEO Ulrika Drotz Molin

There are also a few small auction-based brokers of second-hand cars via the internet, but KVD is the market leader in this segment. Company cars are expected to grow somewhat faster than car ownership in general in future years since this is a practical and cost-effective way to own new cars.

In the Trading Machine business area KVD brokers second-hand machines, such as construction machines, forestry and agricultural machinery. This market is highly fragmented both in terms of brokered items and alternative sales outlets, where small local dealers and brokers dominate. Trading Machine was set up as a separate business area in 2009 and still has a relatively small market share, but growth potential is good.

In the Insolvency business area KVD is normally commissioned by the receiver handling the bankruptcy and is able to assist in obtaining a market price when selling the items. In 2010 KVD launched auctions of properties and bids for businesses. KVD also acts as broker for stock lots and other items in the Surplus Stocks business area.

The year in brief

Sales in 2010 amounted to SEK 239m (221), which corresponds to an increase of 8% compared with 2009. The sales increase is mainly explained by a combination of increased volumes, higher revenue per item and increased sales of additional services.

During 2010 KVD increased the number of affiliated members from 255,000 to 337,000.

Operating profit (EBITA) for 2010 was SEK 32m compared with SEK 31m in 2009. Earnings were charged with costs affecting comparability of SEK 12m which were mainly related to acquisition-related costs. The underlying earnings improvement is mainly attributable to higher sales. KVD continued to invest in its facilities during the year and will open a new facility in Kållered outside Gothenburg in February 2011.

Future prospects

KVD has a strong position in the market for online brokering of capital goods. 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 2011 the focus will be on continued profitable growth mainly by increasing the number of brokered vehicles and setting up additional production facilities in Sweden.

Second-hand company cars are KVD Kvarndammen's largest business area.

www.kvarndammen.se

KVD Kvarndammen

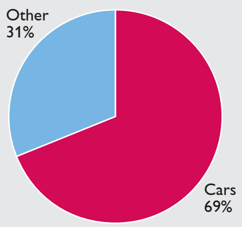
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Peter Carrick	
Stefan Holmgren	
Henrik Joelsson	
Anna Klingspor	
Bo Sandberg	
Jonathan Wallis	
Anders Borg	Deputy

Management

Ulrika Drotz Molin	CEO
Thomas Lundquist	Deputy CEO and Marketing Manager
Karin Nilsson	CFO
Mathias Björkman	CEO KVD Bilpriser AB

Sales by business area



SEKm	2010 [1][2][3]	2009 [1][2][3]	2009 [2][3]	2008 [3]	2007
Income statement					
Net sales	239	221	221	158	
Operating expenses	-202	-183	-183	-125	
Other income/expenses	0	-2	-2	0	
Share of profits of associates	0				
Result from disposals					
EBITDA	**37**	**35**	**35**	**34**	
Depreciation and impairment	-5	-4	-4	-4	
EBITA	**32**	**31**	**31**	**30**	
Amortisation and impairment of intangible assets	0	-1	-1	0	
Impairment of goodwill					
EBIT	**32**	**30**	**30**	**30**	
Financial income	1	0	0	2	
Financial expenses	-10	-11	0	-1	
EBT	**22**	**20**	**30**	**30**	
Tax	-10	-8	-8	-9	
Profit/loss from discontinued operations					
Profit for the year	**13**	**12**	**22**	**22**	
Attributable to owners of the parent	13	12	22	22	
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	513		79	77	
Other intangible assets			1	1	
Property, plant and equipment	63		64	64	
Financial assets, interest-bearing	4				
Financial assets, non-interest bearing	0				
Total non-current assets	**580**	**–**	**144**	**142**	
Inventories	3		4	7	
Receivables, interest-bearing					
Receivables, non-interest bearing	63		76	68	
Cash, bank, other short term investments	47		30	21	
Assets held for sale					
Total current assets	**114**	**–**	**109**	**95**	
Total assets	**694**	**–**	**253**	**236**	
Equity attributable to owners of the parent	360		141	122	
Non-controlling interests			0	0	
Provisions, interest-bearing					
Provisions, non-interest bearing	2		3	3	
Liabilities, interest-bearing	228			16	
Liabilities, non-interest bearing	103		109	96	
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**694**	**–**	**253**	**236**	
Statement of cash flows					
Cash flow from operating activities before changes in working capital			27	30	
Changes in working capital			10	8	
Cash flow from operating activities	**–**	**–**	**37**	**38**	
Investments in non-current assets			-7	-11	
Disposals of non-current assets					
Cash flow before acquisition/ disposal of companies	**–**	**–**	**30**	**27**	
Net investments in companies			-3		
Cash flow after investing activities	**–**	**–**	**27**	**27**	
Change in loans			-16	-9	
New issue					
Dividend paid			-3		
Others					
Cash flow from financing activities	**–**	**–**	**-18**	**-9**	
Cash flow for the year	**–**	**–**	**9**	**17**	
Key figures					
EBITA margin (%)	13.4	14.1	13.9	19.0	
EBT margin (%)	9.4	9.1	14.0	19.2	
Return on equity (%)	5.0	–	16.8	–	
Return on capital employed (%)	9.0	–	21.9	–	
Equity ratio (%)	52	–	56	52	
Interest-bearing net debt	178	–	-30	-5	
Debt/equity ratio, multiple	0.6	–	0.0	0.1	
Average number of employees	140	–	138	113	

1) Earnings for 2010 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.

Lindab – recovery and stabilisation

In 2006, Lindab was re-listed on the NASDAQ OMX Stockholm exchange having been unlisted with Ratos as principal owner since the buyout from the stock exchange in 2001. Ratos's holding is 11% since Ratos sold half its holding in the company in 2010.

Consolidated book value in Ratos at year-end amounted to SEK 310m and the market capitalisation of Ratos's holding on the same date was SEK 781m.

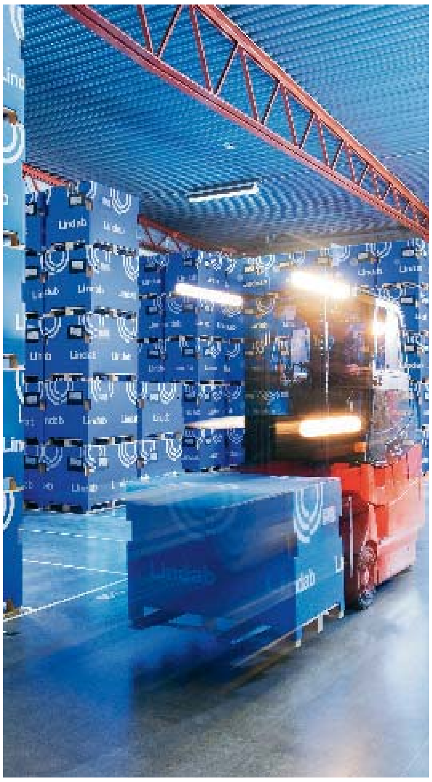
Ratos is represented on the Board by Per Frankling (Investment Director) and Stig Karlsson (Industrial Advisor).

