

Interim report January – June 2010

Q2

- **Profit before tax SEK 597m (344)**
- **Earnings per share before dilution SEK 2.13 (1.34)**
- **Overall good development in the holdings**
- **Offer for outstanding shares in HL Display**
- **Acquisition of Danish company Stofa after the end of the period**
- **Haglöfs sold after the end of the period – exit gain approximately SEK 765m**
- **Total return on Ratos shares +10%**

Ratos in summary

SEKm	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Profit/share of profits	375	191	648	290	1,295
Profit from holdings	375	191	648	290	1,295
Central income and expenses	-25	3	-51	54	80
Profit before tax	350	194	597	344	1,375

Important events

- 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 the other shareholders of SEK 49 per share. In June, Ratos also acquired HL Display shares via NASDAQ OMX Stockholm for SEK 483m. At 30 June, Ratos owned 61% of the capital in HL Display. Acquisition of the Remius family's shares was completed after the end of the period and at the end of the regular acceptance period on 13 August, Ratos owned 98.7% of the capital and 99.4% of the votes in HL Display.
 - The offer has been extended through 27 August and Ratos will shortly call for mandatory redemption and apply for a delisting of HL Display's shares from NASDAQ OMX Stockholm
 - EuroMaint's acquisition of the German company RSM Group was completed in January. The purchase price amounted to SEK 166m. Ratos provided the entire amount
 - Ratos acquired an additional 5.4% of Medisize for EUR 6.2m (SEK 59.8m)
 - In the holdings, add-ons and divestments during the first half of the year included Bisnode and Inwido

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Events after the end of the period

- At the beginning of July, Ratos concluded an agreement to acquire all the shares in the Danish triple-play operator Stofa for a purchase price (Enterprise Value) of DKK 1,090m. The seller was TeliaSonera. Ratos provided equity of approximately DKK 526m (SEK 668m). The acquisition was completed at the end of July and the company will be included in Ratos's earnings with effect from 1 August 2010
- In July, Ratos concluded an agreement to sell all shares in the wholly owned subsidiary Haglöfs to Asics, based in Japan, for approximately SEK 1,000m. The sale will provide Ratos with an exit gain of approximately SEK 765m and an average annual return (IRR) of approximately 30%. The sale is expected to be completed during the third quarter
- At the beginning of August, AH Industries signed an agreement to acquire all the shares in the Danish company RM Group. The seller is the Jørgensen family, which founded the company and will remain as owners in the merged company with a holding of 10%. The acquisition will be made at an Enterprise Value of approximately DKK 325m of which Ratos, in conjunction with the deal, will contribute equity of approximately DKK 225m. Ratos will then have a holding of 69%
- 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 carried out in July. The total number of shares in Ratos subsequently amounts to 162,070,448 and the number of votes to 54,302,721.8
- The CEO of Arcus Gruppen, Jan Tore Føsund, has decided to resign. The chairman of the board, Kaare Frydenberg, will take on the role of executive chairman from 1 September until a successor is appointed

More information about important events in the holdings is provided on pages 6-12.

CEO's comments

During the first half of the year activity has been high in the transaction market. It has been a long time since we had such a large deal flow and so many spontaneous enquires about our holdings. During the summer, four processes resulted in deals – three acquisitions and one exit. We made an offer for HL Display and acquired the Danish triple-play-operator Stofa as well as the Danish company RM Group (an add-on to AH Industries). We have also sold Haglöfs to the Japanese company Asics, an international and industrial player which we consider can best support the company in its growth outside Europe.

During the first half of 2010 the global economy continued its slow and sluggish but equally clear recovery. The macroeconomic scenario Ratos has been working with for just over a year, ROLWB (Recession Over, Long Way Back), still feels stable.

Earnings development for the holdings during the first half was good overall and most of the companies report improved earnings at operating profit level.



Arne Karlsson

Further CEO comments at www.ratos.se

Business environment and market

During the first half of 2010 the global economy continued its slow and sluggish but equally clear recovery. The macroeconomic scenario Ratos has been working with for just over a year, ROLWB (Recession Over, Long Way Back), still feels stable.

Naturally there are still major and difficult-to-assess risks that can threaten the reasonably positive trend we are currently experiencing – remember that for a couple of years now we have been in uncharted territory – where the crisis for Greece and the euro can serve as examples. Equally our main scenario is the same as it was at year-end 2008, i.e. the world for a number of years will experience sub par growth, in other words economic growth but below the long-term potential trend.

In recent years we have stressed that such a macroeconomic environment does not at all need to be negative for well-run companies with strong positions in the value chain – on the contrary these conditions provide major opportunities for good profitability development. This is something that we are now seeing in many companies, both in Ratos's portfolio and in our business environment.

For Ratos's holdings the year continued to develop in a satisfactory manner, particularly if we take into account the fact that we have a less cyclically sensitive portfolio which also developed relatively well during 2009.

Combined sales for the underlying portfolio of companies decreased during the first six months of the year by 1% compared with the previous year. Taking Ratos's different ownership stakes into account, sales rose 2%. The corresponding figures for operating profit (EBITA) were +16% and +23% respectively and for profit before tax +49% and +77% respectively.

As regards earnings for the first half of the year, development overall was good and most of the companies report improved earnings at an operating EBITA level. As usual, however, development differs for the individual holdings.

It can be noted that two companies, EuroMaint and Superfos, report considerably lower earnings than in the previous year. For Superfos this result is entirely due to

negative effects of substantial increases in raw material prices, which will be compensated on the price side but not with full effect before 2011. The underlying volume and earnings development for Superfos is good.

For EuroMaint development is still negatively affected by the harsh winter which led to extraordinary costs of approximately SEK 45m. In addition, the continued and accelerated efficiency improvements in the company resulted in costs affecting comparability of approximately SEK 35m. The underlying development in EuroMaint was strong with organic growth of 13% and the long-term prospects remain positive. However, 2010 will be a flat year for the company in terms of earnings. (If EuroMaint and Superfos are eliminated from the earnings comparison, operating profit (EBITA) for the remaining 18 holdings increased by 35% (+41% taking Ratos's ownership stakes into account.)

Ratos's results

Profit before tax for the first half of 2010 amounted to SEK 597m (344). The higher result is mainly explained by improved earnings in the underlying holdings. The result includes profit/profit shares from the holdings of SEK 648m (290) and exit gains of SEK 0 (0).

