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## Interim report January - June 2008

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

- Profit before tax SEK 764m (2,480)
- Earnings per share before dilution SEK 3.14 (13.24)
- Continued good development in the holdings
- Total return on Ratos shares +1%
- Hägglunds Drives sold after the end of the period – exit gain approximately SEK 4,400m

### Important events

In February, Ratos's subsidiary Medifiq Healthcare acquired the Swiss company Medisize Medical. The deal was completed in April and the company's name was changed to Medisize Oy. Ratos provided SEK 393m and its holding in the new group amounts to 93%.

Refinancings were carried out in Camfil and Bisnode. These refinancings were made possible by the good performance of these companies in recent years. As a result of the refinancing in Camfil, Ratos released approximately SEK 460m and in Bisnode approximately SEK 600m.

In April, Ratos received a SEK 149m dividend from Arcus Gruppen which was made possible by the sale of the property in Hasle in Oslo in 2007 and the company's favourable development.

In June, Atle Industri sold the two remaining portfolio companies Moving and Nordhydraulic. Moving was sold to the Austrian company Knapp AG and generated an exit gain for Ratos of approximately SEK 8m. Nordhydraulic was sold to the German company Hydac and provided Ratos with an exit gain of approximately SEK 100m. The sale of Moving was completed in June and Nordhydraulic in August. Since no portfolio company subsequently remains in Atle Industri, it therefore ceases to be reported as a Ratos holding. The total annual return (IRR) on Ratos's investment in Atle Industri amounts to 10%.

The holdings carried out a number of add-on acquisitions and divestments, among others in Bisnode, Contex Holding and GS-Hydro.

More information about important events in the holdings is provided on pages 7-12.

### **Events after the end of the period**

In July, Ratos concluded an agreement for the sale of all the shares in its wholly owned subsidiary Hägglunds Drives to the German company Bosch Rexroth for a share price of approximately SEK 4,300m. The sale generates an exit gain for Ratos of approximately SEK 4,400m and an average annual return (IRR) of 56%. The definite exit gain will be affected by final completion date for this deal. The sale of Hägglunds Drives is subject to approval from the relevant competition authorities.

Ratos's Executive Vice President, Thomas Mossberg, reached his contractual retirement age of 62 and left his position as Executive Vice President in August, but will continue to work at Ratos on a part-time basis as a Senior Advisor.

### **Business environment and market**

Ahead of 2008 Ratos's general assessment of the economic outlook was that the downturn in the global economy would continue for a large part of the year, but that stimulation from both monetary and financial policies combined with many positive structural trends – long-term productivity growth, China/India, etc. – would gradually give the global economy renewed strength. The most important consequence of this is that the global economy – including the US – will be able to avoid a deep recession. Pockets of weak or negative growth are creating problems in some areas – the housing sector in the US, new construction in many countries, the automotive industry, etc. – but this is compensated by a wide margin by continued strong development in other geographic markets and sectors. Since so far Ratos's holdings have only been affected by the structurally weaker parts of the economy to a limited extent, performance during the first half was positive on the whole. Taken overall, order bookings, sales growth and earnings trends were good.

As previously, Ratos has only been marginally affected by the crisis in the financial markets – partly because currently we only work with Nordic banks whose actions do not indicate any serious, structural problems.

The underlying development for Ratos's holdings in the first half was good on the whole. Total sales for the underlying portfolio at the end of the period rose 12% compared with the previous year. Taking Ratos's ownership stakes into account, sales rose 14%. The corresponding figures for operating profit were +10% and +9% respectively and for profit before tax +2% and -2% respectively.

Performance during the second quarter isolated was strong, affected partly by a positive Easter effect. Sales for the portfolio companies rose during the quarter by 12% (+15% taking Ratos's ownership stakes into account), while operating profit increased by +21% (+21%) and profit before tax by +21% (+20%).

Taken overall our assessment for the full year 2008 remains unchanged, which means that there are good opportunities for improvement in earnings in the underlying portfolio of companies.

To facilitate analysis, an extensive table is provided on page 21 with key figures for all Ratos's holdings. A summary of income statements and balance sheets for Ratos's associates and subsidiaries is available at [www.ratos.se](http://www.ratos.se) in downloadable Excel files.

It can be noted that activity in the transaction market remains high with a large number of attractive investment and add-on acquisition opportunities and many enquiries from interested purchasers of Ratos's holdings. However, since during the first half price levels for unlisted holdings in Ratos's segment remained high, Ratos has exercised some caution in its work on acquisitions of new companies.

### Ratos's results

Profit before tax for the first half of 2008 amounted to SEK 764m (2,480). The lower earnings compared with the same period in the previous year are due to the fact that fewer exits were carried out in the first half of 2008 and the inclusion of a SEK 731m capital gain on a property in Arcus Gruppen in 2007 in the 2007 result. The result includes profit/share of profits from the holdings of SEK 813m (1,577) and exit gains of SEK 7m (919).

