Annual Report 2012

RATOS

2012 highlights

Significant events during the year

- Mixed development in the holdings
- Susanna Campbell appointed as new CEO
- High level of transaction activity
  - Anticimex sold – IRR 24%
  - Remaining holding in Lindab sold – total IRR 23%
  - Contex sold after the end of the period – IRR -16%
  - Arcus-Gruppen acquired Aalborg with several Nordic brands
  - Stofa sold after the end of the period – IRR 55%
  - Agreement signed on acquisition of Aibel

Results

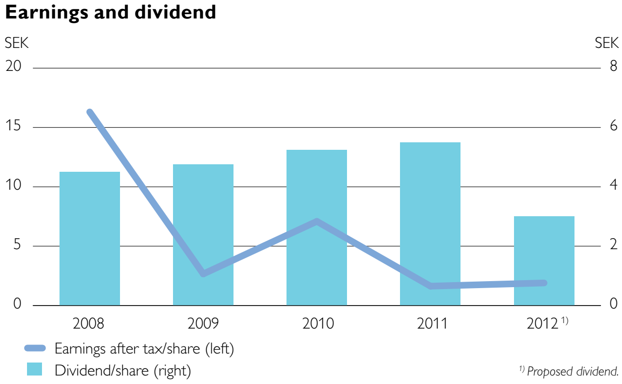
SEKm	2012	2011	2010	2009	2008
Profit/share of profits	-29	546	1,419	1,295	1,554
Exit gains	978	525	1,320		4,449
Revaluations and impairment	-375	-312	140		-92
Profit from holdings	**574**	**759**	**2,879**	**1,295**	**5,911**
Central income and expenses	193	101	-11	80	-240
Profit before tax	**767**	**860**	**2,868**	**1,375**	**5,671**
Equity	12,405	13,658	15,091	15,302	15,825

Data per share [1)]

SEK	2012	2011	2010	2009	2008
Earnings after tax	1.90	1.63	7.09	2.66	16.31
Equity	39	43	47.50	48	50
Dividend	3.00 [2)]	5.50	5.25	4.75	4.50
Dividend yield, %	4.8 [2)]	6.8	4.2	5.1	6.7
Total return, %	-17	-32	40	47	-20
Market price	62.50	80.75	124.50	92.50	67.50
Market price/equity, %	160	188	262	193	135

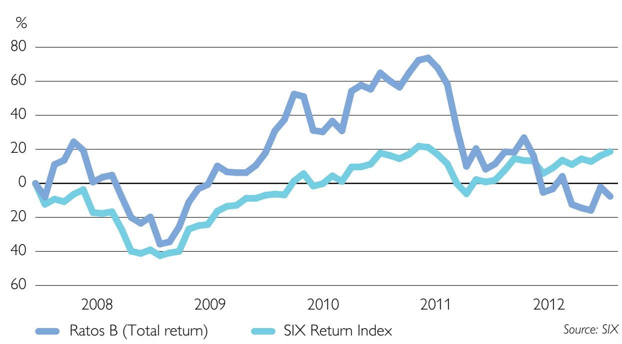
1) Applicable historical figures are recalculated taking into account the split in 2011.
2) Proposed dividend.

Earnings and dividend



1) Proposed dividend.

Total return



Source: SIX

Ratos is a private equity conglomerate. Our mission is to provide the highest possible return through the professional, active and responsible exercise of our ownership role in a number of selected companies and investment situations.

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 25% on the total of 36 exits we have completed. Most value creation occurs through industrial development during the holding period.

Read more about our vision, mission, targets and strategies on pages 4–5

Long tradition of active ownership
Ratos has a 147-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 seeks to combine the best from the private equity and the conglomerate sectors. Ratos is listed on Nasdaq OMX Stockholm, Large Cap.

Read more about our history on pages 20–21

People are the key
What makes a difference for Ratos over time is how well we succeed as active owners. This craftsmanship is carried out by our organisation. Achieving our goals requires ideas, access to capital and people who have the will, expertise and stamina to implement ambitious plans. The 26 people who currently work in our investment organisation are responsible for the development of our holdings. In addition, active ownership is supported by the rest of our organisation with sound knowledge and experience within finance, accounting and communications.

Ratos has a total of 48 employees. The organisation is presented on pages 14–19

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Holdings in brief

15 holdings with total

sales of SEK **23** billion,

operating profit SEK **1.3** billion and

15,000 employees.

Our holdings

AH Industries
Danish supplier of metal components to the wind energy, cement and mineral industries.

Sales	SEK 1,062m
Operating profit/loss	SEK -45m
Ratos's holding	69%
Investment year	2007

www.ah-industries.dk

Arcus-Gruppen
One of the Nordic region's leading suppliers of wine and spirits. The group's best-known brands include Aalborg and Lysholm Linie Aquavit.

Sales	SEK 2,278m
Operating profit	SEK 5m
Ratos's holding	83%
Investment year	2005

www.arcusgruppen.no

Biolin Scientific
Offers advanced analytical instruments for research, development and diagnostics.

Sales	SEK 235m
Operating profit	SEK 23m
Ratos's holding	100%
Investment year	2010

www.biolinscientific.com

Bisnode
One of Europe's leading suppliers of digital business information within credit, market and business information.

Sales	SEK 3,935m
Operating profit	SEK 511m
Ratos's holding	70%
Investment year	2005

www.bisnode.com

Hafa Bathroom Group
With the Hafa and Westerbergs brands a leading Nordic company within bathroom interiors.

Sales	SEK 268m
Operating profit	SEK 7m
Ratos's holding	100%
Investment year	2001

www.hafabg.com

HL Display
International supplier of products and solutions for in-store communication and store merchandising.

Sales	SEK 1,657m
Operating profit	SEK 104m
Ratos's holding	99%
Investment year	2001/2010

www.hl-display.com

Inwido
Develops, manufactures and sells windows and exterior doors in the Nordic region and selected countries in northern Europe.

Sales	SEK 4,607m
Operating profit	SEK 288m
Ratos's holding	97%
Investment year	2004

www.inwido.com

Jøtul
One of Europe's largest manufacturers of stoves and fireplaces. The company dates back to 1853 and the products are sold worldwide.

Sales	SEK 913m
Operating profit/loss	SEK -52m
Ratos's holding	61%
Investment year	2006

www.jotul.com

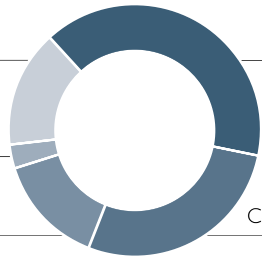
Sector-neutral investments in the Nordic region

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

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

An overview of Ratos's holdings is presented below and a detailed description of each holding is provided on pages 30–59

Sector breakdown by consolidated book value



DIAB

Global company that manufactures, develops and sells core materials for composite structures including blades for wind turbines.

Sales	SEK 1,003m
Operating profit/loss	SEK -217m
Ratos's holding	96%
Investment year	2001

www.diabgroup.com

Euromaint

Independent maintenance company for the rail transport sector in Sweden, Germany, Belgium, the Netherlands and Latvia.

Sales	SEK 2,489m
Operating profit	SEK 51m
Ratos's holding	100%
Investment year	2007

www.euromaint.com

Finnkino

The largest movie theatre chain in Finland and the Baltic countries with 24 movie theatres and 158 screens with approx. 27,000 seats.

Sales	SEK 862m
Operating profit	SEK 128m
Ratos's holding	98%
Investment year	2011

www.finnkino.fi

GS-Hydro

Global supplier of non-welded piping solutions primarily to marine and offshore industries.

Sales	SEK 1,352m
Operating profit	SEK 123m
Ratos's holding	100%
Investment year	2001

www.gshydro.com

KVD Kvarndammen

Sweden's largest second-hand car broker via the marketplace kvd.se, which has approximately 200,000 unique visitors per week.

Sales	SEK 287m
Operating profit	SEK 41m
Ratos's holding	100%
Investment year	2010

www.kvd.se

Mobile Climate Control

Offers complete, customised climate comfort systems mainly for buses, off road and defence vehicles.

Sales	SEK 1,250m
Operating profit	SEK 108m
Ratos's holding	100%
Investment year	2007

www.mcc-hvac.com

SB Seating

Develops and produces ergonomic office chairs with a Scandinavian design for corporate and public environments.

Sales	SEK 1,176m
Operating profit	SEK 237m
Ratos's holding	85%
Investment year	2007

www.sbseating.com

The strategy stands firm

When I sum up my (short) first year as CEO of Ratos, I do so with great confidence in the company and our ability to create value in the years ahead. But I also respect the challenges that our business environment is giving us in the short term and gave us in 2012. We have, however, marked out a clear course for the future and are continuing our critical work with our holdings and with value-creating acquisitions and divestments. I am convinced that in this way we will be able, in a short while, to deliver a good return to our shareholders once more.

Ratos's strategy stands firm

During the past year we have spent some time examining Ratos's strategy and our priorities in the years ahead from every angle. We have been able to establish that Ratos has a very strong platform to build on:

- Ratos is a private equity conglomerate and has delivered good results within the framework of this strategy for many years now.
- We have an organisation which, in all functions, is extremely competent. Our employees are really passionate about the active ownership which is Ratos's core expertise and the entire organisation is permeated by a professionalism that has impressed me during the year. This is further strengthened by a built-up structural capital and a large knowledge base.
- Ratos's history and good reputation are something of which we who work at Ratos are very proud. This is not just having a strong principal owner with a long-term approach (which in turn of course facilitates our long-term activities) but also the fact that we carry with us an industrial tradition and view of our ownership, as well as developed relationships which are extremely valuable, particularly when times are a little hard.

Like all companies we naturally face a number of challenges:

- Seen overall, the large amount of capital available within the private equity sector has contributed to high and intensifying competition for attractive acquisition candidates. Ratos has felt the effects of this competition in recent years. For the industry as a whole, this has resulted in a fall in returns over time, even though the leading players have continued to show high returns.
- The economic situation has on the whole been challenging since 2008 and for 2013 we are preparing ourselves and our holdings for a continued weak market. Ratos's value creation cannot be measured in a single quarter – not even in one year – but obviously a prolonged recession, such as we are now experiencing, affects return figures in the short term.

- Flexible access to capital is one of Ratos's greatest strategic challenges. Acquisition and exit opportunities do not occur in a steady stream and attractive opportunities which turn up must be handled when they arise in order to maximise long-term shareholder value. The acquisition of Aibel in December, combined with the dividend reduction, are clear examples of the need for flexibility.

In recent years, Ratos has had a slightly lower rate of investment and a high dividend yield. I believe, however, that we now have an interesting opportunity to change this balance somewhat in order to build Ratos for the future and thus achieve leverage in the economic upturn when it comes.

If I summarise these opportunities and challenges, in my opinion we have a very strong starting position and extremely good opportunities to be successful in the years ahead as well. We must, however, continue to improve – all companies must do this – but we have a very strong core from which to start when we now take the next step in Ratos's development.

2012 in retrospect

We stand on very stable ground but in 2012 the weak economic climate had a clear impact on development in Ratos's holdings. Many of the markets in which our holdings operate were more affected by the weaker economic climate than we initially expected. During 2012 three holdings – AH Industries, Jøtul and DIAB – faced major strategic challenges which required a lot of work and action. Challenges such as these, however, are part of Ratos's everyday reality. We will always have a few companies in the portfolio which do not develop as planned but, combined with the weak economic situation in 2012, earnings for Ratos's portfolio as a whole were lower than in the previous year. Unfortunately, but hardly surprisingly, this has affected the share price and the total return on Ratos shares has been a disappointment during the year.

2012 was also a year in which Ratos was highly active on the transaction side. As many as four holdings left the Ratos portfolio: Anticimex, Contex, Lindab and Stofa. Anticimex and Stofa are examples of fantastic deals with returns that well met – and in the case of Stofa widely exceeded – Ratos's return requirements. Contex, on the other hand, is a holding which did not perform according to plan but where we nevertheless decided to sell. 2012 also brought two major acquisitions: Arcus-Gruppen's add-on acquisitions included the spirits brands Aalborg and Gammel Dansk. And in December we announced the acquisition of Aibel, Ratos's second-largest acquisition since 1999.

A weaker business climate is not only negative. During 2012 we saw a rise in the number of attractive investment opportunities and there are now fewer players who are involved in the battle for these. This is partly because many players for a variety of reasons are unable to take advantage of these opportunities. One reason is lack of financing. Not everyone has access to equity and furthermore general access to loans has decreased. Ratos, as a long-term, industrially focused owner which has accepted responsibility for our holdings even in tougher times for almost 150 years, has had no problems in borrowing money from our Nordic relationship banks for acquisitions. This is an important competitive parameter for the future when favourable financing is not available to everyone.

2013 and beyond – results will come

It looks as if 2013 will also be a year which offers challenges in terms of the business climate and market development. Many of our holdings will probably, at least during the first half of 2013, continue to have the wind against them. Despite this, we expect that a number of our holdings will be able to improve their profits in 2013, provided the economy does not deteriorate further. The excellent work that has been done on the costs side in many of the companies is one reason for this. It will not be easy, however. In a tough market, every victory is hard-won.

Nevertheless, I look forward to 2013 with confidence. During 2012 we started extensive efforts to lay the foundation for continued success for Ratos, work which will bear fruit in a few years' time. We will continue with this work in 2013 which means that work with our existing holdings must be given top priority. Ratos's active ownership is our most important factor for success and I am convinced it will be even more important in the future. It might take time before we see the full results of our efforts, but the final outcome from our deals is not actually known until we sell. In parallel with this we also currently have an attractive transaction market to handle. There are exciting opportunities to both sell and buy companies but it takes a lot of work to sniff out the very best deals, and not least then carry them out. We must take advantage of opportunities when they arise but unfortunately this meant, among other things, that during the year we proposed a reduction of the dividend in order to be able to make acquisitions. This was not an easy decision. Nevertheless, I am convinced that it will please our shareholders in a few years. We have a strong position and it is now, in this interesting market situation, that we can build on this.

I would like to end by expressing a big thank you to my highly competent and dedicated colleagues. In a tough market an enormous amount of hard work takes place behind the scenes, which will prove valuable in the long term. There are no people I would rather work with on challenges and opportunities than the organisation at Ratos. Thank you for the fantastic work you do! I would also like to extend this thank you to the management groups and other employees in our portfolio companies, both those we still own and those who left the Ratos family during the year.

Susanna Campbell
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 whose business comprises acquisition, development and divestment of preferably unlisted companies.

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.

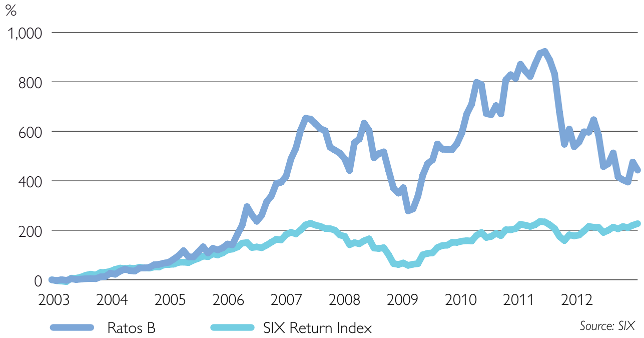
Financial target

- *Average annual return (IRR) on each individual investment to exceed 20%.*
  36 exits have been completed since 1999 with an average IRR of 25%. In 2012, two exits were completed and agreements signed for a further two exits.

Investment criteria

- *Holding* at least 20% and normally the principal owner.
- *Investment size* SEK 300m – 5,000m in equity. Ratos does not invest in early phases of companies' life cycles.
- *Active exit strategy.* Ratos does not set any limit on its ownership period. Every year, an assessment is made of the ability of each holding to continue to generate at least a 20% average annual return (IRR) and Ratos's ability to contribute to further development of the holding.
- *Sector generalist.* Ratos's core competence is to be an active owner, which is independent of sector expertise. We have therefore chosen to be sector-neutral – although Ratos never invests in the arms industry or pornography, or in companies with an obvious negative environmental impact.
- *Focus on own deal flow.*
- *Nordic acquisitions.* We invest solely in companies with their head office in the Nordic region. Add-on acquisitions via our holdings can be made globally.

Total return



Ideas for potential acquisitions come from many sources. A large number originate in our own inquisitiveness and a genuine interest in entrepreneurship and Nordic business life. In addition, we take part in processes conducted by investment banks and other advisors.

Our active exit strategy includes an assessment of the ability of each holding to continue to generate an average annual return (IRR) of at least 20% and Ratos's ability to contribute to further development of the holding. Ratos does not set any limit on its holding period and we place great importance on making a responsible exit.

It is during the holding period that most of Ratos's value creation takes place. How an acquired company develops depends, among other things, on the chosen strategy, development of the industry and economy, as well as the ability of the company's management and employees to conduct operations in an effective manner. Over time, whether Ratos is successful or not is decided by its competence as an active owner. Through active and industry focused exercise of its ownership role Ratos acts to increase earnings and sales in the holdings over time. Approximately 70% of value creation in exits made so far has come from industrial development.

Dividend policy

- The dividend over time shall reflect the actual earnings development in Ratos.
- Historically an average of over 50% of profit after tax has been distributed as a dividend.
- The aim is for an even dividend development.

The proposed dividend for the 2012 financial year is SEK 3 per share which corresponds to 158% of earnings per share for 2012. The dividend yield on Ratos shares based on the closing price at year-end amounted to 4.8%.

Other targets

- *Total return on Ratos shares should outperform the average on Nasdaq OMX Stockholm.*
  Total return in the past ten years for Ratos shares has amounted to 374% (17% per year) compared with the SIX Return Index 227% (13% per year). In the past five years total return has amounted to -8% (-2% per year), compared with the SIX Return Index +19% (+3% per year). In 2012 the total return for Ratos amounted to -17% and +16% for the benchmark index.
- *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 the annual Regis survey on communication from listed companies, IR Nordic Markets. Ratos came sixth in 2012.

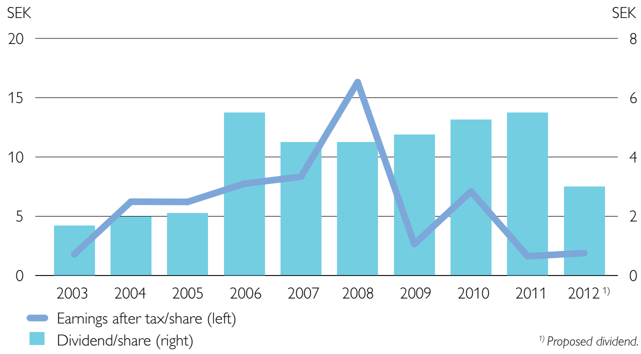
Financial strategy in brief

- Parent company Ratos AB is normally unleveraged.
- Only "normal" bank loans (senior debt). No syndicated loans, i.e. loans sold in small portions to different players.
- Focus on Nordic bank relationships.
- Ratos has no formal undertakings for debt in the portfolio companies. We are, however, a responsible owner which works with long perspectives and we therefore nurture our reputation and confidence.
- Ratos seeks to ensure that the holdings have an optimal financial structure based on prevailing conditions.

Management costs

Ratos has management costs which are approximately 1% of market capitalisation.

Earnings and dividend



1) *Proposed dividend.*

Ratos as owner

Our 147-year history, our legal form and our long-term and industrial focus are components that contribute to us being regarded in the owner sector as a little different. Even though we continuously develop the way we work, we still always carry with us a history of entrepreneurship as well as a professional, active and responsible exercise of our ownership role.

Ratos is a private equity conglomerate

Finding a good word to describe our business and strategic focus is difficult, but we have chosen to use the concept private equity conglomerate. This means that we, as an owner company, try to combine the strengths of the private equity and conglomerate sectors, and at the same time avoid the weaknesses within both sectors. On our website there is more information about the pros and cons of a conglomerate and private equity.

Considerable expertise in transactions and financing is essential in our business. This is, however, an area mastered by most private equity companies and where the opportunities for long-term and sustained value creation, in our opinion, are limited. The common denominator for owner companies that have been successful over time is active ownership where most of the value creation takes place through industrial development. It is here our strength lies and has lain historically.

Market and new investments

The road to acquisition

There is really no “typical” process with a straight line from start to finish. Sometimes acquisitions are made within a few months while others take considerably longer. Ratos might have been in contact with a company for several years before an acquisition takes place. Ideas for potential acquisitions come from several sources, from processes conducted by investment banks for example, but a high proportion of the deal flow is our own – which means that we pursue an idea on acquisition of a company and have sole rights or are one of few competitors. A large part of these self-generated transactions originate in our own inquisitiveness and a genuine interest in entrepreneurship and Nordic business life. In addition, we also work in a structured manner by surveying specific sectors or a specific region.

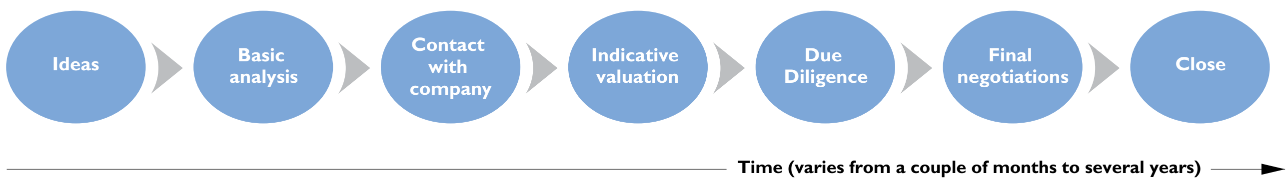
It is of strategic importance that we have a high and continuous flow of investment ideas. In order to identify the best investments we analyse a large number of companies every year, approximately 200–250. Only a few of these result in an acquisition. Many of the companies identified are weeded out early in the process because they do not meet Ratos’s investment criteria or the owner does not wish to sell at the time. We invest in most sectors and focus on medium-sized to large companies in the Nordic region. The common denominator for the companies in which we finally have the opportunity to invest is that they are assessed as meeting our required rate of return of at least 20%.

Continued competition in the industry

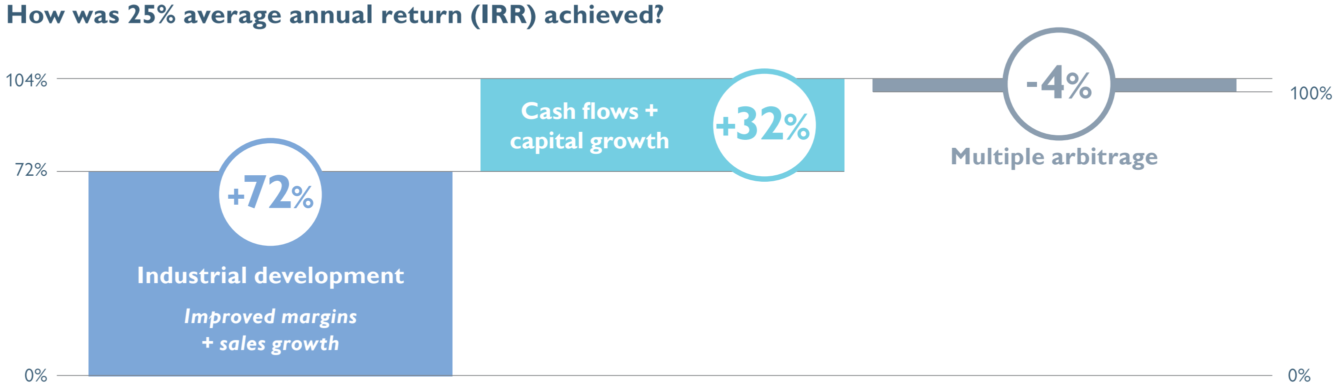
The number of private equity players in Europe has seen strong growth over the past 15 years and assets under management remain substantial. This has led to increased competition for attractive acquisition candidates and therefore also higher demands on owners – an owner must provide more than just financial expertise in order to achieve a good return.

Furthermore, access to loans has changed since the financial crisis as banks need to reduce their lending in order to meet stricter capital adequacy requirements. The Nordic banking market continues to function well, but the banks have become somewhat more selective which affects how much they lend, to whom and for what. In such an environment Ratos, with our good reputation and our responsible and long-term approach, does very well and we continue to have good access to bank financing at reasonable levels and terms.

Investment process



How was 25% average annual return (IRR) achieved?



Approximately 72% of value creation comes from the companies' industrial development, i.e. efforts to increase sales and improve profitability. Sales growth has in turn been created both through organic growth and acquisitions.

Approximately 32% of value creation comes from financial effects. Some of these effects, approximately half, can basically be derived from an 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 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 is the price of the company in relation to the company's profits. Multiple arbitrage has provided a negative contribution of 4%, i.e. Ratos has on average sold for lower multiples than those that applied at acquisition.

Ownership – how are returns created?

Our main financial target is that each individual investment should generate an average annual return of at least 20% (IRR*). An assessment of whether we have managed to achieve this target requires an analysis of the "exit portfolio" – the portfolio of companies that Ratos has sold and where the final result for these investments can be seen.

During the just over 14 years (from 1999 to March 2013) that Ratos has been a private equity conglomerate, 36 exits have been made which together have contributed to Ratos's cash flow with approximately SEK 34 billion. In total, these exits have generated an IRR of 25%. The exit portfolio has thus met the return requirement of at least 20% by a wide margin. This result contains both successful investments that fully met the goals set up when the investment was made (in 2012 for example Stofa and Anticimex where we achieved an IRR of 55% and 24% respectively) as well as investments that must be summarised as less successful (such as Contex where we had a negative return).

* IRR: Average annual return (Internal Rate of Return) – the annual return on the invested amount calculated on the basis of the original investment, final selling price and other capital flows, taking into account when in time all these payments were made to or from Ratos.

Focus on industrial value creation

As active owners we work to build better and more successful companies. It is during the holding period that most of Ratos's returns are created mainly through sales growth and profitability improvements in the holdings (see illustration above). 20% IRR is a challenge but through methodical work with all the tools at our disposal as well as our business model, where we through a firmly established business plan and strategy together with management and the rest of the board in the holding work to achieve the set goals, our assessment is that the required rate of return can be achieved in the future as well despite low global growth.

Neither does creating a good return always require major growth in profits and sales. In Anticimex, during our ownership period we increased sales by 7% per year and improved the operating margin by just over one percentage point. That does not sound like much but combined these were the main reasons we achieved an IRR of 24%.

Adapted exercise of ownership

Our investment approach varies from holding to holding. Sometimes our value creation consists of providing capital and resources which enable the companies to grow and invest for example in product development, improved customer offerings, geographic expansion or to make

Industrial development of our holdings – combined with good ideas, access to capital and people who have the will, expertise and stamina to implement ambitious plans – is the reason we achieve our goals.

add-on acquisitions. In Stofa, market adjustment of the customer offering together with an increased number of broadband customers were the key to the good improvement in sales and profitability. This also helped to make this a highly successful investment for Ratos. In other cases our aim might be to improve efficiency and raise productivity in a company by investing in new production technology. Arcus-Gruppen is a good example where we invested in a new highly efficient production facility which will contribute to higher profitability in future years.

Even if the way we exercise ownership is adapted to the specific company, there are some common denominators for how we work:

- A well-formulated, established and communicated strategy that provides clarity.
- A business plan that is worked out together with management, with detailed objectives and action plans, which clearly sets out the intentions of management, board and owner and simplifies follow-up.
- Targets and a business plan which support the owner's required return, in Ratos's case at least 20%.
- A co-investment programme, where management (and sometimes part of the board) co-invests with Ratos which creates common interests between management and owner and is an effective tool to make management "raise their sights" and have value creation as their principal aim.
- Governance – follow-up, control and management
  - Clear division of roles and responsibilities between owner, board and management where management has complete operational responsibility to implement adopted plans
  - Professional board work and the right board composition with an external chairman, which provides valuable expertise and creates dynamics
  - Good control and high quality of reporting and follow-up.
- An open, honest and frequent dialogue between management, board and owner in day-to-day work and when decisions are being prepared.
- Ratos employees who play an active role and support management in specific projects in the holdings.

The distinct focus and frequent dialogue that characterise good work as owner are particularly important when things do not go as planned, for example when the economic situation creates unforeseen challenges. In such situations fast and effective decision-making are key, which is facilitated by management, board and owner being on the same playing field from the start.

When things do not go as planned

We have a solid history of successful acquisitions and exits but it is unavoidable that from time to time we make an investment where we do not achieve our return requirement. And a company in which we invest seldom performs exactly as we planned. Developing companies is not an exact science and flexibility and the ability to deal with unexpected issues which arise are key attributes for a successful owner.

The reasons an investment does not develop as planned (sometimes it goes better, sometimes worse) can be many but in our view there are four main basic explanations and combinations of these:

- Structural changes in an industry or market in which the company operates
- A changed economic situation
- A change in the company's strategic position
- Operational factors within the company.

Structural changes in the company's industry or market are the type of unexpected change that is most difficult to cope with as owner. For example, if overcapacity arises in an industry, no amount of heroism will stop things from going wrong. This happened to our investment in the IT consultant company Giga in 2002. The company found itself in an impossible situation with rapidly falling capacity utilisation, in common with others in the industry, and Ratos lost the entire investment.

If the situation is due to the *economic situation* the only thing to do is keep going, try to gain market shares, be cost effective and acquire as good a position as possible – because when the economy turns then the company will also see an upturn. This is what happened for example for Lindab after Ratos's buyout from the stock exchange in 2001.

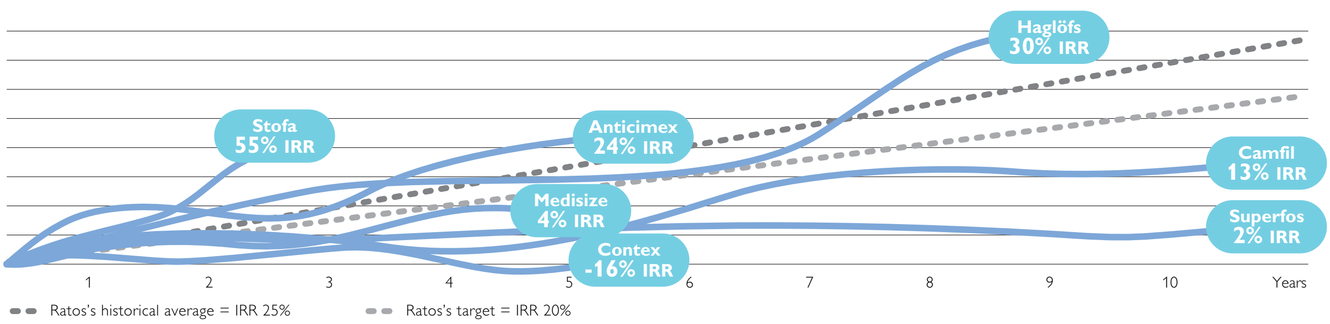
The company's *strategic position* can be remedied, but this takes time. Medisize is an example of this. First Ratos acquired Perlos Healthcare (Medifiq), where we misjudged the importance for customers that suppliers had a critical mass. In order to increase the company's size and thus enable growth, we made an add-on acquisition in 2008, Medisize Medical, and merged the two companies. As a result the company was of sufficient size to obtain a larger share of customers' business. Medisize was sold in 2011 to a major industrial player in order to be able to continue to grow with its customers.

Operational factors within a company, such as organisational or management issues, can generally be put right even if this sometimes takes time. This can require major changes such as changing management, making cutbacks or changing strategy. This is underway at the moment in Euromaint which we are radically changing from state-owned to customer-focused and adjusted to the market. We also had operational challenges for a while in Ratos's former holding Alimak Hek where we had lost half the value between 2001 and 2003 but finally achieved an IRR of 30%, although with a little help from the economic climate.

Even if investments sometimes go wrong initially they can still finally meet the return requirement. The final result is not confirmed until we sell the company.

We will never be able to entirely avoid our companies not developing according to plan. This is why our ability to handle unforeseen events in the companies is crucial. We act as soon as we know that a holding is not developing as planned, but it can also be harmful for the company to act far too soon. As owner we must guide the company – but it is not we who do the daily work. We act as a sounding board to management, help with strategic development and change programmes and, if this is justified in order

Performance of Ratos's seven most recent exits



It could be said that we have a bag of money which shareholders entrust us to invest. Our target is that together these investments will provide an average annual return (IRR) of at least 20%. Some will exceed the target while others will perform less well. So far we have achieved 25% IRR on 36 exits.

to achieve change or accelerate development, we act by changing CEO and/or other people in the company's management. Handling challenges such as these is a key part of our everyday work.

An exit is only a confirmation

We divest ("exit" as it is called in the industry) a holding when we have completed what we intended to do in the company or assess that it will be difficult to achieve our required return of at least 20%. Assessments are based on current market value and we never look back. The same owner is not necessarily suitable in all situations and phases of a company's development, which can also influence our decision to sell. This is also one of the explanations for why a new owner can take advantage of different opportunities than us and therefore be prepared to pay a good price. The proceeds from completed exits are used for Ratos's dividends and for acquisition of new companies.

We have carried out 36 exits so far and after almost every one where we have achieved our return requirement we hear: *"Now you have sold all the good companies and only the 'rubbish' is left."* This is an interesting comment – not just because we hear it so often (which demonstrably means it cannot be true) but because it puts the finger on the effect of our business and the fact that despite our transparency it is difficult to evaluate our value creation. We buy a company after a thorough analysis and review, at a price that can be difficult for an outsider to evaluate the extent to which it is reasonable. During the years immediately after the acquisition we quite often make extensive changes that perhaps temporarily reduce the reported profit but which after a few years create a better company with a higher profit and sales. These measures, and our activities during the holding period, can be difficult to put a value on during individual quarters before they start to be reflected in earnings. When we eventually sell, we do this hopefully at a price where we achieve our return requirement. But the divestment is only a confirmation of whether or not an investment has been successful.

Future exit portfolio

What returns can be expected from today's portfolio? Naturally, four years of tough conditions in the business environment have affected the returns in our present holdings. Some investments in the portfolio will drag down the average return, even if the investments land up on the plus side. This applies, for example, to some of the companies we acquired in 2007, but also to some other investments. At the same time, many companies in the portfolio will meet the IRR of at least 20% by a wide margin.

Ratos's return target is continuously reviewed by the Board, which so far has not seen any need to change it. Consequently, this means that all new investments made are expected to meet this target. All other things being equal, however, a challenging business climate and the low interest rate world in which we live have made the return requirement more difficult to achieve.

Ratos share data

The performance for Ratos shares during 2012 was a disappointment. The total return on Ratos shares (price development including reinvested dividends) in 2012 was -17% compared with the SIX Return Index which was +16%.

Brief facts 2012

Share listing	Nasdaq OMX Stockholm, Large Cap
Total number of shares	324,140,896
Number of shares outstanding	319,001,359
Closing price, 31 Dec 2012	SEK 62.50 (Ratos B)
Highest/lowest quotation	SEK 93/53.75
Market capitalisation, 31 Dec 2012	SEK 20 billion
Reuters ticker code	RATOb.st
Bloomberg ticker code	RATOB S

Share price performance

Performance for Ratos B shares was -23% compared with the OMXSPI which was +12% in the same period. The highest quotation during the year (SEK 93) occurred in March and the lowest (SEK 53.75) in October. The closing price on 31 December was SEK 62.50. In 2012 the total return (price development including reinvested dividends) for Ratos B shares amounted to -17% compared with the SIX Return Index which was +16% in the same period.

Trading

A total of 156 million Ratos shares (of which B shares accounted for 155 million) were traded via Nasdaq OMX Stockholm during 2012 at a value of over SEK 11.2 billion. An average of approximately 625,000 shares, of which 622,000 B shares, were traded per day. The turnover rate, i.e. the proportion of shares traded in relation to average market capitalisation, was 65% (52% in 2011).

Trading in Ratos B shares also takes place outside Nasdaq OMX Stockholm via other marketplaces (multilateral trading facilities), such as Chi-X, Burgundy and Turquoise. An additional approximately 400,000 Ratos B shares per day were traded via these marketplaces in 2012.

Market capitalisation

Ratos's total market capitalisation calculated on the number of outstanding shares amounted to approximately SEK 20 billion at year-end. This ranks the company as number 33 in terms of size of the 258 companies listed on Nasdaq OMX Stockholm, and number 64 of the 548 companies on the joint Nordic Exchange.

Dividend

The Board of Directors proposes an ordinary dividend for the 2012 financial year of SEK 3 per share. Dividend yield amounts to 4.8% based on the closing price at year-end. Since 1999, Ratos has issued an average dividend of 55% (58% including extraordinary dividend 2006) of profit after tax.

The dividend has a major impact on the long-term return. This effect is illustrated in the table below.

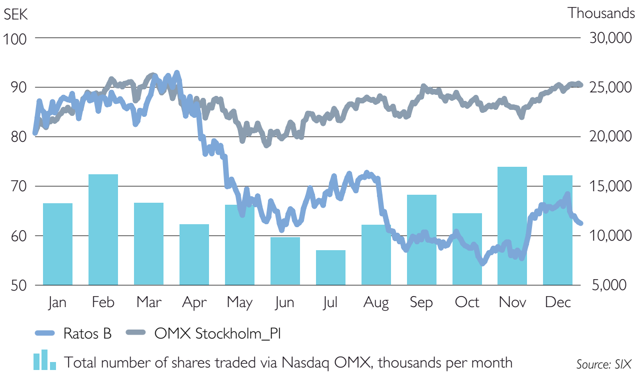
	Price development alone		Total return (price+reinvested dividend)	
Investment year, SEK	**Ratos B**	**Index**	**Ratos B**	**Index**
1954*	718,300	207,680	7,038,980	1,366,600
20 years	35,050	6,290	99,640	11,200
10 years	2,810	2,280	4,740	3,270
5 years	710	983	923	1,187
1 year	774	1,120	828	1,165

* Ratos was listed in June 1954.

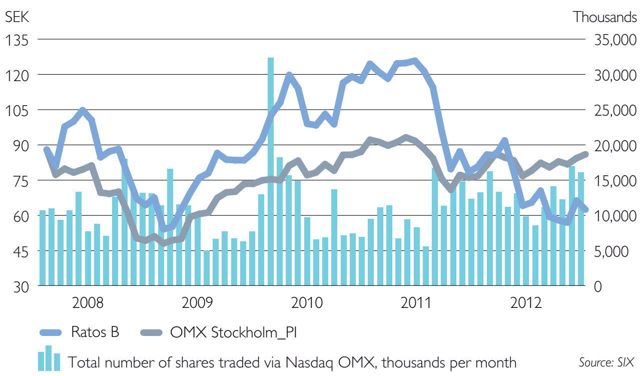
Sources: Nasdaq OMX Stockholm, SIX, Ratos.

An investment of SEK 1,000 in Ratos shares when Ratos became a listed company in 1954 was worth more than SEK 0.7m at year-end 2012 and if the dividends had also been reinvested the value was approximately SEK 7m.

Share price trend and trading 2012



Share price trend and trading 2008–2012



Employee ownership in Ratos

Key people at Ratos are encouraged to have a shared outlook with the company's shareholders which is achieved through owning their own shares and well-balanced option programmes. Read more in the corporate governance report on page 68 and on Ratos's website.

Share capital and number of shares

Ratos's share capital at year-end 2012 amounted to SEK 1,021m divided among a total of 324,140,896 shares, of which 84,637,060 A shares and 239,503,836 B shares. The number of treasury shares at year-end was 5,139,537, which means that the number of outstanding shares amounted to 319,001,359. Ratos A shares each carry entitlement to one vote and Ratos B shares 0.1 vote. The total number of votes amounts to 108,587,443.6.

Purchase of treasury shares

A decision was made at the 2012 Annual General Meeting that treasury shares may be acquired until the Annual General Meeting in 2013. The holding of treasury shares may not exceed 4% of the total number of shares in the company. During 2012 Ratos did not repurchase any shares. 4,590 treasury shares were redeemed during the year. At year-end, Ratos owned 5,139,537 B shares, corresponding to 1.6% of the total number of shares, repurchased at an average price of SEK 69.

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 2012, no shares were converted. Since 2003, a total of 963,724 A shares have been submitted for conversion into B shares.

Issue of new shares

Since the 2009 Annual General Meeting there has been a decision that Ratos in connection with acquisitions may issue B shares in Ratos – through set-off, non-cash or a cash payment. This mandate was renewed at the 2012 Annual General Meeting and applies for a maximum of 35 million shares.

Ownership structure

The number of shareholders amounted to 54,911 at year-end. The ten largest shareholders accounted for 76% of the voting rights and 43% of the share capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 18%. The UK, the US and Luxembourg account for the largest shareholdings outside Sweden. 55% of Ratos's shareholders owned 500 shares or less and together accounted just under 2% of the share capital.

Ratos's shareholder meetings

Ratos participates as a speaker at some 10–15 shareholder meetings per year throughout Sweden. In 2012, Ratos took part in shareholder meetings at ten locations, including Borlänge, Falköping, Ludvika, Malmö and Stockholm, and met a total of about 2,500 shareholders.

Analysts who monitor Ratos

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

Breakdown by class of share

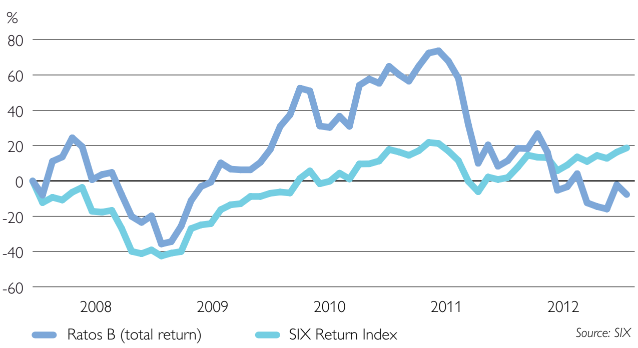
Class of share	Number of shares	% of voting rights	% of capital
A	84,637,060	78	26
B	239,503,836	22	74
	324,140,896	**100**	**100**

Range analysis

Number of shares	Number of shareholders	Share of capital, %
1–500	30,432	2
501–1,000	8,826	2
1,001–5,000	11,766	8
5,001–10,000	2,060	5
10,001–20,000	905	4
20,001–	922	79
	54,911	**100.0**

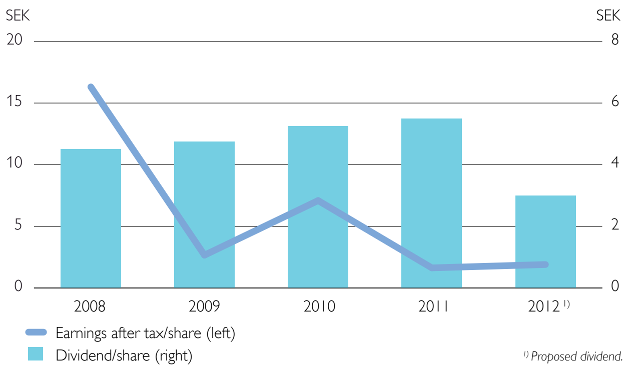
Source: Euroclear Sweden

Total return



Source: SIX

Earnings and dividend



1) Proposed dividend.

Data per share*	2012	2011	2010	2009	2008
Earnings per share before dilution, SEK	1.90	1.63	7.09	2.66	16.31
Dividend per A and B share, SEK	3.00 [1]	5.50	5.25	4.75	4.50
Dividend as % of earnings	158 [1]	337	74	179	28
Dividend as % of equity	8 [1]	13	11	10	9
Equity, SEK [2]	39	43	47.50	48	50
Closing market price, B share, SEK	62.50	80.75	124.50	92.50	67.50
Market price/equity, %	160	188	262	193	135
Dividend yield, %	4.8 [1]	6.8	4.2	5.1	6.7
Total return, %	-17	-32	40	47	-20
P/E ratio	33	49.5	17.6	34.8	4.1
Highest/lowest price paid, B share, SEK	93/53.75	134.70/69.05	128.75/92.75	94.50/49.50	109/54

Key figures*	2012	2011	2010	2009	2008
Market capitalisation, SEKm	19,938	25,759	39,650	29,344	21,321
Number of shareholders	54,911	51,294	46,009	40,494	38,099
Average number of shares outstanding before dilution	319,000,693	319,036,699	318,134,920	316,248,738	317,152,060
Number of shares outstanding at year-end	319,001,359	318,996,769	318,474,614	317,231,290	315,875,710
Average number of traded Ratos shares/day, thousands (Nasdaq OMX)	625	675	602	454	536
Dividend, SEKm	957 [1]	1,754	1,678	1,512	1,423

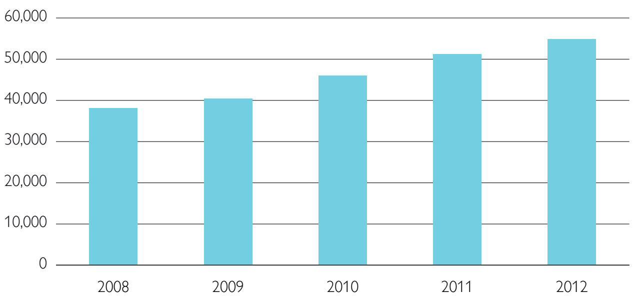
* Applicable historical figures are recalculated taking the 2011 share split into account.
1) Proposed dividend. 2) Attributable to owners of the parent.

Ratos shareholders*	Number		Share of	
31 December 2012	A shares	B shares	capital, %	voting rights, %
Söderberg family with companies	49,179,269	11,511,974	18.7	46.4
Torsten Söderberg Foundation	11,936,578	15,759,900	8.5	12.4
Ragnar Söderberg Foundation	14,708,453	12,633,340	8.4	14.7
Swedbank Robur funds	0	5,873,037	1.8	0.5
Akademiinvest	0	5,559,000	1.7	0.5
Handelsbanken funds	0	4,689,310	1.5	0.4
Avanza Pension	24,577	4,130,425	1.3	0.4
Second Swedish National Pension Fund (AP2)	0	3,889,595	1.2	0.4
Confederation of Swedish Enterprise	0	3,000,000	0.9	0.3
JPM Chase	0	2,969,416	0.9	0.3
Treasury shares	–	5,139,537	1.6	–
Other	8,788,183	169,487,839	53.4	23.7
Total	**84,637,060**	**239,503,836**	**100.0**	**100.0**

* Refers to shares registered with Euroclear Sweden at 31 December 2012. Pledged shares are not included in shareholder statistics.

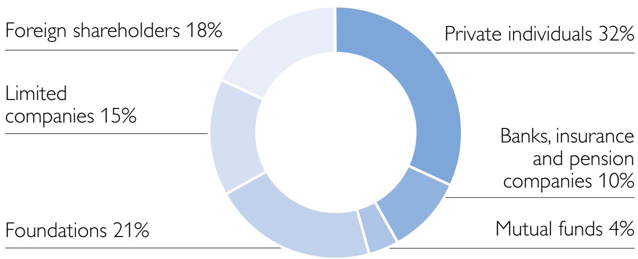
Source: Euroclear Sweden

Number of shareholders



Source: Euroclear Sweden

Breakdown of Ratos's shareholders, % of capital



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 48 employees are based here. 26 people work in the investment organisation and 22 within business support, providing support to Ratos's business with expertise in financing, accounting and communications.

The employees in the investment organisation have long experience of developing companies, primarily from a background as management consultants. They are continuously involved with current transactions and processes, as well as leading the work in Ratos's holdings together with each company's management.

Each holding has a dedicated team which consists of two Ratos employees where one is responsible for the holding (an Investment Director or Senior Investment Manager). The team is often the same throughout the entire holding period, from acquisition to exit. In this way we create continuity and therefore trust between Ratos and the management of each company.

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

Together with the managements in our holdings we develop ambitious plans in order to achieve our return requirement. How well we succeed depends on the ability of management and employees to run their business and implement the business plan. This requires experience, knowledge and expertise within the holdings and this is why talent development is a prioritised issue for us as owners. We are also keen to ensure that our holdings and Ratos itself are attractive employers. We have therefore initiated a number of HR initiatives in 2012.