Central income and expenses

Ratos's central income and expenses amounted to SEK -51m (+54), of which personnel costs amounted to SEK 88m (78). The variable portion of personnel costs amounted to SEK 35m (14). Other management costs were SEK 79m (28). Net financial items amounted to SEK +116m (+160).

Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status.

Financial position

Cash flow from operating activities and investing activities was SEK -905m (-517) and the Group's cash and cash equivalents at the end of the period amounted to SEK 2,198m (4,657), of which short-term interest-bearing investments amounted to SEK 5m (1,735).

Performance Ratos's holdings

	2010 Q 1-2	
	100%	Ratos's share
Sales	-1%	+2%
EBITA	+16%	+23%
EBT	+49%	+77%

	2010 Q 2	
	100%	Ratos's share
Sales	+3%	+5%
EBITA	+22%	+31%
EBT	+42%	+68%

To facilitate analysis, an extensive table is provided on page 12 with key figures for Ratos's holdings. A summary of income statements, statements of financial position, etc., for Ratos's associates and subsidiaries is available in downloadable Excel files at www.ratos.se.

Ratos's results

SEKm	2010 Q 1-2	2009 Q 1-2
Profit/share of profits before tax ¹⁾		
AH Industries (66%)	-4	-2
Anticimex (85%)	58	61
Arcus Gruppen (83%)	3	-31
Bisnode (70%)	119	83
Camfil (30%)	57	34
Contex Group (99%)	30	-72
DIAB (94%)	91	36
EuroMaint (100%)	-70	20
GS-Hydro (100%)	32	24
Hafa Bathroom Group (100%)	32	19
Haglöfs (100%)	9	11
HL Display (61%)	17	11
Inwido (96%)	138	-51
Jøtul (61%)	-52	-6
Lindab (22%)	7	10
MCC (100%)	37	55
Medisize (98%)	54	34
SB Seating (85%)	51	-8
Superfos (33%)	37	66
Other holdings ²⁾	2	-4
Total profit/share of profits	648	290
Total exit gains	0	0
Profit from holdings	648	290
Central income and expenses	-51	54
Consolidated profit before tax	597	344

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

²⁾ Relates to subsidiary BTJ Group.

Interest-bearing liabilities including pension provisions amounted to SEK 13,912m (16,296).

Parent company

The parent company's loss before tax amounted to SEK 11m (+611). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 446m (3,099). Taking into account financial transactions agreed but not yet carried out, at today's date Ratos has a liquid investment capacity of approximately SEK 0. In addition, there is an existing credit facility of SEK 3.2 billion and authorisation from the 2010 Annual General Meeting to issue 30 million Ratos B shares in conjunction with acquisitions.

Risks and uncertainties

A description of the Group's and parent company's material risks and uncertainties is provided in the Directors' report and in Note 31 and 38 in the 2009 Annual Report. An assessment for the coming months is provided in the *Business environment and market* section on page 3.

Related-party transactions

The parent company received dividends from subsidiaries and associates of SEK 105m (223). In January, Ratos provided EuroMaint with capital of SEK 166m for the acquisition of RSM Group.

Ratos shares

Earnings per share before dilution amounted to SEK 2.13 (1.34). The total return on Ratos shares in the first half of the year was +10%, compared with the performance of the SIX Return Index which was +7%.

Buy-backs and number of shares

172,094 shares were repurchased during the first half of the year. The number of call options exercised corresponded to 576,200 shares. At the end of June, Ratos owned 2,833,141 B shares (corresponding to 1.8% of the total number of shares), repurchased at an average price of SEK 126. At 30 June the total number of shares in Ratos (A and B shares) was 161,852,892 and the number of voting rights was 54,280,966. The average number of B treasury shares owned by Ratos in the first half of 2010 was 2,927,628 (3,276,077 in 2009). 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 carried out in July.

Ratos's equity ¹⁾

SEKm	30 June 2010	% of equity
AH Industries	377	3
Anticimex	869	6
Arcus Gruppen	754	5
Bisnode	1,172	8
Camfil	217	2
Contex Group	1,089	8
DIAB	1,076	8
EuroMaint	622	5
GS-Hydro	-32	0
Hafa Bathroom Group	164	1
Haglöfs	163	1
HL Display	779	6
Inwido	2,002	14
Jøtul	300	2
Lindab	645	5
MCC	662	5
Medisize	792	6
SB Seating	1,074	8
Superfos	593	4
Other holdings ²⁾	190	1
Total	13,508	98
Other net assets in central companies	292	2
Equity (attributable to owners of the parent)	13,800	100

Equity per share, SEK **87**

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.

The total number of shares at 31 July amounted to 162,070,448 and the number of voting rights was 54,302,721.8. The number of outstanding shares at 31 July was 159,237,307.

Equity

At 30 June 2010, Ratos's equity (attributable to owners of the parent) amounted to SEK 13,800m (SEK 15,153m at 31 March 2010) corresponding to SEK 87 per outstanding share (SEK 95 at 31 March 2010).

Credit facilities

The parent company has a five-year 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 bridge financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The parent company should normally be unleveraged. The credit facility was unutilised at the end of the period.

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. No conversions took place during the first half of the year.

Holdings

AH Industries

- Sales SEK 218m (289) and EBITA SEK 5m (10)
- Some recovery during the second quarter but continued low market activity particularly in the Flanges business area
- Continued uncertain market situation in the short term with mixed signals from customers, unchanged positive view of the market in the longer term
- After the end of the period an agreement was concluded for acquisition of RM Group, a Danish subcontractor to the wind power, cement and mineral industries. The acquisition is subject to approval from the relevant competition authorities and is expected to be completed during the third quarter. The acquisition will be made at an Enterprise Value of approximately DKK 325m, of which Ratos will provide equity of approximately DKK 225m

Ratos's holding in AH Industries amounted to 66% and the consolidated book value in Ratos was SEK 377m at 30 June 2010.

AH Industries is a Danish leading supplier of metal components and services to the wind power, offshore and marine industries. The company is specialised in the manufacture and machining of heavy metal components with high precision requirements. Operations are conducted in four business areas: AH Flanges, AH Components, AH Projects and AH Transport.

Anticimex

- Sales SEK 909m (893) and EBITA SEK 93m (101)
- Sales growth affected by lower activity within energy inspections for blocks of flats, which according to law had to be carried out during 2009
- The cold and snowy winter led to high insurance claims at the start of the year which had a negative impact on earnings. Development for the second quarter was in line with the previous year
- Positive earnings development for operations outside Sweden

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 869m at 30 June 2010.