### Ratos's results

SEKm	2008 Q 1-2	2007 Q 1-2
<b>Profit/share of profits before tax <sup>1)</sup></b>		
AH Industries (66%)	42	
Anticimex (85%)	37	30
Arcus Gruppen (83%)	-19	719
Bisnode (70%)	81	250
Camfil (30%)	41	48
Contex Holding (98%)	12	
DIAB (50%)	37	75
EuroMaint (100%)	17	
GS-Hydro (100%)	49	105
Haglöfs (100%)	5	-1
HL Display (29%)	21	21
HÅG/RH/RBM (85%)	52	36
Häggglunds Drives (100%) <sup>2)</sup>	166	136
Inwido (95%)	113	90
Jøtul (63%)	-69	-50
Lindab (22%)	119	102
MCC (60%)	58	13
Medisize (93%)	-4	-25
Superfos (33%)	25	20
Other holdings <sup>3)</sup>	30	17
Bluegarden		-9
<b>Total profit/share of profits</b>	<b>813</b>	<b>1,577</b>
<b>Exit gains</b>		
Alimak Hek		727
Bluegarden		160
Other holdings <sup>4)</sup>	7	32
<b>Total exit gains</b>	<b>7</b>	<b>919</b>
Dividends from Other holdings <sup>4)</sup>		71
<b>Profit from holdings</b>	<b>820</b>	<b>2,567</b>
Net expenses	-56	-87
<b>Consolidated profit before tax</b>	<b>764</b>	<b>2,480</b>

<sup>1)</sup> Subsidiaries' profits included with 100% and associates' profits with respective holding percentage.

<sup>2)</sup> An agreement for the sale of the entire holding in Häggglunds Drives was concluded in July.

<sup>3)</sup> Relates to subsidiaries BTJ Group and Hafa Bathroom Group and associate Atle Industri. Previous year's figures also include Haendig Group.

<sup>4)</sup> Relates to holdings in Overseas Telecom and IK Investment Partners.

#### Central income and expenses

Ratos's net income and expenses amounted to SEK -56m (-87), of which personnel costs amounted to SEK 142m (148). The variable portion of personnel costs was SEK 93m (110). Other management costs were SEK 52m (48). Net financial items amounted to SEK +138m (+109).

#### Tax

Ratos's consolidated tax expense comprises subsidiaries' and Ratos's share of tax in associates. The tax rate in the consolidated income statement is affected, among other things, by the parent company's investment company status, capitalisation of loss carry forwards and by non-taxable capital gains.

#### Financial position

Cash flow from operating activities and investing activities was SEK -1,033m (-68) and the Group's cash and cash equivalents at the end of the period amounted to SEK 2,996m (4,365), of which short-term interest-bearing investments accounted for SEK 554m (2 059). Interest-bearing debt amounted to SEK 16,389m (11,805).

#### Parent company

The parent company's profit before tax was SEK 1,230m (1,302). The parent company's cash and cash equivalents, including short-term interest-bearing investments, amounted to SEK 1,646m (2,475). Taking into account financial transactions agreed but not yet carried out, at today's date Ratos has an investment capacity of approximately SEK 6 billion without needing to utilise existing credit facilities.

#### Risks and uncertainties

A description of the Group's and parent company's material risks and uncertainties is provided in the Director's report and in Note 31 and Note 40 in the 2007 Annual Report. An assessment for the coming months is provided in the *Business environment and market* section of this interim report on page 2.

#### Related-party transactions

Shareholder contributions and shareholder loans were granted to subsidiaries. The parent company received dividends from subsidiaries and associates of SEK 757m (252) of which SEK 757m (141) is recognised in profit.

#### Ratos shares

Earnings per share before dilution amounted to SEK 3.14 (13.24). The total return on Ratos shares during the first half of the year was +1%, compared with the performance for SIX Return Index which was -17%.

#### Ordinary dividend

The Annual General Meeting on 9 April decided on an ordinary dividend for 2007 of SEK 9 per share (previous year: SEK 5.50 ordinary dividend as well as an extra dividend of SEK 5.50). The record date for dividends was 14 April and payments from VPC were made on 17 April.

#### Buy-backs and number of shares

During the first half of the year 149,300 B shares were repurchased at an average price of SEK 165. The number of call options exercised during the period corresponded to 494,500 shares. At 30 June 2008, Ratos owned 2,514,897 B shares corresponding to 1.6% of the outstanding number of shares. The average number of B treasury shares in Ratos ownership during the period was 2,724,568 (2,519,986 in 2007). The total number of shares outstanding at 30 June was 158,834,355.

**Ratos's equity<sup>1)</sup>**

SEKm	30 June 2008	% of equity
AH Industries	340	3
Anticimex	689	6
Arcus Gruppen	591	5
Bisnode	866	8
Camfil	125	1
Contex Holding	618	6
DIAB	364	3
EuroMaint	428	4
GS-Hydro	337	3
Haglöfs	72	1
HL Display	279	3
HÅG/RH/RBM	889	8
Hägglands Drives <sup>2)</sup>	-215	-2
Inwido	1,304	12
Jøtul	302	3
Lindab	673	6
MCC	352	3
Medisize	624	6
Superfos	379	3
Other holdings <sup>3)</sup>	490	5
<b>Total</b>	<b>9,507</b>	<b>87</b>
Other net assets in central companies	1 461	13
<b>Equity (attributable to equity holders of the parent)</b>	<b>10,968</b>	<b>100</b>

**Equity per share, SEK****69**

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

<sup>2)</sup> An agreement for the sale of the entire holding in Hägglands Drives was concluded in July.

<sup>3)</sup> Other holdings include the subsidiaries BTJ Group and Hafa Bathroom Group, associate Atle Industri and the holdings Overseas Telecom and IK Investment Partners.

**Equity**

At 30 June 2008 Ratos's equity (attributable to equity holders of the parent) amounted SEK 10,968m (11,945 at 31 March 2008) corresponding to SEK 69 per outstanding share (SEK 75 at 31 March 2008).