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 4,500 employees. Approximately 60% 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, 33% 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, where Lindab has had strong organic growth since the mid-1990s.



Lindab's products are characterised by high quality, ease of assembly and a focus on energy and environment.

CEO David Brodetsky

The Building Systems business area, 13% 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.

The year in brief

Demand within Lindab's two market segments residential construction and commercial construction stabilised during the year. Lindab has noted positive signs in the Nordic market for residential construction and a continued stable but weak demand within commercial construction.

During the recession Lindab implemented a number of measures to position itself for the future. The company focused on internal efficiency and was able to reduce its fixed costs by SEK 560m, of which approximately 50% represents permanent savings. During the year Lindab carried out extensive strategy work which resulted in an updated strategic plan. The plan takes into account new market conditions, including greater demand for environmentally friendly and energy efficient solutions as well as stronger growth potential in Eastern Europe, Russia and their neighbouring countries. Focus and resources will mainly be concentrated to the most profitable product and market segments where Lindab's position, size and strength offer the best opportunities for growth.

During the year Lindab acquired the Finnish ventilation company IVK-Tuote Oy, which has shown positive development and integrated with Lindab's organisation well.

Lindab's total net sales amounted to SEK 6,527m (7,019). Adjusted for the effects of company acquisitions and divestments as well as currency effects, sales decreased by 1%.

Operating profit (EBITA) amounted to SEK 401m (265), which was positively affected by extraordinary income of SEK 47m (-46). The EBITA margin amounted to 6.1% (3.8).

Future prospects

Lindab expects that the housing segment will continue its recovery, particularly in the Nordic region. The market for commercial construction remains generally stable. External indications continue to point to a recovery in this segment starting in the second half of 2011.

At the same time as Lindab has adapted to the weaker demand in the short term, focus on growing over the long term will continue with the aid of the products' excellent properties and increasing market presence with higher growth over time.

Financial targets

Organic growth	8%
Operating margin (EBIT)	14%
Net debt/equity ratio	0.8-1.2 times
Dividend policy	40-50% of net profit

Major shareholders

Ratos	11.2%
Skandia Liv	10.7%
AP6	10.2%
Swedbank Robur	9.5%
Lannebo Fonder	5.6%

Financial calendar

Interim report Jan-March	29 April 2011
Interim report Jan-June	18 July 2011
Interim report Jan-Sept	25 October 2011

Lindab

www.lindabgroup.com

Lindab

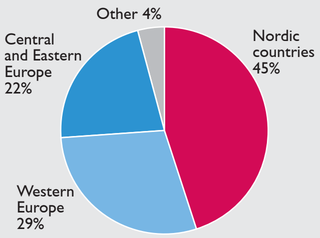
Board of Directors

Svend Holst-Nielsen	Chairman
Erik Eberhardson	
Per Frankling	
Ulf Gundemark	
Anders C. Karlsson	
Stig Karlsson	
Annette Sadolin	
Pontus Andersson	Employee representative
Markku Rantala	Employee representative
Niklas Klang	Deputy, employee representative
Staffan Råberg	Deputy, employee representative

Management

David Brodetsky	CEO
Nils-Johan Andersson	CFO
Peter Andsberg	Manager Building Components
Venant Krier	Manager Building Systems
Anders Thulin	Manager Ventilation
Christina Imméll	HR Director
Carl-Gustaf Nilsson	General Counsel

Sales by market



SEKm	2010 [1]	2009 [1]	2008	2007	2006
Income statement					
Net sales	6,527	7,019	9,840	9,280	7,609
Operating expenses	-5,881	-6,534	-8,331	-7,764	-6,470
Other income/expenses	-81	-6	-121	-4	-39
Share of profits of associates					
Result from disposals					
EBITDA	**565**	**479**	**1,388**	**1,512**	**1,100**
Depreciation and impairment	-164	-214	-215	-194	-197
EBITA	**401**	**265**	**1,172**	**1,318**	**903**
Amortisation and impairment of intangible assets	-6	-11	-10	-9	-9
Impairment of goodwill	-110				
EBIT	**284**	**254**	**1,163**	**1,309**	**894**
Financial income	9	13	22	20	11
Financial expenses	-181	-148	-195	-154	-108
EBT	**112**	**119**	**990**	**1,175**	**797**
Tax	-85	-85	-267	-274	-212
Profit/loss from discontinued operations					
Profit for the year	**27**	**34**	**723**	**901**	**585**
Attributable to owners of the parent	27	34	723	901	585
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	2,591	2,922	2,972	2,713	2,616
Other intangible assets	61	61	74	66	74
Property, plant and equipment	1,161	1,336	1,704	1,425	1,391
Financial assets, interest-bearing	26	25	7	7	6
Financial assets, non-interest bearing	370	454	392	352	325
Total non-current assets	**4,209**	**4,798**	**5,149**	**4,563**	**4,412**
Inventories	1,040	896	1,645	1,278	1,083
Receivables, interest-bearing	21	3	34	10	1
Receivables, non-interest bearing	1,061	1,280	1,539	1,478	1,382
Cash, bank, other short term investments	239	248	258	371	199
Assets held for sale		217			
Total current assets	**2,361**	**2,644**	**3,476**	**3,137**	**2,665**
Total assets	**6,570**	**7,442**	**8,625**	**7,700**	**7,077**
Equity attributable to owners of the parent	2,755	3,003	3,346	2,969	2,190
Non-controlling interests					
Provisions, interest-bearing	130	133	116	109	106
Provisions, non-interest bearing	395	518	511	419	439
Liabilities, interest-bearing	2,012	2,565	2,957	2,516	2,702
Liabilities, non-interest bearing	1,278	1,223	1,695	1,687	1,640
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**6,570**	**7,442**	**8,625**	**7,700**	**7,077**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	392	136	797	1,092	883
Changes in working capital	-1	583	-124	-217	-105
Cash flow from operating activities	**391**	**719**	**673**	**875**	**778**
Investments in non-current assets	-128	-182	-301	-195	-146
Disposals of non-current assets	365	24	64	18	96
Cash flow before acquisition/ disposal of companies	**628**	**561**	**436**	**698**	**728**
Net investments in companies	4	-30	-181	-48	-373
Cash flow after investing activities	**632**	**531**	**255**	**650**	**355**
Change in loans	-623	-340	351	-231	707
New issue					
Dividend paid		-206	-413	-256	-1,196
Others	7	5	-334		94
Cash flow from financing activities	**-616**	**-541**	**-396**	**-487**	**-395**
Cash flow for the year	**16**	**-10**	**-141**	**163**	**-40**
Key figures					
EBITA margin (%)	6.1	3.8	11.9	14.2	11.9
EBT margin (%)	1.7	1.7	10.1	12.7	10.5
Return on equity (%)	0.9	1.1	22.9	34.9	23.2
Return on capital employed (%)	5.5	4.4	19.7	25.1	18.2
Equity ratio (%)	42	40	39	39	31
Interest-bearing net debt	1,856	2,422	2,774	2,237	2,602
Debt/equity ratio, multiple	0.8	0.9	0.9	0.9	1.3
Average number of employees	4,454	4,586	5,389	5,013	4,689