Anticimex is a service company that offers a broad range of services for healthy and safe indoor environments. Services include pest assurance, hygiene assurance, insurance, dehumidifying, fire protection as well as property transfer and energy inspections. The Group is currently represented in Sweden, Finland, Denmark, Norway, Germany and the Netherlands.

Arcus Gruppen

- Sales SEK 864m (788) and EBITA SEK 6m (-17)
- Good sales growth (+10% in local currency), mainly driven by wine in Sweden and Norway
- Positive earnings development as a result of higher volumes and a strengthening of the Norwegian and Swedish krona against the euro
- The CEO of Arcus Gruppen, Jan Tore Føsund, has decided to resign. The chairman of the board, Kaare Frydenberg, will take on the role of executive chairman from 1 September until a successor is appointed

Ratos's holding in Arcus Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 754m at 30 June 2010.

Arcus Gruppen is Norway's leading spirits producer and wine supplier and also has a strong position in the other Nordic countries. The group's best-known brands include Braastad Cognac, Vikingfjord Vodka, Løiten and Linie Aquavit.

Bisnode

- Sales SEK 2,273m (2,428) and EBITA SEK 242m (252)
- Organic growth was -3.5% adjusted for currency, Marketing Solutions in particular continued to show weak development
- Continued strong cash flow
- Stronger offering in Germany through launch of new credit information company
- Streamlining of the group continued. Office Team, ABC companies in Belgium, France, Luxembourg and the Netherlands as well as the shareholding in Emric were sold
- The market for business information services is historically late-cyclical. The future assessment is that the general economic recovery, particularly in the Nordic region and Germany, may lead to positive demand development at the end of the year

Ratos's holding in Bisnode amounted to 70% and the consolidated book value in Ratos was SEK 1,172m at 30 June 2010.

Bisnode is a leading European provider of digital business information with services within market, credit and product information with information about consumers and companies. Operations are conducted in 17 countries in Europe.

Camfil

- Sales SEK 2,349m (2,256) and EBITA SEK 259m (191)
- Positive sales development in Europe, Asia and within Power Systems
- Improved profitability due to completed action programmes. Margins increased in all regions and within Power Systems
- Dividend of SEK 85m, of which Ratos's share was SEK 25m

Ratos's holding in Camfil amounted to 30% and the consolidated book value in Ratos was SEK 217m at 30 June 2010.

Camfil is a world leader in clean air technology and air filters. The Group's products and services contribute to a good indoor climate and protect sensitive manufacturing processes and the surrounding environment. Manufacture takes place in 23 plants on four continents and the Group is represented by subsidiaries and agents in over 50 countries.

Contex Group

- Sales SEK 366m (361) and EBITA SEK 57m (-22)
- Positive sales development, +12% in reporting currency, primarily within Contex A/S
- Strong improvement in margins due to the extensive cost-cutting programmes in 2008 and 2009. EBITA result higher than prior to the recession, despite lower sales
- Aage Snorgaard appointed as new CEO with effect from 1 October

Ratos's holding in Contex Group amounted to 99% and the consolidated book value in Ratos was SEK 1,089m at 30 June 2010.

The Danish company Contex Group is a world-leading developer and manufacturer of innovative 2D and 3D digital imaging solutions. The company has three operating areas: Contex A/S is the world's largest manufacturer of wide-format scanners, Z Corporation manufactures 3D printers, Vidar Systems Corporation manufactures products for medical imaging.

DIAB

- Sales SEK 718m (698) and EBITA SEK 108m (83)
- Sales increased by 11% in local currencies. Continued strong wind market in Asia, but weaker development in Europe as well as North and South America
- Marine recovering well
- Improved profitability due to increased capacity utilisation and efficiency gains

Ratos's holding in DIAB amounted to 94% and the consolidated book value in Ratos was SEK 1,076m at 30 June 2010.

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

EuroMaint

- Sales SEK 1,738m (1,197) and EBITA SEK -20m (62)
- Organic sales growth (excluding acquisition of RSM and EISAB) was 13% due to favourable development within EuroMaint Rail
- Earnings charged with substantial cost increases for repairing extensive winter damage to trains as well as restructuring costs. Excluding these costs (SEK 80m) earnings were at the 2009 level
- Continued weak development for EuroMaint Industry, although rising demand during the second quarter
- EuroMaint Rail has signed an agreement to rebuild SL's (Stockholm Public Transport) trains for Roslagsbanan. The order value is SEK 400m over a four-year period
- The agreement for maintenance of commuter train traffic will be transferred to Alstom starting in summer 2011. Sales are expected to be affected by approximately SEK 200m per year

Ratos's holding in EuroMaint amounted to 100% and the consolidated book value in Ratos was SEK 622m at 30 June 2010.

EuroMaint is one of Sweden's leading maintenance companies and offers advanced maintenance services to manufacturing industry and the rail transport sector. Operations are conducted in two subsidiaries: EuroMaint Rail and EuroMaint Industry. EuroMaint conducts operations at 18 locations in Sweden, as well as in Germany, Belgium, Poland, the Netherlands, Latvia and the US.

GS-Hydro

- Sales SEK 669m (782) and EBITA SEK 47m (58)
- Weak order bookings and sales development due to reduced investment by customers. Some stabilisation occurred, however, in the Offshore segment
- Savings measures are under way to adapt operations to lower volumes
- Pekka Frantti took over as the new CEO on 1 February 2010

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK -32m at 30 June 2010 (following refinancing in 2008).

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

Hafa Bathroom Group

- Sales SEK 229m (188) and EBITA SEK 32m (23)
- Positive sales development due to higher demand driven by low interest rates, the "ROT-avdrag" (tax reductions on renovations and extensions) and a long-term positive renovation trend in homes and bathrooms
- Strong earnings due to sales increase and good control of costs
- Launch of campaign focused on the professional market
- Ratos received a dividend of SEK 90m during the period

Ratos's holding in Hafa Bathroom Group amounted to 100% and the consolidated book value in Ratos was SEK 164m at 30 June 2010.

Hafa Bathroom Group with the Hafa and Westerbergs brands is one of the Nordic region's leading bathroom furnishings companies.

Haglöfs

- Sales SEK 259m (253) and EBITA SEK 12m (14)
- Continued good underlying sales development (+9% adjusted for currency)
- After the end of the period Ratos concluded an agreement to sell Haglöfs to Asics, based in Japan. Estimated exit gain approximately SEK 765m. The deal is expected to be completed during the third quarter

Ratos's holding in Haglöfs amounted to 100% and the consolidated book value in Ratos was SEK 163m at 30 June 2010.