**Credit facilities**

Since 2002 the parent company has had a five-year (rolling since 2005) credit facility amounting to SEK 1.3 billion including a bank overdraft facility. In April this year the parent company was granted an increase in the credit facility to SEK 3.2 billion including a bank overdraft facility. The background to this increase is that since 2002 Ratos has grown into a considerably larger company and the fact that SEK 3.2 billion today corresponds to the financial preparedness provided by the 2002 credit facility. The purpose of the facility is to be able to use it when bridging financing is required for acquisitions, and to be able to finance dividends and day-to-day running costs in periods of few or no exits. The credit facility was unutilised at the end of the period.

### **Conversion of shares**

The 2003 Annual General Meeting resolved that a conversion clause allowing conversion of A shares to B shares should be added to the articles of association. This means that owners of A shares have an ongoing right to convert them to B shares. During the first half of the year 240 A shares were converted into B shares.

### **Accounting principles in accordance with IFRS**

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

In the interim report the parent company's accounts are prepared in accordance with the Annual Accounts Act and the Swedish Securities Exchange and Clearing Operations Act which are in accordance with the regulations in RFR 2.1 Accounting for Legal Entities.

Both the Group's and the parent company's accounting principles are unchanged compared with the most recent annual report.

The key accounting principles applied by Ratos are described below.

#### **Associates**

As previously, Ratos applies the equity method for consolidation of associates. IFRS requires uniform accounting principles within a group. This requirement applies to both subsidiaries and associates.

#### **Purchase price allocations**

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

Ratos's subsidiary Medifiq Healthcare acquired the Swiss company Medisize Medical during the period. The merged company changed its name to Medisize Oy. Ratos provided SEK 393m in a new issue which increased Ratos's holding in the new Medisize Oy Group to 93%.

Ratos's increased its holding in BTJ Group from 59% to 66%.

#### **Goodwill and intangible assets**

IFRS represents a requirement to identify and measure intangible assets at acquisition. To the extent intangible assets can be identified and measured, goodwill decreases correspondingly. Goodwill is not amortised but is subject to an annual test for impairment. Other intangible assets are amortised to the extent an amortisation period can be determined. In such cases, testing for impairment is only carried out when there is an indication of a decline in value. If the amortisation period cannot be determined and amortisation is therefore not effected, an annual impairment test must be performed regardless of whether or not there is any indication of impairment.

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

## Holdings

### AH Industries

- Sales SEK 363m (286) and EBITA SEK 55m (51)
- Good sales growth, but weaker earnings growth due to temporary production disruptions
- Continued major investments in capacity and personnel to meet anticipated growth

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

Ratos's holding in AH Industries amounted to 66% and the consolidated book value was SEK 340m at 30 June 2008.

### Anticimex

- Sales SEK 836m (718) and EBITA SEK 87m (77)
- Continued good organic sales growth, +10% (for comparable units), where Sweden developed very well while Finland and Germany saw weaker development
- Energy inspections continued to show strong development in Sweden

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

Ratos's holding in Anticimex amounted to 85% and the consolidated book value in Ratos was SEK 689m at 30 June 2008.

### Arcus Gruppen

- Sales SEK 672m (603) and EBITA SEK -20m (-18, 734 including capital gains from property sale)
- Continued good sales development, primarily for wine in Sweden
- In April, Arcus Gruppen distributed SEK 178m, of which Ratos received SEK 149m

*Arcus Gruppen is Norway's leading wine and spirits supplier. The company was formed in 1996 on the initiative of the Norwegian government and privatised in 2001. The group's best-known brands include Braastad Cognac, Vikingfjord Vodka, Løiten and Linie Aquavit. The company has 460 employees.*

Ratos's holding in Arcus Gruppen amounted to 83% and the consolidated book value in Ratos was SEK 591m at 30 June 2008.

#### Bisnode

- Sales SEK 2,247m (1,775) and EBITA SEK 287m (314)
- Continued good sales growth and positive earnings trend due to acquisitions, among other things. Earnings include profit shares as well as capital gains in subsidiaries and associates of SEK 35m (SEK 97m in the same period last year)
- Refinancing carried out where Ratos received approximately SEK 600m
- Svenska Nyhetsbrev and Credita (Switzerland) were acquired in January and Arvato services Belgium was acquired in May
- Johan Wall, former CEO of the listed company Enea, has been appointed as Bisnode's new CEO

*Bisnode is a leading European provider of digital business information with services within market, credit and product information. Operations are conducted in five business areas in 19 countries in Europe. Bisnode has some 3,000 employees.*

Ratos's holding in Bisnode amounted to 70% and the consolidated book value of the holding after the refinancing was SEK 866m at 30 June 2008.

#### Camfil

- Sales SEK 2,140m (2,037) and EBITA SEK 191m (179)
- Very good profitability development during the second quarter
- EBITA margin amounted to 8.9%
- Continued good order bookings in most sub-markets
- Refinancing carried out which resulted in a cash payment to Ratos of approximately SEK 460m

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

Ratos's holding in Camfil amounted to 30% and the consolidated book value after the refinancing was SEK 125m at 30 June 2008.

#### Contex Holding

- Sales SEK 388m (414) and EBITA SEK 45m (50)
- In June, Contex A/S had its best month ever in terms of sales due to successful launch of a new scanner. A weak dollar continues, however, to have a negative impact on earnings
- Agreement concluded for acquisition of Ideal Scanners Distribution, Contex A/S's largest distributor in the US
- Z Corporation's sales were negatively affected by a weaker business climate, particularly in the US
- Vidar Systems shows stable profitability

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

Ratos's holding in Contex Holding amounted to 98% and the consolidated book value was SEK 618m at 30 June 2008.