[1] EBITA for 2010 includes items affecting comparability of SEK 47m (-46).

Medisize – productivity and expansion

Ratos invested in the Finnish company Medifiq Healthcare, previously a division in the Finnish company Perlos group, in 2006. Medisize Medical, a division within the Swiss group Medisize Holding, was acquired in 2008. In conjunction with this acquisition the company's name was changed to Medisize. In March 2010, Ratos acquired an additional 5.4% of the shares from Perlos. Ratos's holding now amounts to 98%. Co-owners are the company's management and board.

Consolidated book value in Ratos at year-end amounted to SEK 795m.

Ratos is represented on the board by Per Frankling (Investment Director) and Jan Pomoell.

Operations

Medisize is an international contract manufacturer specialised in medical devices for delivery and administration of drugs and pharmaceutical packaging as well as development, manufacture and distribution of single-use plastic products for anaesthesia and intensive care. Medisize offers services from design to mass production. Operations are conducted in four segments as well as mould manufacturing: Drug Delivery Devices, Medical & Diagnostic Devices, Primary Pharmaceutical Packaging and Airway Management.

The Drug Delivery Devices segment, 43% of sales, consists of products such as insulin pen components, safety syringes, inhalers and pumps for administering painkillers. Customers comprise pharmaceutical companies and the products generally require a high level of precision engineering in manufacture. Production is mainly carried out in the facility in Finland.

Medical & Diagnostic Devices, 8% of sales, is a broad segment with products that include catheters, pipette components, implants and products for high-pressure injection for medical technology companies. Operations focus on complex products often with high tolerance requirements and/or consisting of several components. Production takes place in the Netherlands and Ireland.

CEO Willem van den Bruinhorst

The Primary Pharmaceutical Packaging segment, 23% of sales, consists of plastic bottles, closures and flexible containers primarily for pharmaceutical and medical technology companies. The segment focuses on products for liquids and production takes place in Switzerland and Ireland.

Airway Management, 23% of sales, comprises products which include tubes, filters, humidifiers and masks for distributors, hospitals and other customers in the healthcare sector. Production facilities are located in the Netherlands and the Czech Republic. The segment develops its own products which are sold together with products from third parties through its own sales organisation in several European markets.

Medisize has approximately 860 employees. The head office is located in Finland.

Market

Healthcare and medical technology are growth markets and driven by several trends. Demographic development with an ageing population increases the need for medical technology. The pharmaceutical industry is increasingly using medical devices (drug delivery devices) for delivery and administration of drugs in order to differentiate its products. A growing proportion of new pharmaceuticals are so-called biological drugs which must be injected or inhaled and therefore often need a drug delivery device. In packaging the trend is moving from glass to plastic. Furthermore, there is a trend in the industry towards increased outsourcing as companies need to focus, be cost-efficient and flexible.

Growth for Medisize depends on new projects and on the success of its customers with their contracted products. During 2010 the number of potential, new projects was higher than in 2009 but remained relatively low.

Medisize has leading expertise within design, mould manufacture and specification of automated equipment, which provides competitive advantages for development projects. These areas of competence are especially important in the Drug Delivery Devices segment.

The market for contract manufacturers has been consolidating for several years, and this trend is expected to continue.

The year in brief

Medisize won an extended contract from Sanofi-Aventis for insulin pen components in 2009 and full-scale production was reached in 2010.

An expansion of Airway Management to the US was initiated since the American market is getting closer to the European when it comes to management of breathing circuits.

Medisize's total sales decreased to EUR 113m (128). The decline is due to the inclusion in 2009 of the sale of automation equipment in conjunction with installation of the second production line for insulin pen components, which was invoiced to the customer.

Operating profit (EBITA) amounted to EUR 11.4m (12.6).

Future prospects

In the short term growth prospects for Medisize are affected by the success of its customers with contracted products. In the longer term, the company's areas of competence and investments in the sales organisation combined with underlying market growth are expected to provide good opportunities for growth.

Demographic development with an ageing population increases the need for medical technology.

medisize
CREATING SMARTER SOLUTIONS

www.medisize.com

Medisize

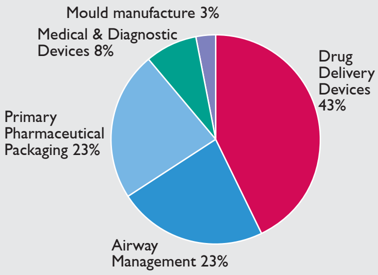
Board of Directors

Lauri Ratia	Chairman
Helle Bechgaard	
Per Frankling	
Timo Hildén	
Rabbe Klemets	
Jan Pomoell	
Esa Vuorinen	