Haglöfs is a Nordic market leader in equipment and clothes for an active outdoor life. The company develops and markets high-quality clothing, sleeping bags, footwear, and backpacks. The company is currently represented in 18 countries in Europe and in Japan.

HL Display

- Sales SEK 834m (696) and EBITA SEK 51m (38)
- Sales increased by 20%. Excluding the acquisition of PPE (December 2009) sales were unchanged and adjusted for currency +4%
- HL Display has decided to close down its plants in Karlskoga, Sweden, and Shipley, UK, to coordinate production to existing facilities in Sweden and the UK, and to establish a new production facility in Poland
- In June, Ratos concluded an agreement to acquire the Remius family's shares in HL Display and at the same time made a public offer to other shareholders in HL Display of SEK 49 per share. At the end of the regular acceptance period, 13 August, Ratos owned 98.7% of the capital and 99.4% of the votes. The offer has been extended through 27 August

Ratos's holding in HL Display amounted to 61% and the consolidated book value in Ratos was SEK 779m at 30 June 2010.

HL Display is a global, market leading supplier of products and systems for merchandising and in-store communication with operations in 33 countries. Manufacture takes place in China, the UK, Sweden and the US. HL Display is listed on NASDAQ OMX Stockholm, Small Cap list.

Inwido

- Sales SEK 2,482m (2,235) and EBITA SEK 194m (68)
- Continued improvement in the market situation, particularly in the Nordic markets
- Operating EBITA for the second quarter amounted to SEK 164m (102), corresponding to an EBITA margin of 12% (8). Increased sales, improved cost efficiency and high capacity utilisation contributed to the positive earnings development
- Increased market shares in the Nordic region in the past year
- In the first quarter 34% of the Danish subsidiary was acquired where DKK 25m will be paid in 2010 and DKK 71m no later than 2012. In addition, there is a possible earn-out of DKK 17m to be paid in 2013. Following this acquisition the holding in Denmark amounts to 95%

Ratos's holding in Inwido amounted to 96% and the consolidated book value in Ratos was SEK 2,002m at 30 June 2010.

Inwido develops, manufactures and sells a full range of windows and doors to consumers, construction companies and modular home manufacturers. Operations are conducted in all the Nordic countries as well as in the UK, Ireland, Poland and Russia. The company's brands include Elitfönster, SnickarPer, Tiivi, KPK, Lyssand and Allan Brothers.

Jøtul

- Sales SEK 385m (427) and EBITA SEK -4m (-3)
- Good market development in Norway and the US, while sales in France weakened. Adjusted for currency sales decreased by 2%
- EBITA was positively affected by changed pension rules, but negatively by lower sales, higher raw material prices and currency fluctuations
- Following conversion into shares of the capital contribution made in 2009, Ratos's holding amounts to 61%

Ratos's holding in Jøtul amounted to 61% and the consolidated book value in Ratos was SEK 300m at 30 June 2010.

The Norwegian company Jøtul is Europe's largest manufacturer of stoves and fireplaces with production facilities in Norway, Denmark, France, Poland and the US. The company dates back to 1853 and the products are sold worldwide, primarily through speciality stores, but also through the DIY trade.

Lindab

- Sales SEK 2,949m (3,592) and EBITA SEK 119m (115)
- Improved market conditions led to a recovery during the second quarter. Adjusted for currency and structural changes, sales during the second quarter were at the previous year's level
- A sale and leaseback agreement for a property provided a cash flow of SEK 285m and a capital gain of SEK 75m
- Acquisition of the Finnish ventilation company IVK-Tuote Oy
- Following a strategic review, Lindab's financial targets have been revised. The target for the operating margin (EBITA) remains 14%, while the growth target was raised to 8% (6) and the target for the net debt/equity ratio was lowered to 0.8-1.2 (1.0-1.4)

Ratos's holding in Lindab amounted to 22% and the consolidated book value in Ratos was SEK 645m at 30 June 2010.

Lindab is a leading European company within development, production, marketing and distribution of systems and products in sheet metal and steel for the construction industry. The group is established in 31 countries. Approximately 60% of sales go to countries outside the Nordic region. Lindab is listed on NASDAQ OMX Stockholm, Large Cap List.

Medisize

- Sales SEK 590m (636) and EBITA SEK 67m (52)
- Sales increased by 3% adjusted for currency
- Improved earnings driven by high production of components for insulin pens
- Sales company established in the US for Airway Management
- In the first quarter, Ratos acquired an additional 5.4% of Medisize for EUR 6.2m (SEK 59.8m)

Ratos's holding in Medisize amounted to 98% and the consolidated book value in Ratos was SEK 792m at 30 June 2010.

Medisize is an international contract manufacturer specialised in medical devices for delivery and administration of drugs and pharmaceutical packaging (Development & Manufacturing) as well as development, manufacture and distribution of single-use plastic products for anaesthesia and intensive care (Airway Management).

Mobile Climate Control (MCC)

- Sales SEK 454m (633) and EBITA SEK 60m (83)
- Decreased sales due to lower demand in the military segment, but clear signs of a recovery in the off-road vehicles segment
- Stable EBITA margin 13% (13) despite lower sales
- Earn-out of SEK 43m paid attributable to acquisition of ACME in 2008

Ratos's holding in MCC amounted to 100% and the consolidated book value in Ratos was SEK 662m at 30 June 2010.

Mobile Climate Control (MCC) offers complete climate comfort systems for three main customer segments: buses, off road and military vehicles. Approximately 80% of the company's sales take place in North America and 20% in Europe. Major production plants are located in Toronto (Canada), Goshen (USA), Norrtälje (Sweden), and Wrocław (Poland).

SB Seating

- Sales SEK 626m (641) and EBITA SEK 105m (32)
- The late cyclical office chair market has stabilised. Sales rose 6% in the second quarter
- Substantially improved EBITA margin, 17% (9). Reduced costs combined with the effects of the completed re-organisation explain the improved earnings
- HÅG won an international design prize, the red dot design award, for the new office chair HÅG Futu

Ratos's holding in SB Seating amounted to 85% and the consolidated book value in Ratos was SEK 1,074m at 30 June 2010.