#### DIAB

- Sales SEK 685m (684) and EBITA SEK 119m (152)
- Sales increased by 4% in local currency. Growth was negatively affected by a delayed production start in India, where deliveries started during the second quarter, as well as a weak marine market in the US
- Continued negative earnings impact from the US production unit in the second quarter
- Investment programme carried out to expand global production capacity and in new technology. Deliveries started of new materials customised for new market segments

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

Ratos's holding in DIAB amounted to 50% and the consolidated book value was SEK 364m at 30 June 2008.

#### EuroMaint

- Sales SEK 1,158m (1 051) and EBITA SEK 59m (56)
- Organic growth of 10%. Good development within both EuroMaint Rail and EuroMaint Industry
- Action programme designed to reduce costs is under way
- EuroMaint Rail's key contracts with Swedish Railways (SJ) extended

*EuroMaint is one of Sweden's leading maintenance companies and offers advanced maintenance services to the rail transport sector and manufacturing industry. Operations are conducted in three subsidiaries: EuroMaint Rail, EuroMaint Industry and EuroMaint Tracksupport. Operations are conducted at 18 locations in Sweden, Latvia and the US.*

Ratos's holding in EuroMaint amounted to 100% and the consolidated book value was SEK 428m at 30 June 2008.

#### GS-Hydro

- Sales SEK 748m (668) and EBITA SEK 64m (120 including SEK 32m capital gain from property sale)
- Continued very strong order bookings in second quarter, SEK 449m (317)
- Continued restructuring in China and Korea as well as problems with deliveries from some suppliers in June had a negative impact on earnings
- Acquisition of British company Airdale (2007 sales approximately SEK 13m) and British company BSH Ltd (2007 sales approximately SEK 9m)

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

Ratos's holding in GS-Hydro amounted to 100% and the consolidated book value in Ratos was SEK 337m at 30 June 2008.

#### Haglöfs

- Sales SEK 200m (184) and EBITA SEK 9m (2)
- Good sales trend in first half of the year, +9%
- Improved gross margins and good cost control led to improved operating profit
- Very strong order book ahead of autumn 2008

*Haglöfs is a Nordic market leader in equipment and clothes for an active outdoor life. The company develops and markets high-quality clothes, sleeping bags, footwear, and rucksacks. Haglöfs has sales in 15 countries in the Nordic region and the rest of Europe.*

Ratos's holding in Haglöfs amounted to 100% and the consolidated book value in Ratos was SEK 72m at 30 June 2008.

#### HL Display

- Sales SEK 787m (779) and EBITA SEK 75m (77)
- Growth slightly weaker than expected and revised sales forecast for 2008
- Gross margin improved, but higher operating and freight expenses led to slightly lower earnings

*HL Display is a global, market leading supplier of products and systems for merchandising and in-store communication. The company has over 1,000 employees in 31 countries. Manufacture takes place in China, the UK, Sweden and the US. HL Display is listed on the OMX Nordic Exchange, Small Cap list.*

Ratos's holding in HL Display amounted to 29% and the consolidated book value was SEK 279m at 30 June 2008.

#### HÅG/RH/RBM

- Sales SEK 799m (757) and EBITA SEK 139m (125)
- Stable development in Nordic and Benelux markets
- Higher market shares in several main markets
- Group's integration programme is proceeding as planned

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

Ratos's holding in HÅG/RH/RBM amounted to 85% and the consolidated book value in Ratos was SEK 889m at 30 June 2008.

#### Häggglunds Drives

- Sales SEK 972m (815) and EBITA SEK 194m (162)
- After the end of the period, Ratos concluded an agreement for the sale of Häggglunds Drives to the German company Bosch Rexroth. Expected exit gain of approximately SEK 4.4bn
- Strong sales increase, +19%, with continued favourable development in most segments
- Production disruptions due to problems with deliveries from suppliers had a negative impact on profitability in the first half of the year, but the situation gradually improved during the second quarter
- Acquisition of the American company Rineer Hydraulics

*Häggglunds Drives is an international supplier of complete hydraulic motors and drive systems. The largest customer segments are mining and materials handling and marine and offshore. The company has subsidiaries in 16 countries.*

Ratos's holding in Häggglunds Drives amounted to 100% and the consolidated book value in Ratos following the refinancing in 2006 was SEK -215m at 30 June 2008.

#### Inwido

- Sales SEK 2,814m (2,140) and EBITA SEK 233m (167)
- Weak business climate for construction industry affects Inwido's markets
- Higher market shares in several key markets, particular success in Finland
- Establishment of accessories market for windows and doors, starting in Sweden

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

Ratos's holding in Inwido amounted to 95% and the consolidated book value was SEK 1,304m at 30 June 2008.

#### Jøtul

- Sales SEK 392m (367) and EBITA SEK -25m (-17)
- Strong market development in the US and France due to high oil prices. Continued weaker trend in the Nordic markets
- Cost adjustment measures in Norway and Denmark charged against earnings

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

Ratos's holding in Jøtul amounted to 63% and the consolidated book value in Ratos was SEK 302m at 30 June 2008.