Management

Willem van den Bruinhorst	CEO
Henry Löfstedt	CFO

Sales by business area



EURm	2010	2009	2008 [1)2)]	2007 [2)]	2007	2006 [3)]
Income statement						
Net sales	113.1	127.8	106.2	103.0	37.5	53.0
Operating expenses	-99.5	-110.9	-97.4	-93.3	-37.3	-47.3
Other income/expenses	2.4	0.5	0.9	-0.1	0.4	
Share of profits of associates						
Result from disposals						
EBITDA	**16.1**	**17.5**	**9.8**	**9.6**	**0.6**	**5.7**
Depreciation and impairment	-4.7	-4.9	-7.8	-6.6	-3.7	-3.4
EBITA	**11.4**	**12.6**	**1.9**	**3.0**	**-3.1**	**2.3**
Amortisation and impairment of intangible assets	-0.3	-0.3	-0.5	-0.5	-0.1	
Impairment of goodwill						
EBIT	**11.1**	**12.4**	**1.5**	**2.5**	**-3.2**	**2.3**
Financial income	1.1	0.6	1.0	0.4	0.3	
Financial expenses	-2.2	-3.2	-6.1	-3.7	-1.9	-1.2
EBT	**10.0**	**9.7**	**-3.6**	**-0.7**	**-4.8**	**1.1**
Tax	-2.7	-1.7	-0.5	-0.9	-0.5	
Profit/loss from discontinued operations						
Profit/loss for the year	**7.2**	**8.1**	**-4.0**	**-1.6**	**-5.3**	**1.1**
Attributable to owners of the parent	7.2	8.1	-4.0	-1.6	-5.3	1.1
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	73.3	67.5	68.9		35.6	37.1
Other intangible assets	4.9	4.9	3.4		1.9	1.8
Property, plant and equipment	33.8	31.7	31.1		18.9	21.9
Financial assets, interest-bearing						
Financial assets, non-interest bearing	1.0	0.9	1.4		0.3	0.4
Total non-current assets	**112.9**	**105.1**	**104.8**	**–**	**56.7**	**61.2**
Inventories	15.3	13.4	18.3		4.2	5.6
Receivables, interest-bearing						
Receivables, non-interest bearing	14.7	14.9	12.5		5.6	7.3
Cash, bank, other short term investments	13.3	9.3	13.5		0.1	8.1
Assets held for sale						
Total current assets	**43.3**	**37.6**	**44.3**	**–**	**9.9**	**21.0**
Total assets	**156.2**	**142.7**	**149.0**	**–**	**66.6**	**82.2**
Equity attributable to owners of the parent	91.2	77.2	69.0		31.8	38.4
Non-controlling interests						
Provisions, interest-bearing	2.0	1.3			0.1	0.1
Provisions, non-interest bearing	3.2	2.8	1.2		1.5	1.2
Liabilities, interest-bearing	39.0	41.7	49.2		25.3	28.0
Liabilities, non-interest bearing	20.4	19.3	29.0		7.8	14.5
Financial liabilities, other	0.3	0.4	0.7		0.1	
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**156.2**	**142.7**	**149.0**	**–**	**66.6**	**82.2**
Statement of cash flows						
Cash flow from operating activities before changes in working capital	11.2	13.7			-0.7	
Changes in working capital	1.8	-5.2			-1.2	
Cash flow from operating activities	**13.0**	**8.5**	**–**	**–**	**-1.9**	**–**
Investments in non-current assets	-4.8	-5.3			-0.7	
Disposals of non-current assets	0.0	0.2			0.1	
Cash flow before acquisition/ disposal of companies	**8.2**	**3.3**	**–**	**–**	**-2.5**	**–**
Net investments in companies					-2.9	
Cash flow after investing activities	**8.2**	**3.3**	**–**	**–**	**-5.4**	**–**
Change in loans	-4.1	-7.5			-2.5	
New issue						
Dividend paid						
Others					-0.1	
Cash flow from financing activities	**-4.1**	**-7.5**	**–**	**–**	**-2.6**	**–**
Cash flow for the year	**4.0**	**-4.2**	**–**	**–**	**-8.0**	**–**
Key figures						
EBITA margin (%)	10.1	9.9	1.8	3.0	-8.3	4.3
EBT margin (%)	8.8	7.6	-3.4	-0.7	-12.8	2.1
Return on equity (%)	8.6	11.1	–	–	-15.1	–
Return on capital employed (%)	9.6	10.9	–	–	-4.7	–
Equity ratio (%)	58	54	46	–	48	47
Interest-bearing net debt	27.7	33.7	35.7	–	25.3	20.0
Debt/equity ratio, multiple	0.4	0.6	0.7	–	0.8	0.7
Average number of employees	837	891	994	1,043	430	493

1) Earnings for 2008 were charged with restructuring costs of EUR -4.2m.

2) Earnings for 2007 and 2008 are pro forma taking the acquisition of Medisize Medical into account.

3) Earnings for 2006 are pro forma taking Ratos's acquisition into account.

Mobile Climate Control – mixed performance

Ratos owns 100% of the shares in Mobile Climate Control (MCC). 60% of the shares were acquired in spring 2007 and the remaining 40% in autumn 2008.

Consolidated book value in Ratos amounted to SEK 669m at year-end.

Ratos is represented on the board by Johan Pernvi (Senior Investment Manager) and Anders Lindblad (Industrial Advisor).

CEO Clas Gunneberg

Operations

MCC is a niche company which develops, manufactures and sells customised 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 usually 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), Sweden (Norrtälje), and Poland (Wroclaw). Approximately 75% 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 market position within selected segments. In the bus segment, MCC is the market leader for heating systems in North America and the Nordic region, while the rest of Europe and the cooling segment (AC) are so far relatively undeveloped markets for the company. Within the off road segment, MCC's market position is strong both in North America and in the Nordic region. The military vehicle segment is focused on North America where the company has a strong market position.

The year in brief

Market conditions during 2010 were mixed for MCC's customer segments. Sales to the off road segment saw strong growth (+40%), partly due to increased demand from end customers but also because of a normal production rate following the substantial stock adjustments by vehicle manufacturers and retailers in 2009. Sales to the bus segment showed negative development overall (-18%). General restraint in using public funds for investments in public transport had a negative impact on demand for MCC's products for the city bus segment, while the touring bus segment showed signs of recovery. MCC's sales to the military vehicle segment decreased sharply (-35%) due to an expected production decrease for one of the company's major customers.

MCC's total sales decreased by 17% (-15% in local currency) to SEK 902m (1,085).

Operating profit (EBITA) amounted to SEK 112m (128), a decrease of 12% compared with the previous year. Profitability was negatively affected by the decline in volume but the operating margin strengthened somewhat compared with the previous year due to completed cost-cutting measures and currency effects.

Cash flow from operating activities amounted to SEK 73m (154).

Future prospects

A strong market position, structural growth drivers in the market and identified areas for expansion give MCC a strong base for long-term profitable growth.

MCC's climate system creates a comfortable environment for drivers and passengers.