RATOS'S HR INITIATIVES

Some of our HR initiatives

- Network Days
- Chairman Forum
- CEO Summit
- Sourcing and Supply Chain Program
- Ratos Talent Award (read more on right)

Ratos Talent Award

Ratos Talent Award was presented for the first time during 2012. The award was established to increase the focus on talent development in our holdings. The ability to attract and retain talent in the organisations is a decisive factor for the long-term success of the companies.

The three prize winners in 2012 were:

- Brian Steen Hansen, Operations Director, AH Industries
- Elin Ellann, Business Manager, Arcus-Gruppen
- Henrik Nyby, Director Operations, Inwido Denmark & Business Unit KPK

Our aim with this initiative is to ensure that our holdings can attract, develop and retain skilled employees and talents. The long-term, overall aim is also that it should be interesting and positive to work for a company that is part of the Ratos Group – an owner that gives individuals opportunities to develop, to be challenged and to take major steps in their careers.

We make active efforts in the boards of our holdings to raise awareness of these issues in each holding and make sure that HR strategies are established within each company. In addition, we conduct several concrete initiatives where we bring together CEOs, boards and management groups at various training or development events. This is also one of the strengths of a conglomerate, the ability to make a tangible contribution to the exchange of experience between different companies, industries and environments.

Ratos in the Nordic region

The Nordic countries differ in several respects, including corporate structure, sector distribution and business culture. Ratos's Nordic business and organisation have therefore been adapted to local conditions in each country. To improve our contact base, we have set up Advisory Boards in Norway, Denmark and Finland. These consist of people with many years of industry experience. They act as Ratos's representatives and contribute – together with some of our own employees – with knowledge of local business life and with their individual networks. In each country we also have a broad network of selected people who contribute to the deal flow, and who can also serve on the boards of our holdings as industry experts, for example.

RATOS'S INVESTMENT TEAMS IN THE NORDIC REGION

Norway

Ratos Team Norway

- Henrik Joelsson (responsible)
- Henrik Lundh
- Jenny Askfelt Ruud
- Lene Sandvoll Stern

Advisory Board

- Henning Øglænd (chairman)
- Kaare Frydenberg
- Helge Midttun
- Lars I Røiri

Denmark

Ratos Team Denmark

- Henrik Blomé (responsible)
- Robin Molvin
- Martin Højbjerg

Advisory Board

- Peter Leschly (chairman)
- Carsten Gerner
- Anders Thoustrup

Finland

Ratos Team Finland

- Per Frankling (responsible)
- Jan Pomoell
- Cecilia Lundberg

Advisory Board

- Bertel Paulig
- Lauri Ratia
- Peter Seligson

Employees

Investment organisation

Berit Lind, Mårten Bernow, Per Frankling, Jan Pomoell, Jonathan Wallis, Susanna Campbell, Henrik Lundh, Johan Rydmark, Oscar Hermansson, Anna Ahlberg, Johan Pålsson, Michael Levén, Jenny Askfelt Ruud, Leif Johansson

Anna Ahlberg
Investment Manager
Born 1970. MSc Econ.
Employed by Ratos since 2001.
Sjunnesson & Krook Corporate Finance 2000–01. PwC Corporate Finance 1994, 1996–2000.

Lina Arnesson
Investment Manager
Born 1984. MSc Econ.
Employed by Ratos since 2012.
Greenhill & Co 2009–12.

Jenny Askfelt Ruud
Senior Investment & CR Manager
Born 1973. MSc Econ.
Employed by Ratos since 2007.
McKinsey & Company 2001–07.
Arts Alliance 2000–01.
Morgan Stanley 1998–2000.

Mårten Bernow
Investment Manager
Born 1983. MSc Econ.
Employed by Ratos since 2012.
The Boston Consulting Group 2008–12.

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
CEO
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 Inwido and Jøtul.
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.

Martin Højbjerg
Investment Manager
Born 1979. MSc Econ.
Employed by Ratos since January 2013.
FIH Partners 2008–12.

Henrik Joelsson
Investment Director
Responsible for the holdings Biolin Scientific and Bisnode.
Born 1969. MSc Econ and MBA.
Employed by Ratos since 2004.
Bain & Company 1995–2003.

Leif Johansson
Deputy CEO and Senior Advisor
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.

Martin Højbjerg, Daniel Repfennig, Mikael Norlander, Johan Pernvi, Lene Sandvoll Stern, Henrik Joelsson, Anders Borg, Robin Molvin, Cecilia Lundberg, Bo Jungner, Henrik Blomé, Lina Arnesson

Bo Jungner
Deputy CEO and Investment Director
Born 1960. MSc Econ.
Employed by Ratos since 1998.
Brummer & Partners 1996–98.
SEB/Enskilda 1983–96.

Michael Levén
Investment Manager
Born 1979. MSc Econ.
Employed by Ratos since 2006.
Lazard 2004–06.

Berit Lind
Investment Manager
Born 1961. MSc Econ.
Employed by Ratos since 2000.
Own business 1996–2000.
Öhman 1987–96.

Cecilia Lundberg
Investment Manager
Born 1978. MSc Econ.
Employed by Ratos since 2006.
Alfred Berg Corporate Finance 2003–06.

Henrik Lundh
Senior Investment Manager
Responsible for the holding SB Seating.
Born 1972. MSc Econ.
Employed by Ratos since 2007.
Keystone Advisers 2000–07.
UBS Warburg 1998–2000.

Robin Molvin
Senior Investment Manager
Responsible for the holdings AH Industries and HL Display.
Born 1972. MSc Econ.
Employed by Ratos since 2006.
Nordstjernan 1999–2005.
Alfred Berg Corporate Finance 1997–99.

Mikael Norlander
Senior Investment Manager
Responsible for the holding Arcus-Gruppen.
Born 1978. MSc Econ.
Employed by Ratos since 2008.
Bain & Company 2003–08.

Johan Pernvi
Senior Investment Manager
Responsible for the holding Mobile Climate Control.
Born 1978. MSc Econ.
Employed by Ratos since 2006.
Bain & Company 2003–05.

Jan Pomoell
Senior Investment Manager
Responsible for the holding Finnkino.
Born 1976. MSc Econ.
Employed by Ratos since 2007.
Tamro Corporation 2002–07.
The Boston Consulting Group 2000–02.

Johan Pålsson
Senior Investment Manager
Born 1979. MSc Econ.
Employed by Ratos since 2007.
Arthur D Little 2004–07.

Daniel Repfennig
Investment Manager
Born 1983. MSc Eng and BSc Econ.
Employed by Ratos since 2010.
Arthur D Little 2008–10.

Johan Rydmark
Investment Manager
Born 1977. MSc Econ.
Employed by Ratos since 2008.
AAC Capital Partners 2007–08.
ABN AMRO Capital 2003–07.

Lene Sandvoll Stern
Investment Manager
Born 1981. MSc Econ.
Employed by Ratos since 2008.
McKinsey & Company 2004–08.

Jonathan Wallis
Senior Investment Manager
Responsible for the holdings Euromaint and KVD Kvarndammen.
Born 1974. MSc Econ.
Employed by Ratos since 2007.
Bain & Company 2000–07.

Employees

Business support

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Daniel Johansson
IT
Born 1991.
Employed by Ratos since 2012.
Peak-IT 2011–12.

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

Carina Melander
Group Financial Accountant
Born 1970. MSc Econ.
Employed by Ratos since 2009.
LRF Group 1989–2009.

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

Ingrid Nordeman
Accounting specialist
Born 1956. MSc Econ and MBA.
Employed by Ratos since 2012.
Lantmännen 2006–12.
Cognos/Frango 2003–06.
KPMG 1997–2003.

Malin Nyberg
Group Financial Accountant
Born 1975. MSc Econ.
Employed by Ratos since January 2012.
KPMG 2008–12.
Veolia Transport Northern Europe 2003–08.
Ernst & Young 1998–2003.

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.

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

Jessica Bühler Maria Glifberg Kristina Linde Ingrid Nordeman Karl Molander Emma Rheborg Malin Nyberg

Helena Jansson Daniel Johansson Per Djursing Fredrik Evén Nina Aggebäck Johan Andersson Soraya H Contreras Linda Bergman

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

Ratos since 1866

Söderberg & Haak – Sweden's first wholesale company for iron and iron products – was founded on 5 May 1866. In 1934 all the assets were placed in an investment company under the name Ratos, as in **Ra**gnar and **To**rsten **S**öderberg.

PER OLOF SÖDERBERG

DROTTNINGGATAN 2

Veckans P.M.

Förvaltnings AB Ratos till fondbörsen. (sid. 276)

AFFÄRSVÄRLDEN

THE TRADE JOURNAL OF SWEDEN

EKONOMISK VECKOREVY

RATOS'S IPO

TORSTEN AND RAGNAR SÖDERBERG

1866

The trading partnership Söderberg & Haak, Sweden's first wholesale company for iron and iron products, was formed by the former master smith at Garpenberg ironworks, Per Olof Söderberg, and by Leonard Haak. When the company's main supplier went bankrupt, Söderberg became sole owner, but the Haak name remained in the company.

1930

Förvaltningsaktiebolaget Ratos (named after the brothers Ragnar and Torsten Söderberg, grandsons of Per Olof Söderberg) was registered in 1934, now as a mixed investment company with several operating companies and a portfolio of listed shares in order to create greater interest in the event of a stock exchange listing.

1940

The property at Drottninggatan 2, Adelswärdska House, was acquired in 1938. It has been the head office of Söderberg & Haak and Ratos since 1939.

1950

Ratos was introduced on the Stockholm Stock Exchange in 1954. One-fifth of the shares in Ratos were offered to outsiders and the issue was oversubscribed. The number of shareholders amounted to 1,000. Ratos then included three operating companies and a share portfolio acquired over a 20-year period (including Gränges, Asea, Holmen and Bulten as well as Sveriges Litografiska Tryckerier, later Esselte). The Swedish business magazine Affärsvärlden wrote: "*...a well balanced portfolio of listed industrial shares. Major hidden reserves can be noted. The share issue was immediately oversubscribed.*"

1960

The Söderberg foundations were formed in 1960 when the brothers Ragnar and Torsten Söderberg, then Ratos's principal owners, each donated 20,000 Ratos shares to their respective foundation. The purpose of the foundations is to promote scientific research and studies in economics, medicine and law. The stock exchange listing and the formation of the foundations gave Ratos shares a market value and the company acquired a stable owner situation.

The Söderberg foundations are among Sweden's largest non-state providers of grants within their fields. Over the years grants have been given to professorships, academic theses, research projects, field studies, university and college buildings, and scientific equipment.

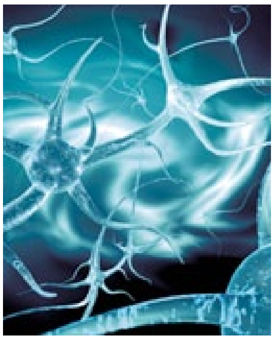
1954 1960 1970 1980

A SEK 1,000 investment in Ratos in 1954 with reinvested dividends is worth SEK 7 million today. Corresponding investment in the benchmark index is worth SEK 1.4 million.

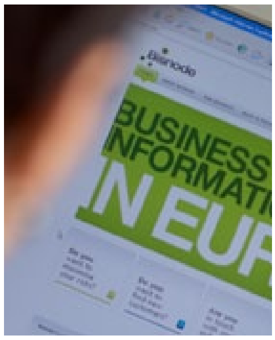
Over the years the business focus has changed a few times but the connecting thread throughout our history is our role as an active owner in Nordic companies.

DIAB

FINNKINO



BIOLIN SCIENTIFIC



BISNODE

1970

In the period following the IPO in 1954, Ratos's operations, besides a listed portfolio, were concentrated on the steel industry. This market suffered a deep recession in the mid-1970s and Ratos's steel operations were sold. This marked the end of an over 100-year chapter in the company's history. Ratos's very strong financial position, combined with extensive wholesaler expertise, opened up opportunities for the development of new business activities.

1980

Ratos had the character of a mixed investment company. As well as a listed portfolio there were also a number of subsidiaries and associated companies. The holdings include shares in Esso's hotel and restaurant chain, from which the wholly owned subsidiary Scandic Hotels was formed. The Danish HVAC and plumbing wholesaler Brødrene Dahl became a wholly owned subsidiary, and the acquisition of Nordisk Transport & Spedition led to the formation of the subsidiary Inter Forward.

1990

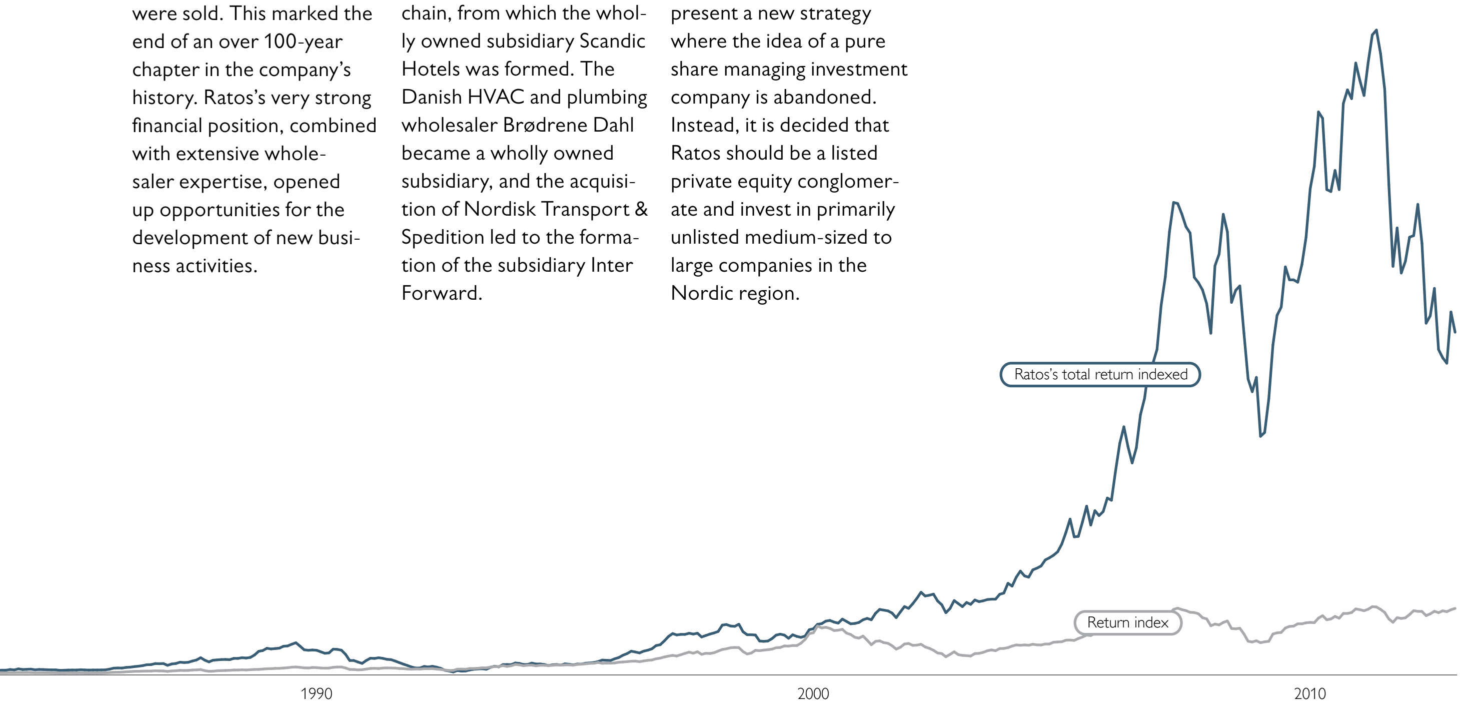
A streamlining of Ratos started. Between 1995 and 1998 Ratos was transformed into a pure-play investment company consisting of a listed portfolio of shares. In January 1999, the Board and management present a new strategy where the idea of a pure share managing investment company is abandoned. Instead, it is decided that Ratos should be a listed private equity conglomerate and invest in primarily unlisted medium-sized to large companies in the Nordic region.

2000

The listed portfolio was sold at the beginning of the 21st century and the acquisition of Atle in 2001, makes Ratos a pure-play private equity conglomerate.

2010

Ratos has operated as a private equity conglomerate for 14 years. Today we own 15 unlisted companies in the Nordic region and have so far achieved an average annual return (IRR) on completed exits of 25%.



Increased focus on sustainability

Sustainability is a key component in our efforts to nurture and develop the trust that Ratos has built up in the Swedish business community and society for almost 150 years. Our sustainability initiatives have intensified in recent years. The CR framework introduced in 2011 is being implemented and upgraded and our holdings have made progress in their work with sustainability during the year.

Ratos has been working as a responsible owner for almost 150 years. As the focus on sustainability and responsibility issues has increased in our business environment, we have also increased the demands and systems in our CR work. For us this is both a business opportunity and a way to limit risks. In my opinion good management of sustainability issues is essential if Ratos is to create value and be a responsible owner in the long term.

As principal owner of our holdings we have a responsibility to ensure that they conduct their businesses in a responsible manner and develop their internal expertise relating to sustainability issues. We make demands on them and support their efforts to manage risks and make the most of opportunities in this area. We plan to increase our focus on CR in the future and to be even more concrete and business-oriented in our CR initiatives.

Susanna Campbell
CEO

What does sustainability mean to Ratos?

Ratos plays an active role in issues that relate to corporate responsibility and sustainability. We have chosen to use the term Corporate Responsibility (CR). This term mainly embraces environmental and working environment issues, ethical issues, social issues and corporate governance.

CR work is an integrated part of Ratos's business model where our exercise of the role of owner combines long-term sustainable development with the highest possible returns. Sustainable business complies with Ratos's values and is also inherently value creating, since it contributes to better risk management, stronger competitiveness, reduced costs and new business opportunities. We see that good CR work is increasingly becoming the standard and is a requirement from our shareholders, co-owners, buyers of our companies and others in our business environment.

As with all business critical issues it is important that we continually develop within CR in order to be competitive as owners. Since demands and expectations today are considerably higher than a few years ago, we have drafted a plan during the year to further strengthen Ratos's CR work in future years.

Our sustainability work

Ratos's direct impact on the environment and its surroundings is limited since we only have some 50 employees and no production of our own. Values and business ethics are important sustainability issues for a knowledge-based company like Ratos – our code of conduct and owner policy contain guidelines, rules and recommendations for these. We must also set a good example to our holdings which is why we have an environmental policy and programme which include guidelines for aspects such as recycling and purchasing.

Being principal owner of 15 Nordic holdings, several with broad international operations, gives Ratos a major opportunity to influence these companies and ensure that they conduct CR work in a professional, active and responsible way. CR issues in the holdings are managed in the same way as other operational issues and must be integrated into each holding's business processes. Our aim is to make sustainability a parameter for strategy, innovation and business development at the companies. Since each company has its specific CR challenges and issues, we adapt our requirements and work for each company. Sustainability is also taken into account when making new investments – ahead of a possible acquisition the due diligence process includes an evaluation of the company's sustainability work. We never invest in the arms industry or pornography, or in companies which have an obvious negative environmental impact. The key issues are integrated into the business plan which the person responsible for the investment at Ratos draws up with the company at acquisition.

Responsibility and governance

Ratos's CEO together with the CR Manager have overall responsibility for Ratos's strategy and work with CR. The CR Manager defines and co-ordinates requirements, guidelines and follow-up of the holdings' sustainability work as well as providing Ratos's investment organisation – and where necessary the holdings – with training, inspiration, information, good examples and tools. The CR Manager reports regularly to the CEO and prepares a report each year that is presented to the Ratos Board.

Ratos works with the holdings here, as with other issues, through each board and our own company team. The CEO and management of each company have operational responsibility for the company's CR work. The company's board has ultimate responsibility for ensuring compliance with Ratos's and the company's CR policies and standards. The person responsible for the holding at Ratos ensures that each company meets Ratos's CR requirements and performs a review as part of Ratos's annual evaluation of each holding.

Work in 2012 and plans for 2013

Ratos's CR framework with its different requirement levels was introduced in 2011, where our standard for sustainability was defined (details are available on our website). The framework is based on the ten principles in the UN Global Compact as well as other international conventions. This is designed to ensure that the holdings have adopted and follow up relevant policies, have effective processes for and monitoring of their sustainability work and that this is regularly followed up in the board.

Implementation of the framework has functioned well and most companies made progress with their sustainability work in 2012. In 2013 we will clarify our strategy and model for CR with raised ambitions and an increased focus on becoming more concrete, practical and value-driven. In order to support our holdings we are working on the development of a toolbox for the investment organisation and our holdings as well as on improving our CR framework. This includes making more differentiated demands on our companies based on market presence and sector.

Ratos has high ambitions within CR. We want to be among the leaders of development in the Nordic private equity and owner company industry, at the same time as we build long-term values by accepting economic, social and environmental responsibility in our active ownership. We have made some progress and are working to steadily improve our sustainability initiatives.

Focus in 2013

During 2013 CR work at Ratos will focus on:

- updating the CR policy and related policies
- revision of Ratos's CR framework and requirement levels with classification systems for the holdings
- development of an information bank and toolbox
- strengthening the companies' work with risk assessment and follow-up/compliance
- review of the holdings' anti-corruption work
- evaluation of a whistleblower system for Ratos's holdings.

Examples of sustainability initiatives in Ratos's holdings

Since Ratos's holdings operate in different sectors and in different markets, key CR issues differ between companies, although there are also several common aspects. Good CR work is characterised by the companies having well worked-out processes and good practices for managing the most significant issues and being well positioned to take advantage of the opportunities created by sustainability. Some examples from Ratos's portfolio are listed below.

Ethical responsibility

- ***Human rights, labour law:*** The majority of our holdings have their own production or make purchases in countries that can be designated as high risk from a human rights and labour law perspective. In these companies it is particularly important to have an internal system which monitors their own operations and/or those of their suppliers based on a code of conduct, clear guidelines and principles in agreements with suppliers, internal processes for incident management, etc.

- ***Anti-corruption:*** Many of our holdings have operations in countries where there is corruption (included on Transparency International's ranking list). Establishment of a company-wide code of conduct, internal training and follow-up, a whistleblower system and systematic control of business partners are tools recommended by Ratos in accordance with our policy of zero tolerance for corruption.

Environmental responsibility

- Compliance with environmental legislation and directives is a basic minimum. In addition the companies should make proactive efforts to limit environmental impact, for example through optimisation of logistics, efficiency improvements in production and increased recycling and use of recycled material, which can also provide cost advantages. For a number of companies this is a business opportunity since customers are demanding more eco-smart products.

HR responsibility

- ***Health and safety:*** A number of our companies operate large, heavy machines and components in their production facilities. Training, processes, regulations and good routines designed to prevent accidents are particularly important in these holdings. Efforts to reduce absence due to illness and employee turnover also help to reduce costs.

Big step forward

Arcus-Gruppen is an example of how a company can work in an integrated way with its key sustainability issues. In 2012 the company moved to a new production facility and thus took a big step environmentally as well. Terje Thurmann-Moe, Communications Manager at Arcus-Gruppen, explains how sustainability work is pushed forward and the issues that are important to the company.

Terje Thurmann-Moe
Communications Manager Arcus-Gruppen

What does sustainability mean to you?
"Bærekraft, as sustainability is called in Norwegian, is a key component in how we conduct our business. It is integrated throughout the entire value chain, from our subcontractors' operations to how we treat our end customers."

What drives your sustainability work?
"A combination of internal driving forces and demands from our customers. We have major growth ambitions and do not believe in a simple route to success. Arcus-Gruppen has a long history and intends to remain a company for a long time in the future. So we must act responsibly. In our industry our biggest customers, Vinmonopolet and Systembolaget, have high CR requirements – above all when it comes to responsibility in the supply chain. The CR framework which Ratos launched in 2011 has provided inspiration and support in our efforts to ensure that all key sustainability areas are addressed."

What are your most important CR issues and how do you work with them?
"Responsibility in the supply chain, anti-corruption, energy and resource efficiency within production and logistics and responsibility towards the consumer. For us it is important that work and objectives within CR are well established in operations and the organisation. Our product organisation is therefore responsible for activities and targets for sustainability in the supply chain as well as product responsibility towards customers, while the operating areas production and distribution conduct our environmental work. All managers in the organisation are responsible for work with our internal code of conduct."

How do you handle product responsibility?
"We accept major responsibility to ensure that product development, marketing and sales are conducted responsibly. The products we work with, alcoholic beverages, provide many people with pleasure but also lead to problems for some. This is an aspect that we take extremely seriously and we operate in compliance with applicable laws and the sound industry standards that are in place."

How do you work in a concrete way with supply chain responsibility?
"The retail monopolies for alcoholic beverages in Norway, Sweden, Finland, Iceland and the Faeroe Islands have through a CR co-operation developed a Nordic platform and a common code of conduct in their purchasing terms. This involves an undertaking to conduct operations in an ethical and responsible manner. Since 2011, we have been implementing systematic working methods to ensure a sustainable beverage supply chain. Among other things all suppliers must be registered and vetted with regard to human rights and labour law. In 2012, our some 30 suppliers in South Africa and Mexico responded to an electronic survey based on our code of conduct and all suppliers have been informed of our CR requirements. The goal is that about one-third of our major suppliers will be audited every year."

How do you organise your anti-corruption work?
"To fight corruption we drafted an updated code of conduct in 2012 to be launched in early 2013 together with a whistleblower system so that our employees can report irregularities. All employees will attend a refresher course in the code of conduct at least once a year and this is a standing item on the agenda at annual performance reviews. All managers must ensure that their team or part of the organisation attends our training course in ethical guidelines."

How is your environmental work conducted?
"We are working to reduce our environmental impact and have set ambitious targets for reductions of carbon dioxide emissions and use of resources. This includes reviews of transports and production planning to improve efficiency where possible."

How has your new production facility affected CR work?
"Very positively – Gjelleråsen is also an environmental investment! The facility, which we moved into during 2012, has meant a lot for our environmental work. Since we can plan the production area as efficiently as possible and develop optimal production processes in the new plant, we have been able to reduce our energy consumption by about 60%, from 0.8 kWh/produced litre to 0.3 kWh/litre. This should be seen in relation to our environmental target for 2013 of 0.323 kWh/litre. Our investment in a geothermal heating system means that approximately 70% of the energy we use for heating is renewable, which exceeds our 60% target."

What are your prioritised activities and targets for 2013?
"We signed the UN Global Compact in 2012 and in 2013 we will develop integrated reporting in compliance with its requirements. One target for 2013 is that more than 70% of our suppliers in South Africa, Mexico, Chile, Argentina and Australia will be audited and approved. We will also focus on our whistleblower system and on implementation of the new code of conduct. In production and logistics we will continue to work with eco-efficiency measures and activities to reduce our carbon dioxide emissions."

Sustainability initiatives are an integrated part of Arcus-Gruppen's operations and this work is ongoing. The pictures here show examples of what is being done in this area in different parts of the company's operations.

Suppliers

- All suppliers of wine and spirits raw materials must undergo an approval process which takes both environmental and ethical aspects into account. Regular follow-up and audits of suppliers according to this system are under implementation.
- A code of conduct is included in all agreements.
- Target 2013: Roll-out of supplier follow-up in South Africa, Mexico, Chile, Argentina and Australia – compliance >70%.

Transport

- Transport from suppliers to Arcus-Gruppen's facility is primarily by sea or rail, if necessary by road.
- Target 2013: to reduce carbon dioxide emissions by approximately 5%.

Production

Environment

- Heating using geothermal units.
- Continual improvements of production to gain energy efficiency.
- Targets 2013:
  - >60% renewable energy.
  - Energy efficiency 0.323 kWh/litre.

Working environment

- Create a good, safe and healthy working environment, for example by reducing heavy lifts. The working environment was a prioritised issue in the design of the new production facility.

Transport

- Transport by road from Arcus-Gruppen's facility to customers.
- Target 2013: reduce carbon dioxide emissions by approximately 5%.

Customers

- Arcus-Gruppen works in accordance with customer requirements relating to ethical and environmental guidelines.
- Co-operation over follow-up of suppliers.

Arcus-Gruppen's business ethics principles permeate the entire business

ANTI-CORRUPTION

Targets 2013:

- New code of conduct implemented and signed by all employees.
- Control system with annual follow-up in place.

Consumers

- System to guarantee product quality and safety.
- Responsible marketing and communication in accordance with legislation and industry standards.
- Organic product range.

Member of society

CR work at Ratos focuses on sustainability and responsibility issues within Ratos and our holdings. In addition to this we have a long history of active social engagement in a broader perspective in the form of support to a number of selected organisations. This involvement is a key component of our corporate culture and builds on the social commitment established by previous generations at Ratos.

Through Olof A Söderberg, who belonged to the second generation of the founder family, at the beginning of the 20th century Ratos was one of the initiators behind the foundation of the Stockholm School of Economics. Olof A Söderberg was also one of the driving forces in regulating and securing pensions for salaried employees through the formation of what was later to become Alecta. Ragnar Söderberg (Olof A Söderberg's son) was CEO of Ratos at the beginning of the 1960s and was among the first to offer his employees social benefits such as free dental and medical care and a "child allowance".

Two of Ratos's principal owners, *the Torsten Söderberg Foundation* and *the Ragnar Söderberg Foundation*, combined are today one of Sweden's biggest non-government providers of grants within scientific research and education or studies (primarily within economics, medicine and law). In 2012 these grants, which are financed with dividends from Ratos, totalled approximately SEK 266m.

Our social responsibility

Our social responsibility today consists of a limited number of targeted co-operations, membership of associations and contributions in the Nordic countries where we operate. The selection of projects and membership is done carefully and is based on criteria and guidelines adopted by the Board.

Our co-operation partners must be neutral and non-political organisations with audited accounts and where Ratos can gain a good insight. The contributions are earmarked for a specific project and have a time limit that can be extended. During the year there is continuous follow-up with the project partner. We also perform an annual evaluation of all projects which is presented to the Board.

Our co-operations

Our co-operation projects are conducted in our immediate neighbourhood, focus on the most vulnerable people in society, or have links with our business activities.

Our immediate neighbourhood: In Stockholm's Norrmalm district there are a lot of people in need of help. Since 2004 Ratos has supported *Klaragården (Stockholm's City Mission)* a refuge for vulnerable women in the Stockholm area.

Women visit the house daily for a meal, a shower, a sleep or to take part in various activities. The women can also obtain the help of a representative to support them with legal matters or in contacts with the authorities.

The most vulnerable people in society: In Sweden we support the *Co-operation Against Trafficking,* where Ratos has been the principal sponsor since its formation in 2008. The purpose of the foundation is to support the victims of human trafficking; *Mentor,* which works to prevent drug abuse and violence among young people through a mentorship programme and support to parents, as well as *Ersta Flickhem* (part of *Ersta Diakoni)* which helps girls who have suffered sexual abuse. In Denmark, our support goes to projects within the organisation *Børnehjælpsdagen (The Children's Aid Foundation)* which aims to improve conditions for children living in children's homes in Denmark, and to *Save the Children Denmark's* project "Children's Friendship Families" which offers vulnerable families a friendship family which regularly relieves and supports them. In Finland, Ratos supports *SOS Children's Villages* where our donation in 2012 was used for a new integrated children's village outside Tampere.

Links with our business activities: Ratos supports selected projects which have links with our business activities or our employees. We contribute to *Per Strömberg's professorship in finance at the Stockholm School of Economics,* whose research focuses on issues within active ownership. To honour the memory of Ratos's employee Magdalena Aniansson, who died of cancer in 2009, and at the same time support Swedish cancer research, Ratos has been supporting a *research project at the Karolinska Institute* since 2010. The project is led by Professor Cecilia Söderberg-Nauclér and is a co-operation between Professors Johan Bergh's and Jan Frisell's groups at the Karolinska Institute. We also chose, based on suggestions from employees, to give the 2012 Christmas gift to the *Swedish Childhood Cancer Foundation.*

Membership of associations

Ratos supports the Stockholm School of Economics by being a so-called Capital Partner. Under the auspices of the Centre for Business and Policy Studies (SNS), Ratos contributes to research within areas closely related to our activities.

Holdings

RATOS

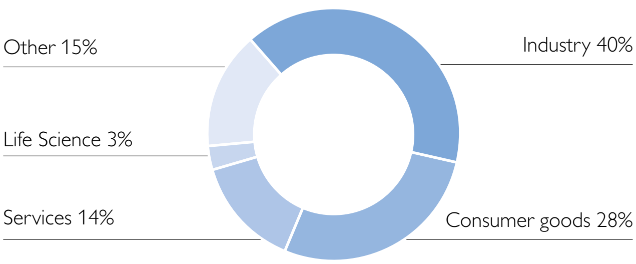
Holdings overview

Here is an overview of the performance of each holding separately and for the portfolio as a whole.

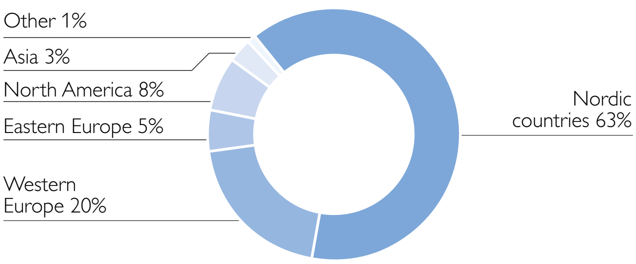
All figures relate to 100% of the holding concerned and are taken from its income statement and statement of financial position. Consolidated value and holding are the only figures that relate to Ratos. In order to facilitate comparisons between the years and provide a comparable financial structure, 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.

	Net sales		EBITA		EBT[A)]	
SEKm	2012	2011	2012	2011	2012	2011
AH Industries	1,062	925	-45	24	-72	-6
Arcus-Gruppen[1)]	2,278	2,072	5	146	-73	78
Biolin Scientific[2)]	235	232	23	15	14	0
Bisnode	3,935	4,310	511	447	70	203
Contex Group[3)]	286	300	5	19	-150	7
DIAB	1,003	1,219	-217	-5	-279	-50
Euromaint[4)]	2,489	2,860	51	102	5	52
Finnkino[5)]	862	799	128	77	82	21
GS-Hydro	1,352	1,074	123	31	44	-13
Hafa Bathroom Group[6)]	268	324	7	-5	5	-2
HL Display	1,657	1,643	104	64	70	24
Inwido	4,607	5,050	288	407	246	315
Jøtul	913	996	-52	-33	-152	-66
KVD Kvarndammen	287	276	41	52	25	42
Mobile Climate Control	1,250	1,048	108	45	67	7
SB Seating	1,176	1,264	237	253	180	196
Stofa	1,572	1,390	180	146	88	96
Total	**25,234**	**25,782**	**1,497**	**1,786**	**169**	**905**
Change	**-2%**		**-16%**		**-81%**	

Sector breakdown by consolidated book value in Ratos



Sales by region

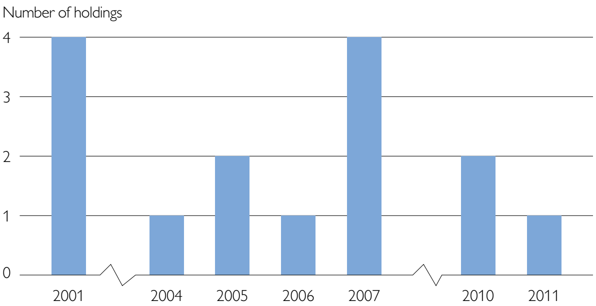


SEKm	Depreciation [B] 2012	Invest-ments [C] 2012	Cash flow [D] 2012	Equity [E] 31 Dec 2012	Interest-bearing net debt [E] 31 Dec 2012	Average no. employees 2012	Consolidated value 31 Dec 2012	Ratos's holding 31 Dec 2012
AH Industries	57	50	-79	832	394	456	305	69%
Arcus-Gruppen	40	126	-94	560	436	441	434	83%
Biolin Scientific	8	26	-11	349	155	136	343	100%
Bisnode	144	100	124	2,160	2,074	2,906	1,203	70%
Contex Group	29	24	-28	165	-1	129	160	100%
DIAB	174	32	-36	1,152	759	1,070	1,021	96%
Euromaint	51	29	5	594	588	2,437	577	100%
Finnkino	67	28	95	452	217	755	445	98%
GS-Hydro	21	21	63	352	451	636	-2	100%
Hafa Bathroom Group	2	4	-4	42	61	136	153	100%
HL Display	38	51	70	1,156	396	1,140	1,041	99%
Inwido	113	87	166	2,367	1,131	3,270	2,290	97%
Jøtul	59	68	-81	498	583	683	181	61%
KVD Kvarndammen	4	3	49	255	220	184	255	100%
Mobile Climate Control	16	7	2	845	562	628	819	100%
SB Seating	37	68	155	1,179	672	468	1,061	85%
Stofa	117	153	92	253	859	462	250	99%

[A] Earnings with restored interest expenses on shareholder loan.
[B] Depreciation includes depreciation and impairment of property, plant and equipment as well as internally generated and directly acquired intangible assets. Depreciation and impairment are included in EBITA.
[C] Investments excluding business combinations.
[D] Cash flow refers to cash flow from operating activities including paid interest and investing activities before acquisition and disposal of companies.
[E] Equity includes shareholder loans. Interest-bearing debt excludes shareholder loans.

[1] Arcus-Gruppen's earnings for 2011 are pro forma taking new financing into account.
[2] Biolin Scientific's earnings for 2011 are pro forma taking into account a new group structure, acquisition of Sophion Bioscience in August 2011, new financing and discontinuation of Farfield.
[3] Contex Group's earnings for 2011 are pro forma taking into account the sale of Z Corporation and Vidar Systems as well as new financing.
[4] Euromaint's earnings for 2011 are pro forma taking into account discontinued operations (Refurbishment business area) and sale of Euromaint Industry.
[5] Finnkino's earnings for 2011 are pro forma taking Ratos's acquisition into account.
[6] Hafa Bathroom Group's earnings for 2011 are pro forma taking discontinued operations in Denmark into account.

Investment year



AH Industries

2012 was another challenging year for the wind turbine industry. AH Industries has taken extensive action to adjust its operations to prevailing market conditions. In the short term the wind energy industry still faces major uncertainty while opportunities for growth in the longer term are assessed as relatively good.

Operations

AH Industries (AHI) is one of the world's largest suppliers of metal components to the wind energy, cement and minerals industries. The company is specialised in sourcing, manufacturing and machining heavy metal components with high demands on precision and technical expertise. The group has two business areas: Wind Solutions and Industrial Solutions. Wind Solutions consists of three divisions: Nacelle & Hub, which supplies various types of large metal components (such as shafts and hubs) to turbine manufacturers, Tower & Foundation, which supplies flanges to tower manufacturers, and Site Solutions, which supplies services and lifting devices to turbine manufacturers and wind park owners. Industrial Solutions supplies metal components and other items to the cement and minerals industries, often in the form of modules or system solutions.

AH Industries has a total of approximately 430 employees and production facilities in Denmark, China and Germany.

Market

Following a positive start to the year, the wind energy market in AHI's main markets in Europe and the US deteriorated again due to the macroeconomic situation, the euro crisis and greater uncertainty about wind energy subsidy systems in several countries. These negative market factors outweighed the positive trend which continued relating to technological development and improved productivity within wind energy.

This weak market development created profitability problems for many turbine manufacturers, which led to major cutbacks in employees and production capacity. This puts further pressure on subcontractors but also provides opportunities since a number of manufacturers are increasingly choosing to outsource production and assembly.

The year in brief

Like the entire industry, AHI experienced weaker development than expected during 2012. In Nacelle & Hub production efficiency was low due to disruptions in raw material supplies and sharply reduced sales volumes. Tower & Foundation, following completed restructuring and relocation of production to Germany, showed a slightly positive trend during the year. Site Solutions, after a strong 2011, saw weak development due among other things to postponed projects within offshore wind energy. In response to the weak earnings trend within Wind Solutions, new action programmes with extensive workforce reductions were implemented during the autumn.

Industrial Solutions had a positive development during the year. The level of activity was high – the company successfully established itself within the minerals segment, several new development projects were initiated with major customers and the organisation was expanded to meet increased demand.

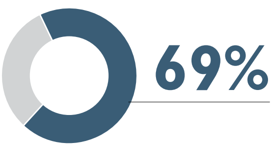
Future prospects

In the short term there is still considerable uncertainty for the wind energy industry and several of the major turbine manufacturers have launched extensive restructuring programmes. Restructuring of the industry is expected within a few years to lead to a more balanced situation in terms of supply and demand, which is a prerequisite for a return to profitability in the industry.

Anticipated global growth for the wind energy market in the next few years, although lower than previously, remains relatively high. Annual global growth of approximately 5% is expected in 2012–16. Growth in AHI's main markets in northern Europe is expected to be even higher driven by a continued strong development within offshore and Germany's major investment in green energy. Approximately 40% of AHI's sales within wind operations are to the offshore segment which is expected to show good growth in the years ahead. The company also plans to expand its operations in China which are showing positive development within both Wind Solutions and Industrial Solutions.

Ratos's ownership

Holding



Ratos acquired AH Industries in 2007. 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 305m at year-end.

Our view of the holding

When Ratos acquired AH Industries we saw major growth potential in the wind energy industry and an opportunity to be part of the anticipated restructuring at subcontractor level. The financial crisis which broke out in 2008 hit the industry hard and the anticipated growth has not occurred. During these tough years, AHI has undergone an extensive internal change programme – strengthened strategic platform, more cost-effective production, a broader product offering due to add-on acquisitions and an expanded geographic presence – which places the company in a good position to participate in future market growth. The company has progressed from being a classic engineering workshop supplying individual components to a partner company which delivers solutions in close co-operation with customers.

We still have a positive long-term view of the wind energy industry and the current restructuring can create opportunities for a leading supplier such as AHI. We also see major growth potential for Industrial Solutions, which over time will reduce AHI's vulnerability to the volatile wind energy market.

Robin Molvin, responsible for holding

INCOME STATEMENT, DKKm	**2012**	**2011**	**2010[1)]**	**2009[1)]**	**2008**
Net sales	**908**	**763**	**763**	**866**	**583**
Operating expenses	-898	-716	-678	-767	-478
Other income/expenses	0	19	2	0	1
Share of profits of associates					
Result from disposals					
EBITDA	**10**	**66**	**87**	**99**	**106**
Depreciation and impairment	-49	-46	-45	-39	-20
EBITA	**-38**	**20**	**43**	**61**	**86**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**-38**	**20**	**43**	**61**	**86**
Financial income	6	6	3	3	2
Financial expenses	-30	-31	-25	-25	-23
EBT	**-62**	**-5**	**20**	**38**	**64**
Tax	18	2	-4	-7	-16
Profit/loss from discontinued operations					
Profit/loss for the year	**-44**	**-3**	**17**	**31**	**48**
Attributable to owners of the parent	-44	-3	17	31	48
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-33	7	-9		
Adjusted EBITA	-6	13	52	61	86

FINANCIAL POSITION, DKKm					
Goodwill	672	672	670		510
Other intangible assets	2	3	2		2
Property, plant and equipment	216	220	225		163
Financial assets, interest-bearing					
Financial assets, non-interest bearing	11	5	26		2
Total non-current assets	**902**	**900**	**923**	**–**	**677**
Inventories	128	136	105		58
Receivables, interest-bearing					
Receivables, non-interest bearing	157	207	149		109
Cash, bank and other short-term investments		43	55		4
Assets held for sale					
Total current assets	**285**	**386**	**309**	**–**	**172**
Total assets	**1,187**	**1,286**	**1,232**	**–**	**849**
Equity attributable to owners of the parent	720	730	734		418
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	12	13	31		0
Liabilities, interest-bearing	341	352	355		388
Liabilities, non-interest bearing	113	190	112		43
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,187**	**1,286**	**1,232**	**–**	**849**

STATEMENT OF CASH FLOWS, DKKm					
Cash flow from operating activities before change in working capital	-11	44			64
Change in working capital	-13	-13			-40
Cash flow from operating activities	**-24**	**31**	**–**	**–**	**24**
Investments in non-current assets	-43	-42			-62
Disposals of non-current assets		2			
Cash flow before acquisition/disposal of companies	**-67**	**-9**	**–**	**–**	**-38**
Net investments in companies					
Cash flow after investing activities	**-67**	**-9**	**–**	**–**	**-38**
Change in loans	-11	-2			40
New issue	35				
Dividend paid					
Other					
Cash flow from financing activities	**24**	**-2**	**–**	**–**	**40**
Cash flow for the year	**-43**	**-11**	**–**	**–**	**2**

KEY FIGURES, DKKm					
EBITA margin (%)	-4.2	2.6	5.6	7.0	14.7
EBT margin (%)	-6.8	-0.6	2.7	4.4	11.0
Return on equity (%)	-6.1	-0.4	–	–	12.1
Return on capital employed (%)	-3.0	2.4	–	–	11.5
Equity ratio (%)	61	57	60	–	49
Interest-bearing net debt	341	309	300	–	384
Debt/equity ratio, multiple	0.5	0.5	0.5	–	0.9
Average number of employees	456	457	420	405	253

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

Facts

AH Industries
improving solutions together

www.ah-industries.dk

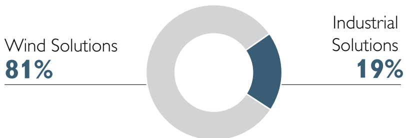
Management

Steffen Busk Jespersen	CEO
Thomas Thomsen	CFO
Thomas Ballegaard	Vice President Wind Solutions
Per Christian Jensen	Director People and Communication
Søren Rossen Bech	Applied Technology Director

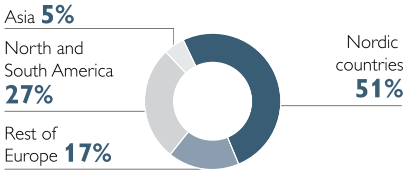
Board of Directors

Anders Lindblad	Chairman
Peter Leschly	Deputy Chairman
Lars Frithiof	
Erik Jørgensen	
Ole Jørgensen	
Robin Molvin	Ratos (responsible for holding)
Anders Paulsson	
Klaus Labaek	Employee representative
Charlotte Matthiesen	Employee representative
Lars Wahlquist	Employee representative
Martin Højbjerg	Deputy, Ratos

Sales by business area



Sales by region



Arcus-Gruppen

2012 was an eventful year for Arcus-Gruppen. The move to the new production and logistics facility was completed and Aalborg and several more new brands were acquired. Underlying growth and earnings development were good with increased market shares within both wine and spirits.

Operations

Arcus-Gruppen is a leading supplier of wine and spirits in the Nordic region. The group has three operating areas: Spirits, Wine and Distribution (Vectura).

The best known own brands within Spirits include Aalborg Akvavit, Braastad Cognac, Gammel Dansk, Lysholm Linie Aquavit and Vikingfjord Vodka.

Within Wine – which includes the subsidiaries Vinordia, Arcus Wine Brands, Excellars and Symposium (Norway) and Vingruppen (Sweden) – Arcus-Gruppen has its own brands and an agency business. The Wine segment includes producers and brands such as Domaine Laroche, Louis Roederer, Foot of Africa and Doppio Passo.

Vectura is Norway's leading logistics company for alcoholic beverages.

Arcus-Gruppen also owns 34% of the cognac producer Tiffon in France.

Market

In Spirits, Arcus-Gruppen has a leading position in Norway and Denmark. Outside Norway sales of spirits are mainly confined to the aquavit segment, where the company has a strong position in Germany and Sweden; cognac, with a strong position in Sweden; and vodka, with significant sales to the US. Sales are also made within tax free and travel retail.