#### Lindab

- Sales SEK 4,696m (4,301) and EBITA SEK 607m (520)
- Growth in the second quarter was 9% adjusted for currency effects and structural changes. Continued good demand from construction of commercial, retail and industrial properties but weaker demand from housing construction, which accounts for 20% of Lindab's sales
- Agreement concluded for acquisition of the Slovakian company SIPOG, with sales of EUR 37m in 2007
- David Brodetsky to take over as Lindab's new CEO on 1 October

*Lindab is a leading European company within development, production, marketing and distribution of systems and products in sheet metal and steel for the construction industry. The group is established in 30 countries. Approximately 60% of sales go to countries outside the Nordic region. Lindab is listed on the OMX Nordic Exchange Large Cap List.*

Ratos's holding in Lindab amounted to 22% and the consolidated book value in Ratos was SEK 673m at 30 June 2008.

#### MCC

- Sales SEK 434m (333) and EBITA SEK 77m (59)
- Strong growth mainly driven by strong development in North America
- Good profitability due to high volume and favourable product mix
- Production started at the new plant in Poland in the second quarter with full-scale production scheduled for the end of the year

*Mobile Climate Control (MCC) offers complete climate comfort systems for buses, off road and specialty vehicles. Approximately 70% of the company's sales take place in North America and 30% in Europe. Major production plants are located in Toronto, Canada, Norrköping and Norrtälje, Sweden, and Wroclaw, Poland.*

Ratos's holding in MCC amounted to 60% and the consolidated book value in Ratos was SEK 352m at 30 June 2008.

#### Medisize (formerly Medifiq Healthcare)

- Sales SEK 511m (483) and EBITA SEK 27m (9)
- Acquisition of the Swiss company Medisize Medical completed in April. Ratos provided SEK 393m and its holding in the new group amounts to 93%. The merged company is called Medisize Oy
- Integration work is proceeding according to plan
- Good market development

*Medisize is a major international player within medical technology which manufactures and develops filters, dehumidifiers, packaging and medical devices for delivery and administration of drugs. Medisize has approximately 1,000 employees in Europe and China.*

Ratos's holding in Medisize amounted to 93% and the consolidated book value in Ratos was SEK 624m at 30 June 2008.

#### Superfos

- Sales SEK 1,767m (1,677) and EBITA SEK 133m (102)
- Positive earnings effect from completed change programme within purchasing, production and organisation as well as the acquisition of Mipac in 2007
- Weaker paint market in Europe and costs for reorganisation of logistics had negative impact on earnings

*Superfos is an international Danish group with operations in 18 countries in Europe and the US. The company develops, produces and sells injection moulded packaging for the food and chemical-technical industries.*

Ratos's holding in Superfos amounted to 33% and the consolidated book value in Ratos was SEK 379m at 30 June 2008.

#### Other holdings

- Atle Industri sold its two remaining holdings, Moving and Nordhydraulic. The exit gains for Ratos amounted to approximately SEK 8m and SEK 100m respectively. The sale of Moving was completed in June and Nordhydraulic in August. Since no portfolio company subsequently remains in Atle Industri it therefore ceases to be reported as a Ratos holding. Ratos has achieved an average annual return (IRR) of 10% on its investment in Atle Industri
- In the second quarter, Ratos increased its holding in BTJ Group to 66% by purchasing shares from the Swedish Library Association
- Continued strong earnings trend in Hafa Bathroom Group despite some downturn in the market
- Divestments in IK Investment Partners (formerly Industri Kapital) contributed SEK 7m to Ratos's exit gains
- Continued disturbances in Sri Lanka had some negative earnings impact for Overseas Telecom

*Other holdings comprise five holdings: Atle Industri, BTJ Group, Hafa Bathroom Group, IK Investment Partners and Overseas Telecom.*

The total consolidated book value of Other holdings in Ratos was SEK 490m at 30 June 2008.

This six-month report provides a true and fair overview of the operations, financial position and earnings of the Parent Company and the Group and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 22 August 2008

Ratos AB (publ)



Olof Stenhammar  
Chairman



Lars Berg  
Director



Staffan Bohman  
Director



Annette Sadolin  
Director



Jan Söderberg  
Director



Per-Olof Söderberg  
Director



Arne Karlsson  
CEO and Director

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

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Ratos financial calendar:

2008

Interim report January – September 2008      7 November

2009

Year-end report 2008      19 February

2009 Annual General Meeting      2 April

Interim report January-March 2009      7 May

Interim report January-June 2009      20 August

Interim report January-September 2009      5 November

**Consolidated income statement**

SEKm	2008 Q 2	2007 Q 2	2008 Q 1-2	2007 Q 1-2	2007 full year
Net sales	6,895	4,864	13,014	9,081	21,179
Other operating income	82	58	118	85	223
Change in inventories	-60	47	20	81	18
Raw materials and consumables	-2,585	-1,972	-4,890	-3,670	-8,171
Employee benefit costs	-2,116	-1,623	-4,166	-3,002	-6,694
Depreciation and impairment of tangible and intangible non-current assets	-190	-144	-376	-275	-622
Other costs	-1,499	-897	-2,770	-1,736	-4,257
Profit on sale of group companies	4	891	3	957	995
Profit on sale of associates	1	15	1	742	741
Share of profit of associates	174	142	261	265	559
<b>Operating profit</b>	<b>706</b>	<b>1,381</b>	<b>1,215</b>	<b>2,528</b>	<b>3,971</b>
Financial income	60	98	137	248	370
Financial expenses	-271	-166	-588	-296	-879
Net financial items	-211	-68	-451	-48	-509
<b>Profit before tax</b>	<b>495</b>	<b>1,313</b>	<b>764</b>	<b>2,480</b>	<b>3,462</b>
Tax	-166	-98	-187	-187	-516
<b>Profit for the period</b>	<b>329</b>	<b>1,215</b>	<b>577</b>	<b>2,293</b>	<b>2,946</b>
Attributable to					
Equity holders of the parent	267	1,056	498	2,104	2,646
Minority interests	62	159	79	189	300
Earnings per share, SEK					
- before dilution	1.68	6.63	3.14	13.24	16.66
- after dilution	1.68	6.59	3.13	13.15	16.56
Number of shares outstanding, recalculated taking split and redemption into account					
- average before dilution	158,834,355	159,332,158	158,624,684	158,928,828	158,829,266
- average after dilution	159,150,509	160,223,017	159,092,834	160,050,002	159,764,583