SB Seating develops and produces ergonomic seating solutions in Scandinavian design for companies and public environments. The group markets three strong brands: HÅG, Rh and Rbm which are mainly sold through retail outlets. The group is represented today in Norway, Sweden, Denmark, Germany, the UK, Benelux and France.

Superfos

- Sales SEK 1,609m (1,626) and EBITA SEK 125m (206)
- Sales in reporting currency increased by 9%. The improved economic situation led to a strong recovery in the paint, building materials and chemicals segments. The food segment, which is more independent of the economic climate, saw stable development
- The decline in earnings compared with the same period in the previous year is mainly explained by a sharp rise in raw material prices. Adjusted for the effect of raw materials, earnings development was positive compared with the same period in 2009
- Several new products were launched which led to orders in new user segments during the period

Ratos's holding in Superfos amounted to 33% and the consolidated book value in Ratos was SEK 593m at 30 June 2010.

Superfos is an international Danish group with operations in 20 countries mainly in Europe. The company develops, produces and sells injection moulded packaging for the food, paint and chemical industries.

Other holdings

- BTJ's sales amounted to SEK 441m (496) and EBITA was SEK 2m (-3). Lower sales in Sweden and Finland were compensated by reduced operating expenses following completion of action programmes
- Continued intense competition in the market for Overseas Telecom

The total consolidated book value for Other holdings in Ratos was SEK 190m at 30 June 2010.

Other holdings comprise three holdings: BTJ Group, IK Investment Partners and Overseas Telecom.

Ratos's holdings at 30 June 2010

SEKm	Net sales			EBITA			EBT ^{A)}		
	2010 Q 1-2	2009 Q 1-2	2009	2010 Q 1-2	2009 Q 1-2	2009	2010 Q 1-2	2009 Q 1-2	2009
AH Industries	218	289	523	5	10	8	-4	-2	-19
Anticimex	909	893	1,803	93	101	197	74	76	148
Arcus Gruppen	864	788	1,829	6	-17	83	3	-31	50
Bisnode	2,273	2,428	4,741	242	252	593	170	109	324
Camfil ¹⁾	2,349	2,256	4,503	259	191	417	242	167	376
Contex Group	366	361	698	57	-22	11	30	-72	-71
DIAB	718	698	1,322	108	83	156	91	47	97
EuroMaint	1,738	1,197	2,510	-20	62	133	-54	34	70
GS-Hydro	669	782	1,495	47	58	113	32	24	58
Hafa Bathroom Group	229	188	390	32	23	51	32	21	40
Haglöfs	259	253	590	12	14	65	9	11	57
HL Display	834	696	1,360	51	38	86	49	38	84
Inwido	2,482	2,235	5,026	194	68	348	138	-15	189
Jøtul	385	427	1,044	-4	-3	89	-31	14	112
Lindab	2,949	3,592	7,019	119	115	265	32	45	119
MCC	454	633	1,085	60	83	128	37	55	85
Medisize	590	636	1,358	67	52	134	54	34	103
SB Seating	626	641	1,203	105	32	56	98	34	76
Superfos	1,609	1,626	3,128	125	206	292	115	164	230
Other holdings ²⁾	441	496	863	2	-3	-16	2	-4	-18
Total	20,962	21,114	42,488	1,559	1,344	3,208	1,119	751	2,112
Change		-1%		16%			49%		

SEKm	Depreciation ^{B)} 2010 Q 1-2	Investments ^{C)} 2010 Q 1-2	Cash flow ^{D)} 2010 Q 1-2	Equity ^{E)} 30 June 2010	Interest-bearing net debt ^{E)} 30 June 2010	Average no. employees 2009	Consolidated value 30 June 2010	Ratos's holding
								30 June 2010
AH Industries	18	8	-1	558	386	210	377	66%
Anticimex	19	35	49	1,001	551	1,178	869	85%
Arcus Gruppen	16	11	-185	954	-171	463	754	83%
Bisnode	68	46	155	2,200	2,535	3,300	1,172	70%
Camfil ¹⁾	66	93	-45	2,041	537	3,249	217	30%
Contex Group	27	34	-4	1,108	794	335	1,089	99%
DIAB	44	30	31	1,228	859	1,132	1,076	94%
EuroMaint	29	24	34	623	738	1,906	622	100%
GS-Hydro	15	6	67	340	620	623	-32	100%
Hafa Bathroom Group	2	3	-20	53	110	166	164	100%
Haglöfs	2	2	2	307	39	119	163	100%
HL Display	21	21	2	534	190	906	779	61%
Inwido	65	27	-139	2,287	2,036	3,865	2,002	96%
Jøtul	30	37	-133	564	731	717	300	61%
Lindab	87	45	160	2,869	2,243	4,435	645	22%
MCC	8	47	-44	689	600	591	662	100%
Medisize	22	13	39	820	290	891	792	98%
SB Seating	22	8	95	1,149	852	457	1,074	85%
Superfos	107	79	-98	1,758	499	1,452	593	33%
Other holdings ²⁾	5	6	-13	54	37	279	11	66%

^{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 divestment of companies.

^{E)} Equity includes shareholder loan. Interest-bearing debt excludes shareholder loan.

¹⁾ Ratos refinanced its holding in Camfil in 2008 and has an interest-bearing net debt at 30 June 2010 of SEK 528m, which is not included in Camfil's income statement and statement of financial position. Ratos's consolidated book value has been adjusted to take the refinancing into account. Consolidated value excluding refinancing amounts to SEK 730m.

²⁾ "Other holdings" include the subsidiary BTJ Group.

This interim report provides a true and fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 20 August 2010
Ratos AB (publ)



Olof Stenhammar
Chairman



Lars Berg
Board member



Staffan Bohman
Board member



Annette Sadolin
Board member



Jan Söderberg
Board member



Per-Olof Söderberg
Board member



Margareth Ørum
Board member



Arne Karlsson
CEO and Board member

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

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Telephone conference
20 August
10.00 CET

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Listen to
CEO Arne Karlsson's
comments on
this report at
www.ratos.se