The spirits market is dominated by major players with international brands such as Bacardi, Diageo and Pernod Ricard. In Arcus-Gruppen's most important spirits segment, aquavit, however, the market mainly consists of local players, with tastes and consumption patterns varying considerably between different national markets.

The wine market includes a large proportion of international producers whose products are mainly sold through local agents. Within Wine, Arcus-Gruppen is the market leader in Norway and Sweden, where the subsidiary Vingruppen has created a strong position with good growth.

Wine and spirits products are consumed to largely the same extent regardless of the economic situation. In recent years, the consumption pattern in the Nordic countries has shifted from spirits to wine.

The year in brief

Arcus-Gruppen reports good sales growth in 2012 and the company gained market shares within both Spirits and Wine. In the spring, operations were relocated to a new production and logistics facility at Gjelleråsen outside Oslo, a project which overall went according to plan. However, Vectura suffered start-up problems with the automated warehouse system in the spring which led to delivery delays.

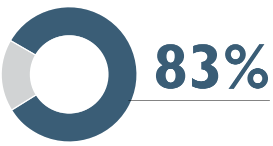
In July, Arcus-Gruppen signed an agreement to acquire the aquavit brands Aalborg, Brøndums and Malteser, and the bitters brand Gammel Dansk from Pernod Ricard as well as a production facility in Aalborg, Denmark. The acquisition considerably strengthens Arcus-Gruppen's position in the Nordic market. For reasons related to competition law, Brøndums will be sold in 2013.

Future prospects

Arcus-Gruppen has a unique position in the Norwegian market with a high market share. The acquisition of brands from Pernod Ricard strengthens the company's position in the other Nordic countries and Germany, and broadens the portfolio of export brands. This, combined with a growing wine market, lays the foundation for good growth potential. In addition, efficiency gains can be realised within production and logistics.

Ratos's ownership

Holding



Ratos acquired 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 434m at year-end.

Our view of the holding

Arcus-Gruppen has undergone major changes since Ratos's acquisition. The company has divested operations which do not belong to the core business, sold properties, made several add-ons to broaden and strengthen operations and product range, and invested in a new production and logistics facility which is expected to provide major efficiency gains. During these years, Arcus-Gruppen has developed into a leading Nordic wine and spirits group with a strong financial position.

We have achieved the targets we set for the company at acquisition. With the new facility and a major add-on acquisition, we are taking the next step and see continued major development potential for the company. Arcus-Gruppen operates in a stable but growing market. With a partly new management group, a new strategic plan which focuses on organic growth, and efficient production and distribution, the company is well equipped for the future. The goal is that Arcus-Gruppen will continue to grow with increased profitability.

Mikael Norlander, responsible for holding

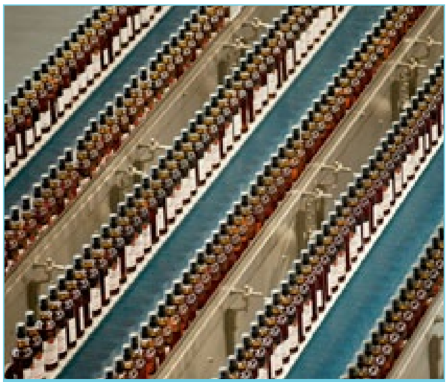
INCOME STATEMENT, NOKm	2012	2011[1]	2010	2009	2008
Net sales	**1,957**	**1,789**	**1,632**	**1,504**	**1,309**
Operating expenses	-1,925	-1,649	-1,473	-1,288	-1,145
Other income/expenses	0	9		-27	0
Share of profits of associates	6	6	2	3	8
Result from disposals					
EBITDA	**38**	**155**	**160**	**191**	**172**
Depreciation and impairment	-34	-29	-29	-28	-29
EBITA	**4**	**126**	**131**	**163**	**143**
Amortisation and impairment of intangible assets	-5	-5	-5	-3	-3
Impairment of goodwill					
EBIT	**0**	**121**	**126**	**160**	**141**
Financial income	8	14	9	26	38
Financial expenses	-70	-69	-23	-50	-66
EBT	**-63**	**67**	**113**	**136**	**113**
Tax	16	-17	-28	-50	-26
Profit/loss from discontinued operations					
Profit/loss for the year	**-47**	**50**	**85**	**86**	**87**
Attributable to owners of the parent	-77	29	55	68	72
Attributable to non-controlling interests	30	21	30	18	15
Items affecting comparability in EBITA	-172	-43	-9	63	52
Adjusted EBITA	176	169	140	100	91

FINANCIAL POSITION, NOKm	2012	2011[1]	2010	2009	2008
Goodwill	601	602	465	460	467
Other intangible assets	228	233	234	240	236
Property, plant and equipment	404	124	99	100	201
Financial assets, interest-bearing				6	8
Financial assets, non-interest bearing	166	96	71	65	76
Total non-current assets	**1,399**	**1,056**	**869**	**871**	**988**
Inventories	249	252	209	211	218
Receivables, interest-bearing					
Receivables, non-interest bearing	1,025	1,230	1,045	935	947
Cash, bank and other short-term investments	364	416	429	378	481
Assets held for sale				153	
Total current assets	**1,638**	**1,897**	**1,682**	**1,677**	**1,647**
Total assets	**3,036**	**2,954**	**2,552**	**2,548**	**2,635**
Equity attributable to owners of the parent	445	526	823	758	705
Non-controlling interests	35	25	61	41	34
Provisions, interest-bearing	29	38	32	38	123
Provisions, non-interest bearing	65	68	71	74	116
Liabilities, interest-bearing	708	392	140	183	295
Liabilities, non-interest bearing	1,715	1,874	1,402	1,434	1,352
Financial liabilities, other	39	31	23	17	10
Liabilities attributable to Assets held for sale				3	
Total equity and liabilities	**3,036**	**2,954**	**2,552**	**2,548**	**2,635**

STATEMENT OF CASH FLOWS, NOKm	2012	2011[1]	2010	2009	2008
Cash flow from operating activities before change in working capital	-60	66	102	171	76
Change in working capital	87	6	-131	-11	80
Cash flow from operating activities	**27**	**71**	**-28**	**160**	**156**
Investments in non-current assets	-109	-54	-29	-156	-18
Disposals of non-current assets	1	9	2	7	4
Cash flow before acquisition/disposal of companies	**-81**	**26**	**-56**	**10**	**142**
Net investments in companies		-49	153		-84
Cash flow after investing activities	**-81**	**-22**	**97**	**10**	**58**
Change in loans	49	252	-36	-113	-55
New issue					
Dividend paid	-21	-149	-14	-6	-159
Other	3	-98			
Cash flow from financing activities	**31**	**6**	**-50**	**-119**	**-214**
Cash flow for the year	**-50**	**-17**	**47**	**-109**	**-156**

KEY FIGURES, NOKm	2012	2011[1]	2010	2009	2008
EBITA margin (%)	0.2	7.0	8.0	10.8	11.0
EBT margin (%)	-3.2	3.7	6.9	9.0	8.6
Return on equity (%)	-15.9	–	6.9	9.3	9.7
Return on capital employed (%)	0.7	–	13.1	17.0	14.5
Equity ratio (%)	16	19	35	31	28
Interest-bearing net debt	373	14	-256	-163	-71
Debt/equity ratio, multiple	1.5	0.8	0.2	0.3	0.6
Average number of employees	441	469	452	463	461

[1] Earnings for 2011 are pro forma taking new financing into account.



Facts

ArcusGruppen

www.arcusgruppen.no

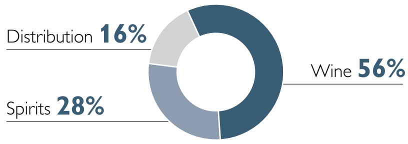
Management

Otto Drakenberg	CEO
Jon Andreas Elde	CFO
Thomas Patay	Wines Director
Jan Oluf Skarpnes	Production Director
Erik Bern	Vectura Director
Erlend Stefansson	Spirits Director
Per Bjørkum	Head of Communication
Ann-Christin Gussiås	HR Director

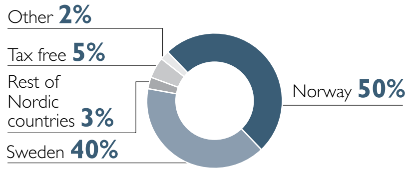
Board of Directors

Kaare Frydenberg	Chairman
Eilif Due	
Stefan Elving	
Leif Johansson	Ratos
Mikael Norlander	Ratos (responsible for holding)
Hanne Refsholt	
Birgitta Stymne Göransson	
Henning Øglænd	
Kjell Arne Greni	Employee representative
Erik Hagen	Employee representative
Lasse Hansen	Employee representative
Bjørn Erik Olsen	Employee representative

Sales by operating area



Sales by market



Biolin Scientific

The market for advanced analytical systems is showing relatively stable growth. After a weak start to the year, Biolin achieved a steady sales recovery. Earnings improved due to good control of costs and a strengthened sales organisation. A new CEO, Johan von Heijne, took over in February 2013.

Operations

Biolin Scientific, which offers advanced analytical instruments for research, development and diagnostics, is divided into three product areas: Analytical Instruments, Discovery Instruments and Diagnostic Instruments. Analytical Instruments, with the brands Q-Sense, KSV NIMA and Attension, is mainly active within materials science and biophysics applications, such as new materials for batteries and solar panels. Customers are primarily research departments in universities and industry. Discovery Instruments, with the Sophion brand, is active within cell analysis. Customers are found within pharmaceutical development where the applications for the instruments include testing the safety and effectiveness of new drugs. Diagnostic Instruments, with the Osstell brand, offers instruments that measure the stability of dental implants. Customers are dental surgeons.

The head office is located in Stockholm but the company also has operations in Gothenburg, Denmark, Finland, the UK, the US, China and Japan. Sales are global and are conducted through the company's own sales teams in major markets and through distributors. The company has approximately 140 employees.

Market

The global market for analytical instruments, where Biolin operates in a number of niches, has annual sales of approximately USD 40 billion and growth of approximately 6–7% per year. The company mainly sells unique and patented measurement techniques where there are no direct competitors. Growth is driven by increased public and private research grants within the areas in which Biolin Scientific operates. These grants are generally not so sensitive to the economic climate.

Biolin's most important geographical markets are North America, Western Europe and Japan. Emerging markets include Brazil, Russia, India and China. The company's sales are expected to grow faster than the market, driven partly by underlying growth within instrument sales and partly by growing aftermarket business for instruments already sold. The aftermarket currently accounts for approximately 40% of the company's total sales.

The year in brief

Development within Analytical Instruments was initially weak, mainly in the US and China where changes in the sales organisations reduced sales efficiency for a time. Measures designed to strengthen the organisations and improve follow-up had a positive effect during the second half, which led to a steady sales recovery.

Discovery Instruments saw stable development during the year with strong growth within consumables, which was counteracted by lower average revenue per sold instrument, caused by a higher proportion of sold upgrades and a lower proportion of sales to new customers.

Development for Diagnostic Instruments was good during the year due to a strong second half. Agreements were signed with key suppliers in South Korea and Japan.

A new CEO, Johan von Heijne, was recruited at the end of the year and took up his position in February 2013.

Future prospects

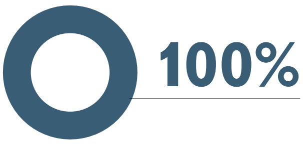
The company is expected to have relatively good organic growth in future years driven by new instrument launches and an expanding aftermarket. The aim is also to carry out more add-on acquisitions.

Financial targets

- Annual organic growth >10%
- EBITA margin >20%

Ratos's ownership

Holding



Ratos acquired Biolin Scientific through a buyout from Nasdaq OMX Stockholm in 2010. Biolin Scientific was delisted in February 2011.

Consolidated book value in Ratos amounted to SEK 343m at year-end.

Our view of the holding

We acquired Biolin Scientific since we saw major growth potential for the company's products and opportunities for value-creating add-on acquisitions. One major acquisition has been made since then and more are planned. Biolin has also invested in new generations of measurement instruments in order to meet customers' needs for a higher degree of automation and more applications. The high level of expertise among employees and the company's close co-operation with its customers make it possible to develop the existing product portfolio, for example for use within new applications. Our plan for the company includes high growth both organic and through acquisitions and eventually to strengthen the company's sales organisation in key markets.

Henrik Joelsson, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011[1]**	**2010[1]**	**2009**	**2008**
Net sales	**235**	**232**	**227**	**137**	**109**
Operating expenses	-212	-224	-208	-120	-106
Other income/expenses	8	13	5		
Share of profits of associates					
Result from disposals					
EBITDA	**31**	**22**	**23**	**17**	**3**
Depreciation and impairment	-8	-7	-7	-5	-3
EBITA	**23**	**15**	**17**	**12**	**0**
Amortisation and impairment of intangible assets	-1	-1	-1		
Impairment of goodwill					
EBIT	**23**	**14**	**16**	**12**	**0**
Financial income	5	0	0	0	7
Financial expenses	-13	-15	-15	-1	-2
EBT	**14**	**0**	**2**	**11**	**5**
Tax	-5	0	25	22	15
Profit/loss from discontinued operations		-17	7		-34
Profit/loss for the year	**9**	**-17**	**33**	**33**	**-13**
Attributable to owners of the parent	9	-17	33	33	-13
Attributable to non-controlling interests					
Items affecting comparability in EBITA		-1			
Adjusted EBITA	23	16	17	12	0

FINANCIAL POSITION, SEKm	2012	2011	2010	2009	2008
Goodwill	299	307		85	88
Other intangible assets	98	80		25	20
Property, plant and equipment	7	9		5	5
Financial assets, interest-bearing	0	0			
Financial assets, non-interest bearing	68	74		37	15
Total non-current assets	**472**	**470**	**–**	**153**	**128**
Inventories	30	34		16	18
Receivables, interest-bearing					
Receivables, non-interest bearing	71	69		46	33
Cash, bank and other short-term investments	17	34		35	7
Assets held for sale					
Total current assets	**118**	**137**	**–**	**97**	**57**
Total assets	**590**	**607**	**–**	**250**	**185**
Equity attributable to owners of the parent	349	351		176	123
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	4	5		2	17
Liabilities, interest-bearing	172	183		43	21
Liabilities, non-interest bearing	59	60		30	24
Financial liabilities, other	6	7			
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**590**	**607**	**–**	**250**	**185**

STATEMENT OF CASH FLOWS, SEKm	2012	2011	2010	2009	2008
Cash flow from operating activities before change in working capital	19			16	-9
Change in working capital	-3			-9	2
Cash flow from operating activities	**16**	**–**	**–**	**7**	**-7**
Investments in non-current assets	-26			-10	-8
Disposals of non-current assets				0	8
Cash flow before acquisition/disposal of companies	**-11**	**–**	**–**	**-3**	**-7**
Net investments in companies					
Cash flow after investing activities	**-11**	**–**	**–**	**-3**	**-7**
Change in loans	-6			9	-2
New issue				22	
Dividend paid					
Other					
Cash flow from financing activities	**-6**	**–**	**–**	**32**	**-2**
Cash flow for the year	**-17**	**–**	**–**	**28**	**-9**

KEY FIGURES, SEKm	2012	2011	2010	2009	2008
EBITA margin (%)	10.0	6.4	7.4	9.0	0.0
EBT margin (%)	5.9	0.0	0.7	8.4	4.8
Return on equity (%)	2.6	–	–	22.4	-10.6
Return on capital employed (%)	5.2	–	–	7.0	4.8
Equity ratio (%)	59	58	–	70	67
Interest-bearing net debt	155	149	–	8	14
Debt/equity ratio, multiple	0.5	0.5	–	0.2	0.2
Average number of employees	136	141	141	71	78

[1] Earnings and average number of employees for 2010 and 2011 are pro forma taking into account new group structure, acquisition of Sophion Bioscience in August 2011, new financing and disposal of Farfield.

Facts

BiolinScientific

www.biolinscientific.com

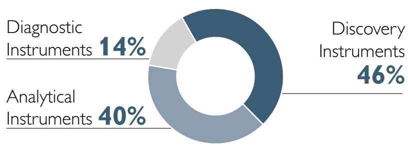
Management

Johan von Heijne	CEO
Christina Rubenhag	CFO
Andreas Andersson	Head of Analytical Instruments
Jonas Ehinger	Head of Diagnostic Instruments
Torsten Freltoft	Head of Discovery

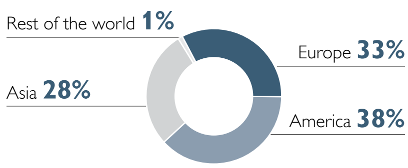
Board of Directors

Peter Ehrenheim	Chairman
Arne Bernroth	
Henrik Joelsson	Ratos (responsible for holding)
Mats Lönnqvist	
Yvonne Mårtensson	
Anders Borg	Deputy, Ratos

Sales by product area



Sales by region



Bisnode

The strategy to streamline and focus Bisnode's market offering continues and the level of activity under the company's new management was high in 2012. Growth within credit services was good while a weaker development was noted for the more cyclical direct marketing services.

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. Bisnode collects and processes data on companies and consumers from different sources. The information is customised and distributed digitally to companies and organisations in different sectors and operating areas. Since Bisnode offers relevant information combined with user friendliness, design, technology and innovative solutions, customers can increase their sales, reduce their risks and improve their day-to-day business decisions. The company operates in 18 European countries and has approximately 3,000 employees.

By offering services based on the same type of information within several parts of the group, financial economies of scale are achieved via joint information purchasing and data processing. This also leads to lower costs for customising, packaging and distribution.

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 several countries.

Market

Bisnode operates in the European market for digital business information. The market is estimated to be worth approximately SEK 75 billion in the areas of expertise and countries where Bisnode conducts operations today. The market is fragmented with many small, local players few of which compete within all market segments in Europe. The trend is towards a consolidation of this sector.

The market is characterised by relatively high fixed costs for data collection and database management and 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 is about 20 million in Europe.

Credit information is contra-cyclical – demand rises in bad times. Market information, on the other hand, follows the business cycle as companies normally postpone their marketing campaigns in a less favourable market. Increased global competition and information overload are clear growth factors which lead to increased demand for good decision support, rapid digital distribution and easily accessible information solutions. The market situation varies substantially between countries, particularly in relation to growth, competition and availability of information as well as the country's digital maturity.

The year in brief

A lot happened in Bisnode in 2012. Lars Petterson took over as CEO at the beginning of the year, several change processes were started and the streamlining continued through a number of major divestments. Market development within services for credit information was good (+4.9%) while the cyclical direct marketing services noted weak development during the year (-4.5%). The Swedish Tax Agency's takeover of SPAR (Statens personadressregister, a database of all persons registered in Sweden) in 2011, as planned, led to reduced SPAR-related sales and lower profitability in Sweden during 2012 as well. Adjusted for the divestment of WLW and reduced SPAR-related sales, earnings for the year were in line with the previous year.

Two add-on acquisitions were made during the year and Bisnode signed a renewed ten-year agreement on strategic co-operation with the world's leading player in credit information, Dun & Bradstreet (D&B).

Future prospects

Bisnode continues to develop its market offering in order to strengthen its position in Europe through product development and establishing services in new countries as well as through acquisitions of strategically suitable companies. Bisnode will offer increased added value, among others things by moving up the value chain and working in a more integrated manner with its customers.

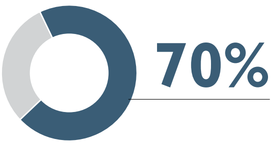
The Swedish Tax Agency's takeover of SPAR will continue to affect Bisnode's SPAR-related business in 2013 with continued lower sales revenue and lower profitability. The group's other operations are expected, however, to be able to compensate for the reduced SPAR sales.

Financial targets

- Annual organic growth >5%
- Operating margin (EBITA) >15%

Ratos's ownership

Holding



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. The co-owner is Bonnier.

Consolidated book value in Ratos amounted to SEK 1,203m at year-end.

Our view of the holding

The formation of Bisnode created a company with a strong position in the European market for digital business information and the company has developed significantly since then. At the start, the focus was on exploiting all the synergy gains from the merger. Then came a period of growth, where Bisnode grew both organically and through several acquisitions throughout Europe. In recent years the focus has been on streamlining and divesting units that do not belong to the core business. In 2012, major change programmes were launched in order to utilise the group's full capacity and deliver greater added value to customers. We still see considerable potential in Bisnode, which in particular through its scalable business model has good opportunities to improve margins in the future.

Henrik Joelsson, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011**	**2010**	**2009[1]**	**2008[1]**
Net sales	**3,935**	**4,310**	**4,451**	**4,741**	**4,325**
Operating expenses	-3,478	-3,757	-3,820	-4,093	-3,745
Other income/expenses	34	29	49	50	56
Share of profits of associates					0
Result from disposals	163	-5	-9	30	42
EBITDA	**655**	**577**	**671**	**728**	**679**
Depreciation and impairment	-144	-130	-135	-135	-146
EBITA	**511**	**447**	**536**	**593**	**533**
Amortisation and impairment of intangible assets	-54	-85	-102	-123	-87
Impairment of goodwill	-251	-15		-41	
EBIT	**206**	**347**	**434**	**428**	**446**
Financial income	32	16	106	86	18
Financial expenses[2]	-168	-160	-164	-191	-381
EBT	**70**	**203**	**376**	**324**	**83**
Tax	-34	-46	-91	-69	-14
Profit/loss from discontinued operations				-108	-4
Profit for the year	**36**	**158**	**285**	**146**	**66**
Attributable to owners of the parent	33	156	272	135	53
Attributable to non-controlling interests	3	1	14	11	13
Items affecting comparability in EBITA	86	-78	-58	30	-17
Adjusted EBITA	425	525	594	563	550

FINANCIAL POSITION, SEKm					
Goodwill	4,096	4,767	4,530	4,751	4,907
Other intangible assets	518	612	652	862	1,136
Property, plant and equipment	185	281	285	367	414
Financial assets, interest-bearing	7	16	12	17	40
Financial assets, non-interest bearing	101	141	142	125	182
Total non-current assets	**4,907**	**5,817**	**5,621**	**6,122**	**6,679**
Inventories	1	6	6	11	12
Receivables, interest-bearing	5	3	7	14	8
Receivables, non-interest bearing	813	865	888	924	1,083
Cash, bank and other short-term investments	186	207	259	368	324
Assets held for sale					
Total current assets	**1,005**	**1,080**	**1,161**	**1,317**	**1,427**
Total assets	**5,912**	**6,897**	**6,781**	**7,439**	**8,105**
Equity attributable to owners of the parent[3]	2,136	2,339	2,232	2,223	2,219
Non-controlling interests	24	20	47	65	57
Provisions, interest-bearing	175	217	245	360	354
Provisions, non-interest bearing	217	276	304	307	375
Liabilities, interest-bearing	2,097	2,436	2,322	2,724	3,166
Liabilities, non-interest bearing	1,250	1,605	1,631	1,761	1,935
Financial liabilities, other	13	5			
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**5,912**	**6,897**	**6,781**	**7,439**	**8,105**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	301	327	483	437	429
Change in working capital	-81	34	-19	32	5
Cash flow from operating activities	**220**	**360**	**464**	**470**	**434**
Investments in non-current assets	-100	-133	-95	-119	-206
Disposals of non-current assets	4	2	23	7	96
Cash flow before acquisition/disposal of companies	**124**	**229**	**391**	**358**	**324**
Net investments in companies	394	-334	-179	81	-504
Cash flow after investing activities	**518**	**-105**	**212**	**439**	**-180**
Change in loans	-434	117	-294	-381	635
New issue		1			
Dividend paid	-109	-14	-1	-3	-1,801
Other	10	-51	-4		1,436
Cash flow from financing activities	**-533**	**54**	**-298**	**-384**	**270**
Cash flow for the year	**-15**	**-51**	**-86**	**55**	**90**

KEY FIGURES, SEKm					
EBITA margin (%)	13.0	10.4	12.0	12.5	12.3
EBT margin (%)	1.8	4.7	8.4	6.8	1.9
Return on equity (%)	1.5	6.8	12.2	6.1	2.3
Return on capital employed (%)	5.0	7.4	10.6	9.2	8.6
Equity ratio (%)	37	34	34	31	28
Interest-bearing net debt	2,074	2,427	2,289	2,684	3,148
Debt/equity ratio, multiple	1.1	1.1	1.1	1.3	1.5
Average number of employees	2,906	3,016	3,080	3,167	3,182

[1] Earnings for 2008 and 2009 are pro forma taking into account discontinued operations in the UK/Ireland in 2009.
[2] Excluding interest on shareholder loan.
[3] Equity at 31 December 2012 includes shareholder loan of SEK 1,320m.

Facts

Bisnode

www.bisnode.com

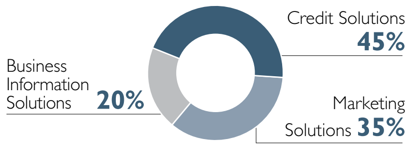
Management

Lars Pettersson	CEO
Fredrik Åkerman	CFO
Martine Bayens	Regional Director
Martin Coufal	Regional Director
Eckhard Geulen	Regional Director
Björn-Erik Karlsson	Regional Director
Karin Svensson	HR Director

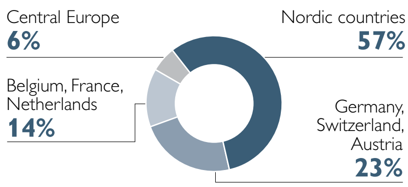
Board of Directors

Ingrid Engström	Chairman
Phil Cotter	
Anders Eriksson	
Jochen Gutbrod	
Henrik Joelsson	Ratos (responsible for holding)
Jonas Nyrén	
Andreas Schönenberger	
Filippa Bylander	Employee representative
Tommy Håkansson	Employee representative
Cecilia Lundberg	Deputy, Ratos

Sales by market segment



Sales by region



DIAB

The challenging situation in the wind energy market in China had a major impact on DIAB's earnings in 2012. A rigorous action programme is underway to adjust operations to prevailing market conditions and create a profitable company pending market recovery.

Operations

DIAB is a global company that manufactures, develops and sells core materials for composite structures for leisure boats, blades for wind turbines and components for aircraft, trains, industrial applications and buildings. The core material – which has a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance – is used in structures within several market segments: 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 six production units: material production is located in Sweden, Italy and the US, and material processing units in China, Ecuador and Lithuania.

Market

The market for core materials grows with customers' underlying production volumes, such as the number of wind turbines and boats, and also through the increased use of composite structures in existing and new applications. This increased use is driven by efforts to achieve structures with higher strength and lower weight. DIAB has a strong global position in the market for core materials for sandwich structures, with special strength within cellular plastic material. The company's competitors include 3A Composites and Gurit.

The year in brief

Development in the Chinese wind energy market, which is significant for DIAB, had a negative impact on the market during the year. The expansion rate for wind energy in China was very high until 2010 after which the installation rate decreased, among other things as a result of stricter official control and approval processes for new wind energy parks. The stricter control of this expansion, combined with high stock levels and lack of liquidity in the supply chain, led to a temporary but very sharp fall in volume and price pressure in China. This resulted in a decrease in sales for DIAB during the year (-18%) despite an overall stable performance within other regions and market areas.

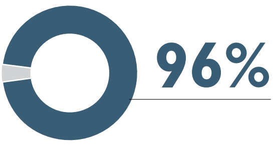
The decline and price pressure in China also had a sharply negative effect on operating profit for the year. During the autumn, DIAB decided on an extensive cost-cutting programme to adjust the company's cost structure to the market scenario. The programme includes a reduction in production capacity in the US and relocation of parts of production in Laholm, Sweden, to Lithuania. The programme is expected to lead to fixed cost savings of SEK 130m per year, with full effect in 2014. The costs of the programme were charged against DIAB's earnings for 2012 with a total of SEK 142m, of which SEK 88m represents impairment of fixed assets. Ratos provided DIAB with a capital contribution of SEK 170m during the year.

Future prospects

DIAB has a strategically strong position as a world-leading manufacturer of core materials. A recovery in the wind energy industry in China is expected in the years ahead. This, combined with anticipated favourable development within other customer segments and opportunities to broaden applications for core materials, gives DIAB good long-term growth potential. Short-term sales development depends on the timing of the recovery in China and the macroeconomic situation. Through substantial cost-saving measures during the year, DIAB has laid the foundation for a significant improvement in earnings in 2013 even if the market situation will remain weak.

Ratos's ownership

Holding



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.

Consolidated book value in Ratos amounted to SEK 1,021m at year-end.

Our view of the holding

During the period of Ratos's ownership we have helped to develop DIAB into a global player and through investments in the company's product offering and production created a world-leading supplier of core materials for composite structures. Our assessment is that DIAB has an attractive long-term growth profile driven by the need for strong and light structures, as well as good prospects for growth of these applications. In 2013 we will focus on supporting the company in its implementation of tough and strong measures to adjust DIAB's cost structure to prevailing market conditions. In the longer term we expect that market conditions will improve. We plan to continue to contribute to the development of DIAB's product offering, the company's global market presence and a sales organisation with applications expertise.

Henrik Blomé, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales	**1,003**	**1,219**	**1,396**	**1,322**	**1,414**
Operating expenses	-1,046	-1,134	-1,120	-1,077	-1,115
Other income/expenses	1	-1	-1		-2
Share of profits of associates					
Result from disposals					
EBITDA	**-43**	**85**	**275**	**245**	**297**
Depreciation and impairment	-174	-90	-87	-89	-77
EBITA	**-217**	**-5**	**188**	**156**	**220**
Amortisation and impairment of intangible assets			0		
Impairment of goodwill					
EBIT	**-217**	**-5**	**188**	**156**	**220**
Financial income	0	1	0	1	1
Financial expenses [1]	-62	-45	-39	-59	-43
EBT	**-279**	**-50**	**149**	**97**	**178**
Tax	36	-36	-34	-17	-50
Profit/loss from discontinued operations					
Profit/loss for the year	**-243**	**-85**	**115**	**81**	**128**
Attributable to owners of the parent	-243	-85	115	81	128
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-142	-40			
Adjusted EBITA	-75	35	188	156	220

FINANCIAL POSITION, SEKm					
Goodwill	1,094	1,094	1,094	1,094	1,094
Other intangible assets	21	53	41	35	27
Property, plant and equipment	391	521	559	608	684
Financial assets, interest-bearing					
Financial assets, non-interest bearing	79	77	103	90	71
Total non-current assets	**1,585**	**1,744**	**1,797**	**1,827**	**1,876**
Inventories	178	231	255	218	293
Receivables, interest-bearing					
Receivables, non-interest bearing	371	288	210	227	297
Cash, bank and other short-term investments	44	38	62	167	47
Assets held for sale					
Total current assets	**593**	**557**	**527**	**611**	**637**
Total assets	**2,178**	**2,301**	**2,324**	**2,438**	**2,513**
Equity attributable to owners of the parent [2]	1,152	1,142	1,212	1,204	976
Non-controlling interests					
Provisions, interest-bearing	31	33	34	34	34
Provisions, non-interest bearing	66	36	20	19	6
Liabilities, interest-bearing	771	893	848	977	1,276
Liabilities, non-interest bearing	157	197	210	204	221
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,178**	**2,301**	**2,324**	**2,438**	**2,513**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	-56	30	216	161	162
Change in working capital	45	-52	-45	117	-87
Cash flow from operating activities	**-11**	**-22**	**171**	**279**	**75**
Investments in non-current assets	-32	-67	-81	-49	-81
Disposals of non-current assets	7	0	0	1	3
Cash flow before acquisition/disposal of companies	**-36**	**-88**	**91**	**231**	**-3**
Net investments in companies					
Cash flow after investing activities	**-36**	**-88**	**91**	**231**	**-3**
Change in loans	-102	39	-110	-272	-7
New issue				82	
Dividend paid					
Other	145	25	-80	80	-2
Cash flow from financing activities	**43**	**64**	**-190**	**-110**	**-9**
Cash flow for the year	**7**	**-24**	**-99**	**121**	**-12**

KEY FIGURES, SEKm					
EBITA margin (%)	-21.6	-0.4	13.5	11.8	15.6
EBT margin (%)	-27.8	-4.1	10.7	7.4	12.6
Return on equity (%)	-21.1	-7.2	9.6	7.4	15.5
Return on capital employed (%)	-10.8	-0.2	8.7	7.0	10.4
Equity ratio (%)	53	50	52	49	39
Interest-bearing net debt	759	888	820	844	1,263
Debt/equity ratio, multiple	0.7	0.8	0.7	0.8	1.3
Average number of employees	1,070	1,389	1,327	1,132	1,280

[1] Excluding interest on shareholder loan.
[2] Equity at 31 December 2012 includes shareholder loan of SEK 179m.

Facts

DIAB

www.diabgroup.com

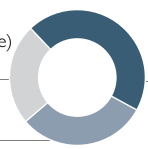
Management

Lennart Hagelqvist	CEO
Peter Sundback	CFO

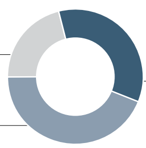
Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	Ratos (responsible for holding)
Georg Brunstam	
Torben Bjerre-Madsen	
Johan Pernvi	Ratos
Carl-Erik Ridderstråle	
Cecilia Klang Larsson	Employee representative
Valerian Vancea	Employee representative
Michael Edvinsson	Deputy, employee representative
Per Månsson	Deputy, employee representative

Sales by customer segment



Sales by market



Euromaint

In Sweden, Euromaint's operational development was positive during the year. The weak economic climate in Europe had a negative impact on operations in Germany and led to lower earnings in 2012. An improvement programme is underway to offset this trend and raise competitiveness and efficiency.

Operations

Euromaint is one of Europe's leading independent maintenance companies for the rail transport industry. The company offers qualified technical maintenance to meet customer requirements for well-functioning rolling stock fleets. Euromaint's services and products guarantee the reliability and service life of track-mounted vehicles such as passenger trains, locomotives, freight carriages and work machines. Customers are primarily train operators, freight rolling stock owners and infrastructure companies.

Euromaint has most of its operations in Sweden but the company also has extensive operations in Germany as well as a presence in Belgium, the Netherlands and Latvia. The company has approximately 2,400 employees.

Market

Euromaint's markets are characterised by good underlying growth driven by increased transports, greater environmental consideration when choosing means of transport and an ongoing deregulation in Europe.

The underlying growth rate for passenger traffic in Sweden is 2–4% per year. Deregulation means that the growth rate is higher for Euromaint's market. For freight traffic the underlying growth rate is equally positive, but the market is more exposed to cyclical effects. Development in 2012 was negative due to decreasing volumes of freight transport.

Euromaint has a strong position in the Swedish train maintenance market. The company's position is upheld through a nationwide network of workshops, a high level of technical knowledge of its customers' trains, maintenance-specific skills and customer contracts. In Germany, Euromaint is the leading independent provider of maintenance for freight carriages. The company offers availability, the capacity to handle large volumes and high-quality work.

The year in brief

Euromaint had a weak earnings trend during the year. The Swedish operations performed somewhat better than in the previous year, while the German operations performed far less well than planned.

In Sweden, Euromaint continued to carry out the improvement programme initiated in 2011 in order to achieve a lasting increase in competitiveness and efficiency. The programme includes measures to improve delivery and contract management as well as tied-up capital.

In Germany, the freight market showed negative development during the year with a volume decrease of approximately 5%. In addition, one major customer changed its purchasing behaviour during the year which further reduced volumes. To counteract the effects of the decline in volume, an extensive cost-cutting programme has been initiated and will continue in 2013.

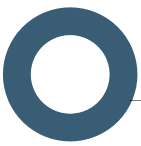
Future prospects

Euromaint's greatest challenge in 2013 is to fully implement the improvement programme initiated in 2011 and to complete the restructuring initiated in Germany in 2012.

Euromaint is well placed to take advantage of market development where strong driving forces ensure good underlying growth over time.

Ratos's ownership

Holding



100%

Ratos acquired Euromaint in 2007.

Consolidated book value in Ratos amounted to SEK 577m at year-end.

Our view of the holding

The main reasons for Ratos's acquisition of Euromaint were the company's strong market position, a growing market due to increased rail transport and that we saw potential for improvement in the company's operations. Since the acquisition, Euromaint has focused on its core business (train maintenance), initiated an international expansion through add-on acquisitions in Germany, and worked continuously to improve delivery and efficiency.

The goal for the future is to further develop and improve the efficiency of the company's internal processes and thus improve profitability. Growth opportunities are positive due to deregulation and the underlying demand and we see good potential for Euromaint to achieve organic growth in the years ahead. In the long term there are also opportunities for the company to participate in the restructuring of the European rail transport market.

Jonathan Wallis, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011[1]**	**2010[1]**	**2009**	**2008**
Net sales	**2,489**	**2,860**	**2,814**	**2,510**	**2,324**
Operating expenses	-2,420	-2,727	-2,835	-2,352	-2,165
Other income/expenses	33	28	63	17	
Share of profits of associates					
Result from disposals		-2			
EBITDA	**102**	**159**	**41**	**175**	**159**
Depreciation and impairment	-51	-57	-56	-42	-38
EBITA	**51**	**102**	**-15**	**133**	**122**
Amortisation and impairment of intangible assets		-2	-4	-4	-4
Impairment of goodwill					
EBIT	**51**	**100**	**-19**	**128**	**118**
Financial income	2	3	2	1	3
Financial expenses[2]	-48	-51	-63	-59	-61
EBT	**5**	**52**	**-79**	**70**	**60**
Tax	-18	43	33	-13	-11
Profit/loss from discontinued operations		-118	-30		
Profit/loss for the year	**-12**	**-23**	**-77**	**57**	**49**
Attributable to owners of the parent	-12	-23	-77	57	49
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-30	-35	-184		
Adjusted EBITA	81	137	169	133	122

FINANCIAL POSITION, SEKm					
Goodwill	710	712		719	692
Other intangible assets	8	9		23	14
Property, plant and equipment	164	185		202	208
Financial assets, interest-bearing					
Financial assets, non-interest bearing	0	24		10	11
Total non-current assets	**882**	**930**	**–**	**954**	**925**
Inventories	432	454		375	264
Receivables, interest-bearing					
Receivables, non-interest bearing	459	690		776	675
Cash, bank and other short-term investments					33
Assets held for sale					
Total current assets	**892**	**1,144**	**–**	**1,151**	**973**
Total assets	**1,774**	**2,075**	**–**	**2,105**	**1,897**
Equity attributable to owners of the parent[3]	594	737		516	447
Non-controlling interests					
Provisions, interest-bearing	11	19		15	19
Provisions, non-interest bearing	32	47		22	32
Liabilities, interest-bearing	577	628		756	746
Liabilities, non-interest bearing	548	632		786	644
Financial liabilities, other	11	11		10	8
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,774**	**2,075**	**–**	**2,105**	**1,897**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	47			41	65
Change in working capital	-13			-51	63
Cash flow from operating activities	**34**	**–**	**–**	**-10**	**128**
Investments in non-current assets	-29			-25	-41
Disposals of non-current assets				1	0
Cash flow before acquisition/disposal of companies	**5**	**–**	**–**	**-34**	**87**
Net investments in companies				-28	
Cash flow after investing activities	**5**	**–**	**–**	**-62**	**87**
Change in loans	-54			4	-30
New issue					
Dividend paid	-135				
Other	183			25	-24
Cash flow from financing activities	**-5**	**–**	**–**	**29**	**-54**
Cash flow for the year	**0**	**–**	**–**	**-33**	**33**

KEY FIGURES, SEKm					
EBITA margin (%)	2.1	3.6	-0.5	5.3	5.2
EBT margin (%)	0.2	1.8	-2.8	2.8	2.6
Return on equity (%)	-1.8	–	–	11.9	11.5
Return on capital employed (%)	4.1	–	–	10.4	9.8
Equity ratio (%)	33	36	–	24	24
Interest-bearing net debt	588	647	–	772	732
Debt/equity ratio, multiple	1.0	0.9	–	1.5	1.7
Average number of employees	2,437	2,442	2,373	1,909	1,793

[1] Earnings and average number of employees for 2010 and 2011 are pro forma taking into account discontinued operations (Refurbishment business area) and disposal of business (Euromaint Industry).
[2] Excluding interest on shareholder loan.
[3] Equity at 31 December 2012 includes shareholder loan of SEK 503m.

Facts

EuroMaint
www.euromaint.com

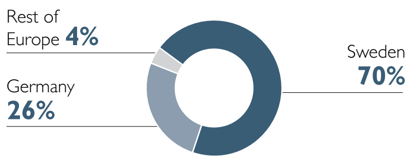
Management

Ove Bergkvist	CEO
Cecilia Wallberg	CFO
Henrik Dagberg	Manager Business Development
Ingela Erlinghult	Business Area Manager Components
Lena Gellerhed	HR Manager
Gustav Jansson	Business Area Manager Work Machines
Robert Lehmann	Acting Business Area Manager Germany
Mattias Wessman	CIO
Anne-Catherine Worth	Head of Communications

Board of Directors

Leif Johansson	Chairman, Ratos
Jonathan Wallis	Ratos (responsible for holding)
Bertil Hallén	Employee representative
Karin Nyberg	Employee representative
Oscar Hermansson	Deputy, Ratos

Sales by market



Finnkino

A stronger film year with many successful Finnish films as well as major international films such as *The Hobbit* and *007 Skyfall* contributed to more sold cinema tickets and therefore a strong sales and earnings development for Finnkino in 2012. Profitability also improved in the Baltic countries during the year.

Operations

Finnkino is the leading cinema operator in Finland and the Baltic countries with 24 movie theatres and 158 screens with a total of approximately 27,000 seats. The company also conducts film distribution and some distribution of DVDs. The movie theatre operations are conducted under the brand Finnkino in Finland and Forum Cinemas in the Baltic countries. In addition to ticket and distribution revenues, significant sources of income include sales of snacks, sweets and soft drinks, as well as advertising. The number of admissions to the company's cinemas totalled 10.5 million in 2012, 5.8 million in Finland and 4.7 million in the Baltic countries.

Market

The cinema market in Finland, as in most mature markets, is relatively stable and non-cyclical. The availability of attractive films has a major effect in the short term on the number of movie-goers. A visit to the cinema competes with other entertainment for consumers' free time. In the longer term, attractive movie theatre concepts with well-located cinemas are key factors for success. In the Baltic countries, where purchasing power is considerably lower than in Finland, the movie market is more dependent on the economic climate which has had a negative impact on the number of movie-goers in recent years. Building movie theatres with a number of screens, known as the multiplex concept, has increased competition in the Baltic market.

The year in brief

Sales in 2012 increased by 12%, mainly driven by a higher number of movie-goers. 2012 was a very strong film year, particularly in Finland, with films such as *007 Skyfall* and *The Hobbit* as well as several successful Finnish films. A higher average ticket price and increased peripheral sales also contributed to higher revenues.

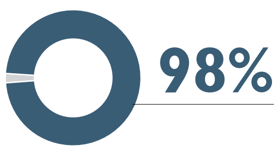
Finnkino's strong earnings compared with the previous year are due to improved profitability in every country except Estonia where earnings were charged with costs for organisational changes. Digitalisation, which has been completed in Finland and Latvia, made a positive contribution to earnings and led to an even better experience for movie-goers.

Future prospects

Finnkino is the clear market leader in all its markets. The company has started to launch new distribution channels for cinema tickets, including a smartphone application, in order to further improve accessibility. Finnkino is actively looking at opportunities to expand in its existing markets. A new movie theatre will be opened in Kuopio, Finland, in 2013.

Ratos's ownership

Holding



Ratos acquired Finnkino in 2011. Co-owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 445m at year-end.

Our view of the holding

Finnkino is a successful company with major development potential and a strong market position in Finland and the Baltic countries. Ratos sees opportunities to further develop the customer offering and improve profitability, for example by implementing new peripheral sales concepts, completion of digitalisation of the movie theatres as well as through new distribution channels for easier purchasing and reservations of cinema tickets, including smartphone applications. Increased advertising revenues offer future potential.

We are starting to see a turnaround in the Baltic countries and operations there have developed well driven by improved market conditions and the company's own initiatives.

Jan Pomoell, responsible for holding

INCOME STATEMENT, EURm	2012	2011[1]	2010[1]	2009	2008
Net sales	**99.0**	**88.5**	**88.6**		
Operating expenses	-81.0	-75.4	-74.6		
Other income/expenses	3.7	2.5	1.4		
Share of profits of associates	0.7	0.6	0.5		
Result from disposals					
EBITDA	**22.4**	**16.2**	**15.9**		
Depreciation and impairment	-7.7	-7.6	-6.8		
EBITA	**14.7**	**8.6**	**9.1**		
Amortisation and impairment of intangible assets	-0.3	-0.2	-0.1		
Impairment of goodwill					
EBIT	**14.4**	**8.4**	**9.0**		
Financial income	0.1	0.0	0.1		
Financial expenses	-5.1	-6.1	-5.7		
EBT	**9.4**	**2.4**	**3.4**		
Tax	-2.1	-1.0	-0.8		
Profit/loss from discontinued operations					
Profit for the year	**7.2**	**1.3**	**2.6**		
Attributable to owners of the parent	7.2	1.3	2.6		
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-0.5	-0.6			
Adjusted EBITA	15.2	9.2	9.1		

FINANCIAL POSITION, EURm	2012	2011	2010	2009	2008
Goodwill	61.1	61.1			
Other intangible assets	0.6	0.7			
Property, plant and equipment	60.4	65.8			
Financial assets, interest-bearing					
Financial assets, non-interest bearing	2.9	2.1			
Total non-current assets	**124.9**	**129.7**	**-**		
Inventories	0.7	0.7			
Receivables, interest-bearing		0.1			
Receivables, non-interest bearing	7.7	6.0			
Cash, bank and other short-term investments	19.9	10.5			
Assets held for sale					
Total current assets	**28.3**	**17.3**	**–**		
Total assets	**153.2**	**146.9**	**–**		
Equity attributable to owners of the parent	52.5	45.3			
Non-controlling interests					
Provisions, interest-bearing	0.0	0.0			
Provisions, non-interest bearing	0.3	0.4			
Liabilities, interest-bearing	45.0	46.1			
Liabilities, non-interest bearing	55.4	55.1			
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**153.2**	**146.9**	**–**		

STATEMENT OF CASH FLOWS, EURm	2012	2011	2010	2009	2008
Cash flow from operating activities before change in working capital	14.1				
Change in working capital	-0.2				
Cash flow from operating activities	**13.9**	**–**	**–**		
Investments in non-current assets	-3.2				
Disposals of non-current assets	0.3				
Cash flow before acquisition/disposal of companies	**11.0**	**–**	**–**		
Net investments in companies					
Cash flow after investing activities	**11.0**	**–**	**–**		
Change in loans	-1.5				
New issue					
Dividend paid					
Other	0.0				
Cash flow from financing activities	**-1.5**	**–**	**–**		
Cash flow for the year	**9.4**	**–**	**–**		

KEY FIGURES, EURm	2012	2011	2010	2009	2008
EBITA margin (%)	14.8	9.7	10.2		
EBT margin (%)	9.5	2.7	3.8		
Return on equity (%)	14.8	–	–		
Return on capital employed (%)	15.4	–	–		
Equity ratio (%)	34	31	–		
Interest-bearing net debt	25	36	–		
Debt/equity ratio, multiple	0.9	1.0	–		
Average number of employees	755	794	805		

[1] Earnings for 2010 and 2011 are pro forma taking Ratos's acquisition into account.

Facts

FINNKINO

www.finnkino.fi

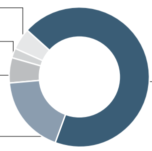
Management

Liisi Jauho	CEO
Vesa Aittomäki	CFO

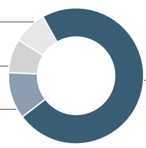
Board of Directors

Mikael Aro	Chairman
Lina Arnesson	Ratos
Bertel Paulig	
Jan Pomoell	Ratos (responsible for holding)
Per Tengblad	

Sales by operating area



Sales by market



GS-Hydro

High activity in the offshore market led to strong sales and earnings growth. Development was stable in the land-based segment and weak in the marine segment. Good conditions within offshore and opportunities to take market shares from welded solutions create good prospects for continued growth.