**Consolidated balance sheet**

SEKm	30 June 2008	30 June 2007	31 Dec 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	16,572	12,518	16,225
Other intangible assets	1,879	1,477	1,841
Property, plant and equipment	3,268	2,352	3,091
Financial assets	2,834	3,096	2,778
Deferred tax assets	414	208	291
Total non-current assets	24,967	19,651	24,226
<b>Current assets</b>			
Inventories	3,383	2,352	2,941
Current receivables	5,955	4,848	5,375
Cash and cash equivalents	2,996	4,365	4,240
Assets held for sale		34	
Total current assets	12,334	11,599	12,556
Total assets	37,301	31,250	36,782
<b>EQUITY AND LIABILITIES</b>			
Equity including minority interests	12,472	12,808	13,870
Non-current liabilities			
- interest-bearing	13,488	9,533	11,113
- non-interest bearing	430	302	418
- pension provisions	627	586	627
- other provisions	357	270	413
- deferred tax liabilities	761	551	750
Total non-current liabilities	15,663	11,242	13,321
Current liabilities			
- interest-bearing	2,274	1,686	2,094
- non-interest bearing	6,438	5,125	7,068
- provisions	454	349	429
- liabilities attributable to Assets held for sale		40	
Total current liabilities	9,166	7,200	9,591
Total equity and liabilities	37,301	31,250	36,782

## Summary statement of changes in consolidated equity

	2008-06-30			2007-06-30			2007-12-31		
	Equity holders of the parent	Minority	Total	Equity holders of the parent	Minority	Total	Equity holders of the parent	Minority	Total
Opening balance	11 905	1 965	13 870	10 875	939	11 814	10 875	939	11 814
Change in translation reserves	-98	-8	-106	166	30	196	203	57	260
Change in fair value reserve/hedging reserve after tax	61	18	79	2	-6	-4	34	-1	33
<b>Net income recognised directly in equity</b>	<b>11 868</b>	<b>1 975</b>	<b>13 843</b>	<b>11 043</b>	<b>963</b>	<b>12 006</b>	<b>11 112</b>	<b>995</b>	<b>12 107</b>
Profit for the period	498	79	577	2 104	189	2 293	2 646	300	2 946
<b>Total income excluding transactions with equity holders</b>	<b>12 366</b>	<b>2 054</b>	<b>14 420</b>	<b>13 147</b>	<b>1 152</b>	<b>14 299</b>	<b>13 758</b>	<b>1 295</b>	<b>15 053</b>
Dividend	-1 430	-175	-1 605	-1 754		-1 754	-1 754	-5	-1 759
Purchase/transfer of treasury shares	3		3	-39		-39	-121		-121
New issue	11	85	96		29	29		327	327
Redemptions/impairment		-405	-405					-94	-94
Option premiums	18		18	19		19	23	1	24
Acquired minority		-55	-55		-5	-5		-5	-5
Minority at acquisition					259	259		445	445
Reallocation of capital contribution							-1	1	0
<b>Closing equity</b>	<b>10 968</b>	<b>1 504</b>	<b>12 472</b>	<b>11 373</b>	<b>1 435</b>	<b>12 808</b>	<b>11 905</b>	<b>1 965</b>	<b>13 870</b>



**Consolidated cash flow statement**

SEKm	2008 Q 1-2	2007 Q 1-2	2007 full year
<b>Operating activities</b>			
Consolidated profit before tax	764	2,480	3,462
Adjustment for non-cash items	144	-1,541	-1,238
	908	939	2,224
Income tax paid	-339	-201	-379
<b>Cash flow from operating activities before change in working capital</b>	<b>569</b>	<b>738</b>	<b>1,845</b>
Cash flow from change in working capital			
Increase (-)/Decrease (+) in inventories	-324	-350	-719
Increase (-)/Decrease (+) in operating receivables	-243	-334	232
Increase (+)/Decrease (-) in operating liabilities	59	-262	633
<b>Cash flow from operating activities</b>	<b>61</b>	<b>-208</b>	<b>1,991</b>
<b>Investing activities</b>			
Acquisition group companies	-816	-1,530	-3,590
Sales, group companies	7	1,414	1,445
Acquisition of shares in associates and other holdings	-6	-85	-103
Sale and redemption, shares in associates and other holdings	99	1,178	1,708
Acquisition, other intangible/tangible assets	-339	-292	-824
Change in other financial assets	-39	-545	-730
<b>Cash flow from investing activities</b>	<b>-1,094</b>	<b>140</b>	<b>-2,094</b>
<b>Financing activities</b>			
Purchase of treasury shares	-25	-107	-189
Transfer of treasury shares	27	68	68
Option premiums	16	19	23
Minority interest in issue	96	29	30
Dividends paid	-1,430	-1,754	-1,754
Payment made at redemption of shares			
Dividend paid/redemption minority	-580	-3	-93
Increase (+)/Decrease (-) of interest-bearing liabilities	1,700	1,139	1,189
<b>Cash flow from financing activities</b>	<b>-196</b>	<b>-609</b>	<b>-726</b>
<b>Cash flow for the period</b>	<b>-1,229</b>	<b>-677</b>	<b>-829</b>
Cash and cash equivalents at beginning of the year	4,240	5,009	5,009
Exchange differences in cash and cash equivalents	-15	33	60
Cash and cash equivalents at the end of the year	2,996	4,365	4,240
<b>Consolidated key figures</b>			
Return on equity, %			23
Equity ratio, %	33	41	38
Interest-bearing net debt, SEKm	13,196	7,340	9,444
<b>Key figures per share</b>			
Total return, %	1	41	14
Dividend yield, %			5.1
Market price, SEK	169.50	218.50	176.00
Dividend, SEK			9.00
Equity attributable to equity holders of the parent, SEK	69	72	75
Total number of registered shares	161,349,252	161,349,252	161,349,252
Number of shares outstanding	158,834,355	158,932,255	158,489,155
- of which A shares	42,328,530	42,328,770	42,328,770
- of which B shares	116,505,825	116,603,485	116,160,385