Financial calendar

2010

4 Nov Interim report Jan-Sept

2011

17 Feb Year-end report 2010

5 April Annual General Meeting

5 May Interim report Jan-March

19 Aug Interim report Jan-June

9 Nov Interim report Jan-Sept

Consolidated income statement

SEKm	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Net sales	6,857	6,639	13,227	12,786	26,356
Other operating income	56	31	121	83	178
Change in inventories	78	-17	166	72	-140
Raw materials and consumables	-2,523	-2,570	-4,943	-4,903	-9,663
Employee benefit costs	-2,243	-2,203	-4,430	-4,328	-8,469
Depreciation and impairment of property, plant and equipment and intangible non-current assets	-236	-262	-470	-505	-1,134
Other costs	-1,546	-1,346	-2,902	-2,651	-5,447
Capital gain from the sale of group companies	-5	-1	-5	-1	6
Capital gain from the sale of associates					-6
Share of profits of associates	84	88	134	145	358
Operating profit	522	359	898	698	2,039
Financial income	50	68	131	152	328
Financial expenses	-222	-233	-432	-506	-992
Net financial items	-172	-165	-301	-354	-664
Profit before tax	350	194	597	344	1,375
Tax	-119	-65	-209	-125	-441
Profit for the period	231	129	388	219	934
Profit for the period attributable to:					
Owners of the parent	210	123	339	212	842
Non-controlling interests	21	6	49	7	92
Earnings per share, SEK					
– before dilution	1.32	0.78	2.13	1.34	5.32
– after dilution	1.32	0.78	2.13	1.34	5.32

Consolidated statement of comprehensive income

SEKm	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Profit for the period	231	129	388	219	934
Other comprehensive income					
Translation differences for the period	-39	-172	-467	-7	-266
Change in hedging reserve for the period	-1	62	10	58	64
Change in fair value reserve for the period	-3	10	-10	107	94
Tax attributable to other comprehensive income	1	-22	-2	-23	-7
Other comprehensive income for the period	-42	-122	-469	135	-115
Total comprehensive income for the period	189	7	-81	354	819
Total comprehensive income for the period attributable to:					
Owners of the parent	195	18	-18	342	777
Non-controlling interests	-6	-11	-63	12	42

Summary consolidated statement of financial position

SEKm	30 June 2010	30 June 2009	31 Dec 2009
ASSETS			
Non-current assets			
Goodwill	18,170	18,814	18,507
Other intangible assets	1,712	2,068	1,875
Property, plant and equipment	3,518	4,036	3,702
Financial assets	3,210	2,755	2,807
Deferred tax assets	477	534	500
Total non-current assets	27,087	28,207	27,391
Current assets			
Inventories	2,951	2,913	2,617
Current receivables	5,705	6,132	5,661
Cash and cash equivalents	2,198	4,657	4,999
Assets held for sale			190
Total current assets	10,854	13,702	13,467
Total assets	37,941	41,909	40,858
EQUITY AND LIABILITIES			
Equity including non-controlling interests	14,984	16,334	16,802
Non-current liabilities			
Interest-bearing liabilities	10,650	13,443	12,040
Non-interest bearing liabilities	467	399	415
Pension provisions	420	535	451
Other provisions	457	643	607
Deferred tax liabilities	724	744	779
Total non-current liabilities	12,718	15,764	14,292
Current liabilities			
Interest-bearing liabilities	2,842	2,318	2,014
Non-interest bearing liabilities	6,821	6,988	7,167
Provisions	576	505	579
Liabilities attributable to Assets held for sale			4
Total current liabilities	10,239	9,811	9,764
Total equity and liabilities	37,941	41,909	40,858

Summary statement of changes in consolidated equity

SEKm	30 June 2010			30 June 2009			31 Dec 2009		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
Opening equity, 1 January	15,302	1,500	16,802	15,825	1,465	17,290	15,825	1,465	17,290
Adjusted for changed accounting principle	-25		-25						
Adjusted equity	15,277	1,500	16,777	15,825	1,465	17,290	15,825	1,465	17,290
Total comprehensive income for the period	-18	-63	-81	342	12	354	777	42	819
Dividend	-1,512	-19	-1,531	-1,423	-8	-1,431	-1,423	-11	-1,434
New issue					46	46	89	102	191
Transfer of treasury shares (at acquisitions) in associates	10		10						
Purchase of treasury shares in associates				2		2	2		2
Purchase of treasury shares	-34		-34						
Transfer of treasury shares (exercise call options)	80		80	14		14	14		14
Option premiums	9		9	8		8	18		18
Redemption of convertible programme in associates	-8		-8						
Acquisition of non-controlling interests	-3	-207	-210		-9	-9		-158	-158
Divestment of non-controlling interests	-1	1							
Non-controlling interests at acquisition					60	60		60	60
Non-controlling interests in divested companies		-28	-28						
Closing equity	13,800	1,184	14,984	14,768	1,566	16,334	15,302	1,500	16,802

Consolidated statement of cash flows

SEKm	2010 Q 1-2	2009 Q 1-2	2009
Operating activities			
Profit before tax	597	344	1,375
Adjustment for non-cash items	455	391	1,033
	1,052	735	2,408
Income tax paid	-124	-181	-285
Cash flow from operating activities before change in working capital	928	554	2,123
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-199	111	475
Increase (-)/Decrease (+) in operating receivables	148	-79	144
Increase (+)/Decrease (-) in operating liabilities	-833	-422	-239
Cash flow from operating activities	44	164	2,503
Investing activities			
Acquisition, group companies	-354	-359	-516
Divestment, group companies	206	3	205
Acquisition, shares in associates and other holdings	-489	-13	-20
Divestment, shares in associates and other holdings	3	6	31
Acquisition other intangible/tangible assets	-321	-360	-974
Sale, other intangible/tangible assets	20	32	163
Investment, financial assets	-33	-6	-28
Sale, financial assets	19	16	36
Cash flow from investing activities	-949	-681	-1,103
Financing activities			
Purchase of treasury shares	-34		
Exercise of options	80	14	-23
Option premiums	8	8	19
Non-controlling interest in issue/capital contribution		46	102
Acquisition of non-controlling interests	-93		
Dividends paid	-1,512	-1,423	-1,423
Dividends paid/redemption, non-controlling interests	-19	-8	-11
Loans raised	667	449	474
Amortisation of loans	-967	-1,457	-3,070
Cash flow from financing activities	-1,870	-2,371	-3,932
Cash flow for the period	-2,775	-2,888	-2,532
Cash and cash equivalents at beginning of the year	4,999	7,485	7,485
Exchange differences in cash and cash equivalents	-26	60	46
Cash and cash equivalents at the end of the period	2,198	4,657	4,999