Operations

GS-Hydro is a leading supplier of non-welded piping solutions. Piping systems are mainly used for hydraulic applications with high demand for fast installation, cleanliness and minimal production shutdowns.

The company supplies complete piping systems, prefabricated piping modules, components for piping systems and related services, including design, installation, documentation and maintenance.

GS-Hydro's products and services are used within the marine and offshore industries as well as in land-based segments such as the pulp and paper, mining and metals, automotive and aerospace industries. The company has approximately 660 employees in 17 countries. The head office is in Finland.

Market

Non-welded piping solutions account for a relatively small part of the market for piping systems for hydraulic applications. Opportunities to increase market share are created by marketing the advantages of the system compared with welded solutions.

GS-Hydro conducts operations worldwide and offshore industry is the company's largest single customer segment. Fundamental driving forces – such as a long-term imbalance between oil supply and demand and significant new oil discoveries in the North Sea – point to favourable development for this market segment over time. Furthermore, non-welded piping systems offer clear advantages within offshore – among other things during installation and maintenance when customers' production can continue without costly shutdowns since no welding flame is required.

The year in brief

GS-Hydro's sales rose 31% compared with the previous year due to strong growth in the offshore segment. In the marine segment development has gradually deteriorated in recent years and the prospects are weak in the short to medium term due to substantial overcapacity. There are, however, clear differences between different marine segments (types of vessel) and the prospects for several of GS-Hydro's prioritised segments are more positive than for the marine market as a whole. Demand in the land-based segment was stable during the year. Operating profit was positively affected by the higher sales and a stronger gross margin.

Future prospects

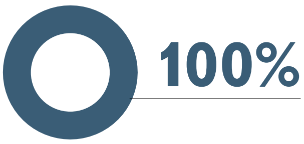
Within offshore there are opportunities for good market growth over the next few years driven by a growing imbalance between oil supply and demand, significant new oil discoveries in the North Sea and elsewhere, as well as an ageing oil rig fleet. Additional market penetration for non-welded piping systems, combined with expansion in growth markets in Asia and Brazil as well as within service, are key growth drivers for GS-Hydro in the years ahead.

Financial targets

- Sales growth >10% annual average
- EBITA margin >10%

Ratos's ownership

Holding



Ratos became owner of GS-Hydro in 2001 in conjunction with the acquisition of Atle.

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

Our view of the holding

GS-Hydro is the market leader in its niche and has a good position due to the company's global presence, strong applications expertise and the ability to supply total solutions for piping systems.

Since Ratos became owner, GS-Hydro's sales have trebled. Growth has been driven by non-welded technology capturing market shares from traditional welded technology, the company's expansion into new markets and overall positive underlying market development. Strong growth within offshore and opportunities to continue to take market shares from welded solutions create good prospects for GS-Hydro's continued growth.

Henrik Blomé, responsible for holding

INCOME STATEMENT, EURm	**2012**	**2011**	**2010**	**2009**	**2008**[1]
Net sales	**155.3**	**118.8**	**130.3**	**140.7**	**159.0**
Operating expenses	-139.1	-112.8	-124.6	-127.4	-139.0
Other income/expenses	0.4	0.1			
Share of profits of associates					
Result from disposals					
EBITDA	**16.6**	**6.1**	**5.7**	**13.3**	**20.0**
Depreciation and impairment	-2.5	-2.7	-2.9	-2.7	-2.4
EBITA	**14.1**	**3.4**	**2.8**	**10.6**	**17.6**
Amortisation and impairment of intangible assets					
Impairment of goodwill			-0.8		
EBIT	**14.1**	**3.4**	**2.0**	**10.6**	**17.6**
Financial income	0.2	1.1	0.6	0.5	
Financial expenses	-9.3	-6.0	-5.4	-5.6	-8.9
EBT	**5.0**	**-1.4**	**-2.9**	**5.5**	**8.7**
Tax	-1.5	0.0	-0.1	-2.5	-4.1
Profit/loss from discontinued operations					
Profit/loss for the year	**3.5**	**-1.4**	**-3.0**	**3.0**	**4.6**
Attributable to owners of the parent	3.5	-1.4	-3.0	3.0	4.6
Attributable to non-controlling interests					
Items affecting comparability in EBITA					
Adjusted EBITA	14.1	3.4	2.8	10.6	17.6

FINANCIAL POSITION, EURm					
Goodwill	56.2	56.2	56.2	56.8	56.8
Other intangible assets	0.6	0.7			
Property, plant and equipment	7.0	6.9	8.8	9.6	8.8
Financial assets, interest-bearing					
Financial assets, non-interest bearing	1.9	2.2	1.2	0.9	1.9
Total non-current assets	**65.8**	**66.0**	**66.2**	**67.4**	**67.4**
Inventories	27.4	24.5	26.1	31.6	34.7
Receivables, interest-bearing					
Receivables, non-interest bearing	36.1	30.4	34.4	35.9	40.3
Cash, bank and other short-term investments	11.5	10.9	9.2	6.9	11.6
Assets held for sale					
Total current assets	**75.0**	**65.7**	**69.6**	**74.3**	**86.6**
Total assets	**140.8**	**131.7**	**135.8**	**141.7**	**153.9**
Equity attributable to owners of the parent	40.8	36.1	34.1	34.8	27.2
Non-controlling interests					
Provisions, interest-bearing	0.2	0.0	-0.3	-0.5	
Provisions, non-interest bearing	1.9	1.4	0.4	0.5	0.3
Liabilities, interest-bearing	63.6	70.1	78.0	81.6	92.3
Liabilities, non-interest bearing	29.0	22.9	21.7	23.4	32.2
Financial liabilities, other	5.2	1.3	1.9	1.9	1.9
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**140.8**	**131.7**	**135.8**	**141.7**	**153.9**

STATEMENT OF CASH FLOWS, EURm					
Cash flow from operating activities before change in working capital	10.6	1.3	1.0	6.6	
Change in working capital	-0.9	3.3	4.9	0.9	
Cash flow from operating activities	**9.6**	**4.5**	**5.8**	**7.5**	**–**
Investments in non-current assets	-2.5	-1.1	-1.6	-2.6	
Disposals of non-current assets	0.1				
Cash flow before acquisition/disposal of companies	**7.2**	**3.4**	**4.3**	**4.9**	**–**
Net investments in companies					
Cash flow after investing activities	**7.2**	**3.4**	**4.3**	**4.9**	**–**
Change in loans	-6.8	-7.7	-4.0	-10.9	
New issue					
Dividend paid					
Other		6.0	1.4		
Cash flow from financing activities	**-6.8**	**-1.7**	**-2.6**	**-10.9**	**–**
Cash flow for the year	**0.4**	**1.7**	**1.6**	**-6.0**	**–**

KEY FIGURES, EURm					
EBITA margin (%)	9.1	2.9	2.1	7.5	11.1
EBT margin (%)	3.2	-1.2	-2.2	3.9	5.5
Return on equity (%)	9.1	-4.0	-8.7	9.8	–
Return on capital employed (%)	13.6	4.2	2.3	9.4	–
Equity ratio (%)	29	27	25	25	18
Interest-bearing net debt	52.3	59.2	68.5	74.2	80.7
Debt/equity ratio, multiple	1.6	1.9	2.3	2.3	3.4
Average number of employees	636	608	626	623	641

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

Facts

GS-Hydro

www.gshydro.com

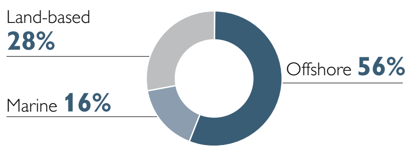
Management

Pekka Frantti	CEO
Kristiina Leppänen	CFO
Fernando Guarido	Managing Director, GS-Hydro Brazil
Jan Gulbrandsen	Managing Director, GS-Hydro Norway
Chris Hargreaves	Managing Director, GS-Hydro UK
Terho Hoskonen	VP Sales and Marketing
Harri Jokinen	VP Technology and Sourcing
Suvi-Maarit Kavio	Head of Global HR
Seppo Lusenius	Director Finnish and Russian Operations
Heikki Pennanen	VP Global Projects
Jukka Suotsalo	VP Business Development

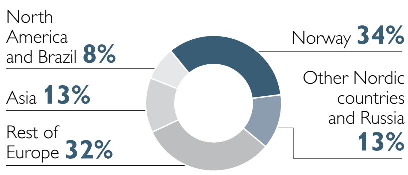
Board of Directors

Anders Lindblad	Chairman
Rolf Ahlqvist	
Henrik Blomé	Ratos (responsible for holding)
Olli Isotalo	
Torfinn Kildal	
Johan Pålsson	Ratos
Eli K Vassenden	

Sales by segment



Sales by region



Hafa Bathroom Group

Hafa Bathroom Group improved its earnings in 2012 despite weak market development. The strong interest in interior decoration and design as well as a major underlying need for renovation create good opportunities for growth.

Operations

Hafa Bathroom Group is a leading supplier of bathroom interiors in the Nordic region. The company designs, develops and sells a broad range of bathroom products such as furniture, shower solutions and whirlpools via retailers in Sweden, Norway and Finland. Production is carried out by subcontractors in Asia and Europe, with the exception of customised assembly of whirlpools in Sweden.

The product range is sold and marketed under the brands Hafa, which primarily sells through DIY outlets and builders' merchants, and Westerbergs, which to a greater extent sells through specialised retailers. Most of Hafa Bathroom Group's sales relate to renovations of existing bathrooms in private homes 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 consumer repairs and maintenance (R&M) sector. The market was very weak in 2012 particularly in the consumer segment. The bathroom market was negatively affected by macroeconomic anxiety, a decline in the number of housing transactions and the introduction of a mortgage cap in Sweden.

The competitive landscape in the Nordic market is fragmented with a large number of players who focus on different product categories, customer segments, distribution channels and geographic markets. Despite its overall modest market share in the Nordic region, Hafa Bathroom Group is a significant player within bathroom products for building supplies stores, DIY and specialised retailers.

The market has growth potential due to a major underlying need for renovation, a strong interest in interior decoration and design, and a DIY trend. Conditions in Hafa Bathroom Group's market segment are therefore positive in the long term and the company's efforts to develop its customer relationships in the Nordic region and grow in the professional segment create potential for faster growth than in the market as a whole.

The year in brief

A very weak market development had a negative impact on Hafa Bathroom Group's sales in 2012. During the previous year cost adjustments were implemented in the company, including closure of the operations in Denmark. These measures have led to improved earnings in the company, despite a weak market and negative sales development.

Future prospects

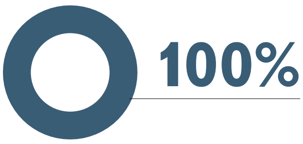
The overall macroeconomic turbulence in the business environment and uncertainty at consumer level are expected to lead to a continued weak Nordic bathroom market in 2013. Cost-cutting measures completed in 2011–12 as well as investments in long-term growth areas are expected, however, to provide conditions for a continued positive earnings development in 2013.

Financial targets

- Annual organic growth >8%
- EBITA margin >12%

Ratos's ownership

Holding



Ratos became an owner of Hafa Bathroom Group in 2001 in conjunction with the acquisition of Atle.

Consolidated book value in Ratos amounted to SEK 153m at year-end.

Our view of the holding

Hafa Bathroom Group with the Hafa and Westerbergs brands has a strong position in the Nordic bathroom market. The company has good opportunities to grow in existing markets by developing the sales potential in its customer relationships and through long-term growth in the professional segment.

The cost adjustments implemented by the company, combined with other growth-promoting measures, have laid a better foundation for future development. We therefore have a positive view of Hafa Bathroom Group in the long term.

Henrik Blomé, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011[1]**	**2010[1]**	**2009**	**2008**
Net sales	**268**	**324**	**407**	**390**	**391**
Operating expenses	-259	-324	-357	-334	-344
Other income/expenses					-1
Share of profits of associates					
Result from disposals					
EBITDA	**9**	**0**	**50**	**56**	**46**
Depreciation and impairment	-2	-5	-4	-5	-6
EBITA	**7**	**-5**	**46**	**51**	**41**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**7**	**-5**	**46**	**51**	**41**
Financial income	1	6	1		
Financial expenses	-3	-3	-2	-11	-6
EBT	**5**	**-2**	**45**	**40**	**35**
Tax	-2	1	-16	-9	-8
Profit/loss from discontinued operations		-12	-9		
Profit/loss for the year	**3**	**-13**	**20**	**31**	**27**
Attributable to owners of the parent	3	-13	20	31	27
Attributable to non-controlling interests					
Items affecting comparability in EBITA					
Adjusted EBITA	7	-5	46	51	41

FINANCIAL POSITION, SEKm					
Goodwill	40	40	42	42	42
Other intangible assets	4	1	1	1	0
Property, plant and equipment	3	4	9	12	12
Financial assets, interest-bearing					
Financial assets, non-interest bearing	4	7	5	6	3
Total non-current assets	**51**	**52**	**57**	**60**	**58**
Inventories	74	76	110	92	111
Receivables, interest-bearing					
Receivables, non-interest bearing	39	47	98	73	73
Cash, bank and other short-term investments	1	1	2	21	1
Assets held for sale					
Total current assets	**113**	**124**	**210**	**185**	**185**
Total assets	**165**	**176**	**267**	**245**	**244**
Equity attributable to owners of the parent	42	40	51	122	90
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	15	18	19	16	22
Liabilities, interest-bearing	62	59	87	21	76
Liabilities, non-interest bearing	44	56	102	76	56
Financial liabilities, other	2	2	9	9	
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**165**	**176**	**267**	**245**	**244**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	2	-14	42	42	43
Change in working capital	-2	60	-33	43	25
Cash flow from operating activities	**0**	**47**	**10**	**85**	**68**
Investments in non-current assets	-4	-2	-4	-5	0
Disposals of non-current assets		0	0	0	
Cash flow before acquisition/disposal of companies	**-4**	**45**	**6**	**80**	**68**
Net investments in companies					
Cash flow after investing activities	**-4**	**45**	**6**	**80**	**68**
Change in loans	3	-34	66	-54	-69
New issue					
Dividend paid			-90		
Other	1	-13	0	-7	
Cash flow from financing activities	**4**	**-46**	**-24**	**-61**	**-69**
Cash flow for the year	**0**	**-1**	**-18**	**19**	**-1**

KEY FIGURES, SEKm					
EBITA margin (%)	2.6	-1.4	11.3	13.0	10.4
EBT margin (%)	1.8	-0.5	11.1	10.3	8.9
Return on equity (%)	7.0	-29.1	23.7	29.1	35.5
Return on capital employed (%)	8.1	1.4	33.5	32.9	21.8
Equity ratio (%)	26	23	19	50	37
Interest-bearing net debt	61	58	85	0	75
Debt/equity ratio, multiple	1.5	1.5	1.7	0.2	0.8
Average number of employees	136	176	177	166	168

[1] Earnings for 2011 and 2010 are pro forma taking discontinued operations in Denmark into account.

Facts

HAFA BATHROOM GROUP

hafa westerbergs

www.hafabg.com

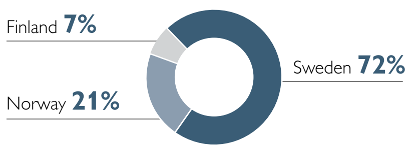
Management

Ola Andrée	CEO
Daniel Tell	CFO
Eva Östergren	Chief Marketing Officer
Tobias Höglind	Sales Director
Stefan Vidal	Supply Chain Director

Board of Directors

Stig Karlsson	Chairman
Henrik Blomé	Ratos (responsible for holding)
Thomas Holmgren	
Staffan Jehander	
Anders Reuthammar	
Ola Andrée	CEO
Johan Pålsson	Deputy, Ratos

Sales by market



HL Display

The year was characterised by major variations between HL Display's various geographic markets. Taken overall, development in HL Display was positive with good control of costs, relocation of production and other strategic initiatives providing a significant improvement in earnings.

Operations

HL Display is an international supplier of products and solutions for in-store communication and merchandising. The customer base is the retail sector and brand manufacturers.

HL Display helps its customers to create an attractive store environment which increases sales and facilitates a more efficient and functional store. The company's products include shelf-edge strips, shelf management systems, printed store communication, display stands, floor stands, poster holders, bulk food dispensers, etc. The products are primarily made of extruded, injection-moulded, punched or bent plastics and metal.

Production takes place in Poland, Sweden, China and the UK. Sales are conducted through 34 sales subsidiaries and 13 distributors in a total of 47 countries. The company's largest markets are the UK, France, Norway, Russia and Sweden.

Market

The global and regional development of the retail sector is pivotal for demand for HL Display's products. Newly opened stores, store refurbishing, the launch of new store concepts, and store efficiency and productivity improvements are key 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 72%. In future, the highest growth is expected in Asia and Eastern Europe. Today these markets account for approximately 9% and 18% respectively of sales. HL Display's three most important customer segments are food retailers, brand manufacturers and specialised retailers, where food retailers currently account for the largest share of sales. The company is the only multinational player in its niche and the main competition is from small local or regional companies.

The year in brief

2012 was characterised by considerable variations between HL Display's geographic markets and the continued impact of currency fluctuations. Despite a generally weaker business climate, several markets showed good or stable development while others faced a very challenging year with significant impact from the economic situation. One positive factor during the year was the strong performance of the British company PPE (acquired in 2010) which is showing good growth and high profitability.

The business areas UK, Asia/Australia and Eastern Europe were the prime contributors to HL Display's growth, while Northern Europe showed stable development. Southern Europe had a negative sales development due to a clear impact from the economic downturn.

During the year production at the factory in Falun, Sweden, was relocated to HL Display's production facility in Poland, which was established in 2011. The relocation is now completed and production start-up has largely proceeded according to plan. During the year the company launched a new strategic initiative to improve the efficiency of the sales organisation through a new structure and improved group-wide processes. This is expected to both increase sales and reduce the company's administrative expenses.

Future prospects

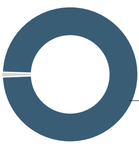
HL Display has the potential to increase growth and improve profitability. There are good opportunities for increased sales to the brand manufacturers customer segment as well as through continued product innovation towards both brand manufacturers and the retail sector. In addition, there is an extra focus on specific geographic markets with high growth potential. In order to improve efficiency within the company a new ERP system is under implementation which will provide the foundation for smoother processes and improved internal control. In addition, effects of restructuring in recent years, with relocation of production from Sweden to Poland, as well as ongoing efficiency improvements in the sales organisation will make a positive contribution to both sales growth and margin development in the years ahead.

Financial targets

- Annual organic sales growth 5–10%
- EBITA margin 12%

Ratos's ownership

Holding



99%

Ratos became an owner in HL Display in 2001 in conjunction with the acquisition of Atle and until 2010 owned 29% of the capital and 20% of the votes. In 2010, Ratos acquired additional shares in the company which was delisted from Nasdaq OMX Stockholm. Other owners are the company's management and board.

Consolidated book value in Ratos amounted to SEK 1,041m at year end.

Our view of the holding

We increased our holding in 2010 since we saw a company with a market-leading position in an attractive sector with good growth potential and major opportunities for efficiency improvements.

Since the buyout HL Display has reviewed its production structure and relocated production to low-cost countries and implemented a cost-cutting programme. The next step is to improve the sales organisation and implement a new ERP system.

We see good opportunities for continued growth, primarily by strengthening positions in existing markets but also through add-on acquisitions. At the same time, there is significant potential for further efficiency improvements within the company through ongoing and completed measures.

Robin Molvin, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011**	**2010[1)]**	**2009**	**2008**
Net sales	**1,657**	**1,643**	**1,617**	**1,360**	**1,536**
Operating expenses	-1,513	-1,515	-1,505	-1,233	-1,366
Other income/expenses	-1	-28	-8	-5	-3
Share of profits of associates					
Result from disposals	0		0		
EBITDA	**142**	**100**	**104**	**121**	**166**
Depreciation and impairment	-38	-36	-38	-36	-36
EBITA	**104**	**64**	**66**	**86**	**130**
Amortisation and impairment of intangible assets	-1	-2	-2		
Impairment of goodwill					
EBIT	**103**	**63**	**65**	**86**	**130**
Financial income	2	3	8		13
Financial expenses	-35	-41	-44	-2	-7
EBT	**70**	**24**	**29**	**84**	**136**
Tax	-28	-6	-11	-26	-40
Profit/loss from discontinued operations					
Profit for the year	**42**	**18**	**18**	**58**	**96**
Attributable to owners of the parent	42	18	18	58	96
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-21	-39	-27		
Adjusted EBITA	125	103	93	86	130

FINANCIAL POSITION, SEKm					
Goodwill	1,154	1,157	1,180	231	33
Other intangible assets	49	10	7	13	9
Property, plant and equipment	196	227	214	223	138
Financial assets, interest-bearing	2	2	13		
Financial assets, non-interest bearing	23	34	24	21	22
Total non-current assets	**1,424**	**1,430**	**1,438**	**488**	**202**
Inventories	155	177	195	180	187
Receivables, interest-bearing					
Receivables, non-interest bearing	318	332	381	360	336
Cash, bank and other short-term investments	175	163	206	213	221
Assets held for sale					
Total current assets	**648**	**673**	**783**	**753**	**744**
Total assets	**2,072**	**2,103**	**2,221**	**1,242**	**946**
Equity attributable to owners of the parent	1,156	1,123	1,120	551	538
Non-controlling interests			3		4
Provisions, interest-bearing	3	3	4	5	3
Provisions, non-interest bearing	12	22	24	24	23
Liabilities, interest-bearing	570	632	705	352	100
Liabilities, non-interest bearing	330	324	364	309	278
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**2,072**	**2,103**	**2,221**	**1,242**	**946**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	95	59		90	147
Change in working capital	25	16		36	8
Cash flow from operating activities	**120**	**75**	**–**	**126**	**155**
Investments in non-current assets	-51	-53		-24	-29
Disposals of non-current assets					5
Cash flow before acquisition/disposal of companies	**70**	**22**	**–**	**102**	**131**
Net investments in companies				-266	-1
Cash flow after investing activities	**70**	**22**	**–**	**-164**	**130**
Change in loans	-59	-65		202	-46
New issue					
Dividend paid				-43	-43
Other					
Cash flow from financing activities	**-59**	**-65**	**–**	**159**	**-89**
Cash flow for the year	**11**	**-43**	**–**	**-5**	**41**

KEY FIGURES, SEKm					
EBITA margin (%)	6.3	3.9	4.1	6.3	8.5
EBT margin (%)	4.2	1.5	1.8	6.2	8.9
Return on equity (%)	3.7	1.6	–	10.6	19.1
Return on capital employed (%)	6.0	3.6	–	11.0	22.9
Equity ratio (%)	56	53	51	44	57
Interest-bearing net debt	396	469	490	144	-118
Debt/equity ratio, multiple	0.5	0.6	0.6	0.6	0.2
Average number of employees	1,140	1,158	1,102	906	973

1) Earnings for 2010 are pro forma taking into account new group and capital structure.

Facts

www.hl-display.com

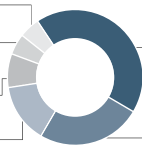
Management

Gérard Dubuy	CEO
Magnus Bergendorff	CFO
Fredrik Birkhammar	IT Director
Håkan Eriksson	Marketing and Business Development Director
Staffan Forslund	HR Director
Marc Hoeschen	Group Supply Chain Manager
Birger Nilsson	Development Director
Xavier Volpato	Director for Operations
Julien Wagner	CPO

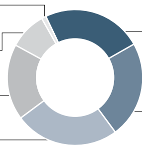
Board of Directors

Stig Karlsson	Chairman,
Peter Holm	
Mats-Olof Ljungkvist	
Robin Molvin	Ratos (responsible for holding)
Lars-Åke Rydh	
Gérard Dubuy	CEO
Magnus Jonsson	Employee representative
Kent Mossberg	Employee representative
Jenny Askfelt Ruud	Deputy, Ratos
Henrik Smedlund	Deputy, employee representative

Sales by customer segment



Sales by market



Inwido

Inwido was hurt by the economic climate during the year, above all by weak consumer demand in Sweden and fewer housing starts. Streamlining of the company's production structure continued and Home Improvement was sold. Higher market shares and completed action programmes provide a base for improved profitability.

Operations
Inwido operates in the window and exterior door market in the Nordic region (95%) and in selected countries in Northern Europe: the UK, Poland, Russia and Ireland.

The company's products are windows and exterior doors primarily made of wood, but also other materials, which are sold to consumers, construction companies and manufacturers of prefabricated homes. The company markets brands such as Elitfönster, Outline, Hajom and SnickarPer in Sweden; KPK, Outline and Pro Tec in Denmark; Tiivi and Pihla in Finland; Lyssand and Diplomat in Norway; Allan Brothers in the UK; Carlson in Ireland; and Sokolka in Russia and Poland. The Inwido group has approximately 3,100 employees.

Market
The Nordic window and exterior door market is estimated at approximately EUR 2 billion with windows accounting for approximately 90%. The markets in the different countries are fragmented and national with their own window systems, fittings and dimensions. Distribution models also vary per market. Demand is driven by repairs and maintenance (R&M) to existing properties and construction of new homes. Approximately two-thirds of Inwido's sales are related to R&M activities.

Inwido's largest customer group is the consumer market with approximately 70% of sales, via the building materials trade and installation engineers or directly to private individuals. Sales to industrial customers, such as major developers, building contractors and manufacturers of prefabricated homes, account for the remainder.

Key drivers for Inwido's development include consumer confidence in the future, GDP growth, interest rates, real income development and turnover in the housing market. There is growing demand for products that are environmentally friendly, energy efficient and secure. Design and technical innovation are also becoming increasingly important.

The year in brief
Market development during the year was generally poor but varied between different markets with weak demand in Sweden and Finland, slight growth in the consumer market in Denmark and stable in Norway. Order bookings stabilised in most markets in the second half of the year.

Inwido gained market shares in almost all markets during the year.

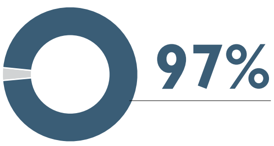
Profitability decreased during the year due to lower volumes particularly from prefabricated home manufacturers and the building materials trade. An action programme has counteracted the lower demand but not yet had a full effect. Outside the Nordic region, profitability continued to show positive development.

The streamlining of the company's production structure continued during the year with the closure of a factory in Sweden. In June, the Home Improvement business area was sold due to a lack of synergies with the rest of the business.

Future prospects
Strong local brands give Inwido a leading market position in the Nordic region within maintenance-free, environmentally friendly and energy-saving windows. Weak demand is expected in 2013 as well and the company is therefore prepared for additional action programmes. Profitability will be increased through investment in product development, brands and market communication, combined with group-wide measures to improve efficiency.

Ratos's ownership

Holding



Ratos acquired Inwido in 2004. Co-owners are senior executives in Inwido.

Consolidated book value in Ratos amounted to SEK 2,290m at year-end.

Our view of the holding
Since Ratos acquired Elitfönster, the leading window manufacturer in Sweden, the company (which later changed its name to Inwido) has made 31 add-on acquisitions and established itself as the leading Nordic player within windows and exterior doors with a strong market position in Finland, Denmark and Norway as well. During these years major efficiency gains have been achieved by benefiting from economies of scale and a simplified production structure.

Due to the weak market development in 2012, particularly in Sweden and Finland, recent efforts have involved adjusting costs to the market situation, work which will continue. In the coming years Inwido will benefit from its leading positions in the Nordic markets in order to improve profitability, among other things by continued efficiency improvements to its structure, intensified marketing and a stronger product programme.

Per Frankling, responsible for holding

INCOME STATEMENT, SEKm	2012	2011	2010	2009[1]	2008[1]
Net sales	**4,607**	**5,050**	**5,149**	**5,026**	**5,639**
Operating expenses	-4,182	-4,517	-4,532	-4,531	-5,168
Other income/expenses	25	5	6	12	-6
Share of profits of associates	1	2	2	1	-1
Result from disposals	-51				
EBITDA	**400**	**541**	**625**	**508**	**464**
Depreciation and impairment	-113	-133	-179	-160	-141
EBITA	**288**	**407**	**446**	**348**	**323**
Amortisation and impairment of intangible assets		-4	-7	-7	-7
Impairment of goodwill		-8			
EBIT	**288**	**395**	**439**	**341**	**316**
Financial income	34	18	33	18	10
Financial expenses	-75	-98	-144	-170	-218
EBT	**246**	**315**	**328**	**189**	**107**
Tax	-74	-107	-121	-73	37
Profit/loss from discontinued operations					
Profit for the year	**172**	**208**	**207**	**116**	**144**
Attributable to owners of the parent	171	208	208	118	110
Attributable to non-controlling interests	2	0	-1	-2	34
Items affecting comparability in EBITA	-70	-69	-80	-41	-107
Adjusted EBITA	358	476	527	389	430

FINANCIAL POSITION, SEKm	2012	2011	2010	2009	2008
Goodwill	2,909	3,155	3,159	3,423	3,538
Other intangible assets	20	18	26	61	69
Property, plant and equipment	600	634	687	839	951
Financial assets, interest-bearing	23	23	23	34	52
Financial assets, non-interest bearing	74	78	87	103	142
Total non-current assets	**3,625**	**3,908**	**3,982**	**4,460**	**4,752**
Inventories	416	474	505	537	674
Receivables, interest-bearing					0
Receivables, non-interest bearing	643	812	750	616	654
Cash, bank and other short-term investments	99	283	517	618	341
Assets held for sale					
Total current assets	**1,158**	**1,569**	**1,772**	**1,771**	**1,669**
Total assets	**4,783**	**5,476**	**5,754**	**6,231**	**6,421**
Equity attributable to owners of the parent	2,363	2,224	2,314	2,208	1,588
Non-controlling interests	4	4	26	208	376
Provisions, interest-bearing	0	0	0	8	
Provisions, non-interest bearing	105	140	117	119	156
Liabilities, interest-bearing	1,253	1,677	2,041	2,637	3,325
Liabilities, non-interest bearing	1,046	1,404	1,224	1,043	944
Financial liabilities, other	11	28	32	8	33
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**4,783**	**5,476**	**5,754**	**6,231**	**6,421**

STATEMENT OF CASH FLOWS, SEKm	2012	2011	2010	2009	2008
Cash flow from operating activities before change in working capital	337	469	488	209	165
Change in working capital	-89	77	-105	300	183
Cash flow from operating activities	**248**	**547**	**383**	**510**	**348**
Investments in non-current assets	-87	-81	-69	-84	-205
Disposals of non-current assets	6	3	6	24	176
Cash flow before acquisition/disposal of companies	**167**	**469**	**321**	**449**	**318**
Net investments in companies	191	-27	0	-127	-35
Cash flow after investing activities	**357**	**442**	**321**	**322**	**284**
Change in loans	-489	-362	-364	-607	-521
New issue				593	88
Dividend paid	-1	-303	-4		
Other	-52	-10	-33	-23	115
Cash flow from financing activities	**-541**	**-675**	**-401**	**-38**	**-318**
Cash flow for the year	**-184**	**-233**	**-80**	**285**	**-34**

KEY FIGURES, SEKm	2012	2011	2010	2009	2008
EBITA margin (%)	6.2	8.1	8.7	6.9	5.7
EBT margin (%)	5.3	6.2	6.4	3.8	1.9
Return on equity (%)	7.4	9.2	9.2	6.2	7.7
Return on capital employed (%)	8.5	10.0	10.0	6.9	6.6
Equity ratio (%)	49	41	41	39	31
Interest-bearing net debt	1,131	1,372	1,501	1,992	2,932
Debt/equity ratio, multiple	0.5	0.8	0.9	1.1	1.7
Average number of employees	3,270	3,523	3,759	3,604	4,115

[1] Financial expenses excluding interest on shareholder loan.

Facts

INWIDO
Great Windows & Doors

www.inwido.com

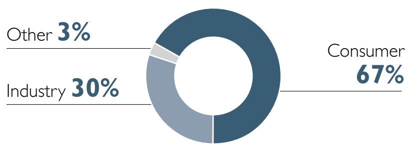
Management

Håkan Jeppsson	CEO
Peter Welin	CFO
Lars Pettersson	SVP Operations & Development (from 1 May 2013)
Jonna Opitz	SVP Marketing, Sales & Communication
Lena Wessner	SVP Human Resources, Organisation & Sustainability
Anders Isaksson	SVP Sverige
Mads Storgaard Mehlsen	SVP Denmark
Timo Luhtaniemi	SVP Finland
Espen Hoff	SVP Norway
Mikael Carleson	SVP Emerging Markets Europe

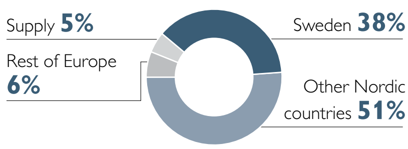
Board of Directors

Anders C Karlsson	Chairman
Benny Ernstson	
Per Frankling	Ratos (responsible for holding)
Eva S Halén	
Leif Johansson	Ratos
Henrik Lundh	Ratos
Anders Wassberg	

Sales by customer group



External sales by market



Jøtul

For Jøtul, 2012 was marked by extensive production changes to improve efficiency and flexibility. During the changeover, efficiency was low which, combined with a weak economy and warm autumn, led to lower earnings. However, Jøtul has a strong market position and profitability is set to improve in future years.

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 importers. Products reach end consumers through specialised stores and, in some markets, through DIY channels.

Market

Jøtul's largest markets are the Nordic countries, France and the US. The market share in the Nordic countries is approximately 20%. Other Nordic players are Nibe, Hwam, Morsø and Dovre.

Short-term demand is affected by the business climate and consumers' willingness to invest. Long-term market growth is mainly driven by an increased focus on heating with renewable energy and by the cost trend for alternative heating sources – electricity, oil and natural gas. Market development is also affected by factors such as weather, interest rates, property prices, housing starts and renovations.

The year in brief

The weak economic climate had a negative effect on demand for Jøtul's products in 2012.

During the spring an extensive change to the production structure was carried out in Jøtul's Norwegian factory to make production more flexible. New warehouse premises adjacent to the Norwegian factory were inaugurated in the spring. These two changes led to a decline in efficiency and extra costs during the year but are expected to result in major efficiency gains over time.

Market development during Jøtul's important high season was weak during the year in most of the company's markets, except in France where development was more stable. In Norway and Sweden, sales were negatively affected by low energy prices and a warm autumn. The company mainly retained its market shares during the year.

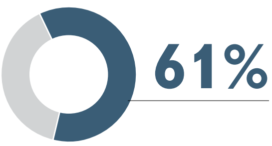
Future prospects

The extensive change programme during 2012 is expected to improve profitability in the coming years. Jøtul will also continue its focus on marketing and product development in order to further develop the company's strong market position.

During 2013 the focus will be to raise production efficiency and benefit from the new production system at the same time as additional measures will be taken to ensure that the product programme is competitive from both a cost and customer perspective.

Ratos's ownership

Holding



Ratos acquired Jøtul in 2006. Co-owners are Accent Equity Partners and the company's management.

Consolidated book value in Ratos amounted to SEK 181m at year-end.

Our view of the holding

Jøtul's operations derive long-term benefit from several factors in the business environment, including an increased focus on climate-neutral energy sources. The market has developed negatively, however, since Ratos's acquisition and Jøtul has therefore acted to counteract the market decline and adjust costs to lower volumes. Production has been continuously made more efficient at the same time as several successful products have been launched.

Despite sales now being at a lower level than previously, Jøtul has strengthened its market shares since Ratos's acquisition and the company has a strong global market position, particularly in its key markets.

Per Frankling, responsible for holding

INCOME STATEMENT, NOKm	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales	**784**	**859**	**876**	**859**	**906**
Operating expenses	-786	-845	-756	-745	-820
Other income/expenses	7	7	9	8	
Share of profits of associates					
Result from disposals					
EBITDA	**6**	**21**	**129**	**122**	**86**
Depreciation and impairment	-50	-50	-48	-49	-47
EBITA	**-44**	**-29**	**81**	**73**	**39**
Amortisation and impairment of intangible assets					
Impairment of goodwill	-58				
EBIT	**-102**	**-29**	**81**	**73**	**39**
Financial income	8	12	15	89	13
Financial expenses [1)]	-37	-41	-39	-70	-71
EBT	**-131**	**-57**	**57**	**92**	**-19**
Tax	0	0	-6	-17	14
Profit/loss from discontinued operations					
Profit/loss for the year	**-131**	**-57**	**50**	**75**	**-5**
Attributable to owners of the parent	-131	-57	50	75	-5
Attributable to non-controlling interests					
Items affecting comparability in EBITA		-24	14		-9
Adjusted EBITA	-44	-5	67	73	48

FINANCIAL POSITION, NOKm					
Goodwill	410	471	472	475	488
Other intangible assets	206	205	205	203	203
Property, plant and equipment	228	224	226	230	254
Financial assets, interest-bearing	14				
Financial assets, non-interest bearing	4	17	6	4	4
Total non-current assets	**861**	**918**	**908**	**913**	**949**
Inventories	158	174	180	177	202
Receivables, interest-bearing					
Receivables, non-interest bearing	109	120	141	140	171
Cash, bank and other short-term investments					2
Assets held for sale					
Total current assets	**267**	**294**	**321**	**317**	**375**
Total assets	**1,127**	**1,211**	**1,229**	**1,230**	**1,324**
Equity attributable to owners of the parent	427	475	533	487	349
Non-controlling interests					
Provisions, interest-bearing	10	16	17	38	40
Provisions, non-interest bearing	66	77	88	94	87
Liabilities, interest-bearing	502	524	458	483	622
Liabilities, non-interest bearing	122	120	134	128	226
Financial liabilities, other	1	1	1	1	
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,127**	**1,211**	**1,229**	**1,230**	**1,324**

STATEMENT OF CASH FLOWS, NOKm					
Cash flow from operating activities before change in working capital	-42	-10	60	66	24
Change in working capital	31	6	11	15	-12
Cash flow from operating activities	**-11**	**-4**	**70**	**81**	**12**
Investments in non-current assets	-58	-63	-56	-32	-48
Disposals of non-current assets	0		11	0	2
Cash flow before acquisition/disposal of companies	**-70**	**-68**	**25**	**49**	**-33**
Net investments in companies					
Cash flow after investing activities	**-70**	**-68**	**25**	**49**	**-33**
Change in loans	-20	68	-25	-121	35
New issue	90			70	
Dividend paid					
Other					
Cash flow from financing activities	**70**	**68**	**-25**	**-50**	**35**
Cash flow for the year	**0**	**0**	**0**	**-2**	**2**

KEY FIGURES, NOKm					
EBITA margin (%)	-5.7	-3.3	9.2	8.5	4.3
EBT margin (%)	-16.7	-6.7	6.5	10.7	-2.1
Return on equity (%)	-29.1	-11.3	9.8	17.9	-1.4
Return on capital employed (%)	-9.6	-1.6	9.5	16.0	5.2
Equity ratio (%)	38	39	43	40	26
Interest-bearing net debt	499	540	474	521	660
Debt/equity ratio, multiple	1.2	1.1	0.9	1.1	1.9
Average number of employees	683	713	714	717	781

1) Financial expenses excluding interest on shareholder loan.

Facts

JØTUL

www.jotul.com

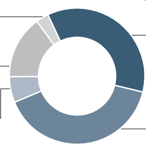
Management

Arve Johan Andresen	CEO
Øyvind Sandnes	CFO
Jens Andersen	Production Manager
Marius Torjusen	Brand Manager
René Christensen	Sales Manager Northern Europe
Guy Cedric Galea	Sales Manager Southern Europe
Bret Watson	Sales Manager North America
Nick Sloane	Sales Manager UK

Board of Directors

Anders Lindblad	Chairman
Per Frankling	Ratos (responsible for holding)
Olav Kjell Holtan	
Lennart Rappe	
Johan Rydmark	Ratos
Håkan Söderbäck	
Magne Appelgren	Employee representative
Geir Bunes	Employee representative
Arild Johannessen	Employee representative
Daniel Thonestad	Deputy

Sales by market



KVD Kvarndammen

KVD completed several strategic initiatives in 2012. The company started in Norway and launched brokerage of privately-owned cars. KVD continues to gain market shares in a weak car market while costs from the start-up in Norway had a negative impact on short-term profitability.

Operations

KVD Kvarndammen (KVD) is Sweden's largest provider of brokerage services for second-hand vehicles. The company has two business areas, Cars and Machines & Heavy Vehicles, and operates the kvd.se marketplace where capital goods are sold at weekly auctions. KVD handles the entire transaction from client order to end customer as well as guaranteeing the quality of the brokered item. KVD is independent (does not own the item itself) and represents both buyer and seller in the transaction, where the intention is to offer the most secure and effective process with the lowest risk for both parties. The company also offers additional services such as repairs and reconditioning (for sellers) as well as guarantees, financing and extra equipment (for buyers). Revenues comprise commission on brokered sales and services.

The kvd.se marketplace has approximately 200,000 unique visitors per week and KVD has facilities at eleven locations in Sweden and one in Norway. The company also includes Sweden's largest valuation portal for cars, bilpriser.se. The company has approximately 170 employees and the head office is in Gothenburg, Sweden.

Market

KVD conducts operations in the market for second-hand cars as well as machines and heavy vehicles. The company today has a market share of approximately 10% in the company car segment (primarily leased cars) and is therefore the market leader in Sweden. The company car market is growing slightly faster than the car market in general (1–2%). The most important competing channel for sales to end customers is car dealers. KVD also competes with auction companies that sell solely to dealers. During 2012 KVD also started brokerage services for cars owned by private individuals which will double the potential market in Sweden.

In the Machines & Heavy Vehicles business area, KVD's current market share is less than 5% but growing. This market is highly fragmented both in terms of brokered items and alternative sales outlets.

The year in brief

Sales in 2012 rose by 4% compared with 2011 mainly due to an increased number of brokered items within Cars (+7%). Machines & Heavy Vehicles' sales decreased by 5% due to a refocus from low-value items to items with a high value.

The number of KVD affiliated members increased during the year from 390,000 to 460,000.

KVD in Norway was established at the end of the year, which resulted in substantial establishment costs which were charged against operating profit during the year. KVD sold the facilities in Åkersberga and Kungälv, Sweden, and in conjunction with this carried out a refinancing and paid a dividend to Ratos of SEK 153m.

Future prospects

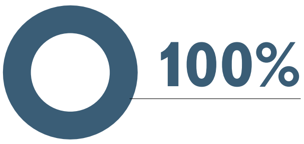
KVD has a strong market position and continuously increases its market shares within both Cars and prioritised segments within Machines & Heavy Vehicles. In recent years the company has made major investments in technology, marketing, facilities and customer offerings. During 2013 KVD will focus on continued profitable growth in Sweden mainly driven by an increased market share and in Norway by successful new establishment.

Financial targets

KVD's target is to grow faster than the market and to increase the operating margin from today's level.

Ratos's ownership

Holding



Ratos acquired KVD Kvarndammen in 2010.

Consolidated book value in Ratos was SEK 255m at year-end.

Our view of the holding

KVD has a highly competitive business model which was the main reason for Ratos's original acquisition of the company. Since then the company's business has been streamlined and the company's values – trust, confidence and security – have strengthened for both buyer and seller. KVD has focused on both growth and efficiency. Due to good cash flows, a refinancing and dividend to Ratos could be carried out during the year.

In 2012, KVD took an important step with establishment in Norway. The company currently has a good platform for growth and our goal is to pursue continued strong organic growth through increased market share and international expansion. We intend to increase margins through a combination of ongoing efficiency improvements in the company and economies of scale from growth.

Jonathan Wallis, responsible for holding

INCOME STATEMENT, SEKm	**2012**	**2011**	**2010**[1)2)]	**2009**[1)2)]	**2008**[2)]
Net sales	**287**	**276**	**239**	**221**	**158**
Operating expenses	-243	-220	-202	-183	-125
Other income/expenses	1	0	0	-2	0
Share of profits of associates		0	0		
Result from disposals	0	1			
EBITDA	**46**	**57**	**37**	**35**	**34**
Depreciation and impairment	-4	-5	-5	-4	-4
EBITA	**41**	**52**	**32**	**31**	**30**
Amortisation and impairment of intangible assets			0	-1	0
Impairment of goodwill					
EBIT	**41**	**52**	**32**	**30**	**30**
Financial income	1	1	1	0	2
Financial expenses	-17	-11	-10	-11	-1
EBT	**25**	**42**	**22**	**20**	**30**
Tax	-9	-11	-10	-8	-9
Profit/loss from discontinued operations					
Profit for the year	**16**	**31**	**13**	**12**	**22**
Attributable to owners of the parent	16	31	13	12	22
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-2		-12		
Adjusted EBITA	44	52	44	31	30

FINANCIAL POSITION, SEKm					
Goodwill	511	511	513		77
Other intangible assets					1
Property, plant and equipment	8	63	63		64
Financial assets, interest-bearing			4		
Financial assets, non-interest bearing		0	0		
Total non-current assets	**518**	**574**	**580**	**–**	**142**
Inventories	7	5	3		7
Receivables, interest-bearing					
Receivables, non-interest bearing	66	43	63		68
Cash, bank and other short-term investments	14	18	47		21
Assets held for sale					
Total current assets	**86**	**67**	**114**	**–**	**95**
Total assets	**605**	**640**	**694**	**–**	**236**
Equity attributable to owners of the parent	255	392	360		122
Non-controlling interests					0
Provisions, interest-bearing					
Provisions, non-interest bearing	1	2	2		3
Liabilities, interest-bearing	234	163	228		16
Liabilities, non-interest bearing	99	77	103		96
Financial liabilities, other	17	7			
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**605**	**640**	**694**	**–**	**236**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	26	35			30
Change in working capital	0	-4			8
Cash flow from operating activities	**26**	**31**	**–**	**–**	**38**
Investments in non-current assets	-3	-2			-11
Disposals of non-current assets	26				
Cash flow before acquisition/disposal of companies	**49**	**29**	**–**	**–**	**27**
Net investments in companies	27	1			
Cash flow after investing activities	**76**	**30**	**–**	**–**	**27**
Change in loans	71	-65			-9
New issue					
Dividend paid	-153				
Other	1	7			
Cash flow from financing activities	**-81**	**-58**	**–**	**–**	**-9**
Cash flow for the year	**-4**	**-28**	**–**	**–**	**17**

KEY FIGURES, SEKm					
EBITA margin (%)	14.4	18.9	13.4	14.1	19.0
EBT margin (%)	8.8	15.2	9.4	9.1	19.2
Return on equity (%)	4.9	8.4	–	–	–
Return on capital employed (%)	8.1	9.4	–	–	–
Equity ratio (%)	42	61	52	–	52
Interest-bearing net debt	220	144	178	–	-5
Debt/equity ratio, multiple	0.9	0.4	0.6	–	0.1
Average number of employees	184	177	167	–	113

1) Earnings for 2009 and 2010 are pro forma taking Ratos's acquisition into account.
2) Earnings for 2008, 2009 and 2010 are adjusted for reversed goodwill amortisation.