**Parent company income statement**

SEKm	2008 Q 2	2007 Q 2	2008 Q 1-2	2007 Q 1-2	2007 full year
Other operating income		1	1	2	3
Other external costs	-26	-22	-44	-45	-90
Personnel costs	-118	-91	-141	-148	-251
Depreciation of property, plant and equipment	-1	-1	-1	-1	-1
Other operating expenses	-2	-1	-3	-2	-4
<b>Operating profit/loss</b>	<b>-147</b>	<b>-114</b>	<b>-188</b>	<b>-194</b>	<b>-343</b>
Profit on sale of participations in group companies	-1	160	-1	317	316
Dividends from group companies	149		639	59	73
Profit on sale of interests in associates	1		551	800	800
Dividends from associates	118	74	118	82	92
Impairment of interests in associates	-13		-13		-2
Result from other securities and receivables accounted for as non-current assets	65	38	111	158	257
Other interest income and similar profit/loss items	17	29	42	85	124
Interest expenses and similar profit/loss items	-8	-3	-29	-5	-32
<b>Profit after financial items</b>	<b>181</b>	<b>184</b>	<b>1,230</b>	<b>1,302</b>	<b>1,285</b>
Tax					
<b>Profit for the period</b>	<b>181</b>	<b>184</b>	<b>1,230</b>	<b>1,302</b>	<b>1,285</b>

**Parent company balance sheet**

SEKm	30 June 2008	30 June 2007	31 Dec 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	14	14
Financial assets	9,926	8,719	9,185
Total non-current assets	9,939	8,733	9,199
<b>Current assets</b>			
Current receivables	32	451	396
Cash and cash equivalents	1,646	2,475	2,296
Total current assets	1,678	2,926	2,692
Total assets	11,617	11,659	11,891
<b>EQUITY AND LIABILITIES</b>			
Equity	10,984	11,240	11,168
Provisions			
- provisions for pensions	3	3	3
- other provisions	26		
Non-current liabilities			
- non-interest bearing	222	53	202
- interest-bearing	157	170	188
Current liabilities			
- non-interest bearing	158	193	163
- interest-bearing	67		167
Total equity and liabilities	11,617	11,659	11,891
Pledged assets and contingent liabilities	none	none	none

**Summary statement of changes in parent company's equity**

	30 June 2008	30 June 2007	31 Dec 2007
Opening equity	11,168	11,712	11,712
Change for the period in fair value reserve	-3		27
Profit for the period	1,230	1,302	1,285
<b>Net income excluding transactions with equity holders</b>	<b>12,395</b>	<b>13,014</b>	<b>13,024</b>
Dividend	-1,430	-1,754	-1,754
Purchase of treasury shares	-24	-107	-189
Transfer of treasury shares	27	68	68
Option premiums	16	19	19
<b>Closing equity</b>	<b>10,984</b>	<b>11,240</b>	<b>11,168</b>

**Parent company cash flow statement**

SEKm	2008 Q 1-2	2007 Q 1-2	2007 full year
<b>Operating activities</b>			
Profit before tax	1,230	1,302	1,285
Adjustment for non-cash items	-607	-1,049	-1,053
	623	253	232
Income tax paid	-	-	-
<b>Cash flow from operating activities before change in working capital</b>	<b>623</b>	<b>253</b>	<b>232</b>
Cash flow from change in working capital			
Increase(-)/Decrease (+) in operating receivables	112	-287	16
Increase (+)/Decrease (-) in operating liabilities	-29	-24	-108
<b>Cash flow from operating activities</b>	<b>706</b>	<b>-58</b>	<b>140</b>
<b>Investing activities</b>			
Acquisition, shares in subsidiaries	-419	-492	-1,685
Sale, shares in subsidiaries	245	443	910
Acquisition, shares in associates and other holdings	-6	-25	-25
Sale and redemption, shares in associates and other holdings	457	1,068	1,597
Acquisition, other property, plant and equipment		-1	-2
Change in other financial assets	-115	-603	-922
<b>Cash flow from investing activities</b>	<b>162</b>	<b>390</b>	<b>-127</b>
<b>Financing activities</b>			
Purchase of treasury shares	-24	-107	-189
Call options exercised	27	68	68
Option premiums	16	19	19
Dividend paid	-1,430	-1,754	-1,754
Increase (+)/Decrease (-) in interest-bearing liabilities	-107	-90	132
<b>Cash flow from financing activities</b>	<b>-1,518</b>	<b>-1,864</b>	<b>-1,724</b>
<b>Cash flow for the period</b>	<b>-650</b>	<b>-1,532</b>	<b>-1,711</b>
Cash and cash equivalents at beginning of the year	2,296	4,007	4,007
Cash and cash equivalents at the end of the period	1,646	2,475	2,296