Mobile Climate Control

www.mcc-hvac.com

Mobile Climate Control

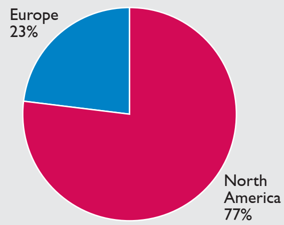
Board of Directors

Anders Lindblad	Chairman
Anders Frisinger	
Michael Mononen	
Johan Pernvi	

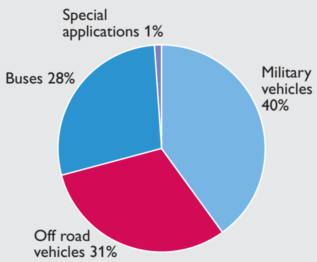
Management

Clas Gunneberg	CEO
Ulrik Englund	CFO

Sales by market



Sales by segment



SEKm	2010	2009	2008 [1]	2007 [2]	2006 [2]
Income statement					
Net sales	902	1,085	1,024	698	614
Operating expenses	-692	-902	-740	-575	-500
Other income/expenses	-81	-40	-108		
Share of profits of associates					
Result from disposals					
EBITDA	**128**	**144**	**175**	**123**	**114**
Depreciation and impairment	-17	-16	-8	-5	-7
EBITA	**112**	**128**	**167**	**118**	**107**
Amortisation and impairment of intangible assets	-7	-8	-2		
Impairment of goodwill					
EBIT	**105**	**120**	**165**	**118**	**107**
Financial income	0	1	22	1	2
Financial expenses	-34	-37	-73	-44	-36
EBT	**71**	**85**	**115**	**75**	**73**
Tax	-26	-42	-44	-28	-25
Profit/loss from discontinued operations					
Profit for the year	**44**	**43**	**71**	**47**	**48**
Attributable to owners of the parent	44	43	71	47	48
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	970	975	939	842	
Other intangible assets	22	32	40		
Property, plant and equipment	106	124	133	72	
Financial assets, interest-bearing					
Financial assets, non-interest bearing	21	37	23	11	
Total non-current assets	**1,120**	**1,168**	**1,134**	**925**	**–**
Inventories	94	114	166	113	
Receivables, interest-bearing					
Receivables, non-interest bearing	124	131	185	140	
Cash, bank, other short term investments	66	87	27	44	
Assets held for sale					
Total current assets	**284**	**331**	**378**	**296**	**–**
Total assets	**1,405**	**1,499**	**1,513**	**1,221**	**–**
Equity attributable to owners of the parent	695	678	592	530	
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	11	57	12	11	
Liabilities, interest-bearing	575	639	733	570	
Liabilities, non-interest bearing	121	122	174	108	
Financial liabilities, other	2	2	2	2	
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,405**	**1,499**	**1,513**	**1,221**	**–**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	66	57	69		
Changes in working capital	7	97	-11		
Cash flow from operating activities	**73**	**154**	**58**	**–**	**–**
Investments in non-current assets	-50	-10	-41		
Disposals of non-current assets					
Cash flow before acquisition/ disposal of companies	**23**	**144**	**17**	**–**	**–**
Net investments in companies			-173		
Cash flow after investing activities	**23**	**144**	**-156**	**–**	**–**
Change in loans	-51	-89	121		
New issue					
Dividend paid	-34	-24			
Others	46	33	18		
Cash flow from financing activities	**-39**	**-81**	**139**	**–**	**–**
Cash flow for the year	**-16**	**63**	**-17**	**–**	**–**
Key figures					
EBITA margin (%)	12.4	11.8	16.3	16.9	17.4
EBT margin (%)	7.9	7.8	11.2	10.7	11.9
Return on equity (%)	6.5	6.7	12.6	–	–
Return on capital employed (%)	8.1	9.2	15.4	–	–
Equity ratio (%)	50	45	39	43	–
Interest-bearing net debt	509	553	706	527	–
Debt/equity ratio, multiple	0.8	0.9	1.2	1.1	–
Average number of employees	512	591	727	534	495

[1] Earnings for 2008 include ACME from 1 September.

[2] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

SB Seating – strong profitability growth in stabilised market

Ratos acquired the office chair producers RH Form in Sweden, RBM in Denmark and HÅG in Norway in 2007. The companies were merged to form the new group SB Seating (initially called HÅG/RH/RBM Group). Ratos's holding amounts to 85%. The other shareholders are the company's management.

Consolidated book value in Ratos amounted to SEK 1,067m at year-end.

Ratos is represented on the board by Thomas Hofvenstam (Investment Director) and Henrik Lundh.

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 visual design, dynamic ergonomics, environment and quality.

SB Seating has a strong focus on visual design, dynamic ergonomics, environment and quality.

CEO Lars I. Røiri

The group is currently represented through subsidiaries in Norway, Sweden, Denmark, Germany, the UK, Benelux and France. In addition, SB Seating is represented by importers in over 30 countries. The group has a total of some 470 employees. Production takes place at two factories in Norway and Sweden. SB Seating is among the three largest office chair players in Europe with a market share of about 6%.

Market

The west European market for office furniture can be divided into four product segments: seating solutions, desks, storage and partitions. Seating solutions account 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 Benelux account for over half of the west European office chair market which amounts to approximately SEK 13 billion.

The market is late cyclical and mainly driven by GDP development, employment levels, construction of commercial premises and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

The year in brief

The late-cyclical office furniture market, following a sharp decline in 2009, gradually improved during the year and growth went from weakly negative to weakly positive. Several key markets, such as Sweden, Denmark, Germany and Benelux, had positive growth. SB Seating strengthened its market position, measured both in market shares and not least share of the industry's total profitability.

Reduced costs combined with effects of earlier restructuring (including last year's closure of the factory in Fjerritslev, Denmark), efficiency improvements and new work processes explain the substantial improvement in earnings during the year.

Investments in ongoing product development continued. Two products were launched at the end of the year, HÅG Capisco Puls and RH Activ. During the year HÅG Futu received prestigious international awards: the Red Dot Design Award and the environmental prize the Green Good Design Award. HÅG Capisco was the first-ever swivel chair to receive the Swan eco-label. Read more about SB Seating's sustainability work on page 30.

Sales amounted to NOK 1,010m (989). Operating profit (EBITA) amounted to NOK 165m (46). Before items affecting comparability operating profit (EBITA) was NOK 169m (104).

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 other European players. The market for ergonomic office chairs is expected to have good growth over a business cycle and opportunities for continued export activities are considered good. The fragmented industry structure provides an attractive opportunity for SB Seating in both the Nordic region and the rest of Europe.