Facts

www.kvd.se

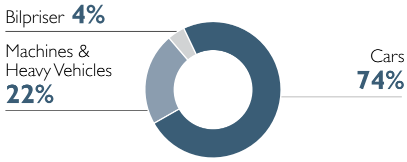
Management

Ulrika Drotz Molin	CEO
Karin Nilsson	CFO
Mattias Forslund	Head of Cars
Per Blomberg	Head of Machines & Heavy Vehicles
Mathias Björkman	MD KVD Bilpriser AB

Board of Directors

Ebbe Pelle Jacobsen	Chairman
Peter Carrick	
Stefan Holmgren	
Henrik Joelsson	Ratos
Bo Sandberg	
Jonathan Wallis	Ratos (responsible for holding)
Anders Borg	Deputy, Ratos

Sales by business area



Mobile Climate Control

MCC noted good growth in 2012 and earnings improved significantly. Good demand in the off road and defence vehicles segments in North America while operations in Europe were pressured by the uncertain macroeconomic situation and start-up costs after factory consolidation.

Operations

Mobile Climate Control (MCC) develops, manufactures and sells climate control systems with high demands on product performance and quality for vehicles produced in short series. The climate systems are designed to customer specifications and requirements and include heating and/or cooling (AC) which creates a pleasant environment for drivers and passengers.

MCC has three main customer segments: bus manufacturers, off road vehicle manufacturers (such as construction vehicles and heavy duty specialty vehicles, mining and materials handling vehicles, and forest machines), and defence vehicle manufacturers. The company's head office is in Stockholm and production mainly takes place in Canada (Toronto), the US (Goshen) and Poland (Olawa). Approximately 80% of sales are made in North America and the remainder mainly 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 are equipped with climate control systems. The trend is for end customers to demand an increasingly comfortable vehicle climate for passengers and drivers.

MCC has a strong position within its customer segments. In the bus segment, the company is the market leader in North America, while the position in Europe is good for heating systems but where the cooling segment (AC) is an undeveloped market for the company today. Within the off road segment, MCC's market position is strong in North America and in the Nordic region. In the defence vehicle segment the company's operations focus on North America where it has a strong market position.

The year in brief

During the year MCC completed the consolidation of its European production to Poland as well as the integration work related to the bus AC operations acquired from Carrier in 2011.

Market development in 2012 differed between customer segments and geographies. Taken overall, MCC showed good growth (+19%), of which the full-year effect from the 2011 acquisition contributed 8%. Sales to the off road segment gave a strong performance with very good growth in North America and favourable development in Europe, where the year ended, however, in a negative trend. Sales to the bus segment increased sharply due to the acquisition in 2011. Adjusted for the acquisition effect, sales were unchanged. Sales in the defence vehicle segment developed positively due to the American armed forces increased investment in rebuilding of older vehicles, including changing the climate control systems, during the year.

Earnings improved substantially compared with the previous year. Increased volumes, completed profitability improvement measures and lower nonrecurring costs had a positive impact on profitability, while a weak earnings development in part of the North American operations and start-up costs after factory consolidation in Europe, had a negative impact.

Future prospects

Uncertainty about macroeconomic development and activity in the defence segment lead to increased uncertainty about volume development in 2013. Due to completed profitability improvement measures, however, MCC has good opportunities for earnings at the previous year's level, even in a scenario with slightly lower volumes.

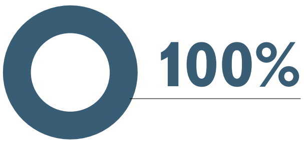
In the longer term the company's strong market position and structural growth forces in the market give MCC a strong base for long-term profitable growth.

Financial targets

- Average annual organic growth >5%
- Average annual EBITA margin >15%

Ratos's ownership

Holding



Ratos acquired 60% of Mobile Climate Control (MCC) in 2007 and the remaining 40% in 2008.

Consolidated book value in Ratos amounted to SEK 819m at year-end.

Our view of the holding

MCC is a profitable niche company in a market with good structural growth potential. Since Ratos's acquisition, MCC has developed from a successful entrepreneur-controlled company into a professional industrial player. Two strategic add-on investments have been carried out which have strengthened the company's market positions. In addition, the company's structure and organisation have been strengthened significantly.

Market development has been volatile in recent years and the outlook for 2013 is uncertain. Since we cannot count on the market contributing with volume growth in the short term, we are working to improve profitability through increased efficiency.

Johan Pernvi, responsible for holding

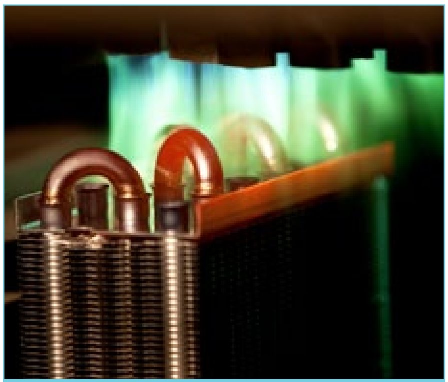
INCOME STATEMENT, SEKm	**2012**	**2011**	**2010**	**2009**	**2008**[1]
Net sales	**1,250**	**1,048**	**902**	**1,085**	**1,024**
Operating expenses	-1,125	-986	-692	-902	-740
Other income/expenses	-1	-1	-81	-40	-108
Share of profits of associates					
Result from disposals					
EBITDA	**124**	**61**	**128**	**144**	**175**
Depreciation and impairment	-16	-16	-17	-16	-8
EBITA	**108**	**45**	**112**	**128**	**167**
Amortisation and impairment of intangible assets	-8	-8	-7	-8	-2
Impairment of goodwill					
EBIT	**100**	**37**	**105**	**120**	**165**
Financial income	2	3	0	1	22
Financial expenses	-35	-33	-34	-37	-73
EBT	**67**	**7**	**71**	**85**	**115**
Tax	-14	-7	-26	-42	-44
Profit/loss from discontinued operations					
Profit for the year	**53**	**0**	**44**	**43**	**71**
Attributable to owners of the parent	53	0	44	43	71
Attributable to non-controlling interests					
Items affecting comparability in EBITA	-3	-58			
Adjusted EBITA	111	103	112	128	167

FINANCIAL POSITION, SEKm					
Goodwill	1,101	1,117	970	975	939
Other intangible assets	7	25	22	32	40
Property, plant and equipment	97	106	106	124	133
Financial assets, interest-bearing					
Financial assets, non-interest bearing	21	15	21	37	23
Total non-current assets	**1,226**	**1,263**	**1,120**	**1,168**	**1,134**
Inventories	165	170	94	114	166
Receivables, interest-bearing					
Receivables, non-interest bearing	197	196	124	131	185
Cash, bank and other short-term investments	29	80	66	87	27
Assets held for sale					
Total current assets	**392**	**447**	**284**	**331**	**378**
Total assets	**1,617**	**1,710**	**1,405**	**1,499**	**1,513**
Equity attributable to owners of the parent	845	807	695	678	592
Non-controlling interests					
Provisions, interest-bearing					
Provisions, non-interest bearing	26	40	11	57	12
Liabilities, interest-bearing	592	651	575	639	733
Liabilities, non-interest bearing	153	210	121	122	174
Financial liabilities, other	2	1	2	2	2
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,617**	**1,710**	**1,405**	**1,499**	**1,513**

STATEMENT OF CASH FLOWS, SEKm					
Cash flow from operating activities before change in working capital	57	42	66	57	69
Change in working capital	-47	31	7	97	-11
Cash flow from operating activities	**9**	**73**	**73**	**154**	**58**
Investments in non-current assets	-7	-13	-50	-10	-41
Disposals of non-current assets					
Cash flow before acquisition/disposal of companies	**2**	**60**	**23**	**144**	**17**
Net investments in companies		-221			-173
Cash flow after investing activities	**2**	**-161**	**23**	**144**	**-156**
Change in loans	-35	37	-51	-89	121
New issue					
Dividend paid	-23	-3	-34	-24	
Other	7	143	46	33	18
Cash flow from financing activities	**-51**	**177**	**-39**	**-81**	**139**
Cash flow for the year	**-49**	**16**	**-16**	**63**	**-17**

KEY FIGURES, SEKm					
EBITA margin (%)	8.6	4.3	12.4	11.8	16.3
EBT margin (%)	5.4	0.7	7.9	7.8	11.2
Return on equity (%)	6.4	0.0	6.5	6.7	12.6
Return on capital employed (%)	7.0	3.0	8.1	9.2	15.4
Equity ratio (%)	52	47	50	45	39
Interest-bearing net debt	562	570	509	553	706
Debt/equity ratio, multiple	0.7	0.8	0.8	0.9	1.2
Average number of employees	628	630	501	591	727

[1] Earnings for 2008 include ACME from 1 September.



Facts

Mobile Climate Control

www.mcc-hvac.com

Management

Clas Gunneberg	CEO
Ulrik Englund	CFO

Board of Directors

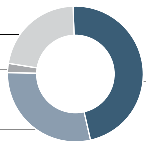
Anders Lindblad	Chairman
Michael Mononen	
Johan Pernvi	Ratos (responsible for holding)
Per Svantesson	
Daniel Repfennig	Deputy, Ratos

Sales by segment

Defence vehicles 22%

Other 2%

Off road vehicles 29%

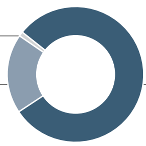


Buses 47%

Sales by market

Asia 1%

Europe 19%



North America 80%

SB Seating

SB Seating has strengthened its market position considerably in recent years and, despite weak demand in the European office chair market, retained its profitability in 2012 due to good cost control. The company invests in ongoing product development and will launch several new products in 2013.

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 classrooms. The products are sold under the HÅG, RH and RBM brands and distributed through independent retail outlets to companies and organisations. The three brands share a strong focus on ergonomics, visual design, environment and quality.

The group has subsidiaries in Norway, Sweden, Denmark, Germany, the UK, the Netherlands, France and Singapore. In addition, SB Seating is represented by importers in over 30 countries. The group has a total of some 460 employees. Production takes place at two factories in Norway and Sweden.

Market

SB Seating is the largest office chair player in Western Europe with a market share of approximately 7%. The west European market for office furniture can be divided into four product segments: seating solutions, desks, storage and partitions. Seating solutions accounts for approximately 40% of this market and can be divided into swivel chairs (more than half the value), meeting chairs and lounge chairs. The group's main markets, Scandinavia, Germany, the UK and the Netherlands, account for over half of the west European office chair market which amounts to approximately SEK 14 billion.

The market is late-cyclical and mainly driven by GDP development, employment levels, office construction and corporate investment levels. The manufacturing and distribution channels in Europe are fragmented with the Nordic region comprising one of the more consolidated markets.

The year in brief

Following an improvement in 2010–11, the office furniture market again showed negative growth. SB Seating had negative growth in all markets except Norway, the UK and Finland. The company has strengthened its market position significantly in recent years, however, both in market shares and not least its proportion of the industry's total profitability.

The result for the year is mainly explained by lower sales, counteracted by purchasing and production efficiency improvements and continued effects of earlier restructuring.

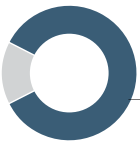
Substantial investments in ongoing product development continue. The new chairs HÅG SoFi, RH Mereo and RBM Noor were launched at the beginning of 2013.

Future prospects

SB Seating has a strong market position in the Nordic countries and profitable niche positions particularly in Germany, the Netherlands and the UK, where the company's ergonomic products have a clear differentiation compared with products from other players. The market for ergonomic office chairs is expected to have good growth over a business cycle and opportunities for continued growth activities in existing and new geographic markets are considered good. The fragmented industry structure in Europe also provides an attractive opportunity for SB Seating.

Ratos's ownership

Holding



85%

Ratos acquired the office chair producers HÅG in Norway, RH Form in Sweden and RBM in Denmark in 2007. The companies were merged to form the new group SB Seating. Co-owners are the company's management and board members.

Consolidated book value in Ratos amounted to SEK 1,061m at year-end.

Our view of the holding

Since the formation of SB Seating, a weak business climate has been compensated by value-creating activities in the holding. Synergy gains and focused, ongoing efficiency improvement work have reduced the cost level via productivity increases with no loss of capacity. Purposeful and continuous focus on production development and marketing campaigns have strengthened the company's market position and profitability potential.

SB Seating has gained market shares in recent years and is today the market leader in the Nordic region and has a strong position in Northern Europe. The aim is to continue to achieve organic growth that exceeds market growth and there is also consolidation potential in the European market. Due to a strong present and future product portfolio, SB Seating benefits from an ergonomic trend in the European and global office chair market.

Henrik Lundh, responsible for holding

INCOME STATEMENT, NOKm	**2012**	**2011**	**2010**	**2009**	**2008**
Net sales	**1,011**	**1,091**	**1,010**	**989**	**1,289**
Operating expenses	-775	-837	-804	-885	-1,042
Other income/expenses					
Share of profits of associates					
Result from disposals					
EBITDA	**236**	**254**	**206**	**104**	**247**
Depreciation and impairment	-32	-36	-41	-59	-40
EBITA	**204**	**219**	**165**	**46**	**207**
Amortisation and impairment of intangible assets					
Impairment of goodwill					
EBIT	**204**	**219**	**165**	**46**	**207**
Financial income	3	7	25	70	8
Financial expenses [1]	-52	-57	-39	-54	-126
EBT	**155**	**169**	**151**	**63**	**89**
Tax	-10	-33	-22	-2	-9
Profit/loss from discontinued operations					
Profit for the year	**145**	**136**	**129**	**61**	**80**
Attributable to owners of the parent	145	136	129	61	80
Attributable to non-controlling interests					
Items affecting comparability in EBITA				-58	
Adjusted EBITA	204	219	165	104	207

FINANCIAL POSITION, NOKm	**2012**	**2011**	**2010**	**2009**	**2008**
Goodwill	1,388	1,388	1,388	1,388	1,388
Other intangible assets	32	22	18	24	33
Property, plant and equipment	131	117	133	148	185
Financial assets, interest-bearing	1	1	1	0	0
Financial assets, non-interest bearing	11	11	14	32	21
Total non-current assets	**1,563**	**1,539**	**1,555**	**1,592**	**1,627**
Inventories	42	48	59	57	88
Receivables, interest-bearing					1
Receivables, non-interest bearing	128	171	167	171	202
Cash, bank and other short-term investments	95	96	47	33	63
Assets held for sale					
Total current assets	**265**	**316**	**272**	**261**	**354**
Total assets	**1,828**	**1,854**	**1,827**	**1,853**	**1,981**
Equity attributable to owners of the parent [2]	1,010	917	1,006	899	809
Non-controlling interests					
Provisions, interest-bearing	4	11	11	6	3
Provisions, non-interest bearing	9	6	8	7	17
Liabilities, interest-bearing	668	751	664	808	962
Liabilities, non-interest bearing	138	168	138	132	191
Financial liabilities, other					
Liabilities attributable to Assets held for sale					
Total equity and liabilities	**1,828**	**1,854**	**1,827**	**1,853**	**1,981**

STATEMENT OF CASH FLOWS, NOKm	**2012**	**2011**	**2010**	**2009**	**2008**
Cash flow from operating activities before change in working capital	171	185	185	49	93
Change in working capital	20	-2	5	66	24
Cash flow from operating activities	**191**	**184**	**189**	**115**	**117**
Investments in non-current assets	-58	-28	-19	-31	-60
Disposals of non-current assets		7		4	1
Cash flow before acquisition/disposal of companies	**133**	**162**	**170**	**89**	**58**
Net investments in companies					
Cash flow after investing activities	**133**	**162**	**170**	**89**	**58**
Change in loans	-81	86	-159	-120	-111
New issue					
Dividend paid	-52				
Other		-198			
Cash flow from financing activities	**-133**	**-112**	**-159**	**-120**	**-111**
Cash flow for the year	**0**	**49**	**11**	**-31**	**-53**

KEY FIGURES, NOKm	**2012**	**2011**	**2010**	**2009**	**2008**
EBITA margin (%)	20.1	20.0	16.4	4.6	16.0
EBT margin (%)	15.3	15.5	15.0	6.3	6.9
Return on equity (%)	15.0	14.1	13.5	7.1	10.2
Return on capital employed (%)	12.3	13.5	11.2	6.7	12.1
Equity ratio (%)	55	49	55	49	41
Interest-bearing net debt	575	666	627	781	900
Debt/equity ratio, multiple	0.7	0.8	0.7	0.9	1.2
Average number of employees	468	479	471	457	633

[1] Excluding interest on shareholder loan.
[2] Equity at 31 December 2012 includes shareholder loan of NOK 657m.

Facts

SCANDINAVIAN BUSINESS SEATING

www.sbseating.com

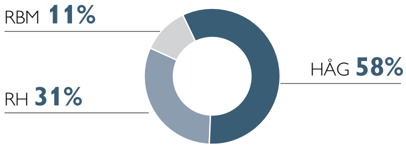
Management

Lars I Røiri	CEO
Eirik Kronkvist	CFO
Ketil Årdal	SVP Commercial Operations
Lillevi Ivarson	SVP HR & Organisational Development
Torbjørn Iversen	SVP Production & Logistics
Christian Eide Lodgaard	SVP Products & Brand Concepts
Patrik Röstlund	SVP Purchasing & Supply Chain

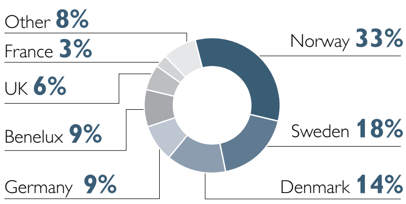
Board of Directors

Ebbe Pelle Jacobsen	Chairman
Anne Breiby	
Oscar Hermansson	Ratos
Olav Kjell Holtan	
Henrik Lundh	Ratos (responsible for holding)
Sven-Gunnar Schough	

Sales by brand



Sales by region



Financial statements

RATOS

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 25%.

Parent company – Income statement

It is Ratos's parent company, Ratos AB, that is listed on Nasdaq OMX Stockholm. The parent company can be regarded as an owner company where the portfolio of companies varies over time, but the parent company's operations (acquisition, development and divestment of holdings) remain constant. The parent company's income statement contains the income and expenses associated with conducting these operations.

Parent company income statement

SEKm	2012	2011
Other operating income	2	1
Other external costs	-82	-79
Personnel costs	-119	-109
Depreciation of property, plant and equipment	-5	-5
Operating profit/loss	**-204**	**-192**
Profit from investments in group companies	416	649
Profit from investments in associates	275	87
Result from other securities and receivables accounted for as non-current assets	137	175
Other interest income and similar profit/loss items	33	27
Interest expenses and similar profit/loss items	-51	-42
Profit after financial items	**606**	**704**
Tax		
Profit for the year	**606**	**704**

Expenses

Expenses largely comprise personnel costs as well as consulting and legal costs from transactions and processes. A large portion of these expenses are variable which means that in times of many acquisitions and disposals (exits) costs will be higher while in times of few acquisitions and exits they will be lower. In a year with no acquisitions and exits, management of Ratos costs less than SEK 200m per year, which is approximately 1% of market capitalisation.

Income

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.

Tax for investment companies

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 2012). 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 2012	31 Dec 2011
ASSETS		
Non-current assets		
Property, plant and equipment	78	82
Financial assets		
Investments in group companies	8,723	10,448
Investments in associates		124
Receivables from group companies	1,424	1,853
Other securities held as non-current assets	88	115
Total non-current assets	**10,313**	**12,622**
Current assets		
Current receivables		
Receivables from group companies	2	52
Other receivables	14	12
Prepaid expenses and accrued income	4	3
Short-term investments, other	499	
Cash and bank balances	1,324	897
Total current assets	**1,843**	**964**
Total assets	**12,156**	**13,586**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital (number of A shares 84,637,060 number of B shares 239,503,836	1,021	1,021
Statutory reserve	286	286
Unrestricted equity		
Premium reserve	128	128
Retained earnings	9,315	10,360
Fair value reserve	29	42
Profit for the year	606	704
Total equity	**11,385**	**12,541**
Non-current provisions		
Provisions for pensions	1	1
Other provisions	7	16
Total non-current provisions	**8**	**17**
Non-current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	442	620
Non-interest bearing liabilities		
Other liabilities	29	36
Total non-current liabilities	**471**	**656**
Current provisions		
Other provisions	28	20
Current liabilities		
Interest-bearing liabilities		
Liabilities to group companies	174	260
Non-interest bearing liabilities		
Trade payables	8	5
Other liabilities	20	11
Accrued expenses and deferred income	62	76
Total current liabilities	**264**	**352**
Total equity and liabilities	**12,156**	**13,586**
Pledged assets	none	none
Contingent liabilities	none	none

Assets

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

Equity largely comprises unrestricted equity, i.e. distributable funds. For 2012 the proposed dividend is SEK 3 (5.50) per share.

Liabilities

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 2012. 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.

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.

Group – Income statement

In an analysis of Ratos on the basis of consolidated financial statements it should be taken into account that these may include different holdings in different years. Most other groups have a relatively comparable structure over the years and adjustments can be made for an individual acquisition or disposal. On the other hand, given that Ratos's business includes buying and selling companies, the difference in the Group's structure can be considerable from one year to the next.

In the consolidated financial statements, 100% of subsidiaries' (holdings in which Ratos owns more than 50%) income and expenses are reported on the respective line in the consolidated income statement – regardless of how much Ratos owns. A better way to report Ratos's earnings, in our opinion, is the table below. This table clearly shows which holdings contribute to consolidated 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 pages 28–29, Holdings overview, as well as in financial facts for the holdings (pages 30–59). 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

Combined capital gains or losses for Ratos and the subsidiaries

SEKm	2012	2011
Net sales	27,100	29,669
Other operating income	171	215
Change in inventories	-32	-64
Raw materials and consumables	-10,918	-11,385
Employee benefit costs	-8,644	-9,529
Depreciation and impairment of property, plant and equipment and intangible assets	-1,942	-1,470
Other costs	-5,391	-6,272
Capital gain from the sale of group companies	1,179	27
Capital gain from the sale of associates	81	485
Share of profits of associates	18	33
Operating profit	**1,622**	**1,709**
Financial income	154	155
Financial expenses	-1,009	-1,004
Net financial items	**-855**	**-849**
Profit before tax	**767**	**860**
Tax	-244	-314
Profit for the year	**543**	**546**
Attributable to:		
Owners of the parent	606	521
Non-controlling interests	-63	25
Earnings per share, SEK		
– before dilution	1.90	1.63
– after dilution	1.90	1.63

Consolidated earnings (EBT) average

SEKbn	Profit before tax (EBT)
10 years	2.4
5 years	2.3
3 years	1.5

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*.

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

Ratos's results

SEKm	2012	2011
Profit/share of profits before tax		
AH Industries (69%)	-72	-6
Anticimex (85%)	51	84
Arcus-Gruppen (83%)	-73	82
Biolin Scientific (100%)	14	-10
Bisnode (70%)	-31	106
Contex Group (100%)	-150	-14
DIAB (96%)	-287	-51
Euromaint (100%)	-49	-144
Finnkino (98%)	82	1
GS-Hydro (100%)	44	-13
Hafa Bathroom Group (100%)	5	-18
HL Display (99%)	70	24
Inwido (97%)	246	315
Jøtul (61%)	-160	-113
KVD Kvarndammen (100%)	25	42
Lindab (11%)	4	21
Medisize (98%)		42
Mobile Climate Control (100%)	67	7
SB Seating (85%)	97	95
Stofa (99%)	88	96
Total profit/share of profits	**-29**	**546**
Exit Anticimex	897	
Exit Lindab	81	
Exit Camfil		586
Exit Superfos		-99
Exit Medisize		38
Total exit result	**978**	**525**
Impairment AH Industries	-275	
Impairment Jøtul	-100	
Impairment Contex Group		-312
Profit from holdings	**574**	**759**
Central income and expenses		
Management costs	-54	-191
Financial items	247	292
Consolidated profit before tax	**767**	**860**

Management costs in *Central income and expenses* mainly relate to costs in the parent company as well as transaction-related costs. Financial items include interest income on shareholder loans to the holdings.

Ratos's average exit gain

SEKbn	Exit gain
10 years	1.2
5 years	1.4
3 years	0.8

Group – 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 illustrates the share each holding has of Ratos's equity.

Consolidated statement of financial position

SEKm	31 Dec 2012	31 Dec 2011
ASSETS		
Non-current assets		
Goodwill	15,502	20,483
Other intangible assets	1,292	1,541
Property, plant and equipment	3,461	4,286
Investments in associates	64	361
Financial assets	73	119
Non-current receivables	88	305
Deferred tax assets	540	617
Total non-current assets	**21,020**	**27,712**
Current assets		
Inventories	2,387	2,684
Tax assets	114	162
Trade receivables	3,953	5,097
Prepaid expenses and accrued income	334	521
Other receivables	505	511
Cash and cash equivalents	3,203	3,042
Assets held for sale	2,054	193
Total current assets	**12,550**	**12,210**
Total assets	**33,570**	**39,922**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,021	1,021
Other capital provided	414	414
Reserves	-590	-488
Retained earnings including profit for the year	11,560	12,711
Equity attributable to owners of the parent	**12,405**	**13,658**
Non-controlling interests	**802**	**997**
Total equity	**13,207**	**14,655**
Liabilities		
Non-current interest-bearing liabilities	7,937	11,667
Other non-current liabilities	522	607
Other financial liabilities	238	238
Provisions for pensions	287	410
Other provisions	179	396
Deferred tax liabilities	396	690
Total non-current liabilities	**9,559**	**14,008**
Current interest-bearing liabilities	2,489	2,145
Other financial liabilities	87	82
Trade payables	2,124	2,517
Tax liabilities	194	265
Other liabilities	1,824	2,543
Accrued expenses and deferred income	2,184	2,900
Provisions	138	718
Liabilities attributable to assets held for sale	1,764	89
Total current liabilities	**10,804**	**11,259**
Total liabilities	**20,363**	**25,267**
Total equity and liabilities	**33,570**	**39,922**

Goodwill arises at almost all acquisitions. Goodwill is an asset and is not amortised, but in accordance with current accounting rules the value is tested annually or every quarter if there is an indication of a decrease in value. Impairments are recognised in the income statement.

Net of assets and liabilities in associates is reported on the line *Investments in associates.*

Holdings are recognised at book value and not measured at market value. Book value, or consolidated value, means put simply Ratos's share of the holding's equity. This value increases with Ratos's share of the holding's profit and decreases with dividends and refinancing. In addition, Ratos's shareholder loans are included in the consolidated value.

Ratos's equity

SEKm	31 Dec 2012	% of equity
AH Industries	305	2
Arcus-Gruppen	434	4
Biolin Scientific	343	3
Bisnode	1,203	10
Contex Group	160	1
DIAB	1,021	8
Euromaint	577	5
Finnkino	445	4
GS-Hydro	-2	0
Hafa Bathroom Group	153	1
HL Display	1,041	8
Inwido	2,290	18
Jøtul	181	1
KVD Kvarndammen	255	2
Mobile Climate Control	819	7
SB Seating	1,061	9
Stofa	250	2
Total	**10,536**	**85**
Other net assets in central companies	1,869	15
Equity (attributable to owners of the parent)	**12,405**	**100**
Equity per share, SEK	**39**	

Mostly comprises cash and cash equivalents in the parent company.

Directors' report

The Board of Directors and the CEO of Ratos AB (publ) 556008-3585 hereby submit their report for 2012. The registered office of the Board is in Stockholm, Sweden.

Company's activities

Ratos is a private equity conglomerate whose 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 mission is to acquire primarily unlisted companies in the Nordic region.

Since Ratos's mission is to acquire, develop and divest companies, the performance 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 M&As. A number of circumstances, including the price, must be evaluated before an acquisition is made. How well an acquired company develops depends, among other things, on the chosen strategy, the ability of the company's management and employees to conduct operations in an effective manner as well as development of the industry and the economy.

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

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

Events during the year

Acquisitions

During the period add-ons were carried out in holdings including Bisnode.

Divestments

In July, the sale of Anticimex to EQT was completed. Ratos received SEK 1,544m for its share of the shares. The sale generated an exit gain for Ratos of SEK 897m and an average annual return (IRR) of approximately 24%, before a potential earn-out payment.

In August, Ratos sold the remaining 8,849,157 shares (approximately 11%) in Lindab International to Systemair. The selling price amounted to SEK 389m, corresponding to SEK 44 per share and the exit gain was SEK 81m.

Divestments of subsidiaries were also carried out during the year, among others in the holdings Bisnode, Inwido and Contex Group.

Refinancing and dividends

Ratos received dividends and repayments of shareholder contributions totalling SEK 1,525m from Bisnode, Contex Group, KVD Kvarndammen, Limfac, Stofa and Lindab, among others.

Capital contributions

During the year Ratos provided capital to AH Industries (SEK 29m), DIAB (SEK 170m) and Jøtul (SEK 85m).

Environmental impact

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

Corporate Responsibility (CR)

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

Results

The Ratos Group's profit before tax (see Note 2) amounted to SEK 767m (860). This result included profit from holdings of SEK 574m (759), including exit gains of SEK 978m (525), as well as management costs of SEK 54m (191) and positive net financial items of SEK 247m (292).

The parent company's profit before and after tax amounted to SEK 606m (704).

We stand on stable ground but in 2012 the weak economic climate had a clear impact on development in Ratos's holdings. Many of the markets in which our holdings operate were more affected by the weaker economic climate than we initially expected. During 2012 three holdings – AH Industries, Jøtul and DIAB – faced major strategic challenges which required a lot of work and action. Challenges such as these, however, are part of Ratos's everyday reality. We will always have a few companies in the portfolio which do not develop as planned but, combined with the weak economic situation in 2012, earnings for Ratos's portfolio as a whole were lower than in the previous year.

Financial position

Cash and cash equivalents in the Group amounted to SEK 3,203m (3,042) at year-end, of which short-term interest-bearing investments amounted to SEK 499m (1).

The Group's interest-bearing net debt at year-end amounted to SEK 7,457m (10,946). Interest-bearing net debt for associates is not included.

The Group's equity ratio amounted to 39% (37).

The parent company has substantial liquid assets. Cash and cash equivalents including short-term fixed-income investments amounted to SEK 1,823m (897) at year-end. The parent company's liabilities, which are limited, mainly relate to centrally administered, small subsidiaries.

The parent company shall normally be unleveraged. The parent company has a 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. 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 2012 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

Ratos and the Sixth AP Fund, via a jointly owned company, signed an agreement together with the Norwegian industrial and financial group Ferd to acquire all the shares in Aibel, a leading Norwegian supplier of services related to oil, gas and renewable energy. Ratos will own 32% of Aibel, the Sixth AP Fund 18% and Ferd 50%. Ratos will represent the company, jointly owned by Ratos and the Sixth AP Fund, on Aibel's board. Ferd and Ratos will therefore represent 50% each of the ownership in Aibel. The purchase price (enterprise value) for 100% of Aibel amounts to NOK 8,600m and Ratos will provide equity of approximately NOK 1,400m (approximately SEK 1,650m). The amount invested by Ratos will be affected by Aibel's cash flow until closing. The acquisition is subject to approval from the relevant authorities and is expected to be completed in March or April 2013.

In July, Arcus-Gruppen signed an agreement to acquire the brands Aalborg, Brøndums, Gammel Dansk and Malteser from Pernod Ricard. The purchase price (enterprise value) amounted to EUR 105m (approximately SEK 900m). The competition authorities have approved the acquisition subject to the sale of the Brøndums brand. The acquisition was completed in January 2013. Ratos provided SEK 77m in conjunction with the acquisition.

In October, Ratos signed an agreement to sell all the shares in the subsidiary Stofa to the Danish energy and telecom group SE (Syd Energi) for DKK 1,900m (approximately SEK 2,200m) (enterprise value). The sale is expected to generate a net exit gain for Ratos of approximately SEK 850m. The sale has been approved by the competition authority and was completed in February 2013.

Ratos's subsidiary Contex Group sold its subsidiary Contex A/S to the private equity fund Procuritas. The selling price (enterprise value) amounted to USD 41.5m (approximately SEK 275m). In conjunction with completion of this deal in January 2013, the winding up of Contex Group started and Ratos will receive a dividend of approximately SEK 165m. The sale represents a SEK 140m impairment of goodwill in Contex A/S, which was charged against the share of profit from Contex Group in Ratos in 2012.

The Ratos Board has proposed to the Annual General Meeting that (i) the Articles of Association be amended to enable the issue of Class C preference shares, (ii) that the Board shall be authorised during the period until the 2014 Annual General Meeting to decide on a new issue of a maximum of 1,250,000 Class C preference shares.

Future development

Macroeconomic signals became slightly more positive during the fourth quarter. There is still major uncertainty, with risks on the downside, but there is some light at the end of the tunnel. Improved economic indicators, among other places in the US and some growth economies, can contribute to global growth in 2013. However, for Ratos's companies, with their major exposure to Europe and the Nordic region, we expect delayed recovery and therefore a continued sluggish market in 2013, at least in the first half. Conditions are expected to vary highly between different markets, geographies and niches in 2013 as well.

Nevertheless, more stable market conditions, provided no further weakening occurs, combined with action taken, create conditions for increased profits in Ratos's holdings overall for 2013, with the main emphasis on the second half.

The work of the Board of Directors

The corporate governance report includes a report on the work of the Board, see page 68 onwards.

The Board's proposal to the 2013 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 a number of components – basic salary, variable salary, pension provisions, call options and synthetic options – and rests on five basic principles.

- Ratos's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary does not fall due until certain conditions have been met with regard to return on the company's equity and is paid over a multi-year period. The cost of each year's variable salary, however, is booked in its entirety in the year the compensation is earned.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately 1% 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.

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.

The corporate governance report contains an account of the guidelines for compensation to senior executives which the 2012 Annual General Meeting decided should apply until the 2013 Annual General Meeting.

Ratos shares

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

Class A shares carry entitlement to one vote per share and Class B shares to 1/10 of a vote per share. A shares can be issued in a maximum number that corresponds to 27% of the share capital and B shares in a number that corresponds to 100%. The Söderberg family owns 18.7% of the capital and 46.4% of the voting rights. The Torsten Söderberg Foundation owns 8.5% of the capital and 12.4% of the voting rights. The Ragnar Söderberg Foundation owns 8.4% of the capital and 14.7% of the voting rights.

The company knows of no agreements between shareholders that might lead to restrictions in the right to transfer shares.

Holdings of treasury shares

A decision was made at the 2012 Annual General Meeting that A or B shares may be repurchased during the period until the next Annual General Meeting. The company's holding may not at any time exceed 4% of all the shares in the company.

Purchases of treasury shares are carried out in order to give the Board greater freedom of action in its efforts to create value for the company's shareholders. This includes hedging of call options issued within the framework of Ratos's incentive programme.

No shares were acquired during the year. At year-end, the company held 5,139,537 treasury shares, corresponding to 1.6% of the total number of shares. A total of SEK 356m was paid for the shares.

Proposed distribution of profit

The following amounts are at the disposal of the Annual General Meeting:

	SEKm
Retained earnings	9,315
Share premium reserve	128
Fair value reserve	29
Profit for the year	606
Total	10,078

The Board of Directors proposes the following distribution of profit:	
Dividend to holders of A and B shares, SEK 3.00 per share [1]	957
Dividend to holders of Class C preference shares of SEK 100/share, in the event of maximum utilisation of the authorisation [2]	125
To be carried forward	8,996

1) Based on the number of shares outstanding on 2 March 2013. The number of treasury shares on that date was 5,139,537 and may change during the period until the record date for dividends.

2) In accordance with the Board's proposal to the Annual General Meeting regarding a new issue of preference shares.

Chairman's letter

When I was appointed CEO of Ratos in autumn 1998 (my formal employment started on 1 January 1999) I could soon see that the company was run in an exemplary manner as regards corporate governance.

Back then, for example, structured compensation and audit work had already been in place for many years. Even in other respects Ratos worked in a manner that first became accepted practice far later, through among other things the Code of Corporate Governance. During the 14-plus years that have passed since then, we within Ratos have constantly tried to further develop ourselves in this area, all in order to guarantee that one of the board's two main tasks – its control function – is managed perfectly and effortlessly so that time and focus can be devoted to what creates shareholder value over time, i.e. the board's role as a dynamic engine in the business development process.

Formalities must be managed perfectly

Personally, I regard formalities as a pure hygiene factor. This does not mean they are unimportant – on the contrary, there is an obvious risk that failure to take care of hygiene leads to a loss of friends and opportunities. When I take care of my daily hygiene, I do not need, however, to think about what I am doing, it is second nature to me. Nor do I have a checklist next to the bathroom mirror which says "take out toothpaste, remove top..." and so on, which gets my full attention. On the contrary, I can spend the time while I perfectly perform routine tasks thinking about other things, for example solutions to work-related questions I have to deal with.

> **"We simply must be structured and organised if we are to be creative and flexible.**

This is exactly how I believe formalities in a company should be handled. They should be managed perfectly so that reality does not engulf us unnecessarily and take up all our time, for the very reason that we must have time to devote to what really creates value. We simply must be structured and organised if we are to be creative and flexible. I am therefore just as terrified for companies that focus on formalities and believe the job is done if all the boxes are ticked in the corporate governance documents so often highlighted by institutions and media, as I am for companies that mismanage formalities and therefore sooner or later encounter problems or scandals due to pure negligence.

Full leverage of key issues

Another important dimension in corporate governance work is to ensure that issues dealt with under this heading become an integrated part of every day and the business and not something handled on the side because you must. If the latter applies, then you have probably fallen into the box ticking trap, i.e. working with an issue purely to meet some kind of formal requirement and not because it is relevant to the company. Here we in the Ratos board are pleased to note that management continues to further develop corporate governance in order to achieve full leverage of key issues in the business, regardless of whether this relates to internal management and control or CR-related issues.

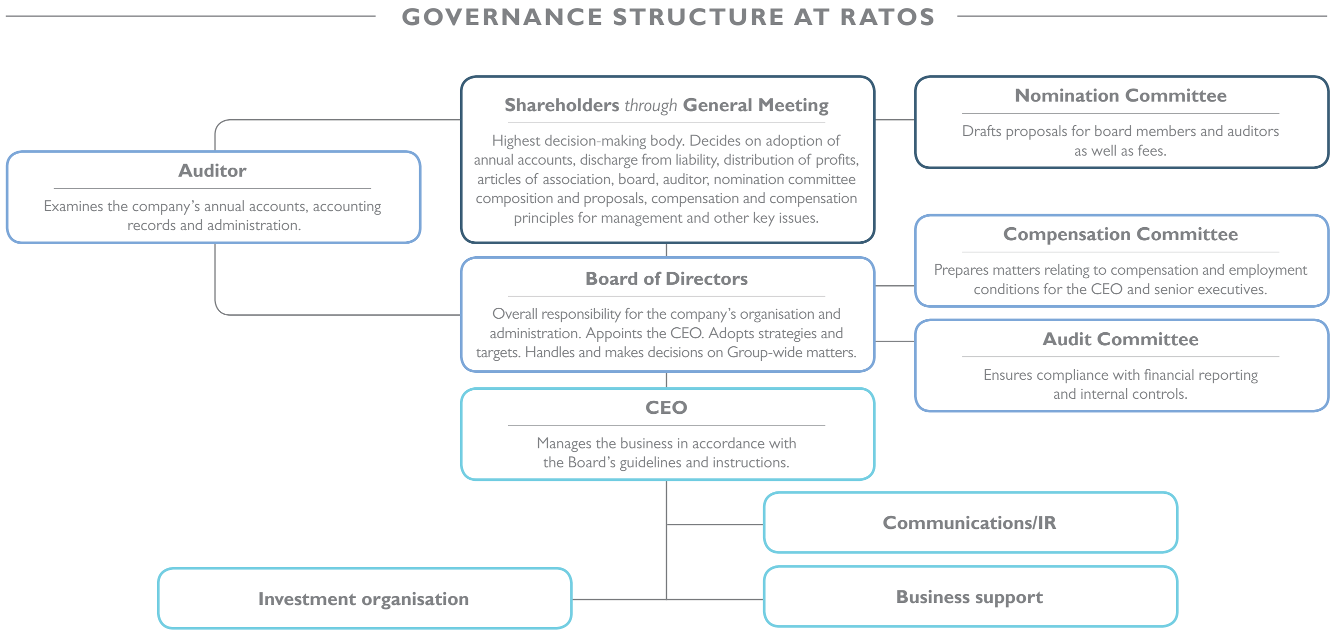
Exemplary Code of Corporate Governance

If the board discovers that for purely formal reasons attention is being paid to issues of no significance to the business, we must have the courage to decide to change this work – even if this risks leading to institutional or media criticism. There is even scope for this in the excellently self-regulating Swedish Code of Corporate Governance. I must confess that when the Code was published, I was very critical of it, since I (entirely correctly as it turned out) realised that it would entail extra work for Ratos in order to meet requirements which we had been managing in a first-class manner for many years. Now afterwards I must admit, without beating about the bush, that I was wrong in my criticism. Firstly the Code allowed Sweden to continue along the route of responsible self-regulation. When the Code was created there were political forces that could have led to something far worse. Secondly, the Code included the brilliant "comply or explain" rule which allows companies to deviate from the Code's directives but only if they clearly explain this and the reasons for it in their external communication. This has created a code of corporate governance which should be an example to the world and which in terms of quality cannot even compare with the disastrous and interfering proposals developed by obviously ignorant EU bureaucrats.

To sum up, within Ratos issues related to keeping everything in order have been prioritised for several decades and are managed in a highly professional way. However, nothing is so good that it cannot be improved and both board and management have a strong focus on continually fine tuning and making everyday improvements to our work with corporate governance issues.

Arne Karlsson
Chairman of the Board

Corporate governance report



External rules
- Swedish Companies Act
- Accounting legislation – Swedish Bookkeeping Act, Annual Accounts Act, Swedish Financial Reporting Board (RFR) and IFRS
- Nasdaq OMX Stockholm Rules for Issuers
- Swedish Code of Corporate Governance ("the Code")

Internal rules
- Articles of Association
- The Board's formal work plan (read more on page 72)
- Instructions for the CEO
- Decision-making procedures/authorisation instructions
- Instructions for financial reporting
- Internal guidelines
- Policies adopted by the Board (see on right)

Policies

All policy documents are updated and adopted annually by the Board, most recently on 14 February 2013. Senior executives are responsible for monitoring.
- Financial policy
- Incentive policy
- Information policy
- IT policy
- Crisis policy
- Environmental policy
- Pensions policy
- Social responsibility policy
- Rules for Ratos employees' share transactions
- Recommendation for Board members' share trading
- Code of conduct
- Ownership policy

Corporate governance in Ratos

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

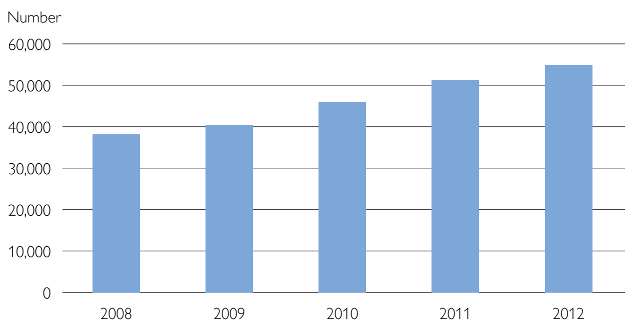
In addition to legislation and self-regulating recommendations and rules, the Articles of Association form the basis for governance of operations. The Articles of Association specify where the Board shall be domiciled, the focus of operations, rules about general meetings, information about class of shares and share capital, etc.

In order to establish guidelines for the company's activities, the Board has also prepared and adopted twelve policy documents. The policy documents set out the basic values that must characterise the organisation and the conduct of its employees. In addition there are internal rules and documents which provide a basis for governance of the company's activities.

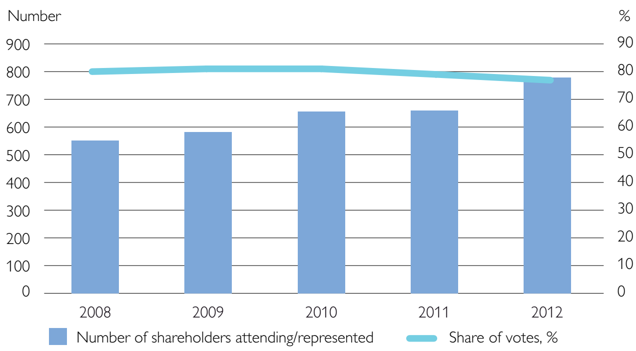
Ratos applies the Code and does not report any non-compliance with the Code in the 2012 financial year, except with regard to the composition of the Nomination Committee (see under Nomination Committee on next page).

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

Shareholders



Attendance at Annual General Meetings



Shareholders and general meetings

Share capital and shareholders

Ratos has been listed on Nasdaq OMX Stockholm since 1954. At year-end 2012 the share capital amounted to SEK 1,021m divided among a total of 324,140,896 shares, of which 84,637,060 A shares and 239,503,836 B shares. The company's A shares carry entitlement to one vote per share while B shares carry entitlement to 1/10 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 2012 Ratos had a total of 54,911 shareholders according to statistics from Euroclear Sweden. The ten largest shareholders accounted for 76% of the voting rights and 43% of the capital. The proportion of shares owned by physical or legal entities outside Sweden amounted to 18%. 55% of Ratos's shareholders owned 500 shares or less and together accounted for just under 2% of the share capital. More information about Ratos's shareholders and share performance in 2012 is provided on pages 11–13.

General meetings

The general meeting is the highest decision-making body in Ratos and it is through attendance at general meetings that Ratos's shareholders exercise their influence on the company. An ordinary general meeting, also called the Annual General Meeting of Shareholders, is to be convened in Stockholm once a year before the end of June. Notice of an Annual General Meeting must be published no earlier than six weeks and no later than four weeks prior to the meeting. Regarding extraordinary general meetings, refer to the Swedish Companies Act (2005:551). The notice must always take the form of an announcement published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and be available on the company's website. Publication of the notice is announced in Svenska Dagbladet. All documentation required ahead of the Meeting is available on the website in Swedish and English versions.

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

The following business shall be resolved at the Annual General Meeting:

- adoption of the income statement and balance sheet
- disposition of the company's profit or loss
- number of directors and deputy directors to be elected by the Annual General Meeting
- election of the Board of Directors and auditor
- determination of fees to be paid to the Board of Directors and auditor
- guidelines for compensation to senior executives
- amendments to the Articles of Association.

The Articles of Association comply with the Swedish Companies Act as regards appointment and dismissal of Board members and amendments to the Articles of Association. 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 general meeting and to vote for their total holding of shares. Shareholders may bring an assistant to the general meeting provided they have notified the company.

Read more about Ratos's corporate governance

Read more about Ratos's corporate governance on our website under About Ratos/Corporate governance:

- Articles of association
- Information from general meetings in previous years
- Nomination Committee
- The Board and its committees
- Corporate governance reports from previous years

2012 Annual General Meeting

The 2012 Annual General Meeting was held on 18 April at Stockholm Waterfront Congress Centre in Stockholm. The Meeting was attended by 779 shareholders, proxies or assistants, who together represented 76.9% of the voting rights and 46.9% 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 2012 Annual General Meeting included the following:

- Dividend of SEK 5.50 per share corresponding to a total of SEK 1,754m.
- The Board of Directors shall consist of seven members.
- Re-election of all members of the Board except Olof Stenhammar (who had declined re-election). Arne Karlsson was elected as Chairman of the Board.
- Fees of SEK 1,000,000 to the Chairman of the Board and SEK 450,000 to each member of the Board.
- PricewaterhouseCoopers (PwC) was elected as the new firm of auditors.
- Adoption of guidelines for compensation to senior executives.
- Offer to key people in Ratos on acquisition of call options.
- Offer to key people in Ratos on acquisition of synthetic options relating to holdings.
- Authorisation for the Board to acquire Ratos shares up to 4% of all shares.
- Authorisation for the Board to decide on a new issue of shares in conjunction with company acquisitions. The authorisation to comprise a maximum of 35 million B shares.