Consolidated key figures

	2010 Q 1-2	2009 Q 1-2	2009
Return on equity, %			5
Equity ratio, %	39	39	41
Key figures per share			
Total return, %	10	24	47
Dividend yield, %			5.1
Market price, SEK	196.70	156.00	185.00
Dividend, SEK			9.5
Equity attributable to owners of the parent	87	93	96
Earnings per share before dilution, SEK	2.13	1.34	5.32
Average number of shares outstanding			
– before dilution	158,925,264	158,033,482	158,124,369
– after dilution	159,248,849	158,091,095	158,186,343
Total number of registered shares			
Number of shares outstanding	161,852,892	161,349,252	161,852,892
– of which A shares	159,019,751	158,112,005	158,615,645
– of which B shares	42,328,530	42,328,530	42,328,530
– of which B shares	119,691,221	115,783,475	116,287,115

Parent company income statement

SEKm	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Other operating income	1		1		11
Other external costs	-27	-17	-74	-26	-60
Personnel costs	-58	-49	-88	-71	-158
Depreciation of property, plant and equipment	-1	-1	-2	-1	-4
Other operating expenses				-1	-2
Operating profit/loss	-85	-67	-163	-99	-213
Capital gain from sale of participations in group companies		310		310	310
Dividends from group companies	90		93	25	25
Impairment of shares in group companies					-57
Capital gain from sale of interests in associates					-1
Dividends from associates	12	61	12	198	198
Result from other securities and receivables accounted for as non-current assets	36	78	71	146	262
Other interest income and similar profit/loss items	1	26	4	48	50
Interest expenses and similar profit/loss items	-22	-5	-28	-17	-28
Profit/loss after financial items	32	403	-11	611	546
Tax					
Profit/loss for the period	32	403	-11	611	546

Parent company statement of comprehensive income

SEKm	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Profit/loss for the period	32	403	-11	611	546
Other comprehensive income:					
Change in fair value reserve for the period	-3	-16	-10	79	99
Other comprehensive income for the period	-3	-16	-10	79	99
Comprehensive income for the period	29	387	-21	690	645

Summary parent company balance sheet

SEKm	30 June 2010	30 June 2009	31 Dec 2009
ASSETS			
Non-current assets			
Property, plant and equipment	88	75	90
Financial assets	11,816	10,767	11,124
Total non-current assets	11,904	10,842	11,214
Current assets			
Current receivables	81	29	119
Cash and cash equivalents	446	3,099	2,776
Total current assets	527	3,128	2,895
Total assets	12,431	13,970	14,109
EQUITY AND LIABILITIES			
Equity	11,842	13,277	13,321
Non-current provisions			
Pension provisions	2	2	2
Other provisions	136	179	168
Non-current liabilities			
Interest-bearing liabilities to group companies	220	202	197
Non-interest bearing liabilities	98	118	136
Current provisions			
		11	10
Current liabilities			
Non-interest bearing liabilities	133	181	275
Total equity and liabilities	12,431	13,970	14,109
Pledged assets and contingent liabilities	none	none	none

Summary statement of changes in parent company's equity

SEKm	30 June 2010	30 June 2009	31 Dec 2009
Opening equity, 1 January	13,321	13,988	13,988
Comprehensive income for the period	-21	690	645
Dividend	-1,512	-1,423	-1,423
Repurchase of treasury shares	-34		
New issue			89
Transfer of treasury shares (exercise call options)	80	14	14
Option premiums	8	8	8
Closing equity	11,842	13,277	13,321

Parent company cash flow statement

SEKm	2010 Q 1-2	2009 Q 1-2	2009
Operating activities			
Profit/loss before tax	-11	611	546
Adjustment for non-cash items	-12	-488	-456
	-23	123	90
Income tax paid	-	-	-
Cash flow from operating activities before change in working capital	-23	123	90
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables	-1	14	24
Increase (+)/Decrease (-) in operating liabilities	-155	-197	-250
Cash flow from operating activities	-179	-60	-136
Investing activities			
Investment, shares in subsidiaries	-276	-1,737	-2,360
Sale and redemption, shares in subsidiaries	49	1,108	1,157
Investment, shares in associates and other holdings	-484	-13	-20
Sales, shares in associates and other holdings		6	6
Acquisition, property, plant and equipment	-1	-39	-59
Investment, financial assets	-84	-522	-165
Sales, financial assets	80	85	85
Cash flow from investing activities	-716	-1,112	-1,356
Financing activities			
Transfer of treasury shares (exercise call options)	80	14	14
Repurchase of treasury shares	-34		
Option premiums	8	8	8
Dividends paid	-1,512	-1,423	-1,423
Loans raised	23		
Amortisation of loans		-28	-31
Cash flow from financing activities	-1,435	-1,429	-1,432
Cash flow for the period	-2,330	-2,601	-2,924
Cash and cash equivalents at the beginning of the year	2,776	5,700	5,700
Cash and cash equivalents at the end of the period	446	3,099	2,776

Operating segments

SEKm	Sales					EBT ¹⁾				
	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009	2010 Q 2	2009 Q 2	2010 Q 1-2	2009 Q 1-2	2009
Holdings										
AH Industries	125	108	219	289	523	3	-17	-4	-2	-19
Anticimex	477	457	909	892	1,803	38	36	58	61	119
Arcus Gruppen	459	426	864	778	1,829	24	10	3	-31	165
Bisnode	1,111	1,223	2,273	2,503	4,838	21	67	119	83	145
Camfil						34	25	57	34	80
Contex Group	188	166	366	361	698	15	-47	30	-72	-73
DIAB	363	343	718	472	1,095	47	18	91	36	87
EuroMaint	892	623	1,738	1,197	2,510	-30	13	-70	20	41
GS-Hydro	350	387	669	782	1,495	22	12	32	24	58
Hafa Bathroom Group	109	90	229	188	390	11	9	32	19	38
Haglöfs	96	88	259	253	587	-9	-8	9	11	58
HL Display						10	6	17	11	25
Inwido	1,384	1,295	2,482	2,235	5,026	133	33	138	-51	125
Jøtul	179	196	385	425	1,044	-38	-29	-52	-6	74
Lindab						10	11	7	10	27
MCC	228	285	454	633	1,085	15	26	37	55	85
Medisize	297	335	590	636	1,358	26	29	54	34	103
SB Seating	299	282	626	641	1,203	19	-37	51	-8	-9
Superfos						22	38	37	66	184
Other holdings ²⁾	297	330	441	496	863	2	-4	2	-4	-18
Total holdings	6,854	6,634	13,222	12,781	26,347	375	191	648	290	1,295
Exit gains	0	0	0	0	0	0	0	0	0	0
Profit from holdings	6,854	6,634	13,222	12,781	26,347	375	191	648	290	1,295
Central income and expenses	3	5	5	5	9	-25	3	-51	54	80
Group total	6,857	6,639	13,227	12,786	26,356	350	194	597	344	1,375

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

²⁾ Relates to subsidiary BTJ Group.