SCANDINAVIAN BUSINESS SEATING

www.sbseating.com

SB Seating

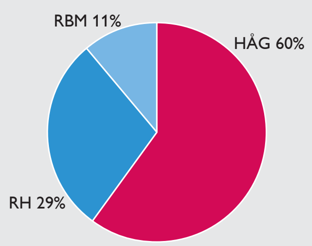
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Thomas Hofvenstam	
Olav Kjell Holtan	
Henrik Lundh	
Sven-Gunnar Schough	

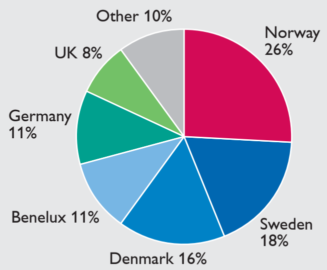
Management

Lars I. Røiri	CEO
Eirik Kronkvist-Olsen	CFO
Jon-Erlend Alstad	Senior Vice President Sales & Marketing
Lillevi Øglænd Ivarson	Senior Vice President HR & Organisational Development
Torbjørn Iversen	Senior Vice President Production & Logistics
Christian Eide Lodgaard	Senior Vice President Research & Development
Patrik Röstlund	Senior Vice President Purchasing & Supply Chain

Sales by brand



Sales by market



NOKm	2010	2009 [1]	2008	2007 [2]	2006 [2]
Income statement					
Net sales	1,010	989	1,289	1,289	1,160
Operating expenses	-804	-885	-1,042	-1,048	-968
Other income/expenses					1
Share of profits of associates					
Result from disposals					
EBITDA	**206**	**104**	**247**	**241**	**193**
Depreciation and impairment	-41	-59	-40	-51	-45
EBITA	**165**	**46**	**207**	**190**	**148**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**165**	**46**	**207**	**190**	**148**
Financial income	25	70	8	2	7
Financial expenses [3]	-39	-54	-126	-73	-70
EBT	**151**	**63**	**89**	**119**	**85**
Tax	-22	-2	-9	-41	-38
Profit/loss from discontinued operations					
Profit for the year	**129**	**61**	**80**	**78**	**47**
Attributable to owners of the parent	129	61	80	78	47
Attributable to non-controlling interests					
Statement of financial position					
Goodwill	1,388	1,388	1,388	1,395	
Other intangible assets	18	24	33	29	
Property, plant and equipment	133	148	185	159	
Financial assets, interest-bearing	1	0	0		
Financial assets, non-interest bearing	14	32	21	24	
Total non-current assets	**1,555**	**1,592**	**1,627**	**1,607**	**–**
Inventories	59	57	88	82	
Receivables, interest-bearing			1	8	
Receivables, non-interest bearing	167	171	202	178	
Cash, bank, other short term investments	47	33	63	113	
Assets held for sale					
Total current assets	**272**	**261**	**354**	**381**	**–**
Total assets	**1,827**	**1,853**	**1,981**	**1,988**	**–**
Equity attributable to owners of the parent [4]	1,006	899	809	742	
Non-controlling interests					
Provisions, interest-bearing	11	6	3	5	
Provisions, non-interest bearing	8	7	17	11	
Liabilities, interest-bearing	664	808	962	1,039	
Liabilities, non-interest bearing	138	132	191	191	
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,827**	**1,853**	**1,981**	**1,988**	**–**
Statement of cash flows					
Cash flow from operating activities before changes in working capital	185	49	93		
Changes in working capital	5	66	24		
Cash flow from operating activities	**189**	**115**	**117**	**–**	**–**
Investments in non-current assets	-19	-31	-60		
Disposals of non-current assets		4	1		
Cash flow before acquisition/ disposal of companies	**170**	**89**	**58**	**–**	**–**
Net investments in companies					
Cash flow after investing activities	**170**	**89**	**58**	**–**	**–**
Change in loans	-159	-120	-111		
New issue					
Dividend paid					
Others					
Cash flow from financing activities	**-159**	**-120**	**-111**	**–**	**–**
Cash flow for the year	**11**	**-31**	**-53**	**–**	**–**
Key figures					
EBITA margin (%)	16.4	4.6	16.0	14.7	12.8
EBT margin (%)	15.0	6.3	6.9	9.2	7.3
Return on equity (%)	13.5	7.1	10.2	–	–
Return on capital employed (%)	11.2	6.7	12.1	–	–
Equity ratio (%)	55	49	41	37	–
Interest-bearing net debt	627	781	900	923	–
Debt/equity ratio, multiple	0.7	0.9	1.2	1.4	–
Average number of employees	471	457	633	655	633

[1] Operating expenses include costs affecting comparability of NOK -58m for the full-year 2009.

[2] Earnings for 2006 and 2007 are pro forma taking Ratos's acquisition into account.

[3] Excluding interest on shareholder loan.

[4] Equity at 31 December 2010 includes shareholder loan of NOK 725m.

Stofa – new holding in Denmark

Ratos acquired Stofa from TeliaSonera in 2010. Ratos's holding amounts to 99%. Co-owners are the company's management and board. The company has been included in Ratos's earnings since 1 August 2010.

Consolidated book value in Ratos amounted to SEK 664m at year-end.

Ratos is represented on the board by Per Frankling (Investment Director) and Johan Rydmark.

Operations

Stofa is a Danish triple-play operator (broadband, cable TV and telephony) which provides some 350,000 households in Denmark with cable TV and 40% of them with broadband as well. Services are delivered in close co-operation with 300 antenna associations throughout Denmark. In addition, Stofa sells to end-user subscribers who are offered interactive TV services (pay TV), broadband and IP telephony.

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 broadband market grows by approximately 2% per year in number of subscribers and 73% of Danish households today have a broadband connection. TDC (including subsidiaries) is the leading broadband player with 61% of the market, followed by Telenor with a 13% market share. Stofa led the introduction of broadband via the cable TV network in Denmark and is today number three in the broadband market with a market share of 7%.

CEO Ole Simonsen

The year in brief

Sales in 2010 amounted to DKK 1,101m which corresponds to an increase of 8% compared with 2009. The higher sales were due to increased sales of cable TV, pay TV and telephony. Increased sales of programmes and more customer connections have driven growth for cable TV. Stofa launched its pay TV service in 2009 and saw a strong subscriber rate in the second half of 2009 which continued in 2010. During 2010 almost all antenna associations connected to Stofa were able to receive their TV signal digitally. Sales of telephony increased fast during 2010, although from low levels. The number of customers has risen to 18,000 compared with 9,000 at year-end 2009. Operating profit (EBITA) for 2010 was DKK 111m, adjusted for items affecting comparability of DKK 19m related to Ratos's acquisition of the company. This is an improvement of DKK 20m compared with 2009. The increase is due to a combination of higher sales and lower overheads. During the year Stofa continued to invest in infrastructure, mainly related to upgrading the cable network.

In January 2011 Stofa acquired the Danish cable TV operations in Canal Digital. The acquisition is subject to approval from the Danish competition authorities and is expected to be completed during the first quarter of 2011. This acquisition will broaden the customer base significantly, which means that Stofa's product offering can reach a larger section of the market.

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, for example, most of Stofa's customers will be able to see most of the TV channels to which they subscribe via web TV as an alternative to their television set. Stofa co-operates with a large number of Danish antenna associations and by offering an even more attractive content and better services for customers, sales and profitability are expected to improve in future years.