NOMINATION COMMITTEE AHEAD OF 2013 ANNUAL GENERAL MEETING

Name	Represents	Share of voting rights 31 Aug 2012	Share of voting rights 31 Dec 2012
Björn Franzon	Swedbank Robur funds, Chairman of Nomination Committee	0.6%	0.5%
Ulf Fahlgren	Akademiinvest	0.5%	0.5%
Arne Karlsson	Chairman of Ratos's Board, own holding	0.0%	0.0%
Jan Söderberg	Ragnar Söderberg Foundation and own and related parties' holdings, Board member	28.5%	28.5%
Maria Söderberg	Torsten Söderberg Foundation	12.4%	12.4%
Per-Olof Söderberg	Own and related parties' holdings, Board member	15.4%	15.4%
Total		**57.4%**	**57.3%**

Nomination Committee

The Annual General Meeting decides how the Nomination Committee should be appointed. The 2012 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 2013 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 of the major shareholders in terms of voting rights registered at 31 August 2012. 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 10 October 2012.

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, Arne Karlsson, 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 include:

- 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 Meeting regarding election of auditor when appropriate
- to prepare a proposal to the Meeting regarding fees to the Board and auditor
- to prepare a proposal to the Meeting regarding a chairman for the meeting
- to prepare a proposal regarding principles for the composition of the next Nomination Committee.

Deviations/infringements

There were no deviations from the Code in 2012, except that pursuant to paragraph 2.4 in the Code, the Nomination Committee includes two members of the Board who are non-independent in relation to the company's major shareholders. Ratos's explanation is provided under Nomination Committee.

Ratos has not contravened Nasdaq OMX Stockholm's Rules for Issuers or accepted stock market practice.

2013 Annual General Meeting

Ratos's 2013 Annual General Meeting will be held on 17 April at 17.00 CET at the Stockholm Concert Hall, Hötorget, Stockholm.

Information related to the Nomination Committee, Annual General Meeting and the Chairman of the Board is available on Ratos's website.

Ahead of the 2013 Annual General Meeting the Nomination Committee held two minuted meetings. In addition, a committee within the Nomination Committee (Björn Franzon, Ulf Fahlgren and Maria Söderberg) met to discuss the proposal on remuneration to the Chairman of the Board and Board members.

On 26 January 2012 the Nomination Committee announced its proposal that the then CEO Arne Karlsson should be appointed as Chairman of the Board at the 2012 Annual General Meeting. Ratos's Chairman Olof Stenhammar after 18 years on the Board, including 14 as Chairman, had declined re-election. The Annual General Meeting resolved in accordance with the Nomination Committee's proposal.

As in the previous year, the Nomination Committee's work included the strategic issues the Board is expected to face in the years ahead and on this basis a discussion of the composition and size of the Board. The general opinion was that the Board functions very well and this was also confirmed by an external appraisal.

A committee within the Nomination Committee composed of members independent of the Board prepared the issue of fees to the Chairman of the company, other Board members and fees to the committees. The Audit Committee submitted a proposal on auditors' fees to the Nomination Committee.

The Nomination Committee's proposals, an account of the work of the Nomination Committee ahead of the 2013 Annual General Meeting and complementary information on proposed members of the Board will be announced in conjunction with the Notice of the Meeting and also be presented at the 2013 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 2012 Annual General Meeting re-elected Arne Karlsson (who was also elected as Chairman), Lars Berg, Staffan Bohman, Annette Sadolin, Jan Söderberg, Per-Olof Söderberg and Margareth Øvrum. No deputies were elected. All Board members elected at the 2012 Annual General Meeting are presented in more detail on pages 78–79.

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 the 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 the 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

COMPOSITION OF THE BOARD

				Attendance at meetings		
Name	**Elected year**	**Independent**	**Total fee**	**Compensation Committee**	**Audit Committee**	**Board meetings**
Arne Karlsson (Chairman from 2012 AGM)	1999	No	825,000	9/9	3/3	16/16
Olof Stenhammar (Chairman until 2012 AGM)	1994	Yes	275,000	3/9	1/3	3/16
Lars Berg	2000	Yes	480,000		2/3	15/16
Staffan Bohman	2005	Yes	510,000	9/9	3/3	14/16
Annette Sadolin	2007	Yes	480,000		3/3	16/16
Jan Söderberg	2000	No	510,000	8/9	3/3	15/16
Per-Olof Söderberg	2000	No	510,000	9/9	3/3	14/16
Margareth Øvrum	2009	Yes	480,000		3/3	15/16
Total			**4,070,000**			

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's year follows an approved agenda. Information material and material on which decisions are to be made at board meetings are normally sent out approximately one week prior to each meeting. An evaluation of all the holdings is performed every year in which an analysis of holding strategy, results and forecasts for the coming year are presented. These evaluations are presented to the Board by the person responsible for the holding. The Board is also given an annual evaluation of all functions and adopts policy documents annually.

Work of the Board in 2012

During 2012, 16 minuted board meetings were held: seven ordinary meetings, including one statutory meeting, and nine extra board meetings. Board meetings have a recurrent structure with the key items as illustrated below.

Extra Board meetings normally examine acquisition and exit questions as well as financing and are held when such matters requiring a Board decision arise. During 2012 the question of the appointment of a new CEO and Chairman of the Board was also discussed. The minutes were taken by the Company Secretary who during the year was the lawyer Tore Stenholm, Tore Stenholm Advokatbyrå AB. Other senior executives at Ratos attended board meetings to present specific issues.

Evaluation of the Board

The Chairman of the Board decides on the extent to which an annual evaluation of the work of the Board shall be performed where members are given an opportunity to express their opinions on working methods, Board material, their own and other members' work and the scope of the assignment. For the 2012 financial year this evaluation was performed

WORK OF THE BOARD IN 2012

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Annual evaluations of all holdings.	Year-end report, audit report, adoption of policies, decisions on compensation issues and incentive programmes.		Ordinary meeting and statutory meeting in conjunction with the Annual General Meeting.		Visits to holdings. Finnkino and GS-Hydro in Helsinki were visited in 2012.		Six-month report.		Strategy meeting.		Examination of Corporate Responsibility and Risk Assessment.

internally through interviews with Board members and senior executives in the company. As in evaluations made in previous years the work of the Board was assessed as functioning very well. All members of the Board 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 2012 Annual General Meeting the audit firm PricewaterhouseCoopers was elected as auditor until the next Annual General Meeting. PwC has appointed Peter Clemedtson as Senior Auditor. In addition to his assignment in Ratos, Peter Clemedtson is senior auditor for, among others, AB Volvo, the Wallenberg Foundations, 3 and Proventus.

Committees

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

Work of the Compensation Committee

At Ratos, structured work with compensation principles has been under way for many years and this was further formalised in 1999 when the Board set up a Compensation Committee to which members are appointed annually. Committee members in 2012 were Olof Stenhammar (chairman until April)/Arne Karlsson (chairman from April), Staffan Bohman, Jan Söderberg and Per-Olof Söderberg.

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

The following matters are handled by the Compensation Committee:

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

The Compensation Committee held nine minuted meetings during 2012 and was in regular contact in between. The minutes were taken by the company's CEO, Arne Karlsson/Susanna Campbell.

The Compensation Committee works in accordance with an adopted formal work plan. Early in the autumn an examination is carried out to see whether there are any major compensation-related issues of principle to prepare. If such issues exist they are processed ahead of a final decision at the ordinary meeting in January. The Compensation Committee also prepares and processes guidelines for the structure of general salary development for the years ahead and conducts an annual review of Ratos's long-term incentive systems. During the year the committee also discussed succession matters as well as questions relating to leadership and organisational development.

Work of the Audit Committee

The Board has appointed an Audit Committee in order to give work with reporting and auditing a special forum. The Audit Committee includes all members of the Board. The chairman is the Chairman of the Board. Regarding 2012, see the Work of the Compensation Committee.

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 auditing firm and prepare for the election of a new auditor when appropriate.
- Discuss risk assessments, public financial information, auditors' fees, co-operation between auditor and management.
- Examine and evaluation accounting principles with a major impact on the Group.

The entire Audit Committee met the company's auditor on two occasions in 2012 and held three minuted meetings. The company's work procedures also stipulate that the Chairman of the Board is tasked with maintaining regular contact with the company's auditor.

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

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 48 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 or 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 2012 Annual General Meeting decided that compensation to the ordinary members of the Board should be paid of SEK 450,000 per member and year. Compensation to the Chairman of the Board should amount to SEK 1,000,000 per year. 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.

Information on compensation to the CEO is provided in Note 9 on page 104.

Auditor's fees

Compensation is paid to the company's auditor in accordance with a special agreement on this matter. In 2012, audit fees amounted to SEK 2m in the parent company and SEK 38m in the Group. In addition, the parent company paid SEK 0m in fees for other assignments to the company's auditor and the Group as a whole paid fees for other assignments amounting to SEK 28m. 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 2012 Annual General Meeting. The guidelines were applied throughout 2012.

The incentive system for the company's business organisation is of major strategic importance for Ratos. Against this background a remuneration and incentive system has been drawn up designed to offer competitive terms at the same time as the company's employees are motivated to work in the interests of shareholders.

The system comprises four components – basic salary, variable salary, call options and synthetic options – and rests on five basic principles:

- Ratos's employees shall be offered competitive basic terms of employment in an industry where competition for qualified employees is intense and at the same time be encouraged to remain with Ratos.
- Both individual efforts and the Group's performance must be linked to clear targets set by the Board.
- Variable salary paid shall be linked to the results development that benefits shareholders. Variable salary does not fall due until certain conditions have been met with regard to return on the company's equity.
- Each year the Board sets a limit for the total variable salary, which shall amount to a maximum of approximately 1% of the company's equity at the start of the financial year.
- Key people at Ratos shall be encouraged to have the same perspective as the company's shareholders which will be achieved through reasonably balanced option programmes where employees can share in price rises alternatively realised increase in value but also take a personal risk by paying a market premium for the options.

The variable salary that can be allocated to an employee is paid over a multi-year period. The cost of each year's variable salary, however, will be booked in its entirety in the year in which the compensation was earned. With regard to the costs for proposed option programmes, refer to the Board's proposal regarding call options and synthetic options. Pension benefits are generally paid in accordance with the ITP Plan. In the event of pension benefits which deviate from the ITP Plan defined premium pension benefits are applied.

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

Variable salary

Variable salary does not fall due until certain conditions regarding return on the company's equity have been met. For 2012, 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 5% of opening equity. A ceiling was stipulated at a total of SEK 125m in variable compensation, which falls due in the event of adjusted profit before tax of 25% 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 ceiling are transferred to the next year and increase the earnings on which compensation is calculated. Earnings that are less than the threshold amount are also transferred and charged against earnings on which compensation is based in the following year.

In calculation of variable compensation for 2012, the 2012 threshold amount of 5% was also used for calculation of opening earnings bank.

Adjusted profit before tax for 2012, including the earnings bank, provided variable compensation of SEK 6m to be paid in 2013–15. Payment of variable salary is allocated over three years with 50% in the first year and 25% per year in the remaining two years.

TERMS FOR CALL OPTIONS OUTSTANDING AT 31 DECEMBER 2012

Maturity	Price/option, SEK	Exercise price SEK/share	Right to purchase number of shares	Number of options	Corresponding number of shares
2008 – 20 March 2013	28.10	125.80	2.07	552,500	1,143,675
2009 – 20 March 2014	13.00	92.60	2.03	641,000	1,301,230
2010 – 20 March 2015	16.60	124.20	2.03	529,500	1,074,885
2011 – 18 March 2016	11.80	156.40	1.02	640,000	652,800
2012 – 20 March 2017	4.70	74.40	1	1,149,200	1,149,200
				3,512,200	**5,321,790**

Outstanding options correspond to 1.7% of the total number of shares.

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 4–5 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 2012 Annual General Meeting, like all Annual General Meetings since 2007, 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. It is not until Ratos's average annual return exceeds 15% per year that the options 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 has pursuant to the Swedish Companies Act ultimate responsibility for the company's internal control. This work is mainly conducted through effective and structured board work as by tasks being delegated to the CEO. Internal control of financial reporting is based on how operations are conducted and how the organisation is built up. Authority and responsibility are documented and have been communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of work between the Board on the one hand and the CEO on the other hand and the other bodies set up by the Board, instructions for powers of authorisation as well as accounting and reporting instructions. This also serves to reduce the risk of irregularities and inappropriate favouring of a third party at the company's expense.

In the internal control of financial reporting, the parent company is assessed separately and each individual holding is assessed separately, regardless of whether they are subsidiaries or associates. Assessments are made both ahead of an acquisition and during the ownership period. Each holding represents its own risk independent of other holdings. The person responsible for the holding has responsibility for the company.

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

PROCESS FOR FINANCIAL REPORTING

The process for financial reporting includes various control activities designed to assure quality. This process and its built-in controls are described below.

Reporting from the holdings → **The accounts function's control work** → **The investment organisation's control and assessment** → **The accounts function's processing and consolidation** →

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

2. The material reported by the holdings is examined analytically and checked regarding completeness and accuracy. In the event of any discrepancies the holding is contacted. The material is processed to be sent out for additional control by the person responsible for the holding 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.

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 firm of 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 regulatory 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 financial 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 investment organisation is deeply involved in reporting from the holdings. This means, that the quality of the accounting and reporting of the holdings is continuously examined and improved.

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

Reporting to board, auditor and management → **Traffic light system/ audit** → **Audit committee** → **External reporting**

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. In these cases the material reported in stage 1 is audited and approved by the auditor of each holding. The audit of preparation of consolidated financial statements takes place in parallel. The Board and management receive in conjunction with every quarterly report extensive in-depth material about both the Group and the individual holdings.

6. The accounts function receives all the audit reports relating to the holdings which are then followed up using a so-called "traffic light system" where any observations made by auditors 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 in the corporate governance report, is tasked with quality assurance of the company's financial reporting and maintaining regular contact with the company's auditor. 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 and CEO

Arne Karlsson

Non-independent Chairman of the Board since 2012. Non-independent Board member 1999–2012. CEO of Ratos 1999–2012.

MSc Econ. Born 1958, Swedish.

Chairman of Bonnier Holding, Einar Mattsson and SNS (Centre for Business and Policy Studies). Board member of AP Møller-Maersk, Bonnier, Ecolean, Fortnox and the World's Children's Prize Foundation. Member of the Swedish Securities Council.

Formerly President of Atle Mergers & Acquisitions 1996–98, Head Analyst Atle 1993–98, President of Hartwig Invest 1988–93, Aktiv Placering 1982–88.

Shareholding in Ratos (own): 171,200 B shares.

Options in Ratos: 74,900 call options/2009, 78,000 call options/2010, 200,000 call options/2011.

Lars Berg

Independent Board member since 2000.

MSc Econ. Born 1947, Swedish.

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

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.

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

Staffan Bohman

Independent Board member since 2005.

MSc Econ. Born 1949, Swedish.

Chairman of CibesLift and Ersta Diakoni, Deputy Chairman of Rezidor Hotel Group and the Board of Trustees of SNS. Board member of Atlas Copco, Boliden, InterIKEA Holding, Rolling Optics and a member of the Swedish Corporate Governance Board.

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

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

Annette Sadolin

Independent Board member since 2007.

LL.B. Born 1947, Danish.

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

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

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

Jan Söderberg
Non-independent Board member since 2000.
MSc Econ. Born 1956, Swedish.
Chairman of Söderbergföretagen. Board member of Elisolation, Henjo Plåtteknik, NPG and Smelink. Member of the Lund School of Economics Management Advisory Board and the Ragnar Söderberg Foundation.
Formerly CEO of Bröderna Edstrand 1991–93.
Shareholding in Ratos (own and related parties): 14,973,776 A shares, 116,800 B shares.

Per-Olof Söderberg
Non-independent Board member since 2000.
MSc Econ. MBA Insead. Born 1955, Swedish.
Chairman of Attivio and Söderberg & Partners. Board member of the Stockholm School of Economics Association, the Stockholm Chamber of Commerce, among others.
Formerly CEO of Dahl 1990–2004.
Shareholding in Ratos (own and related parties): 16,705,964 A shares, 18,000 B shares.

Margareth Øvrum
Independent Board member since 2009.
MSc Eng. Born 1958, Norwegian.
Executive Vice President, Technology, Projects and Drilling, in the Statoil Group.
Management positions within the Statoil Group 1982–.
Board member of Atlas Copco.
Shareholder in Ratos: 0.

CEO

Susanna Campbell
Not a member of the Board.
CEO of Ratos since April 2012.
MSc Econ. Born 1973, Swedish.
No significant assignments outside Ratos.
Employed by Ratos since 2003.
McKinsey & Company 2000–03.
Alfred Berg Corporate Finance 1996–2000
Shareholder in Ratos (own): 19,000 B shares.
Options in Ratos: 37,400 call options/2009, 39,000 call options/2010, 40,000 call options/2011, 150,000 call options/2012.

AUDITOR

At the 2012 Annual General Meeting the auditing firm PricewaterhouseCoopers AB, with authorised public accountant Peter Clemedtson as Senior Auditor, was elected for the period until the 2013 Annual General Meeting has been held.

Financial statements

Consolidated income statement

SEKm	Note 2, 3, 5	2012	2011
Net sales	4	27,100	29,669
Other operating income	6	171	215
Change in inventories		-32	-64
Raw materials and consumables		-10,918	-11,385
Employee benefit costs	9, 27	-8,644	-9,529
Depreciation and impairment of property, plant and equipment and intangible assets	13, 14	-1,942	-1,470
Other costs	10, 32	-5,391	-6,272
Capital gain from the sale of group companies	7	1,179	27
Capital gain from the sale of associates	8	81	485
Share of profits of associates	8, 15	18	33
Operating profit		**1,622**	**1,709**
Financial income	11, 18	154	155
Financial expenses	11, 18	-1,009	-1,004
Net financial items		**-855**	**-849**
Profit before tax		**767**	**860**
Tax	12	-224	-314
Profit for the year		**543**	**546**
Attributable to:			
Owners of the parent		606	521
Non-controlling interests		-63	25
Earnings per share, SEK	25		
– before dilution		1.90	1.63
– after dilution		1.90	1.63

Consolidated statement of comprehensive income

SEKm	Note	2012	2011
Profit for the year		**543**	**546**
Other comprehensive income	24		
Translation differences for the year		-157	-38
Change in hedging reserve for the year		40	-24
Tax attributable to other comprehensive income		-11	7
Other comprehensive income for the year		**-128**	**-55**
Total comprehensive income for the year		**415**	**491**
Total comprehensive income for the year attributable to:			
Owners of the parent		499	478
Non-controlling interests		-84	13

Consolidated statement of financial position

SEKm	Note 5	31 Dec 2012	31 Dec 2011
ASSETS			
Non-current assets			
Goodwill	13	15,502	20,483
Other intangible assets	13	1,292	1,541
Property, plant and equipment	14	3,461	4,286
Investments in associates	15	64	361
Financial assets	18	73	119
Non-current receivables	18, 20	88	305
Deferred tax assets	12	540	617
Total non-current assets		**21,020**	**27,712**
Current assets			
Inventories	21	2,387	2,684
Tax assets		114	162
Trade receivables	18, 31	3,953	5,097
Prepaid expenses and accrued income		334	521
Other receivables	18, 20, 39	505	511
Cash and cash equivalents	18, 36	3,203	3,042
Assets held for sale	37	2,054	193
Total current assets		**12,550**	**12,210**
Total assets		**33,570**	**39,922**
EQUITY AND LIABILITIES			
Equity	23, 24, 31		
Share capital		1,021	1,021
Other capital provided		414	414
Reserves		-590	-488
Retained earnings including profit for the year		11,560	12,711
Equity attributable to owners of the parent		**12,405**	**13,658**
Non-controlling interests		802	997
Total equity		**13,207**	**14,655**
Liabilities			
Non-current interest-bearing liabilities	18, 26, 31	7,937	11,667
Other non-current liabilities		522	607
Other financial liabilities	9, 18	238	238
Provisions for pensions	26, 27	287	410
Other provisions	28	179	396
Deferred tax liabilities	12	396	690
Total non-current liabilities		**9,559**	**14,008**
Current interest-bearing liabilities	18, 26, 31	2,489	2,145
Other financial liabilities	9, 18	87	82
Trade payables	18	2,124	2,517
Tax liabilities		194	265
Other liabilities	29	1,824	2,543
Accrued expenses and deferred income		2,184	2,900
Provisions	28	138	718
Liabilities attributable to assets held for sale	37	1,764	89
Total current liabilities		**10,804**	**11,259**
Total liabilities		**20,363**	**25,267**
Total equity and liabilities		**33,570**	**39,922**

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

Consolidated statement of changes in equity

		Equity attributable to owners of the parent						
SEKm	Note 23, 24	**Share capital**	**Other capital provided**	**Reserves**	**Retained earnings incl. profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity, 1 January 2011		**1,021**	**414**	**-427**	**14,083**	**15,091**	**1,374**	**16,465**
Effect of adopted purchase price allocation					-23	-23		-23
Adjusted equity		1,021	414	-427	14,060	15,068	1,374	16,442
Profit for the year					521	521	25	546
Other comprehensive income for the year				-43		-43	-12	-55
Comprehensive income for the year				**-43**	**521**	**478**	**13**	**491**
Hedging reserves attributable to discontinued operations				-18	18			
Dividend					-1,678	-1,678	-130	-1,808
New issue							10	10
Purchase of treasury shares					-74	-74		-74
Transfer of treasury shares (exercise of call options)					88	88		88
Option premiums					6	6		6
Put option, future acquisition from non-controlling interest							-215	-215
Acquisition of shares in subsidiary from non-controlling interests					-230	-230	-140	-370
Non-controlling interests at acquisition							99	99
Non-controlling interests in disposals							-14	-14
Closing equity, 31 December 2011		**1,021**	**414**	**-488**	**12,711**	**13,658**	**997**	**14,655**
Opening equity, 1 January 2012		**1,021**	**414**	**-488**	**12,711**	**13,658**	**997**	**14,655**
Profit for the year					606	606	-63	543
Other comprehensive income for the year				-107		-107	-21	-128
Comprehensive income for the year				**-107**	**606**	**499**	**-84**	**415**
Reclassification				5	-5			
Dividend					-1,754	-1,754	-75	-1,829
New issue							17	17
Option premiums					5	5		5
Sale of treasury shares in associates					6	6		6
Acquisition of shares in subsidiary from non-controlling interests					-9	-9	-7	-16
Non-controlling interests at acquisition							1	1
Non-controlling interests in disposals							-47	-47
Closing equity, 31 December 2012		**1,021**	**414**	**-590**	**11,560**	**12,405**	**802**	**13,207**

Consolidated statement of cash flows

SEKm	Note 36	2012	2011
Operating activities			
Consolidated profit before tax		767	860
Adjustment for non-cash items		927	1,034
		1,694	1,894
Income tax paid		-260	-316
Cash flow from operating activities before change in working capital		**1,434**	**1,578**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories		120	64
Increase (-)/Decrease (+) in operating receivables		416	-146
Increase (+)/Decrease (-) in operating liabilities		-861	212
Cash flow from operating activities		**1,109**	**1,708**
Investing activities			
Acquisition, group companies		-53	-1,531
Disposal, group companies		2,915	913
Acquisition, shares in associates and other holdings		-2	-4
Disposal and redemption, shares in associates and other holdings		386	1,876
Acquisition, other intangible/tangible assets		-898	-956
Disposal, other intangible/tangible assets		65	33
Investment, financial assets		-37	-19
Disposal, financial assets		35	51
Cash flow from investing activities		**2,411**	**363**
Financing activities			
Purchase of treasury shares			-74
Option premiums		17	13
Exercise of options		-13	40
Acquisition of shares in subsidiary from non-controlling interests		-21	-237
Dividends paid		-1,754	-1,678
Dividends paid and redemption, non-controlling interests		-75	-130
Borrowings		1,596	6,097
Amortisation of loans		-3,025	-5,930
Cash flow from financing activities		**-3,275**	**-1,899**
Cash flow for the year		**245**	**172**
Cash and cash equivalents at the beginning of the year		3,042	2,855
Exchange differences in cash and cash equivalents		-10	15
Cash and cash equivalents in assets held for sale		-74	
Cash and cash equivalents at the end of the year		3,203	3,042

Parent company income statement

SEKm	Note	2012	2011
Other operating income	6	2	1
Other external costs	10	-82	-79
Personnel costs	9, 27	-119	-109
Depreciation of property, plant and equipment	14	-5	-5
Operating profit/loss		**-204**	**-192**
Profit from investments in group companies	7	416	649
Profit from investments in associates	8	275	87
Result from other securities and receivables accounted for as non-current assets	11	137	175
Other interest income and similar profit/loss items	11	33	27
Interest expenses and similar profit/loss items	11	-51	-42
Profit after financial items		**606**	**704**
Tax	12	–	–
Profit for the year		**606**	**704**

Parent company statement of comprehensive income

SEKm	Note 24	2012	2011
Profit for the year		**606**	**704**
Other comprehensive income			
Change in fair value reserve for the year		-13	0
Other comprehensive income for the year		**-13**	**0**
Comprehensive income for the year		**593**	**704**

Parent company balance sheet

SEKm	Note	31 Dec 2012	31 Dec 2011
ASSETS			
Non-current assets			
Property, plant and equipment	14	78	82
Financial assets			
Investments in group companies	35	8,723	10,448
Investments in associates	15, 16		124
Receivables from group companies	17, 18	1,424	1,853
Other securities held as non-current assets	18, 19	88	115
Total non-current assets		**10,313**	**12,622**
Current assets			
Current receivables			
Receivables from group companies	17, 18	2	52
Other receivables		14	12
Prepaid expenses and accrued income	22	4	3
Short-term investments, other	18, 36	499	
Cash and bank balances	18, 36	1,324	897
Total current assets		**1,843**	**964**
Total assets		**12,156**	**13,586**
EQUITY AND LIABILITIES			
Equity	23, 24		
Restricted equity			
Share capital (number of A shares 84,637,060 number of B shares 239,503,836)		1,021	1,021
Statutory reserve		286	286
Unrestricted equity			
Premium reserve		128	128
Retained earnings		9,315	10,360
Fair value reserve		29	42
Profit for the year		606	704
Total equity		**11,385**	**12,541**
Non-current provisions			
Provisions for pensions	26, 27	1	1
Other provisions	28	7	16
Total non-current provisions		**8**	**17**
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	442	620
Non-interest bearing liabilities			
Other liabilities	18, 29	29	36
Total non-current liabilities		**471**	**656**
Current provisions			
Other provisions	28	**28**	**20**
Current liabilities			
Interest-bearing liabilities			
Liabilities to group companies	18, 26	174	260
Non-interest bearing liabilities			
Trade payables	18	8	5
Other liabilities	18	20	11
Accrued expenses and deferred income	30	62	76
Total current liabilities		**264**	**352**
Total equity and liabilities		**12,156**	**13,586**
Pledged assets	33	none	none
Contingent liabilities	33	none	none

Parent company statement of changes in equity

		Restricted equity		Unrestricted equity				
SEKm	Note 23, 24	**Share capital**	**Statutory reserve**	**Premium reserve**	**Fair value reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Opening equity, 1 January 2011		**1,021**	**286**	**128**	**42**	**10,408**	**1,608**	**13,493**
Other disposition of earnings						1,608	-1,608	
Profit for the year							704	704
Other comprehensive income for the year					0			0
Comprehensive income for the year					**0**		**704**	**704**
Dividends						-1,678		-1,678
Purchase of treasury shares						-74		-74
Transfer of treasury shares (exercise of call options)						88		88
Option premiums						8		8
Closing equity, 31 December 2011		**1,021**	**286**	**128**	**42**	**10,360**	**704**	**12,541**
Opening equity, 1 January 2012		**1,021**	**286**	**128**	**42**	**10,360**	**704**	**12,541**
Other disposition of earnings						704	-704	
Profit for the year							606	606
Other comprehensive income for the year					-13			-13
Comprehensive income for the year					**-13**		**606**	**593**
Dividends						-1,754		-1,754
Option premiums						5		5
Closing equity, 31 December 2012		**1,021**	**286**	**128**	**29**	**9,315**	**606**	**11,385**

Parent company cash flow statement

SEKm	Note 36	2012	2011
Operating activities			
Profit before tax		606	704
Adjustment for non-cash items		-700	-45
		-94	659
Income tax paid		–	–
Cash flow from operating activities before change in working capital		**-94**	**659**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-23	-19
Increase (+)/Decrease (-) in operating liabilities		-21	-64
Cash flow from operating activities		**-138**	**576**
Investing activities			
Acquisition, shares in subsidiaries		-381	-909
Disposals, shares in subsidiaries		2,740	1,738
Disposals and redemption, shares in associates		385	549
Acquisition, other property, plant and equipment		-1	-1
Investment, financial assets		-145	-126
Disposals, financial assets		103	61
Cash flow from investing activities		**2,701**	**1,312**
Financing activities			
Purchase of treasury shares			-74
Transfer of treasury shares			88
Option premiums		5	10
Dividends paid		-1,754	-1,678
Redemption incentive programme		-5	-47
Borrowings, group companies		117	290
Cash flow from financing activities		**-1,637**	**-1,411**
Cash flow for the year		**926**	**477**
Cash and cash equivalents at the beginning of the year		897	420
Cash and cash equivalents at the end of the year		1,823	897

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Notes to the financial statements

Note 1 Accounting principles

Compliance with standards and laws

The consolidated financial statements for the Ratos Group are prepared in accordance with the Swedish Annual Accounts Act (1995:1554), RFR 1 Complementary Accounting rules for groups, International Financial Reporting Standards (IFRS/IAS) and interpretations of the standards (IFRIC/SIC) as endorsed by the EU. The parent company applies the same accounting principles as the Group except in cases specified in the section Parent company accounting principles (page 97).

Changed accounting principles due to new or amended IFRS

The amended accounting principles applied by the Group since 1 January 2012 are described below.

- IFRS 7, Financial Instruments: Disclosures – Transfer of Financial Assets (amendments) relating to new disclosure requirements for transferred financial assets (endorsed by EU 22 November 2011). The amendment means, among other things, extended disclosure requirements on transfers for continued involvement or risk exposure.

At present this amendment is not assessed as having any impact on the Group's disclosures.

- IAS 12, Income Taxes (amendment) – Recovery of underlying asset (endorsed by EU 29 December 2012).

The amendments in IAS 12 are applied by entities which measure non-current assets and investment properties at fair value. Ratos does not apply these accounting principles. The amendments are not applicable if the above-named class of assets are measured at fair value in conjunction with an acquisition, unless the buyer subsequently continues to measure the assets at fair value.

New IFRS that have not yet come into force

A number of new or amended IFRS will come into force from 2013 and beyond. Ratos does not plan early application of future standards.

- IAS 19, Employee Benefits (amendments) The amendments include elimination of the corridor method and that previously unrecognised actuarial gains and losses will in future be reflected in the pension liabilities and in other comprehensive income. At 31 December 2011 the Ratos Group reports unrecognised actuarial losses amounting to SEK 114m. This amount will be recognised in opening equity at 1 January 2012 applying amended IAS 19 and amended IAS 1 from 2013.
- Amendments to IFRS 10, 12 and IAS 27 due to the special rules for measurement and consolidation of Investment Entities, which apply from 1 January 2014 subject to EU endorsement. Our opinion is that Ratos does not fall within the definition of an Investment Entity – primarily because the holdings are not regularly measured at fair value, secondarily because Ratos neither receives funds from investors nor, with this as a base, undertakes to invest funds received for continuous returns. How Ratos monitors and evaluates its holdings and the Group is specified in Note 3.

Other standards, which are listed in the table below and come into force in the period up to and including the 2014 financial year, are not assessed as having any material impact on the consolidated financial statements.

Standards expected to apply from 2015 have not been evaluated by the Group.

Conditions for preparation of the financial statements of the parent company and the Group

The parent company's functional currency is Swedish kronor (SEK) which also comprises the presentation currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts are rounded to the nearest million.

Measurement of assets and liabilities is based on historical cost. The following assets and liabilities are measured in another manner:

- Financial instruments are measured at fair value, cost or amortised cost.
- Associates are reported in accordance with the equity method.
- Valuation of deferred tax assets and liabilities is based on how carrying amounts for assets and liabilities are expected to be realised or settled. Deferred tax is calculated applying current tax rates.
- Assets held for sale are recognised at the lower of the prior carrying amount and fair value with deduction for selling costs.
- Inventories are measured at the lower of cost and net realisable value.
- Provisions are measured at the amount required to settle an obligation, with any present value calculation.
- A net obligation relating to defined benefit pension plans is measured at the present value of an estimate of the future benefit earned by the employees with deduction for any assets linked to the respective pension plan applying the corridor method.

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.

Standard/IFRIC		Application according to IASB/IFRIC	Status within EU	Applied from
IAS 1	Presentation of Financial Statements (amendments relating to presentation of other comprehensive income)	1 July 2012	Endorsed June 2012	2013
IAS 19	Employee Benefits (amendments)	1 January 2013	Endorsed June 2012	2013
IFRS 13	Fair Value Measurement	1 January 2013	Endorsed December 2012	2013
IFRS 7	Financial Instruments: Disclosures for derecognition of financial instruments from the balance sheet (amendments)	1 January 2013	Endorsed December 2012	2013
IFRS 10	Consolidated Financial Statements	1 January 2013	Endorsed December 2012	2014
IFRS 11	Joint Arrangements	1 January 2013	Endorsed December 2012	2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2013	Endorsed December 2012	2014
IAS 27	Separate Financial Statements (amendments)	1 January 2013	Endorsed December 2012	2014
IAS 28	Investments in Associates and Joint Ventures (amendments)	1 January 2013	Endorsed December 2012	2014
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments)	1 January 2014	Endorsed December 2012	2014
Amendments IFRS 10, 12, IAS 27	Investment Entities	1 January 2014	Not yet endorsed	

Estimations and assessments

Preparation of the financial statements in accordance with IFRS requires assessments and estimations to be made as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The final outcome can deviate from the results of these estimations and assessments.

The estimations and assumptions are revised on a regular basis. The effects of changes in estimations are reported in the period in which the changes were made if the changes affected this period only, or in the period the changes were made and future periods if the changes affect both the current period and future periods.

When applying IFRS, assessments which have a material effect on the financial statements and estimations made that may result in substantial adjustments to the following year's financial statements are described in greater detail in Note 38.

Classification

Non-current assets and non-current liabilities essentially only comprise amounts expected to be recovered or paid after more than 12 months from the end of the reporting period.

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

Consolidation principles and business combinations

The consolidated financial statements are prepared in accordance with IAS 27 Consolidated and Separate Financial Statements and IFRS 3 Business Combinations. Subsidiaries are consolidated applying the acquisition method. Associates are consolidated applying the equity method.

Potential voting rights

When assessing whether a significant or controlling influence exists, potential shares carrying voting rights that can be utilised or converted without delay are taken into account. Potential voting rights include, for example, convertibles and options. The existence of all such potential voting rights is taken into account, i.e. not only those related to the parent or owner company. Consolidation is normally carried out on the basis of the current participating interest.

Subsidiaries

Subsidiaries are companies over which Ratos AB exercises control. Control represents directly or indirectly the right to determine a company's financial and operating policies in order to obtain economic benefits. In the event of ownership of more than 50% of the votes, control is assumed. Circumstances in the individual case may also provide control in the event of ownership of less than 50% of the votes.

Acquisition method

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

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

In step acquisitions goodwill is identified on the date control is obtained. If the company already owned an interest in the acquired subsidiary 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 from/to non-controlling interests

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

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

Put options to non-controlling interests

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

Profits earned after this date are provided to the non-controlling interest in proportion to its participating interest.

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 and depreciation of acquired surplus values and dissolution of intra-group profit are reported as "Share of profits of associates". The Group's share of associates' reported taxes is included in consolidated tax expenses. Dividends received from associates reduce carrying amounts.

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

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

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-group transactions between group companies, are eliminated in their entirety.

Unrealised gains arising from transactions with associates are eliminated to an extent that corresponds to the Group's holding in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

Acquisition and disposal

At acquisition the company's earnings are included in consolidated earnings from the acquisition date. Companies sold during the year are included in the consolidated income statement with income and expenses until the date a controlling or significant interest ceases. An exit result is the capital gain or loss that arises when a holding is sold.

Foreign currency

Transactions

Transactions in foreign currency are translated into the functional currency at the exchange rate that prevails on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period.

Exchange differences that arise on translation are recognised in profit or loss for the year. Changes in value due to currency translation relating to operating assets and liabilities are recognised in operating profit. Non-monetary assets and liabilities reported at historical costs are translated at the exchange rate on the transaction date.

Non-monetary assets reported at fair values are translated to the functional currency at the rate that prevails on the date of fair value measurement.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that comprises an approximation of the rates on each transaction date. Translation differences that arise on translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity.

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

Net investment in foreign operations

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

Revenue recognition

Revenue recognition occurs when significant risks and benefits that are associated with companies' goods are transferred to the purchaser and the economic benefits will probably accrue to the company. The company does not subsequently retain any commitment in the current administration that is normally associated with ownership. Furthermore, revenue recognition does not occur until the income and expenditure that arose or are expected to arise as a result of the transaction can be calculated in a reliable manner.

Revenues from service assignments are recognised in profit or loss when the financial results can be calculated in a reliable manner. Income and expenses are then recognised in profit or loss in relation to the percentage of completion of the assignment.

Revenues related to insurance contracts are recognised on a straight-line basis over the term of the contract for one-year contracts. For multiyear insurance contracts, revenue is recognised attributable to the first contract year in accordance with the percentage of completion method based on the relationship between expenditure disbursed and estimated total expenditure. The revenues attributable to subsequent years are accrued on a straight-line basis over the period of the contract.

Construction contracts

When the outcome of a construction contract can be calculated in a reliable manner, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively in the consolidated income statement by reference to the stage of completion known as percentage of completion. Stage of completion is determined by calculating the relationship between contract costs paid for work carried out at the end of the reporting period and estimated total contract costs.

Operating leases

Costs for operating leases are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in conjunction with signature of a lease are recognised in profit or loss as a reduction of leasing charges on a straight-line basis over the maturity of the lease. Variable charges are recognised as an expense in the period in which they arise.

Financial income and expenses

Net financial items include dividends, interest as well as costs for raising loans, calculated using the effective interest method, and exchange-rate fluctuations relating to financial assets and liabilities. Dividend income is recognised when the right to receive dividends is established. Capital gains or losses and impairment of financial assets are also reported in net financial items, as are 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.

Intangible assets

Goodwill

Goodwill is measured at cost minus any cumulative impairment losses. Goodwill is not amortised but is tested annually for impairment or if there is any indication that the asset has declined in value. Goodwill that arose at acquisition of associates is included in the carrying amount for investments in associates.

Research and development

Research expenditure is recognised as an expense as incurred. In the Group, development costs are only recognised as intangible assets provided it is technically and financially possible to complete the asset, the intention is and conditions exist for the use or sale of the asset and the expenditure can be calculated in a reliable manner. The carrying amount includes all directly attributable expenditure, e.g. for material and services, employee benefits as well as registration of a legal entitlement. Depreciation is started when the product goes into operation and distributed on a straight-line basis over the period the product provides economic benefits. Other development costs are expensed in the period in which they arise.

Other intangible non-current assets

Other intangible non-current assets acquired by the Group are reported at cost with deduction for impairment and, if the asset has a finite 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 indefinite. Useful lives are tested annually or when required.

Depreciable intangible assets are amortised from the date when they are available for use. The estimated useful lives are:

Number of years	Group
Trademarks	5–20
Databases	5–10
Customer relations	4–20
Business systems	3–10
Contract portfolio	4–20
Other intangible assets	3–20

Property, plant and equipment

Owned assets

Property, plant and equipment are 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 a non-current asset in the Statement of financial position and measured initially at the lower of the fair value of the leased asset and the present value of minimum leasing charges at the start of the contract. The obligation to pay future leasing charges is recognised as non-current and current liabilities. Leased assets are depreciated over the useful life of the asset while leasing payments are recognised as interest and amortisation of liabilities.

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

Borrowing costs

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

Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be estimated in a reliable manner. All other subsequent expenditure is recognised as an expense in the period in which it arises.

Decisive for assessment of when a subsequent expenditure is added to cost is whether the expenditure relates to replacement of identified components, or parts of the same, whereby such expenditure is recognised as an asset.

In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts on replaced components, or parts of components, are disposed of and recognised as an expense when the replacement takes place. Repairs are recognised as an expense on a current basis.

Depreciation principles

Depreciation is carried out on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. The Group applies component depreciation which means that the estimated useful life of the components forms the basis for depreciation.

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

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

Financial instruments

Financial instruments recognised in the Statement of financial position on the assets side include cash and cash equivalents, loans and receivables, trade receivables, financial investments and derivatives. On the liabilities side there are trade payables, loans payable and derivatives.

Recognition and derecognition from the Statement of financial position

A financial asset or a financial liability is recognised in the Statement of financial position when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade receivables are taken up in the Statement of financial position when an invoice has been sent. A liability is taken up when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are taken up when an invoice has been received.

Financial assets and liabilities can be measured at fair value, cost or amortised cost.

A financial asset is derecognised from the Statement of financial position when the contractual rights are realised, expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the Statement of financial position when the contractual obligation is met or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised with a net amount in the Statement of financial position only if a legal right to offset these amounts exists and there is an intention to settle these items with a net amount or at the same time realise the asset and settle the liability.

Acquisition and divestment of financial assets are reported on the trade date which is the day when the company undertakes to acquire or divest the asset except in cases where the company acquires or divests listed securities when settlement date accounting is applied.

Classification and measurement

Initially financial assets and liabilities are measured at a cost corresponding to fair value with the addition of transaction costs. An exception is financial assets and liabilities that are recognised at fair value through profit or loss which are initially measured at fair value excluding transaction costs.

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 initially chosen to classify in this category (according to the fair value option). Financial instruments in this category are measured on a current basis at fair value with changes in value recognised in profit/loss for the year. The first sub group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. The purpose of a derivative instrument, which is not classified as a hedging instrument, determines if the change in value is recognised in net financial items or in operating profit or loss. In the second sub group, Ratos has chosen to classify financial investments that are managed and measured based on fair values.

– Held to maturity investments

Investments held to maturity are financial assets that include fixed-income securities with fixed or determinable payments and set maturities that the company has an expressed intention and ability to hold to maturity. Assets in this category are measured at amortised cost. This category includes investments such as treasury bills.

– Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined on the basis of the effective interest calculated on the acquisition date. Trade receivables have a short remaining maturity and are therefore measured at a nominal amount without discount.

This category includes trade, loan and other receivables. Trade and other receivables are reported at the amount at which they are expected to accrue after deduction for individual assessment of doubtful debts. Impairment of trade and other receivables is recognised in operating expenses.

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

– Available-for-sale financial assets

The category available-for-sale financial assets includes financial assets that cannot be classified in any other category or financial assets that the company initially chose to classify in this category. Holdings of shares and participations that are not reported as subsidiaries or associates are reported here. Assets in this category are measured on a current basis at fair value with changes in value recognised in other comprehensive income and the accumulated changes in value in a separate component of equity, although not those that are due to impairment losses, nor interest on receivable instruments and dividend income as well as exchange rate differences on monetary items which are recognised in profit or loss.

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

Investments in shares and participations classified as assets available for sale and which are not listed on an active market and the fair value of which cannot be calculated in a reliable manner are measured at cost.

– Client money

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

– Financial liabilities at fair value through profit or loss

This category consists of two sub groups: financial liabilities held for trading and other financial liabilities that the company chose to classify 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 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 or loss. The changes in value that arise on remeasurement can be recognised in different ways depending on whether or not the derivative instrument is classified as a hedging instrument.

If the derivative instrument is not classified as a hedging instrument the change in value is then recognised directly in profit or loss. For derivative instruments that comprise hedging instruments, changes in value are recognised depending on the type of hedge, see below.

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

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

Receivables and liabilities in foreign currency

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

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

Cash flow hedges

Hedges of forecast purchases/sales in foreign currency

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

Hedging of fixed interest

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

Fair value hedges

Hedging fair value

When a hedging instrument is used to hedge fair value the derivative is booked at fair value in the Statement of financial position and the hedged asset/liability is also booked at a fair value relating to the hedged risk. The change in value of the derivative is recognised in profit or loss together with the change in value of the hedged item.

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

Hedging fixed interest

In order to hedge the risk of a change in fair value in own borrowing that carries fixed interest, interest rate swaps are used as hedging instruments. Fair value hedges are applied in the accounts and the hedged item is translated to fair value relating to the hedged risk (the risk-free interest) and changes in value are recognised in profit or loss in the same manner as the hedging instrument.

Hedging net investments

Investments in foreign subsidiaries (net assets including goodwill) may be hedged in foreign subsidiaries by raising currency loans which at the end of the reporting period are translated at the closing rate. Translation differences on financial instruments used as hedging instruments in a net investment hedge in a group company are recognised, to the extent the hedge is effective, in other comprehensive income and the accumulated changes in the translation reserve in equity. This in order to neutralise the translation differences that affect other comprehensive income when group companies are consolidated. Ratos has currently no hedging of net investments of foreign subsidiaries.

Impairment

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, plan assets used for financing of employee benefits and deferred tax assets, see respective headings.

Impairment

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

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

If indication of impairment exists, the recoverable amount of the asset is calculated. In the Ratos Group, goodwill and intangible assets with an indefinite 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 prolonged 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

Impairment losses on goodwill are not reversed.

Impairment losses on other assets are reversed if there has been a change in the assumptions that form the basis of calculation of the recoverable amount. An impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been recognised, taking into account the amortisation that would then have taken place.

Impairment of held to maturity investments or loan and trade receivables recognised at amortised cost are reversed if the earlier reasons for impairment no longer exist and full payment is expected. Impairment of equity instruments classified as Available-for-sale financial assets, which were previously recognised in profit or loss are not reversed through profit or loss for the year but in other comprehensive income. The impaired value is the amount from which a subsequent revaluation is performed which is recognised in other comprehensive income. Impairments of fixed-income instruments, classified as Available-for-sale financial assets, are reversed through profit or loss if the fair value increases and the increase can objectively be attributed to an event that occurred after the impairment was recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs for purchase, costs for manufacture and other costs of bringing the goods to their current location and condition. Cost for goods that are not exchangeable and for goods and services that are produced for and held separately for specific projects are determined based on the specific costs attributable to the respective product.

For other goods, cost is calculated according to the first-in, first-out principle or through methods based on a weighted average.

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

Assets held for sale

Assets are classified as Assets held for sale when it is highly probable that a sale will take place. This can be an individual asset, a group of assets and liabilities attributable to them or a holding, i.e. a subsidiary or an associate. Assets classified as Assets held for sale are reported separately as a current asset. Liabilities attributable to Assets held for sale are reported separately as a current liability in the Statement of financial position. Immediately prior to classification as an asset held for sale, the carrying amount of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable standards. At initial classification as assets held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value with deduction for selling costs.

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

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

Equity

Purchase of treasury shares

Acquisition of treasury shares is reported as a deductible from equity.

Proceeds from the sale of treasury shares are reported as an increase in equity. Any transaction costs are recognised directly in equity.

Dividends

Dividends are recognised as a liability after the annual general meeting has made a decision on the dividend.

Employee benefits

Defined contribution plans

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

Obligations for retirement pension and family pension for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that covers several employers. Information which makes it possible to report this plan as a defined benefit plan has not so far been made available.

The pension plan according to ITP which is secured through an insurance with Alecta is therefore reported as a defined contribution plan.