Accounting principles in accordance with IFRS

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report is prepared in accordance with IAS 34, Interim Financial Reporting. Pertinent regulations in the Swedish Annual Accounts Act and the Swedish Securities Market Act are also applied.

The parent company's interim report is prepared in accordance with the Annual Accounts Act and the Swedish Securities Market Act which are in accordance with the regulations in RFR 2.3 Accounting for Legal Entities.

Except where specified below, the accounting principles and basis of calculation are the same as those applied for the Group and the parent company in preparation of the most recent annual report.

New accounting principles for 2010

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 sales and partial acquisitions. How an acquisition/sale is recognised in the accounts depends on the size of the holding 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 is recognised in profit or loss for the year. In a corresponding manner a sale, which results in a loss of control, is recognised as a capital gain or loss from the sale 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 sale 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.

■ At acquisition of a "non-controlling interest" (minority) there are two alternative accounting methods, either full goodwill or proportionate share of

acquired net assets. The choice between these two methods will be made individually for every acquisition.

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

Significant accounting and valuation principles

A brief summary of Ratos's key financial principles is provided below.

Purchase price allocations

Purchase price allocations (PPAs) are preliminary until adopted, which must take place within 12 months from the acquisition. In cases where a PPA is changed, income statements and balance sheets are adjusted for the comparative period.

Goodwill and intangible assets

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified and measured, goodwill decreases corresponding.

Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent an amortisation period can be determined. In such cases, testing for impairment is only carried out when there is an indication of a decline in value. If the amortisation period cannot be determined and amortisation is therefore not effected, an annual impairment test must be performed regardless of whether or not there is any indication of impairment.

When testing for impairment goodwill and other intangible assets with an indeterminable useful life are attributable to cash-generating units, which constitute separate subsidiaries (holdings). All holdings' carrying amounts, including the value of goodwill and intangible non-current assets, attributable to the acquisition are tested by calculating the recoverable amount for the holdings. Holdings are tested for impairment annually regardless of whether or not there is any indication of impairment. Testing is conducted between annual periods if there is any indication of impairment.

Associates

As previously, Ratos applies the equity method for consolidation of associates.

IFRS requires uniform accounting principles within a group. This requirement relates to both associates and subsidiaries.

Business combinations

Acquisitions

Ratos increased its holding in Medisize by 5.4% to 98.4%. Consideration transferred amounted to EUR 6.2m (SEK 59.8m). 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).

During the period Ratos's holding of capital in HL Display increased to 61% through acquisition of shares via NASDAQ OMX to a value of SEK 483m. Goodwill at acquisition amounts to SEK 315m. HL Display will be reported as an associate until control is acquired in conjunction with completion of the acquisition of the Remius family's shares, see below.

Acquisitions after the end of the reporting period

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. Acquisition of the Remius family's shares was completed on 21 July. Consideration transferred amounted to approximately SEK 429m. Payment comprised 90% cash and 10% newly issued shares in Ratos corresponding to SEK 385m cash and 217,556 new B-shares in Ratos. At the end of the acceptance period on 13 August, Ratos owned 98.7% of the capital and 99.4% of the votes in HL Display. The offer has been extended through 27 August 2010. A preliminary PPA will be drawn up for HL Display when the public offer is completed.

In July, Ratos signed an agreement with TeliaSonera to acquire all the shares in the Danish triple-play operator Stofa. The acquisition was completed on 30 July. The Enterprise Value amounted to DKK 1,090m and the consideration transferred from Ratos amounted to DKK 526m (SEK 668m). In the preliminary PPA, goodwill amounts to SEK 869m. 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.

Preliminary PPA

SEKm	Stofa
Intangible assets	4
Property, plant and equipment	468
Deferred tax assets	75
Current assets	369
Cash and cash equivalents	60
Non-current liabilities and provisions	-741
Current liabilities	-434
Net identifiable assets and liabilities	-199
Consolidated goodwill	869
Consideration transferred	670
Minus non-controlling interests	-2
Total	668

Acquisitions in group companies

Bisnode's investment in the French company Directinet has been completed. In addition, Bilfakta was acquired during the second quarter. The combined consideration transferred for these two acquisitions amounted to SEK 75m. Bisnode paid an earn-out of a further SEK 108m for acquisitions made in 2007.

EuroMaint's acquisition of the German company Rail Service Management Group (RSM) was completed, whereby consideration transferred for the acquisition together with a number of other smaller acquisitions amounted to SEK 176m. PPAs for each company are provided in the table below.

SEKm	Bisnode	EuroMaint	Total
Intangible assets	5	1	6
Property, plant and equipment	2	67	69
Deferred tax assets	1	251	252
Current assets	52		52
Cash and cash equivalents	10	1	11
Non-current liabilities and provisions	-3	-31	-34
Current liabilities	-62	-128	-190
Net identifiable assets and liabilities	5	161	166
Consolidated goodwill ^{*)}	75	15	90
Consideration transferred	80	176	256
Minus seller promissory note	-7		-7
Total	73	176	249

^{*)} EuroMaint's consolidated goodwill includes bargain purchase (negative goodwill) amounting to SEK 6m, which is recognised in profit for the period.

Acquisitions in group companies after the end of the period

In August, AH Industries signed an agreement to acquire the Danish company RM Group. The acquisition will be made at an Enterprise Value of DKK 325m, of which Ratos in conjunction with the deal will provide equity of approximately DKK 225m. The seller will remain as an owner in the merged company with a holding of 10%. In conjunction with the acquisition, Ratos's holding in AH Industries will increase to 69%.

Divestments

Divestment after the end of the reporting period

On 12 July, Ratos concluded an agreement to sell the wholly owned subsidiary Haglöfs to Asics, based in Japan. Until the date the deal is completed, Haglöfs will be classified as *Holding held for sale*.

Consideration amounts to approximately SEK 1,000m and Ratos's exit gain is expected to amount to approximately SEK 765m, calculated on the book value in Haglöfs at 31 March 2010. The final exit gain will be affected, among other things, by Ratos's share of profits from Haglöfs.

This information is disclosed pursuant to the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act or requirements stipulated in the listing agreement.

RATOS

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