Stofa:

www.stofa.dk

Acquisition of the Danish TV operations in Canal Digital means that Stofa's product offering can reach a wider market.

Stofa

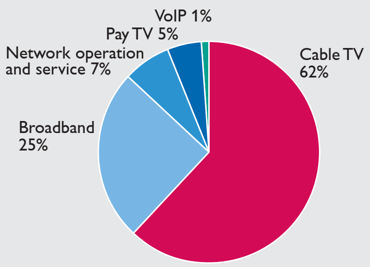
Board of Directors

Lars Torpe Christoffersen	Chairman
Jesper Bjerre	
Per Frankling	
Håkan Ramsin	
Johan Rydmark	
Dennis Rohde Hansen	Employee representative
Tom Østergård Pedersen	Employee representative

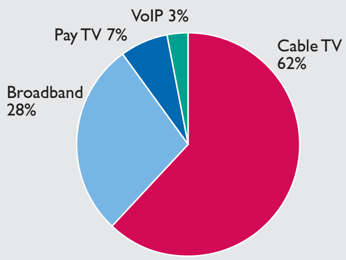
Management

Ole Simonsen	CEO
Henrik Skovsby	CFO
Kaj Skov	Technical Manager
Agnete Lundemose	HR and Customer Service Manager
Claus-Frank Sørensen	Sales and Marketing Manager
Jørgen Kristensen	Product and Development Manager
Jesper Maack	Communications Manager
Karsten Skøtt	Facilities Manager

Sales by service



Subscribers



[1] Earnings for 2010 are charged with costs affecting comparability of DKK -19m in conjunction with acquisition.

[2] Earnings for 2009 and 2010 are pro forma taking Ratos's acquisition into account.

DKKm	2010 [1,2]	2009 [1,2]	2009	2008	2007	2006
Income statement						
Net sales	1,101	1,024	1,024	1,022	923	829
Operating expenses	-926	-858	-858	-845	-708	-606
Other income/expenses	-9			0	1	1
Share of profits of associates						
Result from disposals						
EBITDA	**165**	**166**	**166**	**177**	**216**	**223**
Depreciation and impairment	-74	-74	-74	-70	-65	-63
EBITA	**92**	**91**	**91**	**107**	**152**	**160**
Amortisation and impairment of intangible assets						
Impairment of goodwill						
EBIT	**92**	**91**	**91**	**107**	**152**	**160**
Financial income	6	10	10	21	12	6
Financial expenses	-33	-32	0	-1		0
EBT	**65**	**69**	**101**	**126**	**164**	**166**
Tax	-23	-26	-26	-33	-57	-47
Profit/loss from discontinued operations		1		5	4	0
Profit for the year	**42**	**44**	**75**	**98**	**112**	**119**
Attributable to owners of the parent	42	44	75	98	112	119
Attributable to non-controlling interests						
Statement of financial position						
Goodwill	698					
Other intangible assets	7		3	4	5	6
Property, plant and equipment	380		374	337	317	289
Financial assets, interest-bearing	17					
Financial assets, non-interest bearing	50		2	2	1	1
Total non-current assets	**1,153**	**–**	**379**	**343**	**323**	**296**
Inventories	30		32	35	35	25
Receivables, interest-bearing						
Receivables, non-interest bearing	327		361	343	388	336
Cash, bank, other short term investments	71		70	401	311	162
Assets held for sale						
Total current assets	**428**	**–**	**463**	**779**	**734**	**523**
Total assets	**1,581**	**–**	**842**	**1,123**	**1,057**	**820**
Equity attributable to owners of the parent	552		452	726	628	516
Non-controlling interests						
Provisions, interest-bearing						
Provisions, non-interest bearing	29		30	25	32	10
Liabilities, interest-bearing	600		9	7	8	5
Liabilities, non-interest bearing	397		351	365	389	288
Financial liabilities, other	3					
Liabilities attributable to Assets held for sale						
Total equity and liabilities	**1,581**	**–**	**842**	**1,123**	**1,057**	**820**
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 (%)	8.3	8.9	8.9	10.5	16.4	19.4
EBT margin (%)	5.9	6.8	9.9	12.3	17.8	20.0
Return on equity (%)	8.4	–	12.8	14.5	19.5	26.1
Return on capital employed (%)	12.1	–	17.0	18.6	28.4	35.6
Equity ratio (%)	35	–	54	65	59	63
Interest-bearing net debt	512	–	-61	-395	-303	-157
Debt/equity ratio, multiple	1.1	–	0.0	0.0	0.0	0.0
Average number of employees	429	–	462	455	441	415

Other holdings

BTJ Group

Ratos became an owner in BTJ Group in conjunction with the formation of BTJ Infodata in March 2004. In 2005 the BTJ Infodata group was split and BTJ Group became a separate holding. Ratos's holding amounts to 66%. Completed action programmes improved profitability in 2010. Ratos is represented on the board by Robin Molvin (Senior Investment Manager), Michael Arvidsson and Bo Jungner (deputy).

Operations

BTJ Group is a leading supplier of media products and information services to libraries, universities, companies and organisations in the Nordic market. Operations are conducted through BTJ Sweden and BTJ Finland.

CEO Jonas Arvidsson

Board of Directors

Per Samuelson	Chairman
Gunnar Ahlström	
Peter Carrick	
Harold Kaiser	
Robin Molvin	
Michael Arvidsson	
Bo Jungner	Deputy
Paul Steene	Deputy

Management

Jonas Arvidsson	CEO
Bengt Jöndell	CFO

www.btj.se

SEKm	2010	2009 [1]	2008	2007	2006 [2]	2006
Net sales	808	863	845	823	870	1,073
EBITA	8	-16	-10	4	23	32
EBT	6	-18	-13	1	18	27
EBITA margin (%)	1.0	-1.8	-1.2	0.5	2.6	3.0
EBT margin (%)	0.8	-2.1	-1.6	0.1	2.1	2.5
Non-current assets	140	148	152	149	–	140
Current assets	134	154	167	187	–	212
Equity attributable to owners of the parent	56	55	72	81	–	80
Cash flow before acquisition and disposal of companies	-13	-8	11	-13	–	46
Interest-bearing net debt	34	17	9	16	–	-10
Equity ratio (%)	21	21	25	25	–	24
Average number of employees	267	279	294	297	327	400

[1] Earnings for 2009 were charged with restructuring costs affecting comparability of SEK -19m.

[2] Pro forma adjusted for operations sold in 2006.

IK Investment Partners

IK Investment Partners (formerly Industri Kapital) is an unlisted private equity company which since the start in 1989 has made over 70 investments within different sectors in Europe, with the majority in manufacturing industry and the service sector.