Defined benefit plans

The Group's net obligation relating to defined benefit plans is calculated separately for each plan through an estimation of the future benefits that the employees have earned through their employment in both current and past periods. This remuneration is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is the rate at the end of the reporting period for a first-class corporate bond with a maturity that corresponds to the Group's pension obligations. When there is no active market for such corporate bonds the market rate on government bonds with a corresponding maturity is used instead. This calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits in a plan improve, the portion of the increased benefits attributable to the employees' past service is recognised as an expense in profit or loss allocated on a straight line over the average period until the benefits are totally earned. If the benefits have been fully earned, an expense is recognised in profit or loss for the year.

Actuarial gains and losses that arise from calculation of the Group's obligations for different plans are calculated according to the corridor method. The corridor method means that the portion of accumulated actuarial gains and losses that exceeds 10% of the larger of the present value of the obligations and the fair value of the plan assets is recognised in profit or loss over the anticipated average remaining period of service for the employees covered by the plan. Otherwise, actuarial gains and losses are not taken into account.

When the calculations lead to an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised actuarial losses and unrecognised expenses for past service and the present value of future repayments from the plan or decreased future payments to the plan. When there is a difference between how the pension cost is determined in a legal entity and group, a provision or receivable is reported relating to special payroll tax based on this difference. The provision or receivable is not calculated at present value.

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

Other long-term benefits

The portion of variable compensation to employees that is only paid if the employee remains in service, is reported under Other non-current liabilities. The compensation is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined benefit pension plans.

Compensation in the event of termination of employment

Costs for benefits in conjunction with termination of employment are only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by a formal, detailed plan to terminate an employment prior to the normal date. When benefits are provided as an offering to encourage voluntary attrition, an expense is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be estimated in a reliable manner.

Short-term benefits

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

Incentive programmes

Ratos AB's call option programmes are secured through purchases of treasury shares. Purchases of treasury shares are reported as a reduction of equity. The options have been acquired at a market price and the option premium is recognised directly in equity. In the event of future exercise of the options, the exercise price will be paid and increase equity.

Synthetic option programmes with market premiums are reported and measured in accordance with IAS 39. Premiums received are recognised as a financial liability. This did not initially imply any cost for the company since measurement of the options at fair value using an option valuation model corresponds to the premium received by the company.

The liability is remeasured on a current basis to fair value by applying an options valuation model taking current terms into account. The changes in value during the term of the options are recognised as a financial item, as are other income and expenses relating to financial assets and liabilities. If a synthetic option is utilised by the holder the financial liability, which was previously remeasured at fair value, is settled. Any realised profit or loss is recognised in profit or loss as a financial item. If the synthetic options expire and are worthless, the recognised liability is taken up as income.

If a market premium is not paid with relation to a synthetic option programme an issued option is recognised and measured in accordance with IFRS 2. A basic premise for IFRS 2 is that a company shall bear the cost that it incurred by not receiving a market premium. An expense and a liability is recognised corresponding to the fair value of the options through application of an options valuation model. The expense is recognised as employee benefits. In certain cases the expense is accrued over an earning period. The liability is remeasured on a current basis at fair value and changes in value are recognised in profit or loss for the year.

Earnings per share

Earnings per share are based on consolidated profit for the year attributable to owners of the parent.

The dilution effect of option programmes depends on outstanding call options during the year. Calculation of the number of shares is based on the difference between the exercise price for all outstanding options and the average market price of a corresponding number of shares. This difference corresponds, taking the average market price for Ratos shares into account, to a certain number of shares. These shares, together with the present number of shares, provide an estimated number of shares which is used to obtain the dilution effect.

Provisions

A provision differs from other liabilities since there is uncertainty about the payment date or the size of the amount to settle the provision.

A provision is recognised in the Statement of financial position when the Group has an existing legal or constructive obligation as a consequence of an event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions are made in the amount that is the best estimate of what is required to settle the existing obligation on the closing date. When the effect of timing of the payment is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value in time of the money and, where applicable, the risks associated with the liability.

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

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

Provisions for insurance contracts relate to share of the insurance premiums received regarding current insurance contracts that are attributable to outstanding risks, unearned premiums and insurance claims based on assessment of claims received and estimates of claims incurred but not yet received. At the end of each reporting period a test is performed of the extent to which reported insurance liabilities are adequate by 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, for which the associated 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 based on the difference between the carrying amount and the tax value of assets and liabilities, if a recovery or settlement of the difference is likely. 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 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 parent company, like the Group, has not changed its accounting principles in 2012.

Classification and presentation

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

Financial instruments

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

Anticipated dividends

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

Associates and subsidiaries

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

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

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

Defined benefit pension plans

In the parent company, other bases are used for calculation of defined benefit pension plans than those stated in IAS 19. The parent company follows the regulations in the Income Security Act and directives from the Swedish Financial Supervisory Authority since this is a prerequisite for the right to deduct tax. The most important differences compared with the rules in IAS 19 are how the discount rate is determined, that calculation of the defined benefit obligations is based on current salary without an assumption on future salary increases, and that all actuarial gains and losses are recognised in profit or loss as they arise.

Group contributions and shareholder contributions

In cases where the parent company provides a shareholder contribution these are capitalised as shares and participations, to the extent no impairment is recognised.

The parent company is taxed in accordance with the rules for investment companies which means that the parent company can neither give nor receive Group contributions, see under Tax below.

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 taxable income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. Ratos's consolidated tax expense therefore almost exclusively comprises tax in associates and group companies.

Note 2 Consolidated income statement

SEKm	2012	2011
Profit/share of profits before tax [1]		
AH Industries (69%)	-72	-6
Anticimex (85%) [2]	51	84
Arcus-Gruppen (83%)	-73	82
Biolin Scientific (100%)	14	-10
Bisnode (70%)	-31	106
Contex Group (100%)	-150	-14
DIAB (96%)	-287	-51
Euromaint (100%)	-49	-144
Finnkino (98%) [3]	82	1
GS-Hydro (100%)	44	-13
Hafa Bathroom Group (100%)	5	-18
HL Display (99%)	70	24
Inwido (97%)	246	315
Jøtul (61%)	-160	-113
KVD Kvarndammen (100%)	25	42
Lindab (11%) [4]	4	21
Medisize (98%) [5]		42
Mobile Climate Control (100%)	67	7
SB Seating (85%)	97	95
Stofa (99%)	88	96
Total profit/share of profits	**-29**	**546**
Exit Anticimex	897	
Exit Lindab	81	
Exit Camfil		586
Exit Medisize		38
Exit Superfos		-99
Total exit result	**978**	**525**
Impairment AH Industries	-275	
Impairment Jøtul	-100	
Impairment Contex Group		-312
Profit from holdings	**574**	**759**
Central income and expenses		
Management costs	-54	-191
Financial items	247	292
Central income and expenses	**193**	**101**
Profit before tax	**767**	**860**
Tax	-224	-314
Profit for the year	**543**	**546**
Attributable to		
Owners of the parent	606	521
Non-controlling interests	-63	25

[1] Subsidiaries' profits included with 100% and associates' profit with respective holding percentage.

[2] Anticimex is included in consolidated profit through June 2012. The entire holding was sold in July 2012.

[3] Finnkino is included in consolidated profit from May 2011.

[4] Lindab is included in consolidated profit through June 2012. The entire holding was sold in August 2012.

[5] Medisize is included in consolidated profit through July 2011. The entire holding was sold in August 2011.

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.

Ratos's central income and expenses amounted to SEK 193m (101), of which personnel costs in Ratos AB amounted to SEK -119m (-109).

The variable portion of personnel costs amounted to SEK -27m (-14) and other management costs were SEK 65m (-82).

Net financial items amounted to SEK 247m (292).

The higher net central income is mainly explained by profit of SEK 168m recognised during the period relating to the sale of group companies.

Note 3 Operating segments

Ratos is a private equity conglomerate whose mission is to create the highest possible returns by acquisition, development, and divestment of companies. Ratos's CEO and Board, the Ratos Group's "chief operating decision-maker" monitor operations on the basis of development in all Ratos's holdings. Key figures such as sales, EBITA and EBT are followed up for the holdings individually and in total. The CEO and Board also follow up operations on the basis of how well the financial target of an average annual return of at least 20% on each individual investment has been achieved as a whole and over time.

2012, SEKm	Net sales	Depreciation [1]	Share in profit of associates	Interest income	Interest [2] expenses	EBT	Interest-bearing [3] net receivable/ net debt
Holdings							
AH Industries	1,062	-57		7	-31	-72	-394
Anticimex [4]	1,009	-27		2	-48	51	
Arcus-Gruppen	2,278	-45	7	7	-51	-73	-436
Biolin Scientific	235	-9			-7	14	-155
Bisnode	3,935	-176		4	-230	-31	-2,074
Contex Group	286	-29			-4	-150	1
DIAB	1,003	-85			-59	-287	-759
Euromaint	2,489	-51		1	-96	-49	-588
Finnkino	862	-70	6		-20	82	-217
GS-Hydro	1,352	-21		1	-29	44	-451
Hafa Bathroom Group	268	-2			-3	5	-61
HL Display	1,657	-39		2	-31	70	-396
Inwido	4,607	-105	1	9	-71	246	-1,131
Jøtul	913	-59		1	-49	-160	-583
KVD Kvarndammen	287	-4		1	-7	25	-220
Lindab [5]			4			4	
Mobile Climate Control	1,250	-24			-30	67	-562
SB Seating	1,176	-37		4	-138	97	-672
Stofa	1,572	-117		2	-48	88	-859
Total holdings	**26,241**	**-957**	**18**	**41**	**-952**	**-29**	**-9,557**
Exit Anticimex						897	
Exit Lindab						81	
Exit gain						**978**	
Impairment AH Industries						-275	
Impairment Jøtul						-100	
Total holdings	**26,241**	**-957**	**18**	**41**	**-952**	**574**	**-9,557**
Central income and expenses	859	-15		316	-59	193	1,788
Interest-bearing net debt reclassified as Held for sale							859
Other/eliminations				-295	295		-547
Group total	**27,100**	**-972**	**18**	**62**	**-716**	**767**	**-7,457**

1) Depreciation of intangible assets and property, plant and equipment.
2) Including interest on shareholder loans.
3) Excluding shareholder loans.
4) Anticimex is included in consolidated profit through June 2012. The entire holding was sold in July 2012.
5) Lindab is included in consolidated profit through June 2012. The entire holding was sold in August 2012.

The Ratos Group has its main focus on the Nordic market which is reflected in net sales in the Nordic countries amounting to approximately 60%. The rest of Europe is the second-largest market and amounts to approximately 30% with the remainder evenly distributed between Asia and North America.

There is no individual customer that accounts for more than 10% of total revenues.

Note 3, cont.

2011, SEKm	Net sales	Depreciation [1]	Share in profit of associates	Interest income	Interest [2] expenses	EBT	Interest-bearing [3] net receivable/ net debt
Holdings							
AH Industries	925	-56			-35	-6	-371
Anticimex	1,927	-47		7	-86	84	-768
Arcus-Gruppen	2,072	-39	7	16	-37	82	-16
Biolin Scientific	180	-6			-7	-10	-149
Bisnode	4,310	-212		3	-231	106	-2,427
Contex Group	662	-43			-37	-14	-660
DIAB	1,219	-90		1	-44	-51	-888
Euromaint	3,329	-62		1	-87	-144	-647
Finnkino [4]	543	-48	3		-11	1	-318
GS-Hydro	1,074	-24		1	-34	-13	-529
Hafa Bathroom Group	335	-6			-4	-18	-58
HL Display	1,643	-38		2	-36	24	-469
Inwido	5,050	-120	2	12	-83	315	-1,372
Jøtul	996	-57			-84	-113	-621
KVD Kvarndammen	276	-5		1	-10	42	-144
Lindab			21			21	
Medisize [5]	617	-28			-9	42	
Mobile Climate Control	1,048	-23			-29	7	-570
SB Seating	1,264	-41		5	-139	95	-766
Stofa	1,390	-107		2	-31	96	-482
Total holdings	**28,860**	**-1,052**	**33**	**51**	**-1,034**	**546**	**-11,255**
Exit Camfil						586	
Exit Medisize						38	
Exit Superfos						-99	
Exit gain						**525**	
Impairment Contex Group						-312	
Total holdings	**28,860**	**-1,052**	**33**	**51**	**-1,034**	**759**	**-11,255**
Central income and expenses	809	-16		331	-51	101	1,056
Other/eliminations				-320	320		-747
Group total	**29,669**	**-1,068**	**33**	**62**	**-765**	**860**	**-10,946**

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

Note 4 Revenue breakdown

Group

SEKm	2012	2011
Breakdown of net sales		
Sale of goods	21,784	23,081
Service contracts	4,603	5,648
Construction contracts	353	311
Insurance services	360	629
	27,100	**29,669**

Note 5 Business combinations

Acquisitions within group companies 2012

Purchase price allocation (PPA)

SEKm	Bisnode
Intangible assets	39
Current liabilities	-1
Net identifiable assets and liabilities	**38**
Consolidated goodwill	1
Consideration transferred	**39**

The PPA for Bisnode's acquisition is preliminary. This means that fair value has not been finally identified for all items.

Anticimex carried out an acquisition in the first quarter. The price amounted to SEK 34m. Since Anticimex was sold in July 2012, no preliminary PPA is presented.

Disposals 2012

In August, Ratos sold the remaining 8,849,157 shares (approximately 11%) in Lindab International to Systemair. The selling price amounted to SEK 389m, corresponding to SEK 44 per share, and the exit gain was SEK 81m.

In April, Ratos and co-owners signed an agreement to sell all the shares in Anticimex. The sale was completed in July 2012. Consideration transferred amounted to SEK 1,544m and the capital gain (exit gain) for Ratos amounted to SEK 897m.

Disposals in group companies

Inwido's sale of the business area Inwido Home Improvement was completed in June 2012. Consideration transferred amounted to SEK 192m and the exit loss was SEK 51m.

Bisnode's sale of WLW to the German private equity company Paragon Partners was completed in February 2012. Consideration transferred amounted to SEK 357m whereby Bisnode's exit gain amounted to SEK 151m.

Contex Group's sale of its subsidiaries Z Corporation and Vidar Systems to the American company 3D Systems Corporation was completed in January 2012. Consideration transferred amounted to USD 137m and the exit loss was USD 8m.

For information about acquisitions and disposals after the end of the reporting period, see Note 40, Events after the reporting period.

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

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

The PPA for Finnkino has been adopted in accordance with the preliminary PPA with one minor variation. A reduction in non-controlling interests is due to an underlying business being reclassified as a joint venture and recognised in accordance with the proportionate consolidation method.

PPAs for acquisitions within the group companies Arcus-Gruppen, Biolin Scientific, Bisnode, Inwido, Mobile Climate Control and Stofa have been adopted in accordance with the preliminary PPAs.

Purchase price allocation (PPA)

Finnkino SEKm	Preliminary PPA	New measurement	Definitive PPA
Intangible assets	3		3
Property, plant and equipment	622	-8	614
Financial assets	1		1
Current assets	60		60
Cash and cash equivalents	53		53
Non-controlling interests	-7	7	
Non-current liabilities and provisions	-474		-474
Current liabilities	-160	-4	-164
Net identifiable assets and liabilities	**98**	**-5**	**93**
Consolidated goodwill	537	5	542
Consideration transferred	**635**		**635**

Acquisitions 2011

Finnkino

In March 2011, Ratos signed an agreement with the Sanoma media group to acquire the Finnish movie theatre group Finnkino. The acquisition was completed in April 2011. The consideration transferred amounted to EUR 71m (SEK 635m). Ratos provided equity of EUR 45m (approximately SEK 402m). In the preliminary PPA goodwill amounts to SEK 537m. Finnkino conducts movie theatre operations in both Finland and the Baltic countries. The goodwill recognised for the acquisition reflects the company's strong market position, a well-developed concept with movie theatres with many screens, digital and 3D technology as well as service through the sale of snacks, sweets and soft drinks, which have contributed to the company's rising profitability level.

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

Purchase price allocation (PPA)

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

The PPA has been adopted. For further information, see "Adoption of purchase price allocations (PPAs) from the previous year" (on the next page).

Note 5, cont.

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

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

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

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

Acquisitions within group companies

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

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

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

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

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

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

Preliminary PPAs for each company are provided in the table on the next page.

Disposals 2011

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

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

The sale of the subsidiary Medisize to Phillips Plastics was completed in August 2011. Consideration transferred amounted to SEK 866m and Ratos's exit gain amounted to SEK 38m.

Disposal in group company

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

Note 5, cont.

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

All PPAs have been adopted. For further information, see "Adoption of purchase price allocations (PPAs) from the previous year" (on the previous page).

Note 6 Other operating income

Group

SEKm	2012	2011
Rental income	3	3
Gain from the sale of non-current assets	7	7
Exchange gains on operating receivables/ liabilities		34
Government grants	1	1
Other	160	170
	171	**215**

Parent company

SEKm	2012	2011
Rental income	1	1
Other	1	
	2	**1**

Note 7 Capital gain from the sale of group companies

Group

SEKm	2012	2011
Anticimex	897	
Medisize		38
Companies in the Bisnode group	163	-4
Companies in the Inwido group	-51	
Companies in the Contex group	2	
Companies in the Haendig group	168	
Companies in the Euromaint group		-7
	1,179	**27**

Profits from shares in group companies

Parent company

SEKm	2012	2011
Dividends	382	827
Gain from sale of shares	830	107
Impairment	-796	-322
Impairment reversal		37
	416	**649**

Note 8 Share of profits of associates

Group

SEKm	2012	2011
Share of profits		
Atle Industri	0	0
Lindab	4	21
	4	**21**
Share of profits of associates, owned by group companies	14	12
	18	**33**
Exit result		
Camfil		586
Superfos		-99
Lindab	81	
Exit result from sale of associates, owned by group companies	0	-2
	81	**485**

Profit from investments in associates

Parent company

SEKm	2012	2011
Dividends	14	16
Gain from the sale of shares	266	78
Impairment	-5	-7
	275	**87**

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

Average number of employees

	2012		2011	
	Total	of whom men, %	Total	of whom men, %
Parent company	47	47	49	49
Group companies	17,064	71	18,796	72
Group total	**17,111**		**18,845**	
Of whom in				
Sweden	5,318	72	6,382	74
Norway	1,716	74	1,840	74
Finland	1,473	64	1,564	64
Denmark	1,683	76	1,682	76
Germany	1,584	80	1,677	78
Poland	950	59	774	61
USA	426	77	637	76
UK	524	81	582	80
Netherlands	151	74	197	77
Canada	282	94	276	94
Switzerland	146	60	137	59
Belgium	211	61	250	66
China	680	65	668	65
Italy	210	96	241	95
Ireland	9	56	12	67
France	328	53	344	53
Czech Republic	120	55	110	53
Russia	43	63	140	66
Ecuador	99	89	208	90
Austria	34	65	100	50
Spain	61	84	62	84
Hungary	82	41	81	36
Slovenia	71	45	61	48
Lithuania	223	53	194	48
Latvia	142	44	120	32
South Korea	62	84	59	85
India	67	88	70	90
Slovakia	30	17	30	23
Croatia	27	44	28	46
Australia	71	45	22	86
Singapore	47	64	48	67
Thailand	16	44	18	44
Japan	4	75	6	67
Estonia	170	28	174	64
Turkey	5	80	7	86
Malaysia	5	60	4	50
Taiwan	5	40	4	25
Bulgaria	–	–	3	33
Brazil	1	100	–	–
Serbia	4	75	4	75
Ukraine	13	31	13	31
Rumania	5	20	4	25
Indonesia	7	43	7	43
United Arab Emirates	6	67	5	60
	17,111		**18,845**	

Gender distribution in boards and among senior executives

	31 Dec 2012 Men	31 Dec 2011 Men
Boards		
Parent company	71%	75%
Group total	86%	88%
Company management		
Parent company	71%	67%
Group total	77%	81%

Group – Salaries and other remuneration

SEKm	Boards and senior executives	Other employees	Total
2012			
Group, total	844	5,614	6,458
– of which, bonus	(72)		(72)
Of which in Sweden	210	2,201	2,411
– of which, bonus	(22)		(22)
Of which in other countries	634	3,413	4,047
– of which, bonus	(50)		(50)
Number of people	872		
2011			
Group, total	609	6,354	6,963
– of which, bonus	(69)		(69)
Of which in Sweden	222	2,399	2,621
– of which, bonus	(21)		(21)
Of which in other countries	387	3,955	4,342
– of which, bonus	(48)		(48)
Number of people	983		

Social security costs

SEKm	2012	2011
Social security costs	1,811	1,994
(of which pension costs)	(467)	(564)

Of the Group's pension costs SEK 56m (81) refers to the boards and senior executives in the Group's companies. The Group's outstanding pension commitments to these amount to SEK 26m (34).

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	2012	2011
Senior executives, CEO and Deputy CEO		
Number of people	7	7
Salaries and other remuneration[1)]	30	20
– of which, bonus	(10)	(4)
Other employees	44	45
Total	**74**	**65**

[1)] Excluding vacation pay.

Note 9, cont.

Social security costs

SEKm	2012	2011
Social security costs	37	38
(of which pension costs)	(12)	(15)

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

Remuneration to senior executives

Decisions on guidelines for senior executives taken at the 2012 Annual General Meeting are described in the corporate governance report on page 75, where a description of call option and synthetic option programmes is also provided.

Remuneration to Board and senior executives

2012 SEKm	Board fee/ basic salary [1]	Variable compensation [2]	Other benefits	Pension cost	Total	Pension obligations
Arne Karlsson, Chairman of the Board from the 2012 AGM	0.8				0.8	–
Olof Stenhammar, Chairman of the Board until the 2012 AGM	0.3				0.3	–
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 until the 2012 AGM	2.6	1.0	0.0	0.4	4.0	–
Susanna Campbell, CEO since the 2012 AGM	3.4	2.2	0.1	0.7	6.4	–
Leif Johansson, Deputy CEO	3.6	1.3	0.1	1.3	6.3	–
Bo Jungner, Deputy CEO	3.2	1.3	0.0	0.5	5.0	–
Other senior executives (4 people)	7.6	3.9	0.3	1.2	13.0	–

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

2011 SEKm	Board fee/ basic salary [1]	Variable compensation [2]	Other benefits	Pension cost	Total	Pension obligations
Olof Stenhammar, Chairman of the Board	1.1				1.1	–
Lars Berg, Board member	0.5				0.5	–
Staffan Bohman, Board member	0.5				0.5	–
Annette Sadolin, Board member	0.5				0.5	–
Jan Söderberg, Board member	0.5				0.5	–
Per-Olof Söderberg, Board member	0.5				0.5	–
Margareth Øvrum, Board member	0.5				0.5	–
Arne Karlsson, CEO	6.8	2.6	0.1	1.7	11.2	–
Leif Johansson, Deputy CEO	3.5	0.7	0.1	1.2	5.5	–
Bo Jungner, Deputy CEO	1.6	0.0	0.0	0.5	2.1	–
Other senior executives (4 people) [4]	4.4	0.7	0.1	1.4	6.6	–

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

Note 9, cont.

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 total 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 amount to 20% of basic salary. 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.

Other senior executives

Variable compensation

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

Pension terms

Pension benefits are paid in accordance with the ITP Plan, where pensionable salary is the maximum ITP limit (30 income base amounts), with the exception of one person who has complementary defined benefit pension in excess of the ITP Plan. There is no agreed retirement age.

Terms for severance pay

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

Call options	31 Dec 2012		31 Dec 2011	
	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
Outstanding at beginning of period	2,881,000	5,144,100	2,511,000	2,832,550
Recalculation of call option terms		64,490		2,252,050
Issued	1,149,200	1,149,200	640,000	640,000
Due/exercised [1]	-518,000	-1,036,000	-270,000	-580,500
Outstanding at end of period	**3,512,200**	**5,321,790**	**2,881,000**	**5,144,100**

[1] Average exercise price SEK 139 per share (76), average share price when the options were exercised was SEK 91.85 (123).

Disclosures on call options issued during the period

Each option carries entitlement to purchase one share.

	2012	2011
Maturity	20 Mar 2017	18 Mar 2016
Exercise price per share, SEK	74.40	156.40
Total option premium payments, SEKm	5.4	7.6
Total payments to Ratos if shares acquired, SEKm	85.5	102.1

Terms for options outstanding at 31 Dec 2012

				31 Dec 2012		31 Dec 2011	
Maturity date	Option price, SEK	Exercise price SEK/share	Right to purchase number of shares	Number of options	Corresponding number of shares	Number of options	Corresponding number of shares
31 March 2012	36.50	139.00	2.00			518,000	1,036,000
20 March 2013	28.10	125.80	2.07	552,500	1,143,675	552,500	1,127,100
20 March 2014	13.00	92.60	2.03	641,000	1,301,230	641,000	1,282,000
20 March 2015	16.60	124.20	2.03	529,500	1,074,885	529,500	1,059,000
18 March 2016	11.80	156.40	1.02	640,000	652,800	640,000	640,000
20 March 2017	4.70	74.40	1.00	1,149,200	1,149,200		
				3,512,200	**5,321,790**	**2,881,000**	**5,144,100**
Maximum increase in number of shares in relation to outstanding shares at end of period, %					1.7%		1.6%

Cash amount that the company may receive on exercise of outstanding options amounts to SEK 585m (644).

Note 9, cont.

Call options

Holding 31 Dec 2012	2008 Number	2009 Number	2010 Number	2011 Number	2012 Number	Benefit
Chairman of the Board	–	74,900	78,000	200,000	–	–
Other Board members	–	–	–	–	–	–
Susanna Campbell, CEO	–	37,400	39,000	40,000	150,000	–
Leif Johansson, Deputy CEO	–	37,400	50,000	50,000	100,000	–
Bo Jungner, Deputy CEO	50,000	37,400	18,000	–	117,300	–
Other senior executives	38,000	100,400	98,000	122,000	235,000	–

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

Synthetic options

SEKm	2012 Paid-in premium	Benefit	2011 Paid-in premium	Benefit
Board of Directors	–	–	–	–
CEO and senior executives	–	–	1	–

Financial liabilities relating to synthetic options amount to SEK 17m (10).

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 154m (124). In 2012 the Group's earnings were affected by SEK -69m (8) relating to synthetic option liabilities.

Note 10 Fees and disbursements to auditors

SEKm	2012 Group	2012 Parent company	2011 Group	2011 Parent company
Senior auditor PwC (2012)/KPMG (2011)				
Audit assignment	17	2	20	3
Audit-related activities in addition to audit assignment	1		2	
Tax advice	1		2	
Other services	1	0	3	1
Other auditors				
Audit assignment	21		28	
Audit-related activities in addition to audit assignment	3		2	
Tax advice	5		4	
Other services	17		17	
	66	**2**	**78**	**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	2012	2011
Interest income		
Held to maturity investments		3
Trade and loan receivables	62	59
Dividends		
Available-for-sale financial assets	1	
Result from sale		
Available-for-sale financial assets	9	17
Net profit		
Synthetic options	18	30
Change in value of derivatives		
– hedge accounted	11	6
– non-hedge accounted	2	3
Other financial income		
Financial liabilities at fair value through profit or loss	14	
Trade and loan receivables	1	9
Returns on pensions	1	6
Changes in exchange rates, net	35	22
Financial income	**154**	**155**

SEKm	2012	2011
Interest expenses		
Financial liabilities at fair value through profit or loss		
Fair value option		-4
Held for trading	-4	-12
Other liabilities	-696	-727
Pensions	-16	-22
Net loss		
Synthetic options	-87	-22
Change in value of derivatives		
– hedge accounted	-28	
– non-hedge accounted	-7	-74
Other financial expenses		
Financial liabilities at fair value through profit or loss		
Held for trading	-6	
Other liabilities	-140	-143
Impairment		
Available-for-sale financial assets	-25	
Financial expenses	**-1,009**	**-1,004**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 62m (62). Interest expenses attributable to financial liabilities not at fair value through profit or loss amount to SEK 712m (749). Profit for the year includes SEK 33m (-5) that relates to ineffectiveness in cash flow hedges. The Group has no fair value hedges. Impairment is explained in Note 18.

Parent company

	Result from other securities and receivables accounted for as non-current assets		**Other interest income and similar profit/loss items**	
SEKm	**2012**	**2011**	**2012**	**2011**
Interest income				
Financial assets at fair value through profit or loss				
Held for trading	18			
Trade and loan receivables	135	160	22	16
Result from sale				
Available-for-sale financial assets	9	15		
Net profit				
Synthetic options				11
Change in value of derivatives				
Non-hedge accounted			11	
Impairment				
Available-for-sale financial assets	-25			
Financial income	**137**	**175**	**33**	**27**

	Interest expenses and similar profit/loss items	
SEKm	**2012**	**2011**
Interest expenses		
Other liabilities	-24	-25
Net loss		
Synthetic options	-7	
Change in value of derivative		
Non-hedge accounted		0
Other financial expenses		
Other liabilities	-17	-17
Changes in exchange rates, net	-3	
Financial expenses	**-51**	**-42**

Interest income attributable to financial assets not at fair value through profit or loss amounts to SEK 119m (176). Interest expenses attributable to financial liabilities not measured at fair value through profit or loss amount to SEK 24m (25).

Note 12 Taxes

Recognised in profit or loss

SEKm	2012	2011
Tax expense for the period	-291	-344
Adjustment of tax attributable to previous years	2	-7
Share in tax of associates	-3	-11
	-292	**-362**
Deferred tax relating to temporary differences		
Property, plant and equipment	-4	6
Intangible assets	-11	10
Financial assets	-1	3
Inventories	-19	5
Trade receivables	-7	-6
Provisions for pensions	-7	2
Other provisions	3	-2
Tax allocation reserves and similar	5	13
Other	10	12
Deferred tax expense due to changed tax rates	-8	-3
Deferred tax income in capitalised tax value in loss carry-forward during the year	170	58
Deferred tax expense due to utilisation of earlier capitalised tax value in loss carry-forward	-63	-50
	68	**48**
Total recognised tax expense in the Group	**-224**	**-314**

Reconciliation effective tax, Group

SEKm	2012	2011
Profit before tax	767	860
Less profit from associates	-18	-33
	749	**827**
Tax according to current tax rate, 26.3%	-197	-218
Effect of special taxation rules for investment companies	-35	-37
Effect of different tax rates in other countries	18	-12
Non-deductible expenses	-253	-69
Non-taxable income	361	97
Increase in loss carry-forward without corresponding capitalisation of deferred tax	-72	-77
Impairment of previously capitalised loss carry-forward	-39	
Use of previously non-capitalised tax loss carry-forward	18	21
Capitalisation of previously non-capitalised loss carry-forward	30	
Tax attributable to previous years	1	-7
Effect of changed tax rates and tax rules	-9	3
Other	-45	-4
Tax in associates	-3	-11
Reported effective tax	**-224**	**-314**

Tax items recognised directly in equity

SEKm	2012	2011
Deferred tax attributable to hedging reserve	-12	8
	-12	**8**

Recognised deferred tax assets and liabilities

	Deferred tax asset		Deferred tax liability	
SEKm	**2012**	**2011**	**2012**	**2011**
Intangible assets	14	27	256	301
Property, plant and equipment	60	59	185	158
Financial assets	7	29	0	0
Inventories	26	23	5	6
Trade receivables	13	22	2	2
Interest-bearing liabilities	10	10	1	0
Provisions for pensions	35	44	5	4
Other provisions	58	69	5	5
Other	46	72	7	11
Loss carry-forward	394	351		
Tax allocation reserves			47	292
Tax assets/tax liabilities	**663**	**706**	**513**	**779**
Deferred tax assets and liabilities classified as held for sale	-19		-13	
Offsets	-104	-89	-104	-89
Tax assets/tax liabilities, net	**540**	**617**	**396**	**690**

Of recognised deferred tax assets, SEK 18m (47) falls due within one year and SEK 269m (458) has no due date. Of deferred tax liabilities, SEK 24m (42) falls due within one year and SEK 231m (459) has no due date.

Unrecognised temporary differences

SEKm	2012	2011
Deductible temporary differences	22	4
Tax deficit	783	1,114
	805	**1,118**

Approximately SEK 244m (302) of the recognised loss carry-forwards are attributable to subsidiaries administered centrally by Ratos. SEK 205m (86) of the tax deficit falls due in 2014–2024. 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 177m (294).

Since it is improbable that unrecognised temporary differences will lead to lower tax payments in the future, these have not been assigned any value.

Parent company

The parent company is taxed according to the rules for investment companies. These mean that any capital gains that arise on shares and other part ownership rights are not liable to tax. Capital losses may not be deducted. The company reports a standard income corresponding to 1.5% of the market value of listed shares that at year-end have been held for less than one year or where the holding is less than 10% of the votes. Dividends received and interest income are reported as taxable income. Interest expenses and overheads are tax deductible as are dividends paid. These rules normally result in the parent company not paying any income tax. The parent company's tax expense for 2012 amounted to SEK 0m (0).

Note 13 Intangible assets

Group

SEKm	Goodwill	Trade-marks	Customer relation-ships	Contract portfolio	Data-bases	Business systems	Other assets	Data-bases	Business systems	Other assets	Projects in prog-ress	Total
	Acquired intangible assets							Generated internally				
Accumulated cost												
Opening balance 1 January 2011	20,527	599	592	137	254	195	897	189	40	274		23,704
Business combinations	1,348	16	28		58	13	35					1,498
Investments	24				1	31	83	14	7	52		212
Sold company	-814	-14	-33		-55		-77		-3			-996
Disposals	-2						-3	-4		-17		-26
Reclassification to assets held for sale				-19			-5			-79		-103
Reclassification	-47		31			1	-51	6	-1	73		12
Exchange differences for the year	3	-1	-3	-1	1		-9	-1	-1	-3		-15
Closing balance 31 Dec 2011	**21,039**	**600**	**615**	**117**	**259**	**240**	**870**	**204**	**42**	**300**		**24,286**
Opening balance 1 January 2012	21,039	600	615	117	259	240	870	204	42	300		24,286
Business combinations	30		39					1				70
Investments	3					32	54	14	11	32	61	207
Sold company	-3,112	-4	-177	-117		-1	-158					-3,569
Disposals		-7				-6	-64	-2		-36		-115
Reclassification to assets held for sale	-832		-28			-39	-5			-92	-16	-1,012
Reclassification		4				1	11	4	20	-27	32	45
Exchange differences for the year	-255	7	-10		-5	-4	-23	-3	-1	-2	-1	-297
Closing balance 31 Dec 2012	**16,873**	**600**	**439**		**254**	**223**	**685**	**218**	**72**	**175**	**76**	**19,615**
Accumulated amortisation and impairment												
Opening balance 1 January 2011	-223	-44	-358	-49	-115	-127	-595	-109	-33	-126		-1,779
Amortisation for the year		-11	-67	-6	-29	-22	-80	-19	-4	-42		-280
Impairment for the year	-381							-2				-383
Accumulated amortisation in acquired companies					-49	-7	-21			6		-71
Accumulated amortisation in sold companies	49		22		51		59		4			185
Disposals								5		17		22
Adjusted purchase price allocation			-24									-24
Reclassification to assets held for sale				19						49		68
Reclassification						1	5		1	-19		-12
Exchange differences for the year	-1		2	1	-1		11					12
Closing balance 31 Dec 2011	**-556**	**-55**	**-425**	**-35**	**-143**	**-155**	**-621**	**-125**	**-32**	**-115**		**-2,262**
Opening balance 1 January 2012	-556	-55	-425	-35	-143	-155	-621	-125	-32	-115		-2,262
Amortisation for the year		-11	-23	-3	-27	-25	-72	-21	-5	-39		-226
Impairment for the year	-852						-5	-3		-27		-887
Accumulated amortisation in sold companies		1	128	38		1	109					277
Disposals		7				6	55	2		36		106
Reclassification to assets held for sale	14		28			30				66		138
Reclassification		-4					-19			2		-21
Exchange differences for the year	23		6		4	2	15	2		2		54
Closing balance 31 Dec 2012	**-1,371**	**-62**	**-286**		**-166**	**-141**	**-538**	**-145**	**-37**	**-75**		**-2,821**
Carrying amount according to Statement of financial position												
At 31 December 2012	15,502	538	153		88	82	147	73	35	100	76	16,794
At 31 December 2011	20,483	545	190	82	116	85	249	79	10	185		22,024

Note 13, cont.

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

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

	2012		2011	
SEKm	**Goodwill**	**Intangible assets** [1]	**Goodwill**	**Intangible assets** [1]
Bisnode	3,803		4,475	
Inwido	2,914		2,993	
Anticimex			1,857	
SB Seating	1,620		1,597	
Mobile Climate Control	1,075		1,090	
HL Display	1,057		1,060	
DIAB	1,007		1,007	
	11,476		**14,079**	
Subsidiaries without significant goodwill values, total	4,026	435	6,404	419
	15,502	**435**	**20,483**	**419**

[1] Relates to trademarks with indefinite useful lives and which are therefore not amortised.

Goodwill and other intangible assets with indefinite useful lives are attributable when subject to impairment testing to separate subsidiaries, since these constitute cash generating units. Only goodwill and intangible assets with indefinite useful lives attributable to Bisnode, Inwido, SB Seating, Mobile Climate Control, HL Display and DIAB are of a significant size on their own in relation to the Ratos Group's total goodwill.

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.

Anticimex was sold in 2012 and the sale of Contex took place on 2 January 2013.

Impairment testing method

The method for impairment testing, i.e. calculation of the recoverable amount, 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 disposal.

Estimations of future cash flows are based on reasonable and verifiable assumptions that comprise Ratos's best estimations of the economic conditions that are expected to prevail until the exit date, whereby great weight is given to external factors. Assessments of the holding's future cash flows are based on the most recent budgets and forecasts which cover the period until the exit date, a maximum of five years. If the exit date in any case is further away than five years, assessments of future cash flows are based on an assumption of an unchanged or declining growth rate unless an increasing growth rate can be motivated.

Estimates of future cash flows do not take into account payments attributable to future restructuring that the holding is not yet bound to implement. As soon as the holding is bound to implement restructuring, future cash flows contain savings and other advantages and payments. Neither do estimated future cash flows include payments received or made from financing activities. The estimated value in use should be compared with the carrying amount of the holding.

Ratos has chosen a discount factor after tax where estimated future cash flows also include tax. The discount factor reflects market assessments of monetary values over time and specific risks inherent in the asset. The discount factor does not reflect risks that are taken into account when future cash flows are estimated. Calculation of the discount rate is based on the company's weighted average cost of capital, the company's marginal borrowing rate and other market borrowing rates independent of Ratos's capital structure.

Fair value minus selling costs

The best expression for a fair value minus selling costs is the price in a binding agreement between independent parties. If this does not exist, the market price can be used provided the asset is sold in an active market. The immediately preceding transaction can provide a basis from which the value can be determined when current purchase rates are not available.

If this is also not available, fair value minus selling costs comprises the price that is expected to be obtained in the event of a sale of the asset between parties who are independent of each other, well informed and have an interest in the transaction. When the amount is determined the result of sales of similar assets, including profit multiples, made recently within the same sector are taken into account. The estimated value is not based on a forced sale.

Bisnode

Impairment testing for Bisnode is based on a calculation of fair value minus selling costs. Key variables in the calculation are profit multiples at exit and profit forecast. The profit multiple is on a par with other Nordic media companies and other comparable digital business companies. The basis for estimating these values is prior experiences and external sources. Our assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

Inwido

Impairment testing for Inwido is based on a calculation of value in use.

The estimated value is based on cash flow forecasts through 2014, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimations of the economic circumstances expected to prevail during the period. Subsequently proceeds from final disposal are assessed through a profit multiple valuation. The forecast cash flows are based on Inwido's strong position in its markets through its brands and reliable and fast deliveries to the trade.

Proceeds at final disposal have been present value calculated using a discount rate of 7% (7) after tax. The discount rate before tax amounts to approximately 10% (10). Key variables in the calculation of the proceeds from final disposal are profit multiple at exit and profit forecast. The basis for estimating these values is the units' prior experiences and external sources. The anticipated future scenario is in accordance with Inwido'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.

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 economic conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows are based on SB Seating's strong position in its markets through specialised, high-quality products with ergonomics and functional design. Proceeds from a final disposal have been present value calculated using a discount rate of 7% (7) after tax. The discount rate before tax amounts to 10% (10). Key variables in the calculation of the proceeds of final disposal 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.

Mobile Climate Control

Impairment testing for Mobile Climate Control is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2015, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the economic conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 8% (8) after tax. The discount rate before tax amounts to 11% (11). The assessment of the company's profit forecast is based on an anticipated increase in operating margin due to price increases and cost savings as well as synergies related to the acquisition of Carrier, as well as Mobile Climate Control's previous experience and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

HL Display

Impairment testing for HL Display is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2015, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the economic conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 7% (7) after tax. The discount rate before tax amounts to 10% (10). Key variables when calculating HL Display's value in use are economic development, sales growth, raw material prices, margin improvements and profit multiple at exit. The anticipated future scenario is in accordance with HL Display's previous performance, ongoing improvement initiatives and external sources. The assessment is that no reasonable changes in key assumptions will lead to the estimated recoverable amount being lower than the carrying amount.

DIAB

Impairment testing for DIAB is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2016, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the economic conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 8% (8) after tax. The discount rate before tax amounts to 11% (11). The assessment of the company's profit forecast and valuation multiple at exit are based on an assessment of market development based both on DIAB's previous experience and external market analyses. Two key factors which were assessed within the framework of the profit forecast are the effect on sales of the anticipated recovery in the wind energy market in China, as well as improvements in earnings due to implementation of internal cost savings. Both factors are however, inherently uncertain. Ratos's assessment of the probability of these factors means that that the estimated recoverable amount will exceed the carrying amount.

Impairment

Goodwill impairment was recognised in Q2 in AH Industries A/S with SEK 275m and in Q4 in Jøtul with SEK 168m.

Impairment testing for AH Industries is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2015, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the economic conditions that are expected to prevail during the period. Subsequently proceeds from a final disposal are estimated through a profit multiple valuation. The forecast cash flows and estimated proceeds from final disposal have been present value calculated using a discount rate of 8% after tax. The discount rate before tax amounts to 11%. Since increased uncertainty in the wind energy market has a negative impact on earnings in AH Industries' Wind Solutions business area the board decided to recognise an impairment of SEK 275m.

Impairment testing for Jøtul is based on a calculation of value in use. The estimated value is based on cash flow forecasts until year-end 2016, which are based on reasonable and verifiable assumptions that comprise Ratos's best estimates of the economic 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%. Since low demand as a result of the present economic climate is having a negative impact on Jøtul's earnings, the board decided to recognise an impairment of SEK 168m.

Otherwise in 2012 goodwill impairment was recognised in the Bisnode group of SEK 251m and in the Contex Group group of SEK 145m, mainly due to divestments. Internally generated intangible assets were impaired by SEK 30m.

Note 14 Property, plant and equipment

Group

SEKm	Land and buildings	Equipment	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2011	1,772	8,547	160	10,479
Investments	9	580	155	744
Disposals	-29	-257	-3	-289
Assets in acquired companies	229	919	6	1,154
Assets in sold companies	-262	-479	-12	-753
Transferred from construction in progress	5	69	-74	
Reclassification to assets held for sale		-10		-10
Reclassification	3	-85	-26	-108
Exchange differences for the year	-6	-33	-3	-42
Closing balance 31 December 2011	**1,721**	**9,251**	**203**	**11,175**
Opening balance 1 January 2012	1,721	9,251	203	11,175
Investments	20	843	119	982
Disposals	-59	-478	-2	-539
Assets in acquired companies		12		12
Assets in sold companies	-167	-382		-549
Transferred from construction in progress	3	122	-127	-2
Reclassification to assets held for sale	-52	-1,925	-53	-2,030
Reclassification	3	11	-52	-38
Exchange differences for the year	-27	-165	-2	-194
Closing balance 31 December 2012	**1,442**	**7,289**	**86**	**8,817**
Accumulated depreciation and impairment				
Opening balance 1 January 2011	-597	-5,832		-6,429
Depreciation for the year	-80	-708		-788
Impairment for the year	-8	-11		-19
Accumulated depreciation in acquired companies	-25	-441		-466
Accumulated depreciation in sold companies	74	345		419
Disposals	23	237		260
Reclassification	-2	110		108
Exchange differences for the year	-5	31		26
Closing balance, 31 December 2011	**-620**	**-6,269**		**-6,889**
Opening balance 1 January 2012	-620	-6,269		-6,889
Depreciation for the year	-51	-695		-746
Impairment for the year	-25	-58		-83
Accumulated depreciation in acquired companies		-11		-11
Accumulated depreciation in sold companies	52	447		499
Disposals	23	282		305
Reclassification to assets held for sale	28	1,411		1,439
Reclassification		13		13
Exchange differences for the year	8	109		117
Closing balance 31 December 2012	**-585**	**-4,771**		**-5,356**
Carrying amount according to Statement of financial position:				
At 31 December 2012	857	2,518	86	3,461
Of which finance leases	53	398		451
At 31 December 2011	1,101	2,982	203	4,286
Of which finance leases	58	181		239

Paid leasing charges during the year SEK 55m (72). Charges to pay within 1 year SEK 52m (85), within 2–5 years SEK 366m (361) and after 5 years SEK 49m (185).

Note 14, cont.

Parent company

SEKm	Land and buildings	Equipment	Total
Accumulated cost			
Opening balance 1 January 2011	83	29	112
Investments		1	1
Closing balance 31 December 2011	**83**	**30**	**113**
Opening balance 1 January 2012	83	30	113
Investments		1	1
Disposals/sales		-1	-1
Closing balance 31 December 2012	**83**	**30**	**113**
Accumulated depreciation			
Opening balance 1 January 2011	-6	-19	-25
Depreciation for the year	-3	-2	-5
Closing balance 31 December 2011	**-9**	**-21**	**-30**
Opening balance 1 January 2012	-9	-21	-30
Depreciation for the year	-3	-2	-5
Disposals/sales		0	0
Closing balance 31 December 2012	**-12**	**-23**	**-35**
Value according to balance sheet			
At 31 December 2012	71	7	78
At 31 December 2011	73	9	82

Note 15 Investments in associates

Change in carrying amounts

Group

SEKm	2012	2011
Carrying amount 1 January	361	367
Investments	2	1
Acquisition of associates in conjunction with business combinations		0
Disposal of associates	-300	-3
Dividends	-18	-19
Share of profits of associates [1]	15	22
Share of comprehensive income of associates	-2	-6
Other changes in associates' equity	6	-1
Exchange differences		0
Carrying amount at year-end	**64**	**361**

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

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.

2012 Associate SEKm	Owned share	Net sales	Profit/ loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Kommanditbolaget Optimus							0	3
SIA Stockman Centers	37%	35	9	207	164	43	6	9
Abell AB	30%	2		1	1			1
UAB Panorama	40%	15	3	8	1	6	1	4
Euromaint Mobile Service BV	50%	0	0					0
Tiffon SA	34%	152	19	257	147	110	7	44
Det Danske Spiritus Kompani A/S	50%	0	-1	4	1	2	0	1
VinUnic Oy	30%	1	1	3	1	2	1	1
Associates owned by group companies							**15**	**64**

2011 Associate SEKm	Owned share	Net sales	Profit/ loss	Assets	Liabilities	Equity	Share of profit after tax and non-controlling interests	Consoli-dated value
Atle Industri	50%	0	0	12	1	11	0	6
Lindab Intressenter	11%	6,878	91	6,479	3,780	2,699	10	303
Associates owned by Ratos							**10**	**309**
Kommanditbolaget Optimus							0	3
LRS Polska	50%	36	-1	19	21	-2	0	1
Marknadspriser i Sverige AB	20%	4	0	3	1	2	0	0
Tiffon SA	34%	186	20	260	163	97	7	39
SIA Stockman Centers	37%	46	15	289	233	48	3	3
UAB Panorama	40%	21	5	10	1	9	2	5
VinUnic Oy	30%						0	1
Associates owned by group companies							**12**	**52**
Total							**22**	**361**

Note 16 Specification of parent company's investments in associates

Change in carrying amounts

Parent company

SEKm	2012	2011
Accumulated cost at 1 January	134	605
Disposals	-134	-471
Closing balance	**–**	**134**
Accumulated impairment at 1 January	-10	-3
Disposals	15	
Impairment for the year	-5	-7
Closing balance	**–**	**-10**
Value according to balance sheet	**–**	**124**

Associate, company reg. no., reg. office SEKm	No of shares	Holding, %	Book value 31 Dec 2012	Book value 31 Dec 2011
JACKITA AB, former Atle Industri AB, 556725-7885, Stockholm [1]			–	6
Lindab International AB, 556606-5446, Stockholm [2]			–	118
Total			**–**	**124**

[1] Liquidated 2012.
[2] Sold 2012.