## Ratos's holdings 30 June 2008

SEKm	Net sales		EBIT <sup>a</sup>		EBIT <sup>b</sup>		EBIT <sup>c</sup>		Depreciation	Investments <sup>d</sup>	Cash flow <sup>e</sup>	Equity <sup>f</sup>	Interest-bearing net debt <sup>g</sup>	Average number of employees	Consolidated value	Ratos holding
	2008	2007	2008	2007	2008	2007	2008	2007								
	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	Q1-2	30 Jun 2008	30 Jun 2008	2007	30 Jun 2008	30 Jun 2008
AH Industries <sup>1)</sup>	363	286	553	55	51	97	42	38	73	13	35	501	441	210	340	66%
Antrimex	836	718	1 510	87	77	164	50	42	93	18	19	794	867	1 032	689	85%
Arcus Gruppen <sup>2)</sup>	672	603	1 407	-20	-18	91	-22	-26	95	17	11	710	150	456	591	83%
Bisnode <sup>3)</sup>	2 247	1 775	3 899	287	314	580	110	263	364	55	91	1 773	3 233	2 790	866	70%
Canfil <sup>4)</sup>	2 140	2 037	4 115	191	179	352	168	161	313	53	69	1 488	813	3 191	125	30%
Context Holding <sup>1)</sup>	388	414	831	45	50	106	12	3	18	12	31	634	844	448	618	98%
DIAB <sup>5)</sup>	685	684	1 354	119	152	255	74	91	155	39	47	728	1 231	1 067	364	50%
EuroKant <sup>1)</sup>	1 158	1 051	2 067	59	56	69	30	28	12	18	18	428	867	1 781	428	100%
GS-Hydro	748	668	1 311	64	120	184	49	105	153	10	24	357	270	527	337	100%
Haglöfs	200	184	428	9	2	22	5	-1	14	2	4	216	116	91	72	100%
H&L Display	787	779	1 571	75	77	161	72	74	155	19	13	483	-36	985	279	29%
H&A/GRIH/RBM <sup>1)</sup>	799	757	1 488	139	125	219	89	96	138	22	34	947	1 108	655	889	85%
Hägglunds Drives <sup>6)</sup>	972	815	1 761	194	162	360	165	136	255	18	30	1 673	1 116	706	-215	100%
Imvido	2 814	2 140	5 057	233	167	481	131	95	312	68	83	1 889	3 142	3 591	1 304	95%
Jetuli	392	367	938	-25	-17	54	-53	-35	10	28	28	415	842	799	302	63%
Lindab	4 696	4 301	9 280	607	520	1 318	529	452	1 175	103	113	2 995	2 430	5 013	673	22%
MCC <sup>1)</sup>	434	333	698	77	59	118	58	38	75	3	23	580	504	534	352	60%
Medisize <sup>7)</sup>	511	483	953	27	9	27	7	-6	-7	29	-	685	447	1 043	624	93%
Superfos	1 767	1 677	3 332	133	102	175	77	58	75	119	124	1 102	1 641	1 546	379	33%
Other holdings <sup>8)</sup>	895	967	1 783	71	18	44	60	14	31	18	15	372	47	790	323	-
<b>Total</b>	<b>23 504</b>	<b>21 039</b>	<b>44 336</b>	<b>2 427</b>	<b>2 205</b>	<b>4 877</b>	<b>1 653</b>	<b>1 626</b>	<b>3 509</b>							
<b>Change</b>		<b>12%</b>			<b>10%</b>		<b>2%</b>									

\* Earnings with restored interest expenses on shareholder loan.

\*\* Investments excluding company acquisitions.

\*\*\* Cash flow refers to cash flow from operating activities and investing activities before acquisition and divestment of companies.

\*\*\*\* Equity includes shareholder loan. Interest-bearing debt excludes shareholder loan.

<sup>1)</sup> A new parent company was formed in conjunction with the acquisition, which partly loan-financed the acquisition. Earnings for the acquisition year 2007 are pro forma taking this leverage into account.

<sup>2)</sup> 2007 is calculated pro forma taking sale of property into account.

<sup>3)</sup> Earnings for 2007 are calculated pro forma taking the cost of new financing into account. First-half earnings for 2007 include share of profits as well as capital gains in subsidiaries and associates totalling SEK 97m (SEK 104m for full-year 2007) compared with SEK 35m in the first half of 2008.

<sup>4)</sup> Ratos refinanced its holding in Canfil through a wholly owned subsidiary with a bank loan of SEK 457m. The loan is not included in Canfil's income statement and balance sheet. Ratos's consolidated book values were restated taking the refinancing into account.

<sup>5)</sup> Figures relate to a new group structure with new financing. Comparative figures are pro forma taking costs of new financing into account.

<sup>6)</sup> An agreement for the sale of the entire holding in Hägglunds Drives was concluded in July.

<sup>7)</sup> Earnings and average number of employees are pro forma taking acquisition of Medisize Medical into account.

<sup>8)</sup> "Other holdings" include subsidiaries BTJ Group, Hata Bathroom Group and associate Ade Industri.