Investors in IK Investment Partners' funds comprise major Nordic, European and American institutional investors.

Ratos has invested a total of approximately SEK 550m in four funds – 1989 (closed), 1994 (closed), 1997 and 2000. The two funds IK 1997 and IK 2000 are fully invested. Berit Lind is responsible for Ratos's investments in IK Investment Partners.

The book value of the holding in IK Investment Partners amounts to SEK 127m.

Holdings in IK 1997 and IK 2000

- Dynea – chemical company that manufactures adhesion and surfacing solutions
- Superfos – manufactures plastic packaging
- Welzorg – Dutch distributor of mobility aids
- Europris – Norwegian discount wholesaler and retailer within food and other products
- Idex – French energy and environmental service company
- Suomen Lähikauppa (Tradeka) – Finnish retail chain and grocery business
- Kwintet – leading European manufacturer of work wear
- Sport Group – German supplier of outdoor surfaces for sports and recreation, such as artificial grass

Welzorg and Superfos were sold after the end of the year.

www.ikinvest.com

Overseas Telecom

Overseas Telecom was formed in 1996 in order to identify, evaluate and invest in primarily mobile licenses in developing countries, and then to develop and finally realise the built-up values in these holdings. The company has been in a divestment phase since 2000/2001 with the focus on continued business development of the project companies and divestment. Seven out of eight investments have been realised.

The remaining holding is Suntel in Sri Lanka in which Overseas Telecom owns 55%. Suntel's sales in 2010 amounted to SEK 308m with an EBITA of SEK -1m. The number of subscribers totalled about 399,000 at year-end.

Ratos is represented on the board by Thomas Mossberg (Senior Advisor) and Berit Lind (deputy).

CEO Anders Ekman

Board of Directors

Per Eric Fylking	Chairman
Håkan Jansson	
Thomas Mossberg	
Jon W. Ringvold	
Caroline af Ugglas	
Christina Wik	
Thomas Berge	Deputy
Roger Johanson	Deputy
Berit Lind	Deputy
Stein Egil Valderhaug	Deputy

Management

Anders Ekman	CEO
Gunnar Andersson	CFO

Group summary

	2010	2009	2008	2007	2006
Key figures [1)]					
Earnings per share before dilution, SEK	14.18	5.32	32.62	16.66	15.50
Dividend per share, SEK	10.50 [2)]	9.50	9	9	5.50 (11) [3)]
Dividend yield, %	4.2 [2)]	5.1	6.7	5.1	3.4 (6.8) [3)]
Total return, %	40	47	-20	14	85
Market price, 31 December, SEK	249	185	135	176	162.50
Equity per share, 31 December, SEK	95	96	100	75	69
Equity, SEKm [4)]	15,091	15,302	15,825	11,905	10,875
Return on equity, %	15	5	37	23	23
Equity ratio, %	40	41	40	38	44
Average number of shares before dilution	159,067,460	158,124,369	158,576,030	158,829,266	163,005,841
Number of shares outstanding	162,070,448	158,615,645	157,937,855	158,489,155	158,276,730
Income statement, SEKm					
Profit from group companies	1,207	979	1,004	2,005	1,164
Exit gains, group companies	783		4,405	160	-14
Impairment, group companies			-92		-178
Remeasurement former associates	140				
Share of profits of associates	218	316	550	545	719
Exit gains, associates	537		31	727	1,617
Impairment, associates					
Dividends, other holdings				71	21
Exit gains, other holdings			13	46	75
Impairment, other holdings	-25				-10
Profit from holdings	2,860	1,295	5,911	3,554	3,394
Central income and expenses	8	80	-240	-92	-160
Consolidated profit before tax	2,868	1,375	5,671	3,462	3,234
Tax	-455	-441	-382	-516	-572
Consolidated profit after tax	2,413	934	5,289	2,946	2,662
Profit attributable to owners of the parent	2,255	842	5,172	2,646	2,527
Statement of financial position, SEKm					
Intangible assets	21,925	20,382	19,686	18,066	10,406
Property, plant and equipment	4,050	3,702	3,378	3,091	2,124
Financial assets	808	2,807	3,435	2,778	2,929
Deferred tax assets	632	500	471	291	187
Current assets	13,348	13,467	15,780	12,556	11,016
Total assets	40,763	40,858	42,750	36,782	26,662
Equity	16,465	16,802	17,290	13,870	11,814
Provisions	1,057	1,186	1,148	842	656
Deferred tax liabilities	778	779	780	750	528
Interest-bearing liabilities	13,795	14,505	15,927	13,834	8,709
Non-interest bearing liabilities	8,668	7,586	7,605	7,486	4,955
Equity and liabilities	40,763	40,858	42,750	36,782	26,662

1) Applicable historical figures are restated (factor 0.4653) taking split and redemption in 2006 into account.
2) Proposed ordinary dividend.
3) Ordinary dividend (including extra dividend).
4) 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 business combinations.

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.

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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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. Between 1999 and 2010, eleven acquisitions were 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 ensure good business, we have set up Advisory Boards in Norway, Denmark and Finland. These consist of three to five 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

- Susanna Campbell (responsible)
- Lene Sandvoll Stern
- Henrik Lundh

Advisory Board

- Henning Øglænd (chairman)
- Kaare Frydenberg
- Helge Midttun
- Arvid Grundekjøn

Denmark

Team Denmark at Ratos

- Henrik Blomé (responsible)
- Robin Molvin
- Anna Ahlberg

Advisory Board

- Peter Leschly (chairman)
- Anders C. Karlsson
- Anders Thoustrup
- Walther Thygesen

Finland

Team Finland at Ratos

- Per Frankling (responsible)
- Jan Pomoell
- Cecilia Lundberg

Advisory Board

- Bertel Paulig
- Lauri Ratia

Shareholder information

Annual General Meeting 5 April 2011

The Annual General Meeting of Ratos AB (publ) will be held at 17.00 CET on Tuesday, 5 April 2011 at Berwaldhallen, Dag Hammarskjölds väg 3, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB no later than Wednesday, 30 March 2011,
- notify the company of their intention to attend no later than 16.00 CET on Wednesday, 30 March 2011.

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 Wednesday, 30 March 2011. 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 10.50 per share for the financial year 2010. The record date proposed by the Board for the right to receive dividends is Friday, 8 April 2011. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on Wednesday, 13 April 2011.

Financial calendar

5 April	Annual General Meeting 2011
5 May	Interim Report, January-March 2011
19 Aug	Interim Report, January-June 2011
9 Nov	Interim Report, January-September 2011

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

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