Note 17 Receivables from group companies

Parent company

SEKm	Non-current receivables group companies 2012	2011
Accumulated cost at 1 January	**1,853**	**1,618**
Investments	249	2
Reclassifications	-245	78
Settlements	-541	
Capitalised interest	100	155
Change in exchange rates	8	
Closing balance	**1,424**	**1,853**

SEKm	Current receivables group companies 2012	2011
Accumulated cost at 1 January	**52**	
Investments	87	185
Capitalised interest	6	5
Settlements	-87	-60
Reclassifications	-56	-78
Closing balance	**2**	**52**

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	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Fair value through profit or loss						
Held for trading		1				1
Held to maturity investments		171				171
Loans and receivables	49	61			49	61
Available-for-sale financial assets						
Cost			73	119	73	119
Non-interest bearing receivables	39	72			39	72
	88	**305**	**73**	**119**	**161**	**424**

Current receivables	Trade and other receivables		Other receivables		Short-term investments and cash and cash equivalents		Total	
SEKm	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Fair value through profit or loss								
Held for trading			8	8			8	8
Held to maturity investments					499		499	
Loans and receivables	3,953	5,097	8	8	2,704	3,042	6,665	8,147
Derivatives, hedge accounted			2	2			2	2
Non-interest bearing receivables			487	493			487	493
	3,953	**5,097**	**505**	**511**	**3,203**	**3,042**	**7,661**	**8,650**

Note 18, cont.

Liabilities per category of financial instrument

Non-current liabilities	**Non-current interest-bearing liabilities**		**Other financial liabilities**		**Total**	
SEKm	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Fair value through profit or loss						
Held for trading			167	139	167	139
Financial liabilities at amortised cost	7,937	11,667			7,937	11,667
Derivatives, hedge accounted			71	99	71	99
	7,937	**11,667**	**238**	**238**	**8,175**	**11,905**

Current liabilities	**Current interest-bearing liabilities**		**Trade and other payables**		**Other financial liabilities**		**Total**	
SEKm	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Fair value through profit or loss								
Held for trading					41	37	41	37
Financial liabilities at amortised cost	2,489	2,145	2,124	2,517	20	20	4,633	4,682
Derivatives, hedge accounted					26	25	26	25
	2,489	**2,145**	**2,124**	**2,517**	**87**	**82**	**4,700**	**4,744**

Impairment of financial assets

SEKm	**2012**	**2011**
Trade receivables	36	31
Other financial assets	25	
Total impairment	**61**	**31**

Trade receivables are impaired taking customers' ability to pay into account. Ratos recognised impairment for the holding in IK Investment Partners of SEK 25m in conjunction with testing for impairment.

The tables below 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: Financial instruments measured according to listed prices in an active market.

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

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

Fair value hierarchy

Assets	**Level 2**	
SEKm	**2012**	**2011**
Derivatives	10	9
	10	**9**

Liabilities	**Level 2**		**Level 3**	
SEKm	**2012**	**2011**	**2012**	**2011**
Synthetic options			154	124
Derivatives	152	52		
	152	**52**	**154**	**124**

Change, level 3

	Synthetic option programmes	
SEKm	**2012**	**2011**
Opening balance	124	170
Recognised in profit or loss	69	-8
Newly issued	12	41
Settlements	-13	-81
Reclassification	-36	
Translation difference	-2	2
Closing balance	**154**	**124**

Loss included in profit for the year, for liabilities included in the closing balance, amounts to SEK -87m (-22).

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.

Note 18, cont.

Parent company

Assets per category of financial instrument

Non-current receivables SEKm	Non-current receivables, group companies 2012	2011	Other non-current securities 2012	2011
Fair value through profit or loss				
Held for trading			25	7
Loans and receivables	1,424	1,853		
Available-for-sale financial assets				
Cost			63	108
	1,424	**1,853**	**88**	**115**

Current receivables SEKm	Current receivables, group companies 2012	2011	Cash and cash equivalents, short-term investments 2012	2011
Fair value through profit or loss				
Held for trading			499	
Loans and receivables	2	52	1,324	897
	2	**52**	**1,823**	**897**

Liabilities per category of financial instrument

Non-current liabilities SEKm	Non-current, interest-bearing liabilities, group companies 2012	2011	Other non-current liabilities 2012	2011
Fair value via profit or loss				
Held for trading			17	10
Financial liabilities at amortised cost	442	620		
Non-interest bearing liabilities			12	26
	442	**620**	**29**	**36**

Current liabilities SEKm	Trade payables 2012	2011	Other liabilities 2012	2011	Current liabilities, interest-bearing, group companies 2012	2011
Fair value via profit or loss						
Held for trading				4		
Derivatives, hedge accounted			15			
Financial liabilities at amortised cost	8	5			174	260
Non-interest bearing liabilities			5	7		
	8	**5**	**20**	**11**	**174**	**260**

Fair value hierarchy
Parent company

Liabilities

SEKm	Level 3 2012	2011
Synthetic options	17	14
	17	**14**

Change, level 3

SEKm	Synthetic option programmes 2012	2011
Opening balance	14	72
Recognised in profit or loss	7	-11
Newly issued		2
Capital gain/loss		-2
Settlements	-4	-47
Closing balance	**17**	**14**

Gains and losses that relate to remeasurement of synthetic options are included in profit or loss for the year, with SEK -7m (-13), relating to assets and liabilities in the closing balance.

Note 19 Other securities held as non-current assets

Parent company

SEKm	2012	2011
Accumulated cost		
At 1 January	115	163
Impairment	-25	
Remeasurement	18	
Disposals	-20	-48
	88	**115**

Note 20 Receivables

Group

Non-current receivables

SEKm	31 Dec 2012	31 Dec 2011
Interest-bearing receivables	49	232
Derivatives		1
Non-interest bearing receivables	39	72
	88	**305**

Other receivables held as current assets

SEKm	31 Dec 2012	31 Dec 2011
Advances to suppliers	118	98
Derivatives	10	10
Interest-bearing receivables	8	8
Non-interest bearing receivables	369	395
	505	**511**

Note 21 Inventories

Group

SEKm	31 Dec 2012	31 Dec 2011
Raw materials and consumables	1,000	1,180
Products in progress	413	426
Finished products and goods for resale	974	1,078
	2,387	**2,684**

Note 22 Prepaid expenses and accrued income

Parent company

SEKm	2012	2011
Interest income		0
Other	4	3
	4	**3**

Note 23 Equity

Share capital

	Ordinary A		Ordinary B	
Number	**2012**	**2011**	**2012**	**2011**
Issued at 1 January	84,637,060	42,323,530	239,503,836	119,746,918
Conversion		-5,000		5,000
Split		42,318,530		119,751,918
Issued at 31 December	**84,637,060**	**84,637,060**	**239,503,836**	**239,503,836**

	Total number of shares	Quota value	SEKm
Issued at 1 January	324,140,896	3.15	1,021.1
Issued at 31 December	**324,140,896**		**1,021.1**

Conversion of shares

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an on-going right to convert them to B shares. During 2012 0 A shares (5,000) were converted into B shares.

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 includes earned 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.

Note 23, cont.

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 36 exits carried out by Ratos since 1999 corresponds to an average IRR of 25%. Two exits were made in 2012.

The dividend over time shall reflect the actual earnings development in Ratos. Historically an average of 50% of profit after tax has been distributed as a dividend. The aim is to have an even dividend development. The proposed dividend for the 2012 financial year is SEK 3.00 which corresponds to 158% of earnings per share. The dividend yield at 31 December 2012 amounted to 4.8%.

Ratos has a mandate from the 2012 Annual General Meeting to issue 35 million B shares as payment for acquisitions.

Neither the parent company nor any of the subsidiaries is subject to external capital requirements.

Treasury shares included in the equity item retained earnings including profit for the year

Number of shares	**2012**	**2011**
Opening treasury shares	5,144,127	2,833,141
Split		2,833,141
Purchased during the year		638,845
Sold during the year (bonus shares)	-4,590	
Sold during the year (option programme)		-1,161,000
Closing treasury shares	**5,139,537**	**5,144,127**
Number of shares outstanding		
Total number of shares	324,140,896	162,070,448
Split		162,070,448
Treasury shares	-5,139,537	-5,144,127
	319,001,359	**318,996,769**
SEKm		
Opening balance	-357	-356
Repurchases		-74
Bonus shares	1	
Call options exercised		73
	-356	**-357**

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

Call options 2008–2012

The 2008–2012 Annual General Meetings decided to issue call options on treasury shares.

Option terms for outstanding call options at 31 December 2012 are provided in the corporate governance report (page 68) and Note 9 (page 104). According to the outstanding option programme 5,321,790 treasury shares are reserved for transfer.

Dividend

The Board of Directors proposes the following distribution of profit, SEKm:

Dividend to holders of A and B shares, SEK 3.00 per share [1]	957
Dividend to holders of Class C preference shares of SEK 100/share, in the event of maximum utilisation of the authorisation [2]	125
To be carried forward	8,996

1) Based on the number of shares outstanding on 2 March 2013. The number of treasury shares on that date was 5,139,537 and may change during the period until the record date for dividends.

2) In accordance with the Board's proposal to the Annual General Meeting regarding a new issue of preference shares.

The proposed dividend for 2011, SEK 1,754m, was approved at the Annual General Meeting on 18 April 2012. The proposed dividend for 2012 will be presented for approval at the Annual General Meeting on 17 April 2013.

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

SEKm	Majority's share of reserves: Translation reserve	Hedging reserve	Total	Non-controlling interests	Total
Opening carrying amount 1 January 2011	**-404**	**-23**	**-427**	**-122**	**-549**
Translation differences for the year	-49		-49	-10	-59
Translation differences attributable to discontinued operations	21		21		21
Hedging reserves attributable to discontinued operations		-18	-18		-18
Cash flow hedges					
– recognised in other comprehensive income		-19	-19	0	-19
– tax attributable to change for the year		6	6	0	6
– recognised in profit for the year		1	1	0	1
– tax attributable to change for the year		0	0	0	0
– ineffectiveness recognised in profit or loss		-4	-4	-2	-6
– tax attributable to change for the year		1	1	0	1
– translation differences			0		0
Closing carrying amount 31 December 2011	**-432**	**-56**	**-488**	**-134**	**-622**
Opening carrying amount 1 January 2012	**-432**	**-56**	**-488**	**-134**	**-622**
Translation differences for the year	-151		-151	-28	-179
Translation differences attributable to discontinued operations	22		22		22
Reclassification	-10	15	5		5
Cash flow hedges					
– recognised in other comprehensive income		-1	-1	-4	-5
– tax attributable to change for the year		0	0	1	1
– ineffectiveness recognised in profit or loss		32	32	14	46
– tax attributable to change for the year		-9	-9	-4	-13
– translation differences		0	0		0
Closing carrying amount 31 December 2012	**-571**	**-19**	**-590**	**-155**	**-745**

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	2012	2011
Fair value reserve		
Opening balance	42	42
Revaluation recognised in other comprehensive income	-13	0
Closing balance	**29**	**42**

Note 25 Earnings per share

Calculation of earnings per share is carried out as follows:

	2012	2011
Profit for the year attributable to owners of the parent, SEKm	606	521
Weighted average number of shares		
Total number of ordinary shares 1 January	324,140,896	324,140,896
Effect of holding of treasury shares	-5,140,203	-5,104,197
Weighted average number before dilution	**319,000,693**	**319,036,699**
Effect of share options	7,575	252,149
Weighted average number after dilution	**319,008,268**	**319,288,848**
Earnings per share before dilution	1.90	1.63
Earnings per share after dilution	1.90	1.63

Instruments that can lead to potential dilution effects

In 2012, the company had four outstanding call option programmes for which the exercise price, SEK 125.80, SEK 92.60, SEK 124.20 and SEK 156.40 respectively, exceeded the average price for ordinary shares.

These options are therefore regarded as having no dilution effect and were excluded from the calculation of earnings per share after dilution. If the market price in future rises to a level above the exercise price, these options will lead to dilution.

Note 26 Interest-bearing liabilities

Group

SEKm	2012	2011
Non-current		
Liabilities to credit institutions, non-current	6,954	10,901
Other non-current liabilities, interest-bearing	983	766
	7,937	**11,667**
Of which finance leases	(421)	(187)
Current		
Liabilities to credit institutions	1,907	1,414
Bank overdraft	517	659
Other current liabilities	65	72
	2,489	**2,145**
Of which finance leases	(33)	(65)
Provisions for pensions	287	410
	10,713	**14,222**

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

Parent company

SEKm	2012	2011
Non-current liabilities, group companies	442	620
Current liabilities, group companies	174	260
	616	**880**
Provisions for pensions	1	1
	617	**881**

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	2012	2011
Cost regarding current service period	36	43
Interest expense	16	22
Anticipated return on plan assets	-2	-6
Recognised actuarial gains and losses	-14	5
Effects of curtailments and settlements	-1	9
Pension costs for defined benefit pensions	**35**	**73**
Pension costs for defined contribution pensions, Alecta	121	110
Pension costs for defined contribution pensions, other	207	264
Pension costs for the year	**363**	**447**

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	2012	2011
Present value of funded obligations	355	553
Fair value of plan assets	-250	-322
	105	**231**
Present value of unfunded obligations	262	286
Unrecognised actuarial gains (+) and losses (-)	-83	-114
Unrecognised past service costs	1	0
Effect of limitation rule for net assets	2	7
Net liability in the Statement of financial position	**287**	**410**
Amounts disclosed in the Statement of financial position (specification of net liability)		
Provisions for pensions	287	410
Net liability in the Statement of financial position	**287**	**410**

Note 27, cont.

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.

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

SEKm	2012	2011
Net liability at 1 January	410	412
Net cost recognised in profit or loss	35	73
Premiums and pensions paid	-55	-56
Exchange differences on foreign plans	-4	-1
Net pension obligations transferred through sale of companies	-98	-18
Effects of settlements	-1	
Net liability at 31 December	**287**	**410**

Plan assets comprise the following:

SEKm	2012	2011
Equity instruments	113	123
Financial fixed-income assets	28	76
Properties	13	26
Other assets	96	97
	250	**322**

Alecta's surplus can be distributed to policyholders and/or the insured. At year-end 2012, Alecta's surplus in the form of the collective funding ratio amounted to 129% (113). 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 2012	31 Dec 2011
Discount rate, %	1.3–4.0	2.2–4.0
Inflation, %	1.1–5.0	1.4–5.0
Anticipated rate of salary increase, %	2.0–4.0	2.1–4.0
Annual increase in pensions and paid-up policies, %	0.1–3.0	0.1–2.5
Anticipated return on plan assets, %	1.9–10.0	2.3–10.0

Parent company

The parent company's pension costs for defined contribution pensions amounted to SEK 12m (12) of which SEK 6m (5) pertains to Alecta.

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

Historical information

SEKm	2012	2011	2010	2009	2008
Present value of defined benefit obligation	617	839	1,049	1,056	1,123
Fair value of plan assets	-250	-322	-516	-530	-530
Surplus/deficit in plan	**367**	**517**	**533**	**526**	**593**
Experience-based adjustment relating to plan assets	2	13	-6	8	-4
Experience-based adjustment relating to defined benefit obligations					
– salary increase	1				
– other	-2	-4	-11	-1	1

Note 28 Provisions

Group

Provisions, non-current

SEKm	2012	2011
Guarantee commitments		
At the beginning of the year	43	39
Provisions for the year	5	4
Utilised provisions	-8	-4
Reclassification		4
Translation difference	-1	
At the end of the year	**39**	**43**
Technical provisions		
At the beginning of the year	132	118
Provisions in sold companies	-132	14
At the end of the year	**–**	**132**
Other		
At the beginning of the year	221	274
Provisions for the year	19	96
Utilised provisions	-46	-74
Unutilised reversed provisions	-17	-42
Provisions in sold companies	-8	-4
Reclassification	-21	-26
Translation difference	-1	-3
Classified as held for sale	-7	
At the end of the year	**140**	**221**
Total non-current provisions	**179**	**396**

Provisions that are non-current liabilities and maturity structure

Guarantee commitments

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

Technical provisions

Provision for unearned insurance premiums and remaining risks as well as for unsettled claims. At the end of the reporting period there are no remaining provisions for technical insurance compensation in the Ratos Group since Anticimex was sold during the year.

Other provisions

Other non-current provisions include estimated earn-outs and provisions relating to sale and leaseback transactions. Of other provisions SEK 65m has a maturity structure of up to 13 years. The remainder is expected to be settled within 2–5 years.

Provisions that are current liabilities

Prepaid service contracts

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

Provisions, current

SEKm	2012	2011
Guarantee commitments		
At the beginning of the year	29	21
Provisions for the year	12	10
Unutilised reversed provisions	-2	
Utilised provisions	-3	-3
Provisions in acquired companies		2
Reclassification	1	-1
At the end of the year	**37**	**29**
Technical provisions		
At the beginning of the year	318	205
Provisions for the year		318
Utilised provisions		-283
Provisions in sold companies	-318	
Reclassification		78
At the end of the year	**–**	**318**
Prepaid service contracts		
At the beginning of the year	276	347
Provisions for the year		276
Utilised provisions		-249
Provisions in sold companies	-275	-20
Reclassification		-78
Classified as held for sale	-1	
At the end of the year	**–**	**276**
Other		
At the beginning of the year	95	53
Provisions for the year	77	106
Utilised provisions	-71	-87
Unutilised reversed provisions	-8	
Provisions in acquired companies		1
Provisions in sold companies		-1
Reclassification	11	23
Translation difference	-3	
At the end of the year	**101**	**95**
Total current provisions	**138**	**718**

Parent company

Provisions, non-current

SEKm	2012	2011
Other		
At the beginning of the year	16	31
Provisions for the year	1	6
Reclassification	-10	-20
Change in discounted value		-1
At the end of the year	**7**	**16**

Provisions, current

SEKm	2012	2011
Other		
At the beginning of the year	20	
Change in discount value	-2	
Reclassification	10	20
At the end of the year	**28**	**20**

Note 29 Other liabilities

Group
Other current liabilities include liability for alcohol tax to the Norwegian state of SEK 592m (667) and advances from customers of SEK 123m (190).

Parent company
Other non-current liabilities mainly comprise personnel costs.

Note 30 Accrued expenses and deferred income

Parent company

SEKm	2012	2011
Personnel costs	50	65
Other	12	11
	62	**76**

Note 31 Financial risks and risk policy

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

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

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

Parent company
The parent company's financial policy, which provides guidelines for management of financial risks, is adopted annually by Ratos's Board. The Board evaluates and where necessary proposes changes to the financial policy.

Group companies
The Group has no central treasury management function, on the other hand the Group's Debt Manager assists the subsidiaries with overall financial matters. The board of each subsidiary adopts its financial policy annually. Since subsidiaries' policies vary, only the parent company's policy is reported in the risk descriptions.

Financing risk
Definition

Financing risk is that risk that costs will be higher when raising new loans and that refinancing of maturing loans will be difficult.

The parent company is normally unleveraged and does not pledge assets or issue guarantees. Access to capital and flexibility are ensured by the parent company having a credit facility for bridge financing of acquisitions. This credit facility can also be used to finance dividends and day-to-day running expenses during a period of few or no exits. The parent company has a rolling five-year loan facility, which amounts to SEK 3.2 billon, including a bank overdraft facility. Ratos has a mandate from the 2012 Annual General Meeting in conjunction with company acquisitions, on one or more occasions, with or without deviation from the pre-emptive rights of shareholders, for cash payment, through set-off or non-cash, to decide on a new issue of 35 million B shares as payment for acquisitions.

At 31 December 2012 the Group's interest-bearing debt to credit institutions amounted to SEK 8,861m (12,316). Total unutilised credit facilities amounted to SEK 5,268m (4,918).

The average remaining fixed-interest term on raised interest rate swaps amounts to 21 (24) months.

Loan agreements in subsidiaries contain agreements for some financial key ratios which 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 table below shows outstanding interest-bearing liabilities and future amortisation on these credit facilities.

Amortisation plan for financial liabilities in the Group

31 Dec 2012

SEKm	Carrying amount	Within 1 year	Within 2 years	Within 3 years	Within 4 years	5 years or more
Bank loans	8,861	1,907	1,738	3,373	1,062	782
Bank overdraft facilities	517	517				
Derivative liabilities	152	60	67	19		6
Synthetic options	154	7		33	1	112
Other interest-bearing liabilities	593	32	409	12		140
	10,277	**2,523**	**2,214**	**3,437**	**1,063**	**1,040**

31 Dec 2011

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

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 payment 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 banks or fixed-income securities with high liquidity and short maturities. Investments may be

Note 31, cont.

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.

At 31 December 2012 cash and cash equivalents amounted to SEK 3,203m (3,042), of which outstanding investments amounted to SEK 499m (1) with an average fixed-interest period of approximately 3 months (2). During 2012 there were no credit losses from investment of cash and cash equivalents or from trading with counterparties in financial transactions.

Credit risks in trade receivables

The parent company does not have any commercial exposure.

The carrying amount of the Group's trade receivables, in the Statement of financial position, reflects maximum exposure to credit risk. The Group's subsidiaries operate within a number of different sectors and in a large number of geographic markets, which provides a good risk spread.

Through its industry spread and global operations the Group has no significant concentration on individual customers. Trade receivables are analysed continuously to determine whether any impairment exists. Assessments take the form of individual assessments as well as on the basis of historical data on suspended payments.

Age analysis, trade receivables

Group

31 December 2012 SEKm	Nominal	Impairment	Book value
Not overdue	3,094	-3	3,091
Past due 0–60 days	661	-6	655
Past due 61–180 days	136	-11	125
Past due 181–365 days	58	-10	48
Past due more than one year	99	-65	34
Total	**4,048**	**-95**	**3,953**

31 December 2011 SEKm	Nominal	Impairment	Book value
Not overdue	3,954	-3	3,951
Past due 0–60 days	826	-6	820
Past due 61–180 days	256	–	256
Past due 181–365 days	50	-13	37
Past due more than one year	100	-67	33
Total	**5,186**	**-89**	**5,097**

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

Interest rate risks

Definition

Interest rate risk is the risk that changes in interest rates will affect the Group's earnings and cash flow. Since the parent company is normally unleveraged, the parent company is not exposed to interest rate risk. The maturity on the parent company's cash and cash equivalents investments may not exceed 12 months.

The Group's exposure to interest rate risk mainly occurs in subsidiaries' long-term borrowing. The fixed-interest term in subsidiaries is adapted to each company's structure and adopted financial policy. Interest rate swaps are used to change the fixed-interest period in the debt portfolio. Interest swaps used to convert short-term interest into long-term interest are classified as cash flow hedges.

Of the Group's outstanding loans 54% (42) is hedged through the use of interest rate swaps. The maturity of interest rate swaps is usually 12–36 months. In cases where hedge accounting is applied, change in value is recognised in other comprehensive income. Accumulated changes in value are recognised in the hedging reserve within equity.

At 31 December 2012 the Group had interest rate swaps with a fair value of SEK 127m (150) recognised as a liability.

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 2012, based on liabilities to credit institutions at year-end which are not hedged, will total approximately SEK 41m (72). This sensitivity analysis is based on all other factors (such as exchange rates) remaining unchanged.

Currency risks

Definition

Currency risk is the risk that changes in exchange rates have a negative impact on the consolidated income statement, statement of financial position and/or cash flows. Currency risk can be divided into transaction risks and translation risks.

Translation exposure

The effects of changes in exchange rates affect the Group's earnings at translation of foreign subsidiaries' income statement to SEK. Other comprehensive income is affected when foreign subsidiaries' net assets in different currencies are translated into the parent company's functional currency.

Transaction exposure

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

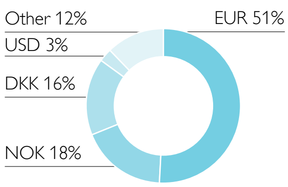
Translation exposure

In the parent company currency hedging is not carried out without special reason. Changes in exchange rates for net assets in foreign currency are not hedged in the parent company.

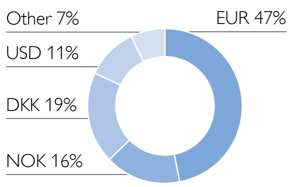
Ratos is a Nordic group, whose sub-groups have subsidiaries located in large parts of the world. When foreign sub-groups are translated into SEK a translation exposure arises, where translation for the year is recognised in other comprehensive income and accumulated in the translation reserve in equity.

Currency exposure of foreign subsidiaries' net assets

2012



2011



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 1,063m (996).

Transaction exposure

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

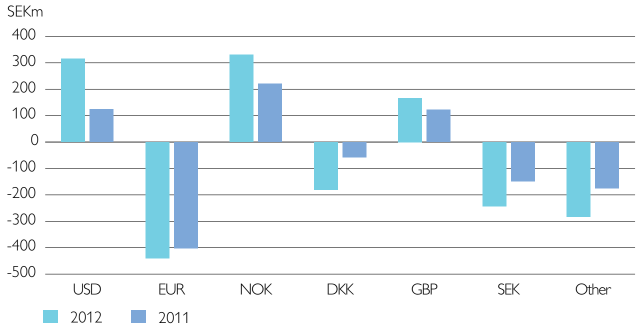
Note 31, cont.

Since Ratos's subsidiaries are located in Sweden, Norway, Denmark and Finland, subsidiaries' main exposure is in the Nordic currencies. Several of the companies sell their products in a global market with exposure mainly in GBP, USD and EUR. The adjacent diagram shows that the Group has a negative exposure in EUR due to several of the Group's subsidiaries importing raw materials and products from the European market. Of the Group's 17 operating subsidiaries less than half of the companies hedge foreign currency inflows and outflows. Hedged volume varies from subsidiary to subsidiary and is dependent on the 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. 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 16m (14) at 31 December 2012. Of this amount, SEK 9m (11) is recognised in the Statement of financial position as assets and SEK 25m (25) 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 29m (-84) 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	2012	2011
Minimum lease payments	637	624
Variable payments	45	48
Total leasing costs	**682**	**672**

Future payments for leases entered into amount to:

SEKm	2012	2011
Payments within 1 year	543	655
Between 1–5 years	1,349	1,251
>5 years	2,251	2,252
	4,143	**4,158**

Note 33 Pledged assets and contingent liabilities

Group

Pledged assets

SEKm	31 Dec 2012	31 Dec 2011
Real estate mortgages	829	655
Chattel mortgages	3,452	3,891
Shares in group companies	10,023	13,018
Other pledged assets	1,608	1,978
	15,912	**19,541**
Contingent liabilities	540	195

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

Parent company

SEKm		Interest expenses	Interest income	Dividend	Receivable	Liability	Capital contribution
Subsidiaries	2012	-24	135	382	1,426	616	284
Subsidiaries	2011	-24	160	827	1,904	880	234
Associates	2012			14			
Associates	2011			16			

Note 35 Participations in group companies

Parent company

SEKm	2012	2011
Accumulated cost opening balance	10,991	11,586
Investments	440	967
Shareholder contribution	174	340
Repaid shareholder contribution	-1,200	-870
Reclassification		0
Disposals	-343	-1,032
At the end of the year	**10,062**	**10,991**
Accumulated impairment opening balance	-543	-258
Reversed impairment		37
Impairment for the year	-796	-322
At the end of the year	**-1,339**	**-543**
Value according to balance sheet	**8,723**	**10,448**

Subsidiary, company reg. no., reg. office SEKm	Owner company to	Number	Share, %	31 Dec 2012	31 Dec 2011
AHI Intressenter AB, 556726-7744, Stockholm	AH Industries	100,000	100	353	625
Anticimex Holding AB, 556696-2568, Stockholm [1]					343
Arcus-Gruppen Holding AS, 987 470 569, Oslo, Norway		834,694	83	9	9
Bisnode Business Information Group AB, 556681-5725, Stockholm		84,412,286	70	653	653
BTJ Group AB, 556678-3998, Lund		72,774	66	18	35
EMaint AB, 556731-5378, Stockholm	Euromaint	100,000	100	347	457
GS-Hydro Holding OY, 2268968-9, Helsinki, Finland		28,301,900	100	309	309
Hafa Bathroom Group AB, 556005-1491, Halmstad		2,000	100	164	281
HL Intressenter AB, 556809-4402, Stockholm	HL Display	50,000	100	1,122	1,122
Image Matters Intressenter AB, 556733-1854, Stockholm	Contex Group	100,000	100	175	651
Inwido AB, 556633-3828, Malmö		224,205,812	97	1,952	1,871
Jøtul Group Holding AS, 989 519 247, Fredrikstad, Norway		11,985,624	61	181	0
Kelly Intressenter 1 AB, 556826-5705, Stockholm	KVD Kvarndammen	50,000	100	210	363
Kompositkärnan Förvaltning AB, 556777-2271, Stockholm	DIAB	1,000	100	881	880
Myggvärmare AB, 556723-5667, Stockholm	Mobile Climate Control	1,000	100	540	558
Nordic and Baltic Cinema Holdco AB, 556849-6177, Stockholm	Finnkino	50,000	100	402	402
Quartzin Intressenter AB, 556835-3824, Stockholm	Biolin Scientific	50,000	100	379	379
Ratos Fastighets AB, 556308-3863, Stockholm		50,000	100	6	6
Ratos Kabel Holding AB, 556813-8076, Stockholm	Stofa	500	100	158	663
Ratos Limfac Holding AB, 556730-7565, Stockholm		1,000	100	0	0
Spin International AB, 556721-4969, Stockholm	SB Seating	1,000,000	100	864	841
ASA Investment 1 AB, 556801-4731, Stockholm		100,000	100	0	0
ASA Konsument Invest AB, 556801-8419, Stockholm		100,000	100	0	0
ASA Investment 3 AB, 556801-8427, Stockholm		100,000	100	0	0
ASA Investment 4 AB, 556801-8435, Stockholm		100,000	100	0	0
Atle AB, 556801-8443, Stockholm [2]					0
				8,723	**10,448**

1) Sold during the year.
2) Internal sale during the year.

Note 36 Cash flow statement

SEKm	Group 2012	Group 2011	Parent company 2012	Parent company 2011
Dividends received	4	0	89	843
Interest received	49	26	22	14
Interest paid	-433	-441	-1	-1

Adjustment for non-cash items **SEKm**	**Group 2012**	**Group 2011**	**Parent company 2012**	**Parent company 2011**
Share of profits of associates	-18	-33		
Capital gains/losses	-1,290	-551	-1,118	-202
Depreciation and impairment of assets	1,942	1,470	832	297
Capitalised interest	176	62	-122	-139
Unrealised exchange differences	-27	29	-14	-2
Provisions, etc.	144	57	-278	1
Adjustment for non-cash items	**927**	**1,034**	**-700**	**-45**

Cash and cash equivalents **SEKm**	**Group 2012**	**Group 2011**	**Parent company 2012**	**Parent company 2011**
Cash and bank balances	2,704	3,041	1,324	897
Short-term investments, on a par with cash and cash equivalents	499	1	499	0
Cash and cash equivalents	**3,203**	**3,042**	**1,823**	**897**

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 5,268m (4,918) for the Group and SEK 3,200m (3,200) for the parent company.

Sold group companies – Group

SEKm	2012	2011
Intangible assets	3,449	811
Tangible assets	229	334
Financial assets	188	
Deferred tax asset	27	16
Inventories	96	
Current receivables	873	438
Cash and cash equivalents	279	126
Total assets	**5,141**	**1,725**
Non-controlling interests (minority)	46	13
Non-current liabilities and provisions	1,262	379
Current liabilities and provisions	1,749	303
Total liabilities	**3,057**	**695**
Consideration transferred	3,161	1,049
Minus:		
Purchase promissory note	33	-10
Cash and cash equivalents in the sold operations	-279	-126
Effect on Group's cash and cash equivalents	**2,915**	**913**

Acquisition of group companies – Group

SEKm	2012	2011
Intangible assets	39	1,427
Tangible assets	2	688
Financial assets	0	4
Deferred tax asset		26
Inventories	1	123
Current receivables	12	236
Cash and cash equivalents	19	127
Total assets	**73**	**2,631**
Non-controlling interests		107
Non-current liabilities		158
Deferred tax liability		12
Current liabilities	30	696
Total liabilities	**30**	**973**
Net identifiable assets and liabilities	43	1,658
Consideration transferred	73	1,658
Minus:		
Cash and cash equivalents in the acquired operations	-19	-127
Sale promissory note	-1	
Effect on Group's cash and cash equivalents	**53**	**1,531**

Note 37 Assets held for sale

Assets held for sale

SEKm	31 Dec 2012	31 Dec 2011
Intangible assets	885	56
Property, plant and equipment	588	10
Financial assets	24	
Deferred tax assets	19	12
Inventories	79	39
Current receivables	385	64
Cash and cash equivalents	74	12
Total assets reclassified	**2,054**	**193**

Liabilities attributable to Assets held for sale

SEKm	31 Dec 2012	31 Dec 2011
Interest-bearing liabilities	1,057	
Non-interest bearing liabilities	686	69
Provisions	8	
Deferred tax liabilities	13	20
Total liabilities reclassified	**1,764**	**89**

In October 2012 it was announced that Ratos's subsidiary Contex Group is selling its subsidiary Contex A/S. The sale was completed in January 2013. The selling price amounted to USD 41.5m (approximately SEK 275m).

In November 2012 it was announced that Ratos is selling the holding Stofa A/S. The sale has been approved by the competition authority and was completed in February. The selling price amounts to DKK 1,900m (approximately SEK 2,200m).

Ratos's holding Contex sold its subsidiaries Z Corporation and Vidar Systems in January 2012. The selling price amounted to USD 137m (approximately SEK 930m).

Note 38 Key estimations and assessments

Ratos's financial statements are prepared in accordance with IFRS. Choice of principle requires in some cases that management makes assessments as to which principle provides the most true and fair picture. Development within accounting and the choice of principles are discussed with Ratos's Audit Committee. The most important areas where critical assessments were made in application of the Group's accounting principles and key sources of uncertainty in estimations are shown below.

Assessments at application of accounting principles

Acquisition and disposal of subsidiaries and associates

Ratos's operations as a private equity conglomerate mean that companies are both acquired and sold. This can relate to add-on acquisitions equally well as partial disposals. Accounting for acquisitions and divestments of subsidiaries and associates is therefore of significance for Ratos as regards, among other things, date, degree of influence and valuation. At each individual business combination in 2012, a decision has been made regarding partial or full goodwill.

Key sources of uncertainty in estimations

The value of subsidiaries and associates, including goodwill, is tested annually by calculating a recoverable amount, i.e. a value in use or fair value with deduction for selling costs for each holding. Calculation of these values requires a number of assumptions on future conditions and estimations of parameters such as profit multiples and future profitability levels. A description of this procedure is provided in Note 13. Future events and new information can change these assessments and estimations. Tests for impairment are performed on the basis of Ratos's main scenario relating to a macroeconomic forecast. Our main scenario is economic growth but at a lower level than normal. The risks remain considerable, for example relating to the crisis for the euro and the American economy.

Note 39 Construction contracts

Construction contracts are recognised as revenue according to the stage of completion of the project. See Note 1, Accounting principles.

Information from the income statement

SEKm	2012	2011
Contract revenue	353	311
Net profit	75	-74

Information from the balance sheet
Receivables from customers for assignments under a construction contract

SEKm	2012	2011
Contract revenue	102	91
Billing	-57	-49
	45	**42**
Of which current receivables	45	42

Liabilities to customers for assignments under a construction contract

SEKm	2012	2011
Billing	-100	-114
Contract revenue	37	42
	-63	**-72**

Note 40 Events after the reporting period

Ratos and the Sixth AP Fund, via a jointly owned company, signed an agreement together with the Norwegian industrial and financial group Ferd to acquire all the shares in Aibel, a leading Norwegian supplier of services related to oil, gas and renewable energy. Ratos will own 32% of Aibel, the Sixth AP Fund 18% and Ferd 50%. Ratos will represent the company, jointly owned by Ratos and the Sixth AP Fund, on Aibel's board. Ferd and Ratos will therefore represent 50% each of the ownership in Aibel. The purchase price (enterprise value) for 100% of Aibel amounts to NOK 8,600m and Ratos will provide equity of approximately NOK 1,400m (approximately SEK 1,650m). The amount invested by Ratos will be affected by Aibel's cash flow until closing. The acquisition is subject to approval from the relevant authorities and is expected to be completed in March or April 2013.

In July 2012, Arcus-Gruppen signed an agreement to acquire the brands Aalborg, Brøndums, Gammel Dansk and Malteser from Pernod Ricard. The competition authorities have approved the acquisition subject to the sale of the Brøndums brand. The acquisition was completed in January 2013. Consideration transferred amounted to EUR 105m (approximately SEK 900m). Ratos provided SEK 77m in conjunction with the acquisition. Acquired values in excess of fair values of recognised assets and liabilities at the acquisition date are expected to amount to approximately SEK 700m, most of which relates to trademarks and goodwill.

Note 40, cont.

In October, Ratos signed an agreement to sell all the shares in the subsidiary Stofa to the Danish energy and telecom group SE (Syd Energi) for DKK 1,900m (approximately SEK 2,200m) (enterprise value). The sale is expected to generate a net exit gain for Ratos of approximately SEK 850m. The sale has been approved by the competition authority and was completed in February 2013.

Ratos's subsidiary Contex Group sold its subsidiary Contex A/S to the private equity fund Procuritas. The selling price (enterprise value) amounted to USD 41.5m (approximately SEK 275m). In conjunction with completion of this deal in January 2013, the winding up of Contex Group started and Ratos will receive a dividend of approximately SEK 165m. The sale represents a SEK 140m impairment of goodwill in Contex A/S, which was charged against the share of profit from Contex Group in Ratos in 2012.

Note 41 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 financial statements for 2012 comprise the parent company and its group companies. The Group also includes the owned shares in associates.

The Board of Directors' and CEO's 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 and generally accepted auditing standards, and give a true and fair view of the Group's and the parent company's financial position and results of operations. The statutory Board of Directors' report gives a true and fair view of the development of the Group's and parent company's operations, financial position and results of operations and describes significant risks and uncertainties facing the parent company and Group companies.

Stockholm, 2 March 2013

Arne Karlsson
Chairman

Lars Berg
Board member

Staffan Bohman
Board member

Annette Sadolin
Board member

Jan Söderberg
Board member

Per-Olof Söderberg
Board member

Margareth Øvrum
Board member

Susanna Campbell
CEO

The annual accounts and the consolidated financial statements were approved for publication by the Board on 2 March 2013.
The consolidated income statement and statement of financial position and the parent company income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on 17 April 2013.

Auditor's report

To the annual meeting of the shareholders of Ratos AB (publ), corp. Id. 556008-3585

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Ratos AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 66–131.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory directors' report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

Other disclosures

The company's financial statements for the financial year that ended on 31 December 2011 were audited by another auditor who in his auditor's report dated 16 February 2012 expressed an unmodified opinion on those statements.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Ratos AB (publ) for the year 2012.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory directors' report and that the members of the Board of Directors and the CEO are discharged from liability for the financial year.

Stockholm, 2 March 2013
PricewaterhouseCoopers AB

Peter Clemedtson *Authorised Public Accountant* *Senior Auditor*	Jeanette Skoglund *Authorised Public Accountant*

Additional information

RATOS

Five-year summary, Group

	2012	2011	2010	2009	2008
Key figures [1]					
Earnings per share before dilution, SEK	1.90	1.63	7.09	2.66	16.31
Dividend per A and B share, SEK	3.00 [2]	5.50	5.25	4.75	4.50
Dividend yield, %	4.8 [2]	6.8	4.2	5.1	6.7
Total return, %	-17	-32	40	47	-20
Market price at year-end, SEK	62.50	80.75	124.50	92.50	67.50
Equity per share, 31 December, SEK	39	43	47.50	48	50
Equity, SEKm	12,405	13,658	15,091	15,302	15,825
Return on equity, %	5	4	15	5	37
Equity ratio, %	39	37	40	41	40
Average number of shares before dilution	319,000,693	319,036,699	318,134,920	316,248,738	317,152,060
Number of shares outstanding	319,001,359	318,996,769	324,140,896	317,231,290	315,875,710
Income statement, SEKm					
Profit from group companies	-33	525	1,201	979	1,004
Exit gains, group companies	897	38	783		4,405
Impairment, group companies	-375	-312			-92
Share of profits of associates	4	21	218	316	550
Remeasurement former associates			140		
Exit gains, associates	81	487	537		31
Exit gains, other companies					13
Profit from holdings	**574**	**759**	**2,879**	**1,295**	**5,911**
Central income and expenses	193	101	-11	80	-240
Consolidated profit before tax	**767**	**860**	**2,868**	**1,375**	**5,671**
Tax	-224	-314	-455	-441	-382
Consolidated profit after tax	**543**	**546**	**2,413**	**934**	**5,289**
Profit attributable to owners of the parent	606	521	2,255	842	5,172
Statement of financial position, SEKm					
Intangible assets	16,794	22,024	21,925	20,382	19,686
Property, plant and equipment	3,461	4,286	4,050	3,702	3,378
Financial assets	225	785	808	2,807	3,435
Deferred tax assets	540	617	632	500	471
Current assets	12,550	12,210	13,348	13,467	15,780
Total assets	**33,570**	**39,922**	**40,763**	**40,858**	**42,750**
Equity	13,207	14,655	16,465	16,802	17,290
Provisions	604	1,524	1,057	1,186	1,148
Deferred tax liabilities	396	690	778	779	780
Interest-bearing liabilities	10,426	13,812	13,795	14,505	15,927
Non-interest bearing liabilities	8,937	9,241	8,668	7,586	7,605
Equity and liabilities	**33,570**	**39,922**	**40,763**	**40,858**	**42,750**

1) Applicable historical figures are restated taking 2:1 split in 2011 into account.
2) Proposed ordinary dividend.
3) Attributable to owners of the parent.

Definitions

Capital employed
Total assets minus non-interest bearing liabilities.

Cash flow before acquisition and disposal of companies
Refers to cash flow from operating activities including interest paid as well as investments and sales of non-current assets but before acquisition and disposal of companies.

Consolidated book value
The Group's share of the holding's equity, any residual consolidated surplus and deficit values minus any intra-Group profits. In addition, shareholder loans and capitalised interest on such loans are included.

Debt/equity ratio
Interest-bearing liabilities in relation to equity.

Dividend yield
Dividend expressed as a percentage of market price.

Earnings per share
Profit for the year attributable to owners of the parent divided by the average number of outstanding shares.

EBIT
(Earnings Before Interest and Tax). Profit before net financial items and tax.

EBITA
(Earnings Before Interest, Tax and Amortisation). Operating profit after depreciation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
(Earnings Before Interest, Tax, Depreciation and Amortisation). Profit before depreciation and impairment.

EBT
(Earnings Before Tax). Profit before tax.

EBT margin
EBT as a percentage of net sales.

Enterprise value
Sum of the company's market capitalisation, non-controlling interests (minority interests) and net debt.

Equity ratio
Reported equity expressed as a percentage of total assets. Non-controlling interests are included in equity.

Exit gain/loss
Exit gain/loss is the capital gain or loss which arises when a holding is sold.

Interest-bearing net debt
Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

IRR
Average annual return (Internal Rate of Return) – average annual return on the invested amount calculated on the basis of the original investment, final selling amount and other capital flows, taking into account when in time all these payments were made to or from Ratos.

Items affecting comparability
An income or expense item which is nonrecurring and has a material impact on earnings in the holding and if it is not highlighted leads to difficulty in understanding the holding's underlying operational development and/or valuation.

P/E ratio
Market share price in relation to earnings after tax per share.

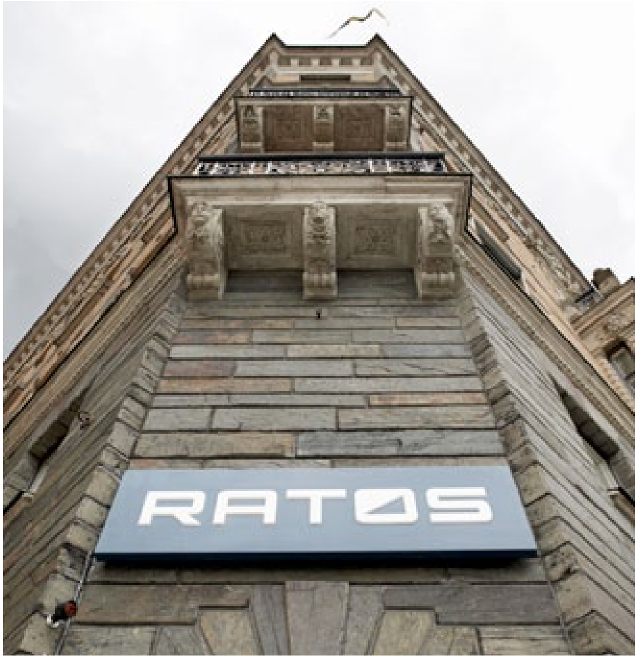
Return on capital employed
Profit before interest expenses and tax expressed as a percentage of average capital employed.

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 traded during a year in relation to the total number of shares outstanding.

Addresses



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Shareholder information

Annual General Meeting 17 April 2013

The Annual General Meeting of Ratos AB (publ) will be held at 17.00 CET on Wednesday, 17 April 2013 at the Stockholm Concert Hall, Hötorget, Stockholm.

Participation

Shareholders who wish to participate in the Annual General Meeting must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB no later than Thursday, 11 April 2013
- notify the company of their intention to attend no later than Thursday, 11 April 2013

Notification

Notification of participation 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 participation please state name, personal/company registration number, address, e-mail address and daytime telephone number.

Nominee registered shares

In order to be entitled to participate in the meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB no later than Thursday, 11 April 2013. 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 3 per share for the financial year 2012. The record date proposed by the Board for the right to receive dividends is Monday, 22 April 2013. If the proposal is accepted by the Annual General Meeting, dividends are expected to be distributed by Euroclear Sweden AB on Thursday, 25 April 2013.

The Board of Directors proposes that a dividend on any outstanding Class C preference shares, which in accordance with a proposal to the Annual General Meeting may be issued in conjunction with acquisitions prior to the 2014 Annual General Meeting, shall be paid quarterly in an amount of SEK 25 per Class C preference share, although in a maximum amount of SEK 100 per Class C preference share.

The following dates are proposed as record dates, prior to the next Annual General Meeting, for the quarterly dividends: 15 May 2013, 15 August 2013, 15 November 2013 and 14 February 2014. Payments are expected to be made by Euroclear Sweden AB on 20 May 2013, 20 August 2013, 20 November 2013 and 19 February 2014. The first time payment of a dividend on Class C preference shares may be made is on the payment date which occurs after the first record date after the shares have been registered with the Swedish Companies Registration Office.

Financial calendar

17 April	Annual General Meeting 2013
8 May	Interim Report, January–March 2013
15 Aug	Interim Report, January–June 2013
8 Nov	Interim Report, January–September 2013

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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